



REPORT TO THOSE CHARGED WITH GOVERNANCE
JULY 2014



City of London Corporation

Bridge House Estates, City's Cash Trusts, the
Corporation's Sundry Trusts & Other Accounts

Audit Management Report on the 2013-14 Financial Statements Audit

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1 Purpose of the report

International Standard on Auditing (UK & Ireland) 260, “Communication with those charged with governance” requires Moore Stephens to report to those charged with governance on the significant findings from our audit.

This report aims to provide the trustees with constructive observations arising from the audit process. We set out in this report details of:

- any expected modifications to our audit report;
- any unadjusted items in the financial statements (except any unadjusted items which are clearly trivial) including the effect of unadjusted items related to prior periods on the current period;
- any material weaknesses in systems we have identified during the course of our audit work and our views about the quality of accounting practices and financial reporting procedures; and
- any other relevant matters.

Our procedures are carried out solely for the purpose of our audit so that we can form and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Our audit does not necessarily disclose every weakness and for this reason the matters referred to may not be the only shortcomings which exist.

We take this opportunity to remind you that:

- This report has been prepared for the sole use of the City of London Corporation;
- It must not be disclosed to any third party without our written consent; and
- No responsibility is assumed by us to any other person who may choose to rely on it for their own purposes.

The report has been discussed and agreed with the Chamberlain.

We would like to thank the Chamberlain, Dr Peter Kane, Caroline Al-Beyerty and the Finance Team for their co-operation and assistance during our audit.

2 Audit conclusion

In our opinion the financial statements of the following bodies give a true and fair view and comply with the Charities Act 2011.

Bridge House Estates	
Open Spaces	Ashtead Common
	Burnham Beeches
	Epping Forest
	Hampstead Heath
	Highgate Wood & Queens Park Kilburn
	West Ham Park
	West Wickham Common and Spring Park Coulsdon & Other Commons
Sundry Trusts	Aida Lewis Winter Distress Fund
	Charities administered ICW the City of London Freeman's School
	City Educational Trust Fund
	City of London Almshouses
	City of London Corporation Combined Education Charity
	City of London Corporation Relief of Poverty Charity
	City of London Freeman's School Bursary Fund
	City of London School Bursary Fund
	City of London School Education Trust
	City of London School Girls Bursary Fund
	Corporation of London Charities Pool
	Emmanuel Hospital
	Guildhall Library Centenary Fund
	Hampstead Heath Trust
	Keats' House
	King George's Field
	Samuel Wilson's Loan Trust
	Signore Pasquale Favale Bequest
	Sir Thomas Gresham Charity
	Sir William Coxen Trust Fund
	Vickers Dunfee Memorial Benevolent Fund

We are pleased to report that our audit reports, which are included in each of the above financial statements, are unqualified. In our opinion, from information provided to us during the audit, no events or conditions appear to exist which cast doubt on the charities ability to continue as a going concern. We are therefore satisfied with the disclosures in the financial statements.

Our audit opinion is based on your approval of the financial statements and signing of the Letters of Representation, a draft of which has been included as an appendix to this report. Within the letter, you have confirmed that there are no subsequent events that require amendment to the financial statements.

3 Respective responsibilities

Responsibilities of the Trustees

The Trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulations. The Charities Act 2011 requires the Trustees to prepare financial statements for each financial year. Under that law the Trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charities and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charities will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charities transactions and disclose with reasonable accuracy at any time the financial position of the charities and enable them to ensure that the financial statements comply with the Charities Act 2011. They are also responsible for safeguarding the assets of the charities and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Responsibilities of the Auditor

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

The audit includes the consideration of internal controls relevant to the preparation of the financial statements but we do not express an opinion on the effectiveness of internal control. We are also required to communicate any significant matters arising from the audit of the financial statements that are relevant to those charged with governance in overseeing the financial reporting process. The matters being reported are limited to those deficiencies in control that we have identified during the audit and that we have concluded are of sufficient importance to merit being reported to those charged with governance.

International Standards on Auditing (UK and Ireland) do not require the auditor to design procedures for the purpose of identifying supplementary matters to communicate with those charged with governance.

Independence

International Standard on Auditing (UK & Ireland) 260, "Communication with those charged with governance" requires us to communicate on a timely basis all facts and matters that may have a bearing on our independence.

We can confirm that we have complied with the APB's Ethical Standard 1 – "Integrity, Objectivity and Independence". In our professional judgement the audit process has been independent and our objectivity has not been compromised.

