

The Magistrates' Association

Report and Financial Statements

Year Ended

30 June 2008



BDO Stoy Hayward
Chartered Accountants

The Magistrates' Association

Annual report and financial statements
for the year ended 30 June 2008

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BDO Stoy Hayward
Chartered Accountants

The Magistrates' Association

Statement of financial activities for the year ended 30 June 2008

	Note	Unrestricted Funds £	Restricted Funds £	Total 2008 £	Total 2007 £
Incoming resources					
<i>Incoming resources from generated funds</i>					
Grants	12	-	111,504	111,504	119,250
Investment income		93,190	-	93,190	91,830
<i>Incoming resources from charitable activities:</i>					
Annual subscriptions		824,334	-	824,334	804,635
Publications and other income		5,896	-	5,896	6,495
"Magistrate" - advertising and sales		56,226	-	56,226	74,127
Total incoming resources		979,646	111,504	1,091,150	1,096,337
Resources expended					
Costs of generating funds	5	13,334	-	13,334	12,260
Charitable activities	5	958,709	113,080	1,071,789	1,055,958
Governance costs	5	43,557	-	43,557	54,383
Total resources expended		1,015,600	113,080	1,128,680	1,122,601
Net incoming/(outgoing) resources		(35,954)	(1,576)	(37,530)	(26,264)
Net gain/(loss) on investment assets	7	(268,704)	-	(268,704)	161,873
Net movement in funds		(304,658)	(1,576)	(306,234)	135,609
Total funds brought forward		2,366,492	13,517	2,380,009	2,244,400
Total funds carried forward		2,061,834	11,941	2,073,775	2,380,009
The above fund balance is analysed as to:					
Designated funds	11	1,703,128	-	1,703,128	1,712,567
Unrestricted funds		358,706	-	358,706	653,925
Restricted funds	12	-	11,941	11,941	13,517
		2,061,834	11,941	2,073,775	2,380,009

All amounts relate to continuing activities.

The notes on pages 3 to 11 form part of these financial statements.

The Magistrates' Association

Balance sheet at 30 June 2008

	Note	£	2008 £	£	2007 £
Fixed assets					
Tangible assets	6		139,140		146,729
Investments	7		1,641,525		2,202,131
			<hr/>		<hr/>
			1,780,665		2,348,860
Current assets					
Stock		3,276		1,989	
Debtors	8	78,685		91,062	
Cash at bank and in hand		409,332		147,279	
		<hr/>		<hr/>	
		491,293		240,330	
Creditors: amounts falling due within one year	9	62,815		53,219	
		<hr/>		<hr/>	
Net current assets			428,478		187,111
			<hr/>		<hr/>
Total assets less current liabilities			2,209,143		2,535,971
Creditors: amounts falling due after more than one year	10		(135,368)		(155,962)
			<hr/>		<hr/>
Net assets			2,073,775		2,380,009
			<hr/>		<hr/>
Unrestricted funds					
- Designated funds	11		1,703,128		1,712,567
- Other					
Tangible assets	6		139,140		146,729
Free reserves			219,566		507,196
Restricted funds	12		11,941		13,517
			<hr/>		<hr/>
			2,073,775		2,380,009
			<hr/>		<hr/>

The financial statements were approved by the Trustees and authorised for issue on 16 September 2008 and signed on their behalf by:

L J Barnett
Chairman

M J Dodden
Honorary Treasurer

The notes on pages 3 to 11 form part of these financial statements.

The Magistrates' Association

Notes forming part of the financial statements for the year ended 30 June 2008

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 four years.

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 represents the increase or decrease during the year in the difference between the cost and the market value of the investments detailed in note 7.

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 2008 (*Continued*)

2 Accounting policies (*Continued*)

Reserves

The policy of the trustees is to retain as free reserves a sum of at least three months unrestricted expenditure, in order to provide working capital and allow for periodic fluctuations in receipts and payments. At 30th June 2008 this would amount to £253,900 (2007 - £247,330) whilst the actual figure carried forward is £219,566 (2007- £507,196). Whilst acknowledging that the Board's long term policy has not been met, the trustees recognise that the shortfall has arisen as a result of short term fluctuations in the value of investments and they are satisfied that the shortfall in reserves will not in any way be detrimental to the efficient running of the Association's finances.

