

# **The Magistrates' Association**

Report and Financial Statements

Year Ended

30 June 2011

Charity number: 216066

# The Magistrates' Association

Report and financial statements  
for the year ended 30 June 2011

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## Contents

### Page:

1	Independent auditor's report
3	Statement of financial activities
4	Balance sheet
5	Notes forming part of the financial statements

# The Magistrates' Association

## Independent auditor's report for the year ended 30 June 2011

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### To the Board of Trustees of The Magistrates' Association

We have audited the financial statements of The Magistrates' Association for the year ended 30 June 2011. These financial statements have been prepared under the accounting policies set out therein.

### Respective responsibilities of trustees and auditors

The trustees' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities.

We have been appointed as auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of that Act. Our responsibility is to audit the financial statements in accordance with relevant 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 and are properly prepared in accordance with the Charities Act 1993. We also report to you if, in our opinion, the information given in the trustees' Annual Report is not consistent with those financial statements, the charity has not kept sufficient accounting records or if we have not received all the information and explanations we require for our audit.

We read the Trustees' Annual Report which is contained in the Annual Report of the Trustees and available from The Executive Director, The Magistrates' Association, 28 Fitzroy Square, London, W1T 6DD and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Charities Act 1993 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Charities Act 1993 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

### 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 judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity'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.

# The Magistrates' Association

Independent auditor's report (*continued*)

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## Opinion

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 affairs of the charity as at 30 June 2011, and of its incoming resources and application of resources for the year then ended; and
- the financial statements have been properly prepared in accordance with the Charities Act 1993.

*BDO LLP, statutory auditor  
Gatwick  
United Kingdom*

Date:

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# The Magistrates' Association

## Statement of financial activities for the year ended 30 June 2011

	Note	Unrestricted funds £	Restricted Funds £	Total 2011 £	Total 2010 £
<b>Incoming resources</b>					
<i>Incoming resources from generated funds</i>					
Grants & donations	14	-	123,148	123,148	96,975
Investment income		78,086	-	78,086	76,494
<i>Incoming resources from charitable activities:</i>					
Members' annual subscriptions		680,157	-	680,157	697,024
Gift Aid tax recovery		157,805	-	157,805	155,453
Other income	3	42,510	-	42,510	6,175
"Magistrate" - advertising and sales		49,562	-	49,562	62,605
<b>Total incoming resources</b>		<u>1,008,120</u>	<u>123,148</u>	<u>1,131,268</u>	<u>1,094,726</u>
<b>Resources expended</b>					
Costs of generating funds	7	4,618	-	4,618	2,768
Charitable activities		1,041,356	137,989	1,179,345	1,059,066
Governance costs		46,546	-	46,546	48,366
<b>Total resources expended</b>		<u>1,092,520</u>	<u>137,989</u>	<u>1,230,509</u>	<u>1,110,200</u>
<b>Net (outgoing)/incoming resources</b>		(84,400)	(14,841)	(99,241)	(15,474)
Net gain on investment assets	9	213,287	-	213,287	211,661
<b>Net movement in funds</b>		128,887	(14,841)	114,046	196,187
Total funds brought forward		2,005,991	35,913	2,041,904	1,845,717
<b>Total funds carried forward</b>		<u>2,134,878</u>	<u>21,072</u>	<u>2,155,950</u>	<u>2,041,904</u>
The above fund balance is analysed as to:					
Designated funds	13	1,575,440	-	1,575,440	1,506,580
Unrestricted funds		559,438	-	559,438	499,411
Restricted funds	14	-	21,072	21,072	35,913
		<u>2,134,878</u>	<u>21,072</u>	<u>2,155,950</u>	<u>2,041,904</u>

All amounts relate to continuing activities.

The notes on pages 5 to 13 form part of these financial statements.