4 Significant audit risks and risk factors

Significant audit risks

As noted in our audit planning report submitted to the Audit and Risk Management Committee in January 2014 the following audit risk areas were identified as significant matters and therefore considered in detail during our audit fieldwork.

Audit risk areas	Audit findings
<p>Revenue recognition (All funds and entities)</p> <p>Under International Standard on Auditing (UK and Ireland) 240, there is a presumed, albeit rebuttable, significant risk of fraud in revenue recognition. We consider this risk cannot be rebutted for income in all organisations.</p>	<p>We have documented, evaluated and tested the controls which ensure income is completely and accurately recorded across all entities and funds. No significant weaknesses in controls have been identified.</p> <p>We have substantively tested material income streams and performed procedures to ensure income is complete.</p> <p>Conclusion: Satisfactory assurance has been gained in respect of the presumed risk of fraud in revenue recognition.</p>
<p>Management override</p> <p>Under International Standard on Auditing (UK and Ireland) 240, there is a presumed significant risk of material misstatement owing to fraud arising from the potential for management to override controls.</p>	<p>We carried out focused testing on journals, estimation techniques and any significant/unusual transactions. We reviewed significant estimates and judgements made in the financial statements for evidence of bias.</p> <p>No significant issues were noted in our testing.</p> <p>Conclusion: Satisfactory assurance has been gained in respect of the presumed risk of management override.</p>
<p>Asset Transfers (City's Cash and Bridge House Estates)</p> <p>We understand that the City of London Corporation is reviewing the possibility of the City Fund purchasing investment properties from the portfolios held by City's Cash and/or Bridge House Estates in order to achieve a better rate of return.</p>	<p>We have reviewed the property transfer process to ensure that appropriate governance was applied to the property transfers between City Fund and Bridge House Estates. Where properties have been transferred we have confirmed that market value was used and have agreed this to supporting valuation reports.</p> <p>We have reviewed the accounting entries in Bridge House Estates and the City Fund to ensure that they were equal and opposite.</p> <p>No issues were noted in our testing.</p> <p>Conclusion: Satisfactory assurance has been gained in respect of the risk of asset transfers being materially misstated.</p>
<p>City of London Procurement Service (All funds and entities)</p> <p>The City of London Corporation are currently in negotiations with Accenture regarding the early termination of the contract whereby the two parties worked in partnership to deliver the City's Procurement and Purchase to Pay programme. The Corporation intends to run the service fully 'in-house' and therefore must ensure that a knowledge and skills transfer has taken place to provide for efficient and effective operation.</p>	<p>We have reviewed the knowledge transfer process in place for the ceasing of the Accenture contract and consider it to be reasonable. We note that there are a small number of posts that are yet to be filled and therefore there has not been a full knowledge transfer at this point.</p> <p>No significant delays in accounts payable processing were encountered during our audit.</p> <p>Conclusion: Satisfactory assurance has been gained in respect of the risk identified regarding the City of London Procurement Service.</p>

During the audit we identified a further significant audit risk, related to managed investments, which we now bring to your attention.

Audit risk areas	Audit findings
<p>Managed Investments (Bridge House Estates)</p> <p>During the 2013-14 financial year, the City of London Corporation have changed some of the investments held by fund managers across the Pension Fund, City's Cash and Bridge House Estates into Pooled Investment Vehicles. At the same time the opportunity has been taken to revise the accounting treatment for these managed investments.</p> <p>All managed investment funds have been designated as held for trading and have been accounted for as 'fair value movements through profit and loss' at the point of transition, as opposed to the previous accounting treatment of 'available for sale'. Designation is allowed when financial assets are managed and their performance evaluated on a fair value basis in accordance with an investment strategy.</p> <p>The effect of this is that movements in the market value of investments are shown as changes in fair value through the Statement of Financial activities (SOFA) rather than showing as unrealised investment reserve movements.</p> <p>The process for transitioning investments was not completed until 10 February, therefore managed investments required to be accounted for as 'available for sale' for the first ten months of the year, and 'fair value through profit and loss' for the final two months. The Corporation does not have detailed valuations of the funds at the point of transition, relying on valuations provided by the Transition Manager.</p>	<p>We have audited the value of additions, disposals, investment income and unrealised gains on managed investments to 31 January 2014.</p> <p>We have reviewed the market value of investments at 31 January from the fund Custodian and transition point (10 February) and consider them to be reasonable.</p> <p>We have audited the movement in fair value between 1 February and 31 March 2014. We have audited the realisation of unrealised gains through reserve movements at 31 January 2014.</p> <p>We have considered the designation of the financial assets and confirm it is in line with the requirements of accounting standards and the Charities SORP.</p> <p>No significant issues have been noted. However, an audit recommendation has been raised in section 6 of this report.</p> <p>Conclusion:</p> <p>Satisfactory assurance has been gained in respect of the mitigation of the risk of managed investments being materially misstated.</p>

Other risk factors

As noted in our audit planning report submitted to the Audit and Risk Management Committee in January 2014 the following audit risk areas were identified as risk factors which could potentially result in a material misstatement. The table below sets out our approach and conclusions to these risk factors.

