

The Magistrates' Association

Report and Financial Statements

Year Ended

30 June 2010

Charity number: 216066

The Magistrates' Association

Report and financial statements
for the year ended 30 June 2010

Contents

Page:

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

The Magistrates' Association

Statement of financial activities for the year ended 30 June 2010

	Note	Unrestricted Funds £	Restricted Funds £	Total 2010 £	Total 2009 £
Incoming resources					
<i>Incoming resources from generated funds</i>					
Grants	13	-	96,975	96,975	129,500
Investment income		76,494	-	76,494	93,984
<i>Incoming resources from charitable activities:</i>					
Members' annual subscriptions		697,024	-	697,024	706,324
Gift Aid tax recovery		155,453	-	155,453	233,243
Publications and other income		6,175	-	6,175	4,418
"Magistrate" - advertising and sales		62,605	-	62,605	53,870
Total incoming resources		997,751	96,975	1,094,726	1,221,339
Resources expended					
	6				
Costs of generating funds		2,768	-	2,768	2,118
Charitable activities		981,573	77,493	1,059,066	1,090,572
Governance costs		48,366	-	48,366	58,260
Total resources expended		1,032,707	77,493	1,110,200	1,150,950
Net (outgoing)/incoming resources		(34,956)	19,482	(15,474)	70,389
Net gain/(loss) on investment assets	8	211,661	-	211,661	(298,447)
Net movement in funds		176,705	19,482	196,187	(228,058)
Total funds brought forward		1,829,286	16,431	1,845,717	2,073,775
Total funds carried forward		2,005,991	35,913	2,041,904	1,845,717
The above fund balance is analysed as to:					
Designated funds	12	1,506,580	-	1,506,580	1,579,582
Unrestricted funds		499,411	-	499,411	249,704
Restricted funds	13	-	35,913	35,913	16,431
		2,005,991	35,913	2,041,904	1,845,717

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 2010

	Note	2010 £	2010 £	2009 £	2009 £
Fixed assets					
Tangible assets	7		143,611		148,460
Investments	8		1,757,775		1,440,851
			<hr/>		<hr/>
			1,901,386		1,589,311
Current assets					
Stock		104		1,170	
Debtors	9	92,918		103,929	
Cash at bank and in hand		176,719		333,959	
		<hr/>		<hr/>	
		269,741		439,058	
Creditors: amounts falling due within one year	10	(35,046)		(67,883)	
		<hr/>		<hr/>	
Net current assets			234,695		371,175
			<hr/>		<hr/>
Total assets less current liabilities			2,136,081		1,960,486
Creditors: amounts falling due after more than one year	11		(94,177)		(114,769)
			<hr/>		<hr/>
Net assets			2,041,904		1,845,717
			<hr/>		<hr/>
Unrestricted funds					
- Designated funds	12		1,506,580		1,579,582
- Other					
Tangible assets	7		143,611		148,460
Free reserves			355,800		101,244
Restricted funds	13		35,913		16,431
			<hr/>		<hr/>
			2,041,904		1,845,717
			<hr/>		<hr/>

The financial statements were approved by the Trustees and authorised for issue on 14 September 2010 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

Independent auditor's report

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 2010. 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 Finance Manager, 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*)

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 2010, 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

Notes forming part of the financial statements for the year ended 30 June 2010

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 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, which consists of retail items and membership materials, is valued at the lower of cost and net realisable value.

The Magistrates' Association

Notes forming part of the financial statements for the year ended 30 June 2010 (*continued*)

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 2010 this would require minimum cash reserves of £86,059 (2009 - £85,495) whilst the actual figure carried forward was £176,719 (2009 - £333,959). Free reserves as at 30 June 2010 were £355,800 (2009 - £101,244).