# The Magistrates' Association

Balance sheet at 30 June 2011

	Note	2011 £	2011 £	2010 £	2010 £
<b>Fixed assets</b>					
Tangible assets	8		142,584		143,611
Investments	9		1,969,032		1,757,775
			<u>2,111,616</u>		<u>1,901,386</u>
<b>Current assets</b>					
Stock		708		104	
Debtors	10	64,848		92,918	
Cash at bank and in hand		143,463		176,719	
		<u>209,019</u>		<u>269,741</u>	
<b>Creditors: amounts falling due within one year</b>	11	(91,103)		(35,046)	
		<u>209,019</u>		<u>269,741</u>	
<b>Net current assets</b>			117,916		234,695
			<u>117,916</u>		<u>234,695</u>
<b>Total assets less current liabilities</b>			2,229,532		2,136,081
			<u>2,229,532</u>		<u>2,136,081</u>
<b>Creditors: amounts falling due after more than one year</b>	12		(73,582)		(94,177)
			<u>(73,582)</u>		<u>(94,177)</u>
<b>Net assets</b>			2,155,950		2,041,904
			<u>2,155,950</u>		<u>2,041,904</u>
<b>Unrestricted funds</b>					
Designated funds	13		1,575,440		1,506,580
Tangible assets	8		142,584		143,611
Free reserves			416,854		355,800
<b>Restricted funds</b>	14		21,072		35,913
			<u>2,155,950</u>		<u>2,041,904</u>

The financial statements were approved by the Trustees and authorised for issue on 13 September 2011 and signed on their behalf by:

J J Thornhill  
Chairman

M J Dodden  
Honorary Treasurer

The notes on pages 5 to 13 form part of these financial statements.

# The Magistrates' Association

## Notes forming part of the financial statements for the year ended 30 June 2011

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### 1 Annual report

The accounts are the full statutory accounts of the Association and should be read in conjunction with the Annual Report of the Trustees.

### 2 Accounting policies

#### *Basis of accounting*

The financial statements are prepared under the historical cost convention as modified for the revaluation of fixed asset investments and in accordance with applicable accounting standards and the Statement of Recommended Practice, Accounting and Reporting by Charities 2005 ("the SORP").

The Association falls outside the scope of Financial Reporting Standard No.1, Cash Flow Statements, and accordingly no such statement is presented.

#### *Income*

With the exception of voluntary income arising from donations, and subscriptions, all income is credited to the statement of financial activities on an accruals basis. Grants and donations receivable for specific purposes are accounted for as restricted funds. Subscription income is recognised on a cash basis.

#### *Tangible fixed assets*

- i) Tangible fixed assets are stated at cost less accumulated depreciation.
- ii) The trustees believe that the residual value of the property will be close to the carrying value over a period of 50 years. As such no charge for depreciation is made as such a charge would be immaterial.
- iii) Furniture, fittings and office equipment are depreciated by equal instalments over five years.
- iv) Computer equipment and software are depreciated by equal instalments over three years (four years for purchases prior to 1 July 2009).

#### *Investments*

Fixed assets investments are stated at market valuation, where market value represents the mid market value on the last trading day before the year end.

Any unrealised or realised gains arising from investments are taken to the fund for which the investments are held.

The unrealised gains or losses on investments represent the increase or decrease during the year in the difference between the cost and the market value of the investments detailed in note 8.

#### *Expenditure*

The proportion of expenditure relating to the management of the charity has been arrived at by considering each individual expenditure heading and allocating costs on an actual basis.

#### *Stock*

Stock is valued at the lower of cost or net realisable value.

# The Magistrates' Association

## Notes forming part of the financial statements for the year ended 30 June 2011 (*continued*)

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### 2 Accounting policies (*continued*)

#### *Reserves*

The Association's policy is to retain as cash reserves a sum of at least one months' unrestricted expenditure and minimum free reserves of £100,000, in order to provide working capital and allow for periodic fluctuations in receipts and payments. At 30 June 2011 this would require minimum cash reserves of £91,043 (2010 - £86,059) whilst the actual figure carried forward was £143,463 (2010 - £176,719). Free reserves as at 30 June 2011 were £416,854 (2010 - £355,800).

#### *Restricted funds*

Restricted funds relate to grants and donations that are given for specific purposes.

#### *Pension costs*

Contributions to defined contribution pension schemes and to employees' personal pensions are charged to the statement of financial activities in the year in which they become payable.

#### *Designated funds*

Designated funds relate to the present value of the estimated future cost of providing future services to life members.