Audit risk areas	Audit findings
<p>Allocation of FRS 17 Pension Liability (Bridge House Estates)</p> <p>The City of London Corporation has decided to split the defined benefit pension liability (£342m at 31 March 2013) between the three funds for the first time in 2013-14. This split is likely to be done on the basis of pensionable pay.</p> <p>The City Fund liability requires valuation and disclosure in line with IAS 19 under International Accounting Standards, whereas Bridge House Estates and City's Cash will require valuation and disclosure in line with FRS 17 under UK GAAP. The magnitude of any differences between the two valuations is not yet known.</p>	<p>We have reviewed the methodology used to allocate the pension fund liability on the basis of pensionable pay as at 31 March 2014 and 31 March 2013 across the three funds. We have reviewed the prior year adjustment disclosures made to recognise the liability at 31 March 2013 and consider them satisfactory.</p> <p>We have reviewed the disclosures contained in the Bridge House Estates accounts to ensure they meet the requirements of FRS 17. We have also considered the appropriateness of the assumptions used by the actuary in the calculation of FRS 17.</p> <p>Conclusion:</p> <p>Satisfactory assurance has been gained in respect of the pension liability accounted for within the accounts of Bridge House Estates.</p>
<p>Disclosure of reserves (Bridge House Estates)</p> <p>We consider that the disclosure of reserves in the Bridge House Estates financial statements could be enhanced to demonstrate the availability and type of reserves held – providing greater transparency.</p>	<p>Transfers between reserves have been made during the year to consolidate general reserves and provide more clarity to the readers of the accounts. We have reviewed these transfers and consider the movements to be reasonable. There is no reserves policy in place covering the level of unrestricted funds which should be held. An audit recommendation is included on this in section 6 of this report.</p> <p>Conclusion:</p> <p>Satisfactory assurance has been gained in respect of the Bridge House Estates reserves not being materially misstated, however, a reserves policy covering unrestricted reserves should be put in place and the level of reserves monitored against this policy.</p>
<p>Grant expenditure (Bridge House Estates)</p> <p>Bridge House Estates, through the City Bridge Trust, is committed to supporting charities in London from funds that are not required for the primary purpose of maintaining the five Thames bridges. It is essential that the processes and controls in place ensure that grant payments made are used as intended.</p>	<p>We have reviewed the processes and controls in place over the awarding and payment of grants and identified no significant weaknesses in controls. Substantive testing of grant payments has identified no issues. We have tested a sample of claw-back payments to confirm they are being appropriately applied with no issues to note.</p> <p>Conclusion:</p> <p>Satisfactory assurance has been gained in respect of grant expenditure in the Bridge House Estates accounts.</p>

Audit risk areas	Audit findings
<p>Application of FRS 102 (All funds and entities)</p> <p>We note the upcoming application of FRS102, the update to UK GAAP, and the associated changes to the Charities SORP in 2015-16. While this will not impact on 2013-14 directly, the balance sheets at 31 March 2014 will form the basis of the opening balance sheet for comparatives in the 2015-16 accounts. Planning is required now to ensure that all required disclosures will be able to be met.</p>	<p>No significant work has been performed on the transition to FRS102 at this point, but this is work in progress for the Corporation Finance Team.</p> <p>We will continue to monitor progress in this area during our 2014-15 audits.</p> <p>Conclusion:</p> <p>Satisfactory assurance has been gained in respect of risk identified regarding FRS102 for the 2013-14 audit year.</p>
<p>Oracle upgrade (All funds and entities)</p> <p>The City of London Corporation are planning to upgrade the Oracle finance system during the 2014-15 year. While this will have no financial impact on the 2013-14 financial statements, we recognise that there may be an impact on finance staff availability as the upgrade undergoes testing during our audit period.</p>	<p>As planned, we communicated our plan of work to the Corporation Finance Team in advance of our audit visits so that time on site was effective and efficient.</p> <p>Conclusion:</p> <p>No significant delays have been caused due to the Oracle upgrade.</p>

Going concern and subsequent events

We are required under International Standard on Auditing (UK & Ireland) 570, "Going concern" to consider the appropriateness of the trustees' use of the going concern assumption in the preparation of the financial statements, and to consider whether there are material uncertainties about the charitable company's ability to continue as a going concern which need to be disclosed in the financial statements.