Restricted funds

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

Pension costs

Contributions to the charity'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 2008 (Continued)

3 Staff costs	2008	2007
	£	£
Staff costs consist of:		
Wages and salaries	347,865	345,983
Social Security costs	37,083	37,037
Pension costs	33,192	30,049
Staff Recruitment	-	3,850
Staff training	1,505	1,520
	<hr/>	<hr/>
	419,645	418,439
	<hr/>	<hr/>

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

2008	2007
number	number
10	10
<hr/>	<hr/>

No trustees (2007- 0 trustees), received fees or payment for professional services supplied to the Association.

Expenses reimbursed for out of pocket expenditure totalled £19,887 (2007- £23,226) paid to 14 trustees (2007- 15).

4 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 2008 (*Continued*)

5 Analysis of resources expended

	Staff costs	Other	2008	2007
	£	£	Total	Total
			£	£
<i>Costs of generating funds</i>				
Investment management costs	-	13,334	13,334	12,260
<i>Charitable activities</i>				
Grants to branches	-	90,061	90,061	85,572
Other external support	-	61,880	61,880	113,359
Services to Members (as below)	416,144	72,110	488,254	470,320
Communications	-	30,187	30,187	26,414
Printing, stationery & library	-	14,321	14,321	14,504
Council and committees	-	67,367	67,367	63,564
Production of "Magistrate"	-	237,341	237,341	237,156
Representation	-	11,895	11,895	13,469
Publications sales costs	-	309	309	300
Training and development	-	60,041	60,041	19,812
Depreciation of equipment	-	10,133	10,133	11,488
	416,144	655,645	1,071,789	1,055,958

	2008	2007
	£	£
<i>Services to members</i>		
Staff costs	416,144	418,439
Accommodation	35,905	24,681
Administration	33,448	24,790
Printing and stationery	754	764
Communications	1,589	1,390
Representation	414	256
	488,254	470,320

Governance costs

AGM and report	15,515	26,992
Board of Trustees meetings and reports to Council	16,842	15,891
Auditor's remuneration	11,200	11,500
	43,557	54,383

The Magistrates' Association

Notes forming part of the financial statements
for the year ended 30 June 2008 (*Continued*)

6 Tangible fixed assets

	Freehold property £	Computers £	Furniture & fittings £	Office equipment £	Total £
Cost					
At 1 July 2007	128,109	33,338	29,865	38,733	230,045
Additions	-	2,544	-	-	2,544
Disposals	-	(2,394)	(5,597)	(2,158)	(10,149)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2008	128,109	33,488	24,268	36,575	222,440
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation					
At 1 July 2007	-	27,360	29,793	26,163	83,316
Charge for year	-	4,389	46	5,698	10,133
Disposals	-	(2,394)	(5,597)	(2,158)	(10,149)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2008	-	29,355	24,242	29,703	83,300
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>					
At 30 June 2008	128,109	4,133	26	6,872	139,140
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2007	128,109	5,978	72	12,570	146,729
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The Magistrates' Association

Notes forming part of the financial statements for the year ended 30 June 2008 (Continued)

7 Fixed asset investments

	2008 £	2007 £
Market value at 1 July 2007	2,202,131	2,116,549
Additions at cost	125,603	231,523
Sales proceeds	(417,505)	(307,814)
Net investment (losses)/gains	(268,704)	161,873
	<hr/>	<hr/>
Market value at 30 June 2008	1,641,525	2,202,131
	<hr/> <hr/>	<hr/> <hr/>

At 30 June 2008 the historical cost of these investments, which are listed on the UK Stock Exchange was £1,594,001 (2007: £1,844,409).

	2008 £	2007 £
Investments can be analysed as follows:		
UK Equities	889,044	1,295,714
UK Fixed interest	661,422	797,502
Overseas Equities	20,487	81,727
Overseas Fixed Interest	70,572	27,188
	<hr/>	<hr/>
	1,641,525	2,202,131
	<hr/> <hr/>	<hr/> <hr/>

The following investments accounted for 5% or more of the Association's portfolio at 30 June 2008.