Restricted funds

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

Pension costs

Contributions to the Association's defined contribution pension scheme 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 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 2010 (*continued*)

3 Staff costs

	2010	2009
	£	£
Staff costs consist of:		
Wages and salaries	362,803	364,943
Social Security costs	38,788	39,056
Pension costs	36,618	33,933
Staff recruitment	4,879	3,850
Staff training	430	935
	<u>443,518</u>	<u>442,717</u>

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

	2010	2009
	Number	Number
	<u>10</u>	<u>10</u>

One employee received emoluments of between £60,000 and £70,000 during the year (2009 – 1 between £60,000 and £70,000). Contributions to a defined contribution scheme in respect of that employee amounted to £6,382 (2009 - £6,239).

4 Trustees fees and expenses

No Trustees (2009 – none), received fees or payment for professional services supplied to the Association.

Expenses reimbursed for out of pocket expenditure totalled £33,514 (2009 - £23,433) paid to 15 Trustees (2009 – 14).

5 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 2010 (*continued*)

6 Analysis of resources expended

	Staff costs £	Other £	2010 Total £	2009 Total £
Costs of generating funds				
Investment management costs	-	2,768	2,768	2,118
Charitable activities				
Grants to branches	-	68,600	68,600	74,186
Other external support	-	56,288	56,288	87,065
Services to Members (as below)	443,518	37,582	481,100	471,913
Council and committees	-	75,780	75,780	78,490
Production of "Magistrate"	-	237,959	237,959	235,335
Representation	-	23,721	23,721	11,224
Support costs (as below)	-	72,254	72,254	71,932
Training and development	7,500	27,500	35,000	46,925
Depreciation of equipment	-	8,364	8,364	13,502
	451,018	608,048	1,059,066	1,090,572
Services to members			2010 £	2009 £
Staff costs			443,518	437,717
Accommodation			37,151	30,668
Representation			431	3,528
			481,100	471,913
Support costs			2010 £	2009 £
Communications			16,076	30,051
Printing, stationery & library			13,011	16,203
Administration			43,167	25,678
			72,254	71,932
Governance costs			2010 £	2009 £
AGM and report			17,421	27,138
Board of Trustees meetings and reports to Council			18,945	19,622
Auditor's remuneration			12,000	11,500
			48,366	58,260

The Magistrates' Association

Notes forming part of the financial statements
for the year ended 30 June 2010 (*continued*)

7 Tangible fixed assets

	Freehold property £	Computers £	Furniture and fittings £	Office equipment £	Total £
<i>Cost</i>					
At 1 July 2009	128,889	46,314	24,268	35,554	235,025
Additions	-	3,515	-	-	3,515
Disposals	-	(5,229)	-	-	(5,229)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2010	128,889	44,600	24,268	35,554	233,311
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>					
At 1 July 2009	-	28,188	24,268	34,109	86,565
Charge for year	-	7,641	-	723	8,364
Disposals	-	(5,229)	-	-	(5,229)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2010	-	30,600	24,268	34,832	89,700
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>					
At 30 June 2010	128,889	14,000	-	722	143,611
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2009	128,889	18,126	-	1,445	148,460
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The Magistrates' Association

Notes forming part of the financial statements for the year ended 30 June 2010 (*continued*)

8 Fixed asset investments

	2010 £	2009 £
Market value at 1 July 2009	1,440,851	1,641,525
Additions at cost	658,481	367,536
Sales proceeds	(553,218)	(269,763)
Net investment profits/(losses)	211,661	(298,447)
	<hr/>	<hr/>
Market value at 30 June 2010	1,757,775	1,440,851
	<hr/> <hr/>	<hr/> <hr/>

At 30 June 2010 the historical cost of these investments was £1,743,701 (2009 - £1,632,592).

	2010 £	2009 £
Investments can be analysed as follows:		
UK Equities	842,973	756,536
UK Fixed interest	541,046	635,115
Overseas Equities	31,173	-
Overseas Fixed Interest	310,433	49,200
Other	32,150	-
	<hr/>	<hr/>
	1,757,775	1,440,851
	<hr/> <hr/>	<hr/> <hr/>

The following investments accounted for 5% or more of the Association's portfolio at 30 June 2010.