The term "subsequent events" is used to refer to events occurring between the period end date of the financial statements and the date of the auditor's report. International Standard on Auditing (UK & Ireland) 560, "Subsequent events" requires us to assess all such matters before signing our audit report.

In order to gain assurance on these matters our work has included:

- performing a review of budgets and cash flow projections covering a period of 12 months from the expected signing of the audit report, together with management accounts for 2014-15;
- reviewing minutes of relevant City of London Corporation sub-committees held since 31 March 2014;
- enquiring of senior management and the charitable company's solicitors concerning litigation, claims and assessments; and
- performing sample testing of post reporting date transactions.

Conclusion

Our work has not highlighted any concerns or issues affecting Bridge House Estates, City's Cash Trusts and Sundry and Other Trusts ability to continue as a going concern.

5 Significant audit and accounting matters

Significant issues identified during our audit fieldwork

During the course of our audit work and following discussion with management we raised an additional significant audit risk (see section 4 above) with regards to accounting for managed investments. This report brings the matter forward for the attention of those charged with governance.

Adjustments agreed with management

During the final audit visit the accounting treatment for managed investments was discussed and a change agreed with management. This resulted in a number of significant adjustments which were agreed and actioned by management within the financial statements. A summary of the effect of these is shown below.

	Statement of Financial Activities		Balance Sheet	
	DR £'000	CR £'000	DR £'000	CR £'000
Bridge House Estates	2,800	3,800	81,500	80,500

Other audit adjustments

To enable those charged with governance to assess the extent to which the draft financial statements presented for audit have been subject to change as a result of the audit process and ongoing management review, we present below the adjustments made to the accounts during the audit process.

As a result of our audit and management review, adjustments were made to the draft financial statements presented for audit. A summary of the effect of the audit adjustments is shown below. A schedule of the actual adjustments can be found in appendix 1. Where the entity or fund is not noted below or in appendix 1, no adjustments were made.

	Statement of Financial Activities		Balance Sheet	
	DR £'000	CR £'000	DR £'000	CR £'000
Bridge House Estates	0	0	2,549	2,549
City's Cash Trusts				
Burnham Beeches	0	0	30	30
Epping Forest	0	0	43	43
West Wickham Common and Spring Park Coulsdon & Other Commons	0	23	36	13

All audit adjustments have been discussed and agreed with the Chief Accountant and Group Accountant.

Unadjusted items

We are obliged to bring to your attention the errors found during the audit that have not been corrected as not material, unless they are 'clearly trivial', which we have identified as below 1% of assessed materiality, subject to a de-minimis reporting level of £1,000. The items that we are aware of above this amount are set out below.

A summary of the net effect of the unadjusted items is shown below. A schedule of the unadjusted items can be found in appendix 2. Where the entity or fund is not noted below or in appendix 2, no adjustments were made

	Statement of Financial Activities		Balance Sheet	
	DR £'000	CR £'000	DR £'000	CR £'000
Bridge House Estates	102	496	428	34
City's Cash Trusts				
Epping Forest	0	5	5	0
Hampstead Heath	0	3	3	0
West Ham Park	0	8	8	0
Sundry Trusts				
Corporation of London Charities Pool	2	0	0	2
City of London Almshouses	2	0	0	2

It was agreed with the Chief Accountant and Group Accountant that these amounts were not considered material and did not require to be incorporated into the financial statements. We request that the Audit and Risk Management Committee confirm this decision.

Qualitative aspects of accounting practices and financial reporting

During the course of our audit, we consider the qualitative aspect of the financial reporting process, including items that have a significant impact on the relevance, reliability, comparability, understandability and materiality of the information provided by the financial statements. The following observations have been made:

Qualitative aspect considered	Audit conclusion
The appropriateness of the accounting policies used.	<p>We have reviewed the significant accounting policies, which are disclosed in the financial statements, and we consider these to be appropriate to the charities.</p> <p>Two significant changes have been made in the Bridge House Estates accounts during 2013-14. Firstly, pension costs are now accounted for as a defined benefit scheme across the three main City of London funds on a proportional basis. A prior year adjustment has been made to reflect this change in accounting policy.</p> <p>Secondly, following transition of managed investments to pooled investment vehicles (see 'Significant audit issues' above) in February 2014, all managed investments held by Bridge House Estates have been designated as 'fair value through profit and loss'.</p>
The timing of the transactions and the period in which they are recorded.	We did not identify any significant transactions where we had concerns over the timing or the period in which they were recognised.
The appropriateness of the accounting estimates and judgements used.	We are satisfied with the appropriateness of accounting estimates or judgements used in the preparation of the financial statements.
The potential effect on the financial statements of any uncertainties, including significant risks and disclosures such as pending litigation, that are required to be disclosed in the financial statements.	<p>We did not identify any uncertainties including any significant risk or required disclosures that should be included in the financial statements.</p> <p>We have reviewed the accounting treatment of ongoing and potential future works at Hampstead Heath. Additional disclosures have been made in the Hampstead Heath Trustee's Report to reflect the uncertainty of costs in this area.</p>