The total reserve for future life membership subscriptions has been arrived at on the basis of the most recent actuarial valuation, including subsequent movements. In order to comply with statutory requirements as regards presentation, our total expected commitment is represented in the balance sheet by the sum of creditors: amounts falling due after more than one year and the designated fund for future life membership subscriptions. The designated fund is then adjusted for any realised losses on investments representing the fund.

#### *Activities*

The activities of the Association have not altered materially during the year.

# The Magistrates' Association

## Notes forming part of the financial statements for the year ended 30 June 2011 (*continued*)

### 3 Other Income

	2011 £	2010 £
650 <sup>th</sup> Anniversary Reception Ticket Sales	28,217	-
650 <sup>th</sup> Anniversary Donations Gift Aid Recoverable	1,348	-
Other	12,945	6,175
	<u>42,510</u>	<u>6,175</u>

### 4 Staff costs

	2011 £	2010 £
Staff costs consist of:		
Wages and salaries	376,137	362,803
Social Security costs	39,392	38,788
Pension costs	33,996	36,618
Staff recruitment	-	4,879
Staff training	2,152	430
	<u>451,677</u>	<u>443,518</u>

The average number of employees during the year was as follows:

2011 Number	2010 Number
10	10

One employee received emoluments of between £50,000 and £60,000 during the year (2010 – 1 between £60,000 and £70,000). Contributions to a personal pension scheme in respect of that employee amounted to £3,667 (2010 - £6,382).

### 5 Trustees fees and expenses

No Trustees (2010 – none), received fees or payment for professional services supplied to the Association.

Expenses reimbursed for out of pocket expenditure totalled £34,281 (2010 - £33,514) paid to 14 Trustees (2010 – 15).

### 6 Taxation

As the Association only undertakes activities relating to its registered charitable status, it has no liability to tax on its net income.

# The Magistrates' Association

Notes forming part of the financial statements  
for the year ended 30 June 2011 (*continued*)

## 7 Analysis of resources expended

	Staff costs £	Other £	2011 Total £	2010 Total £
<b>Costs of generating funds</b>				
Investment management costs	-	4,618	4,618	2,768
<b>Charitable activities</b>				
Grants to branches	-	74,158	74,158	68,600
Other external support	-	38,041	38,041	56,288
Services to members (as below)	451,677	37,147	488,824	481,100
Council and committees	-	70,916	70,916	75,780
Production of "Magistrate"	-	217,879	217,879	237,959
Representation	-	38,935	38,935	23,721
650 <sup>th</sup> Anniversary	-	122,529	122,529	
Support costs (as below)	-	73,854	73,854	72,254
Training and development	7,500	35,959	43,459	35,000
Depreciation of equipment	-	10,750	10,750	8,364
	459,177	720,168	1,179,345	1,059,066
<b>Services to members</b>				
			2011 £	2010 £
Staff costs			451,677	443,518
Accommodation			28,024	37,151
650 <sup>th</sup> Anniversary Reception			8,785	-
Representation			338	431
			488,824	481,100
<b>Support costs</b>				
			2011 £	2010 £
Communications			21,644	16,076
Printing, stationery & library			13,013	13,011
Administration			39,197	43,167
			73,854	72,254
<b>Governance costs</b>				
			2011 £	2010 £
AGM and report			17,317	17,421
Board of Trustees meetings and reports to Council			17,729	18,945
Auditor's remuneration			11,500	12,000
			46,546	48,366

# The Magistrates' Association

Notes forming part of the financial statements  
for the year ended 30 June 2011 (*continued*)