	Units		Market value	
	2010	2009	2010 £	2009 £
COIF Fixed Interest Fund - Income Units	89,242	119,985	115,818	152,165
COIF Investment Fund - Income Units	25,991	21,660	243,574	179,091
UK Government 2.5% Index Linked 26/07/2016	57,000	16,715	175,126	60,816
Australia Government 6.5% Bonds 15/05/2013	164,000	-	97,575	-
Norway Government 4.25% Bonds 19/05/2017	850,000	-	94,703	-
Canada Government	149,000	-	99,015	-
National Grid Gas 5.375% Notes 2009	-	90,000	-	90,855
M & G Corporate Bond A Inc. NAV	-	244,043	-	74,653
	<hr/>	<hr/>	<hr/>	<hr/>

The Magistrates' Association

Notes forming part of the financial statements for the year ended 30 June 2010 (*continued*)

9 Debtors	2010	2009
	£	£
Due within one year		
Trade debtors	12,616	29,116
Other debtors	46,402	43,722
Prepayments and accrued income	33,900	31,091
	<u>92,918</u>	<u>103,929</u>
	<u><u>92,918</u></u>	<u><u>103,929</u></u>
10 Creditors: amounts falling due within one year	2010	2009
	£	£
Trade creditors	8,248	24,940
Other taxes and social security	-	10,398
Accruals and deferred income	26,798	32,545
	<u>35,046</u>	<u>67,883</u>
	<u><u>35,046</u></u>	<u><u>67,883</u></u>
11 Creditors: amounts falling due after more than one year	2010	2009
	£	£
Deferred income - Life members' subscriptions	94,177	114,769
	<u>94,177</u>	<u>114,769</u>
	<u><u>94,177</u></u>	<u><u>114,769</u></u>

12 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.

	Balance		Balance
	1 July 2009	Movement	30 June 2010
	£	£	£
Provision of services to life members	1,579,582	(73,002)	1,506,580
	<u>1,579,582</u>	<u>(73,002)</u>	<u>1,506,580</u>
	<u><u>1,579,582</u></u>	<u><u>(73,002)</u></u>	<u><u>1,506,580</u></u>

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 2010 (*continued*)

13 Restricted funds

	Balance at 1 July 2009 £	Incoming resources £	Resources expended/ transfers £	Balance at 30 June 2010 £
Public Awareness Programme	8,787	61,975	42,783	27,979
Regional Youth Court Conferences	3,560	-	281	3,279
Training Workbook	2,929	35,000	33,274	4,655
Family Panel Conferences	1,155	-	1,155	-
	<u>16,431</u>	<u>96,975</u>	<u>77,493</u>	<u>35,913</u>

The *Public Awareness Programme* refers to grants received to meet expenses of magistrates involved in 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 which were largely completed in 2007/2008.

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

The *Family Panel Conferences* refers to training conferences for family panel members organized in the Spring of 2009 in accordance with the programme agreed between the Ministry of Justice and the Association.

All restricted funds are represented by cash at bank.

14 Analysis of net assets between funds

	Unrestricted funds £	Designated funds £	Restricted funds £	Total 2010 £	Total 2009 £
Tangible fixed assets	143,611	-	-	143,611	148,460
Investments	157,018	1,600,757	-	1,757,775	1,440,851
Current assets	233,828	-	35,913	269,741	439,058
Current liabilities	(35,046)	-	-	(35,046)	(67,883)
Long term liabilities	-	(94,177)	-	(94,177)	(114,769)
	<u>499,411</u>	<u>1,506,580</u>	<u>35,913</u>	<u>2,041,904</u>	<u>1,845,717</u>

The Magistrates' Association

Notes forming part of the financial statements for the year ended 30 June 2010 (*continued*)

15 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 2009 this amount has been estimated at £279,717 (30/9/2008: £262,695). This figure is likely to have decreased since that date due to the improved stock market conditions.

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 under 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 will be required at some future date.

16 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	