Qualitative aspect considered	Audit conclusion
The extent to which the financial statements have been affected by unusual transactions during the period and the extent that these transactions are separately disclosed in the financial statements.	From our testing performed, we identified no unusual transactions in the period. As noted above, the two changes in accounting policies have required additional disclosure to account for the changes in accounting treatment and transactions.
Apparent misstatements in the trustees' reports or material inconsistencies within the financial statements.	Our review of the Trustees' reports identified no misstatement or material inconsistency with the financial statements. We have requested a number of adjustments to improve the clarity of disclosures. The requested disclosures have been made.
Any significant financial statement disclosures to bring to your attention.	There are no significant financial statement disclosures that we consider should be brought to your attention, other than the changes in accounting policy noted above. All disclosures made are required by relevant legislation and applicable accounting standards.
Disagreement over any accounting treatment or financial statement disclosure.	There was no disagreement during the course of the audit over any accounting treatment or disclosure.
Difficulties encountered in the audit.	There were no difficulties encountered in the audit of the Open Spaces and Sundry and Other Trusts. All sets of accounts were delivered according to timetable. We faced significant difficulty in the audit of Bridge House Estates due to late changes in the accounting policy for managed investments and the unavailability of investment working papers. The first set of accounts presented for audit were delivered according to timetable, but significant disclosures were required for managed investments, defined benefit pension scheme and related parties thereafter.

Management representations

We have requested that a signed representation letter, covering a number of issues, be presented to us at the date of signing the financial statements. A copy of this letter is included in appendix 4 to this report.

Fraud and irregularity

Responsibility for preventing and detecting fraud and other irregularities lies with the trustees of the charities. We are not required to search specifically for such matters and our audit should not be relied upon to disclose them. However, we planned and conducted our audit so as to give a reasonable expectation of detecting any material misstatements in the financial statements resulting from improprieties or breach of regulations.

We are pleased to report that we did not identify any issues of concern in relation to fraud and irregularity.

Legality

We planned and performed our audit recognising that non-compliance with statute or regulations may materially affect the financial statements.

We are pleased to report that we did not identify any instances of concern with regard to the legality of transactions or events.

6 Accounting systems and internal controls

During the course of our audit of the financial statements, we examined the principal internal controls which the trustees have established to enable them to ensure, as far as possible, the accuracy and reliability of the charitable company's accounting records and to safeguard the charities' assets.

It should be noted that our audit was planned and performed in order to allow us to provide an opinion on the financial statements and it should not be relied upon to reveal all errors and weaknesses that may exist.

Our work did not identify any system weaknesses.

Action plan – audit recommendations

We identified a number of observations which we consider require management action. Recommendations to address the observations are detailed in the action plan below, together with management responses.

Grade	Definition
1	major issues for the attention of senior management which may have the potential to result in a material weakness in internal control
2	important issues to be addressed by management in their areas of responsibility
3	problems of a more minor nature which provide scope for improvement.

We have included only those points considered a priority 1 in this report. A separate report has been provided to management containing points graded priority 2 and 3.

Action plan

1 – Finance team expertise / capacity	
Observation	The late changes to the Bridge House Estates managed investments were as a result of a delay in identifying that a revised accounting treatment would be required from the move to pooled investment vehicles. Significant amendments were required to the annual accounts to reflect the revised accounting treatment.
Risk	Without a full understanding of the implications on financial reporting of policy decisions made there is a risk that financial accounting and financial reporting aspects will not be identified and properly reported.
Recommendation	We recommend that the City of London Corporation reviews the expertise and level of resources in the wider finance team. In particular, we consider that the Corporate Treasury Team would benefit from having a staff member with relevant financial accounting experience of financial instruments who can advise on the necessary disclosures required.
Management response	This was the first such move to pooled investment vehicles after several years of segregated mandates with equity fund managers. A prompt identification of the consequences for financial reporting would have allowed more time for consideration of the significant implications that have resulted from what, at face value, is a relatively innocuous change in investment arrangements. The expertise and capacity issues will be considered in the context of the likely frequency of such significant changes in investment arrangements and financial reporting requirements to provide an appropriate and proportionate solution.