## 8 Tangible fixed assets

	Freehold Property £	Computers £	Furniture and fittings £	Office equipment £	Total £
<i>Cost</i>					
At 1 July 2010	128,889	44,600	24,268	35,554	233,311
Additions	1,594	8,128	-	-	9,722
Disposals	-	(6,758)	(911)	(2,243)	(9,912)
	-----	-----	-----	-----	-----
At 30 June 2011	130,483	45,970	23,357	33,311	233,121
	-----	-----	-----	-----	-----
<i>Depreciation</i>					
At 1 July 2010	-	30,600	24,268	34,832	89,700
Charge for year	-	10,027	-	722	10,749
Disposals	-	(6,758)	(911)	(2,243)	(9,912)
	-----	-----	-----	-----	-----
At 30 June 2011	-	33,869	23,357	33,311	90,537
	-----	-----	-----	-----	-----
<i>Net book value</i>	130,483	12,101	-	-	142,584
At 30 June 2011	=====	=====	=====	=====	=====
At 30 June 2010	128,889	14,000	-	722	143,611
	=====	=====	=====	=====	=====

# The Magistrates' Association

Notes forming part of the financial statements  
for the year ended 30 June 2011 (*continued*)

## 9 Fixed asset investments

	2011 £	2010 £
<b>Market value at 1 July 2010</b>	1,757,775	1,440,851
Additions at cost	594,914	658,481
Sales proceeds	(596,944)	(553,218)
Net investment gains	213,287	211,661
	<hr/>	<hr/>
<b>Market value at 30 June 2011</b>	1,969,032	1,757,775
	<hr/>	<hr/>

At 30 June 2011 the historical cost of these investments was £1,746,259 (2010 - £1,743,701).

	2011 £	2010 £
Investments can be analysed as follows:		
UK Equities	1,063,403	842,973
UK Fixed interest	684,543	541,046
Overseas Equities	39,902	31,173
Overseas Fixed Interest	145,819	310,433
Other	35,365	32,150
	<hr/>	<hr/>
	1,969,032	1,757,775
	<hr/>	<hr/>

The following investments accounted for 5% or more of the Association's portfolio at 30 June 2011

	2011	Units	2010	2011 Market value £	2010 Market value £
COIF Fixed Interest Fund - Income Units	89,242		89,242	114,078	115,818
COIF Investment Fund - Income Units	25,991		25,991	268,051	243,574
UK Government 2.5% Index Linked 26/07/2016	-		57,000	-	175,126
UK Government 2.5% Index Linked 17/07/2024	66,455		-	194,294	-
Australia Government 6.5% Bonds 15/05/2013	-		164,000	-	97,575
Norway Government 4.25% Bonds 19/05/2017	1,024,000		850,000	126,854	94,703
Canada Government 3.75% Debentures 01/06/2019	-		149,000	-	99,015
	<hr/>		<hr/>	<hr/>	<hr/>

# The Magistrates' Association

## Notes forming part of the financial statements for the year ended 30 June 2011 (*continued*)

<b>10 Debtors</b>	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Due within one year		
Trade debtors	6,629	12,616
Other debtors	35,489	46,402
Prepayments and accrued income	22,730	33,900
	<u>64,848</u>	<u>92,918</u>

<b>11 Creditors: amounts falling due within one year</b>	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Trade creditors	56,784	8,248
Other taxes and social security	10,591	-
Accruals and deferred income	23,728	26,798
	<u>91,103</u>	<u>35,046</u>

<b>12 Creditors: amounts falling due after more than one year</b>	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Deferred income - Life members' subscriptions	73,582	94,177
	<u>73,582</u>	<u>94,177</u>

### **13 Designated funds**

The income funds of the charity include the following designated reserves, which have been set aside out of unrestricted funds by the trustees for specific purposes.

	<b>Balance</b>	<b>Net</b>	<b>Balance</b>
	<b>1 July 2010</b>	<b>Movement</b>	<b>30 June 2011</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Provision of services to life members	1,506,580	68,860	1,575,440
	<u>1,506,580</u>	<u>68,860</u>	<u>1,575,440</u>

The Net Movement includes an exceptional transfer of £150,000 into the fund.

The adequacy of the fund will be reviewed annually.