	Units		Market Value	
	2008	2007	2008 £	2007 £
COIF - Fixed Interest Income Bond	119,985	119,985	146,238	146,574
COIF - Income Bond	21,660	21,660	222,196	260,167
National Grid Gas 5.375% Notes 2009	90,000	90,000	88,560	88,956
Artemis Fund Managers Capital Accumulation	12,000	12,000	96,799	121,260
	<hr/>	<hr/>	<hr/>	<hr/>

The Magistrates' Association

Notes forming part of the financial statements for the year ended 30 June 2008 (*Continued*)

8 Debtors	2008 £	2007 £
Due within one year		
Trade debtors	18,970	28,692
Other debtors	26,857	25,890
Prepayments and accrued income	32,858	36,480
	78,685	91,062
	78,685	91,062
9 Creditors: amounts falling due within one year	2008 £	2007 £
Trade creditors	23,555	12,966
Other taxes and social security	10,568	9,987
Accruals and deferred income	28,692	30,366
	62,815	53,219
	62,815	53,219
10 Creditors: amounts falling due after more than one year	2008 £	2007 £
Deferred income - Life members' subscriptions	135,368	155,962
	135,368	155,962

11 Designated Fund

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 1 July 2007 £	Movement £	Balance 30 June 2008 £
Provision of services to life members	1,712,567	(9,439)	1,703,128
	1,712,567	(9,439)	1,703,128

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 2008 (*Continued*)

12 Restricted Funds

	Balance 1 July 2007	Incoming Resources	Resources Expended/ transfers	Balance 30 June 2008
	£	£	£	£
Public Awareness Programme	3,846	55,000	50,961	7,885
Training Programme (1)	3,892	-	3,538	354
Regional Youth Court Conferences	5,779	-	2,077	3,702
Training Programme (2)	-	56,504	56,504	-
	<u>13,517</u>	<u>111,504</u>	<u>113,080</u>	<u>11,941</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 lay magistracy in accordance with the financial memorandum agreed between the Ministry of Justice and the Magistrates' Association.

The *Training Programme (1)* refers to a programme of training for magistrates undertaken in accordance with the financial memorandum agreed between the Ministry of Justice and the Magistrates' Association – which was largely completed in 2006/2007.

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 nine conferences with the following objectives: to better inform youth court magistrates about community sentences; and to help youth court magistrates to gain greater understanding of the role that youth courts play in the control and punishment of anti-social behaviour.

The *Training Programme (2)* refers to the programme of training for magistrates undertaken in accordance with the financial memorandum agreed between the Ministry of Justice and the Magistrates' Association – which was completed during 2007/2008.

All restricted funds are represented by cash at bank.

13 Analysis of net assets between funds

	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Total 2008 £	Total 2007 £
Tangible fixed assets	139,140	-	-	139,140	146,729
Investments	-	1,641,525	-	1,641,525	2,202,131
Current assets	282,381	196,971	11,941	491,293	240,330
Current liabilities	(62,815)	-	-	(62,815)	(53,219)
Long term liabilities	-	(135,368)	-	(135,368)	(155,962)
	<u>358,706</u>	<u>1,703,128</u>	<u>11,941</u>	<u>2,073,775</u>	<u>2,380,009</u>

The Magistrates' Association

Notes forming part of the financial statements for the year ended 30 June 2008 (*Continued*)

14 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 2007 this amount has been estimated at £153,403 (30/9/2006: £242,934). Whilst this figure will have increased since that date due to the recent adverse stock market conditions, the Board of Trustees currently believe that the circumstances which would be necessary to crystallise this liability are sufficiently remote that no provision is required in these accounts.

15 Branches

The accounts for the branches which are set out below are not consolidated, since they are considered to be separate legal entities.

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

The Magistrates' Association

Report of the independent auditors

Independent auditors 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 2008 on pages 1 to 11. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of trustees and auditors

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 have been appointed auditors under section 43 of the Charities Act 1993.

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Charities Act 1993 and whether the information given in the Trustees' report is consistent with those financial statements. We also report to you if, in our opinion, the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and other transactions is not disclosed.

We read the trustees' 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.

The trustees' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Trustees report.

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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company'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.

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 the company's affairs as at 30 June 2008 and of its profit for the period then ended;
- the financial statements have been properly prepared in accordance with the Charities Act 1993; and
- the information given in the trustees' report is consistent with the financial statements.

BDO STOY HAYWARD LLP

Chartered Accountants and Registered Auditors

Epsom, Surrey

16 September 2008