2 – City of London Almshouses fixed assets

Observation	<p>As a Registered Social Landlord, the City of London Almshouses calculate their fixed asset balance at 31 March at cost less depreciation net of Social Housing Grant.</p> <p>A fixed asset register could not be provided to support the cost of assets in the Almshouses accounts, nor was evidence for the calculation of depreciation available in the Corporation working papers. There was no supporting evidence for the Social Housing Grant balance brought forward.</p>
Risk	<p>With limited supporting evidence, the Corporation faces the risk that it is unable to identify the individual assets that make up the year end balance and the value of the Social Housing Grant due at the year end. This may result in fixed assets being misstated.</p>
Recommendation	<p>A fixed asset register should be prepared, with the useful economic lives of assets considered on an individual basis, allowing for an appropriate assessment of annual depreciation. In addition evidence for the Social Housing Grant should be obtained and terms and conditions reviewed to ensure the City of London is in full compliance.</p>
Management response	<p>The City of London Almshouses are 44 dwellings including two warden units. Successive external audits have concluded satisfactorily on the financial statements. As the significant capital expenditure was incurred during the late 1980's and early 1990's we have requested the assistance of the London Metropolitan Archives to re-evidence the historic expenditure.</p>

3 – Bridge House Estates – Reserves policy

Observation	<p>Charity law requires trustees to be able to justify income held as reserves.</p> <p>At 31 March 2014 Bridge House Estates held unrestricted and undesignated reserves amounting to £446.1m. Of this figure £80.5m relates to increases in the fair value of fixed asset investments. The remaining balance of £365.6m should be seen as funds available to spend on the charity's purpose.</p> <p>There is no formally documented reserves policy for Bridge House Estates.</p>
Risk	<p>The absence of a documented reserves policy may lead to adverse comment from the Charity Commission. A comprehensive policy will provide a framework for responding to questions regarding the appropriateness of the reserves retained within the charity.</p>
Recommendation	<p>Unrestricted reserves are funds available to be spent and a reserves policy should be drafted which sets out the Trustees policy regarding these reserves given the charity's financial circumstances and changing needs.</p> <p>The Trustees should agree a policy on what level of unrestricted reserves it is appropriate for the charity to hold. The reserves policy should explain the nature and amount of the designation and when the funds are likely to be spent.</p> <p>Actual balances for all reserves should be monitored against this policy on a regular basis.</p>
Management response	<p>The reserves policy is set out on page 26 of the financial statements. The policy deliberately does not include a level of reserves above which any excess capital should be spent – this being the implication of the above recommendation. This is because the practice is for Members to consider how much of the 'surplus' revenue income (after providing for the maintenance and operation of the bridges) should be allocated to grant giving in the context of the five year rolling financial forecasts. Further consideration will be given to this issue and one option would be to designate the 'General Reserve' as 'Income Generating Fund' which is effectively what it represents.</p>

4 – Bridge House Estates – missing title deeds

Observation	<p>Testing of investment properties in BHE identified that title deeds were not available for all properties. We understand that given the long history of land ownership, it is not unusual for Bridge House Estates to own property without having titles registered with the Land Registry or to be in possession of title deeds and documents. An exercise is being carried out to review all properties across the Corporation and confirm title.</p> <p>Where title deeds were unavailable we have obtained audit assurance over ownership by confirming the existence of rental receipts from the properties.</p>
Risk	<p>There is a risk that the City of London Corporation is unable to demonstrate they have full title to properties and that disputes regarding ownership and liability may arise.</p>
Recommendation	<p>We recommend that the exercise to complete title documentation for all properties is completed as soon as possible.</p>
Management response	<p>It is not unusual for organisations such as the City, which have a long history of land ownership, to own real property without having title registered at HM Land Registry or to be in possession of title deeds and documents. A significant amount of property was gifted or granted to the City some hundreds of years ago and in these cases, for example, no conventional title deeds would have been drawn up. The City is, however, continuing with its programme of title registration, albeit presently in respect of properties within the City boundaries.</p> <p>In 1999 the Property Sub-Committee approved the City Surveyor’s programme of researching and registering the City’s unregistered freehold titles to its land holdings within the City. This programme is integral to the City fulfilling its property asset management responsibilities, while also taking account of Land Registry’s target of achieving a comprehensive land register by 2017. Since the start of the registration project, title to 91 buildings has been registered as at March 2014 together with various highway land.</p>