# The Magistrates' Association

Notes forming part of the financial statements  
for the year ended 30 June 2011 (*continued*)

## 14 Restricted funds

	Balance at 1 July 2010 £	Incoming resources £	Resources expended/ Transfers £	Balance At 30 June 2011 £
Public Awareness Programme	27,979	-	27,667	312
Regional Youth Court Conferences	3,279	-	-	3,279
Training	4,655	41,500	41,584	4,571
Monument Trust	-	40,000	27,090	12,910
650 <sup>th</sup> Anniversary of the Magistracy	-	41,648	41,648	-
	<u>35,913</u>	<u>123,148</u>	<u>137,989</u>	<u>21,072</u>

The *Public Awareness Programme* refers to grants received to meet expenses of the Magistrates in the Community Project and to promote public awareness of the magistracy in accordance with the programme agreed between the Ministry of Justice and the Association.

The *Regional Youth Court Conferences* refers to grants received from the Home Office, the Youth Justice Board and the Respect Task Force to fund a series of conferences.

*Training* refers to grants received for the provision of training for magistrates undertaken in accordance with the financial memorandum agreed between the Judicial Studies Board and the Association.

*Monument Trust* refers to a grant made by the Trustees of The Monument Trust to be applied towards the public engagement and magistrate support and development plans as outlined in the Association's proposal dated 19 March 2010.

*650<sup>th</sup> Anniversary of the Magistracy* refers to donations received towards funding a series of events to commemorate the first mention of the office of Justice of the Peace in 1361.

All restricted funds are represented by cash at bank.

## 15 Analysis of net assets between funds

	Unrestricted Funds £	Designated funds £	Restricted funds £	Total 2011 £	Total 2010 £
Tangible fixed assets	142,584	-	-	142,584	143,611
Investments	320,010	1,649,022	-	1,969,032	1,757,775
Current assets	187,947	-	21,072	209,019	269,741
Current liabilities	(91,103)	-	-	(91,103)	(35,046)
Long term liabilities	-	(73,582)	-	(73,582)	(94,177)
	<u>559,438</u>	<u>1,575,440</u>	<u>21,072</u>	<u>2,155,950</u>	<u>2,041,904</u>

# The Magistrates' Association

## Notes forming part of the financial statements for the year ended 30 June 2011 (*continued*)

### 16 Contingent liability

The Association was notified in 2006 by The Pensions Trust that, due to a regulatory change in the method of valuing the pension scheme's assets and liabilities, there is a potential liability relating to members who were contributing prior to October 2001 which would crystallise in the event of the Association's withdrawal from the scheme. As at 30 September 2010 this amount has been estimated at £279,915 (30 September 2009: £279,717). The scheme actuary has advised that the figure is likely to have decreased if recomputed as at 31 March 2011 due to an increase in gilt yields in the intervening period.

In May 2009 the Association was given notice confirming that there is a recovery plan in place to eliminate the deficit over a period of just less than ten years. However, market developments since September 2008 mean that if conditions do not improve before the next actuarial valuation as at 30 September 2011 there is a real possibility that additional contributions from employers will be required. At present there is no indication as to the probable scale of any such additional contributions.

The Board of Trustees currently believe that the circumstances which would be necessary to crystallise the debt on withdrawal liability are sufficiently remote that no provision is required in these accounts. It is too soon to predict whether additional contributions relating to the 2011 valuation will be required at some future date.

### 17 Branches

The accounts for the Association's branches, which are listed below, are not consolidated since they are considered to be separate legal entities.

Bedfordshire	North Cumbria
Berkshire	North East
Birmingham	North East London
Black Country	North West Wales
Bristol & North Avon	North Yorkshire
Buckinghamshire	Northamptonshire
Cambridgeshire	Nottinghamshire
Cheshire	Plymouth District
City of Manchester	Powys & Herefordshire
Cleveland & South Durham	Quorum Club
Clwyd	Salford, Stockport & Trafford
Cornwall	Shropshire
Derbyshire	Somerset
Devon	South Cumbria
Dorset	South East London
Dyfed	South Lancashire
East Sussex	South West London
Essex	South West Pennine
Gloucestershire	South Yorkshire
Gwent	Staffordshire
Heart of England	Suffolk
Hertfordshire	Surrey
Kent	Warwickshire
Lancashire County	Wessex
Leicestershire & Rutland	West Glamorgan
Lincolnshire	West Sussex
London (Inner)	West Yorkshire
Merseyside	Wiltshire
Mid & South Glamorgan	Wolds
Middlesex	Worcestershire
Norfolk	