5 – Bridge House Estates – review of risk management strategy

Observation	<p>The Risk Management Statement per the Trustee’s Report states that:</p> <p><i>‘In order to embed sound practice a Strategic Risk Management Group is in place to ensure that risk management policies are applied, that there is an ongoing review of risk management activity and that appropriate advice and support is provided to Members and officers.’</i></p> <p><i>‘The City of London Corporation has approved a strategic risk register for all of its activities. This register helps to formalise existing processes and procedures and enables the City of London Corporation to further embed risk management throughout the organisation. A key risk register has been prepared for this Charity, which has been reviewed by the Trustee. It identifies the potential impact of key risks and the measures which are in place to mitigate such risks.’</i></p> <p>From discussions with management, we noted that the most recent risk register to be submitted to the Bridge house Estates committees for review was in 2011.</p>
Risk	<p>If risks are not routinely identified, monitored and mitigated against, the organisation is exposed to financial and reputational risk. If the process is not undertaken on an ongoing basis, there is the potential that the mitigating actions currently in place are not of the right fit for the risks currently faced by Bridge House Estates.</p>
Recommendation	<p>It is recommended that management produce an updated risk register for Bridge House Estates and that this is reviewed by the relevant Bridge House Estates committee on a regular basis.</p>
Management response	<p>The charity’s risks are being managed on an ongoing basis by a number of Chief Officers - Chamberlain, City Surveyor, Director of the Built Environment and the Chief Grants Officer; and overseen by a number of committees – Financial Investment Board; Property Investment Board; Culture Heritage and Libraries; Planning and Transportation; and City Bridge Trust. A task will be undertaken to collate the various risks and prepare a consolidated report for submission to these committees and to the Audit and Risk Management Committee.</p>

6 - Physical access to the Server room (IT audit)

Observation	<p>Our audit review identified that 147 staff and contractors from various departments had access to the server room. We confirmed that some of the people with access no longer required access to the server room. This suggests that access to the server room is not regularly reviewed to ensure it remains current and appropriate.</p> <p>We were not provided with the authorised access request for some of the staff and contractors that had access to the server room, we were informed that access request are sometimes made verbally.</p>
Risk	<p>The server room is a highly sensitive area where key financial information is located. Inappropriate access poses a risk of damage to the servers or any of its components, and the integrity and confidentiality of the data that is being processed or stored. This could result in a material alteration to key financial records.</p>
Recommendation	<p>We recommend that the current access rights to the server room be reviewed to ensure access is only permitted to individuals that require the access as part of their normal duties. This should become a regular activity performed at defined intervals to ensure access rights remains current and appropriate.</p> <p>All access requests to the server room should be formally approved, with the records retained as an audit trail.</p>
Management response	<p>Chamberlain's Chief Technology Officer advises:-</p> <p>A process to review access should be in place. Those with responsibility for controlling access have been requested to;</p> <ol style="list-style-type: none"> 1. Review and revise current access levels. 2. Ensure that 6-monthly reviews are undertaken with the outcome reported to CTO governance board. <p>I believe that access to the computer room requires CTO authorisation in writing. This will be reviewed along with current access levels and the process reinforced if found to be wanting.</p>

7 - Antivirus Management (IT audit)

Observation	<p>While we confirmed that antivirus solutions are installed on the servers and workstations with the latest updates received, we established instances where some online servers did not receive the latest antivirus update, with one of them actually receiving the last update on the 2nd of February 2014.</p>
Risk	<p>Failure to having the latest antivirus update running on the servers may result in the servers being effected by a harmful code or virus, which could bring down the servers and result in information systems being unavailable for use.</p>
Recommendation	<p>We recommend that management reviews the procedure for updating the servers with the latest antivirus updates, and implement corrective measures to make the process more effective.</p>
Management response	<p>Agilisys (IT managed service provider) have been asked to review and remediate any issues and to report at least quarterly on the currency of the AV updates.</p>

8 - Data backup and restore (IT audit)

Observation	<p>While we confirmed that data is replicated to an offsite location, we established a number of instances where the data tape backup failed during the period under review. We were informed that this was because the backup window was not sufficient for all the contents that needed to be backed up within the set time period. In addition, there was no evidence provided to confirm that restore test are regularly undertaken to verify the integrity of data backed up to tape.</p>
Risk	<p>COLC might not be able to recover and restore data to support critical business processes following a major disaster to the main premises hosting the data centre, especially if the replication to the offsite location fails.</p>
Recommendation	<p>We recommend that the backup window be increased accordingly, and the backup process be reviewed to make it more effective.</p>
Management response	<p>We believe that all data is replicated and that recovery of data is primarily from replicated copy as opposed to tape backup.</p> <p>The nature of tape backup is such that some failures do occur. Where this happens appropriate mitigation should be in place.</p> <p>Agilisys (IT managed service provider) have been asked to review and report on the audit finding, advising as to any weaknesses or concerns.</p> <p>IS service is moving to Infrastructure-as-a-Service by November 2014 and therefore no significant investment in tape backup technology is planned.</p>

7 Future financial reporting developments relevant to the City of London Trusts

The new reporting framework for UK Charities

The Financial Reporting Council (FRC), the body responsible for issuing UK accounting standards, recently finalised its biggest change in the financial reporting framework for a generation.

The new framework is effective for accounting periods commencing on or after 1 January 2015, which means 31 December 2015 or 31 March 2016 for most entities. Whilst early adoption is permitted, charities won't be able to adopt the standard until the new Charity Statement of Recommended Practice (SORP) is published in its final form in Summer 2014.

There are two options for charities – some charities will be able to apply the Financial Reporting Standard for Smaller Entities (FRSSE) if they meet the smaller companies' requirements. Those that don't meet these requirements are eligible for the new FRS 102.

FRSSE or FRS 102?

The first consideration is whether you are eligible to apply FRSSE – for which two of the three criteria must be met: gross income must not exceed £6.5m; gross assets must not exceed £3.26m and employee numbers must not exceed 50.

The second point to consider is the reduced disclosure requirements for the FRSSE compared with the FRS and then how this compares with the Charity SORP. Currently, FRSSE contains a number of disclosure simplifications, the most relevant of which concern leases, segmental reporting, requirements on reporting, acquired/discontinued activities, cash flow statements and related parties. The draft SORP has taken greater cognisance of these than its predecessor so it may be that more charities will adopt FRSSE. However, there are some charity-specific areas where the FRSSE is silent and the draft SORP requires charities to follow the FRS 102 treatment.

We can now expect three years of the existing regime as the FRC plans only to implement changes every three years. These will be driven by developments in international standards and their impact on UK accounts will be considered.

Charity Commission review of pension deficits

As part of a planned programme of thematic reviews of charity accounts, the Charity Commission has recently performed a review of a number of charity accounts which included a pension deficit. They found that only 31 of the 97 accounts reviewed had adequately explained the pension scheme deficit and the plans the charity had to meet the deficit, including whether additional financial support was required to meet the deficit. Of the 97 charities reviewed, 60 were members of a local authority multi-employer scheme.

Appendix 1 – Adjusted Misstatements

As summarised in Section 5, the following adjustments were identified during our audit work and have been incorporated into the financial statements. Where the entity or fund is not noted below, no adjustments were made. All adjustments have been discussed and agreed with the Chief Accountant and Group Accountant.

	Statement of Financial Activity		Balance Sheet	
	Dr £'000	Cr £'000	Dr £'000	Cr £'000
Bridge House Estates				
Managed investment adjustments agreed with management				
Managed investment income	2,800			
Realised investment gains (drawdowns) <i>Being the correct treatment of investment income post transition</i>		2,800		
Unrealised gain on investments		1,000		
Managed investment reserve <i>Being the reversal of investment gains post transition</i>			1,000	
Investment revaluation reserve			80,500	
Unrestricted general fund <i>Being the realisation of unrealised gains at transition point</i>				80,500
	2,800	3,800	81,500	80,500
Bridge House Estates				
Other audit adjustments				
Rental Debtors				1,949
Other Creditors <i>Being correction of netting off adjustment for rental debtors</i>			1,949	
Property income received in advance			200	
Rental debtors <i>Being the reclassification of property income received in advance</i>				200
Other debtors			400	
Realised investment gains (drawdowns) <i>Being the late adjustment of accrued investment income</i>				400
	0	0	2,549	2,549
City's Cash Trusts				
Burnham Beeches				
Accruals			30	
Trade Creditors <i>Being the reclassification of accruals as trade creditors</i>				30
	0	0	30	30

	Statement of Financial Activity		Balance Sheet	
	Dr £'000	Cr £'000	Dr £'000	Cr £'000
Epping Forest				
Accruals			43	
Trade Creditors				43
<i>Being the correction of an incorrectly posted accrual reversal</i>				
	0	0	43	43
West Wickham Common and Spring Park Coulsdon & Other Commons				
Accruals			13	
Trade Creditors				13
<i>Being the correction of misclassified accruals</i>				
Cash			23	
Income		23		
<i>Being the transfer of HLF income from City's Cash</i>				
	0	23	36	13

Appendix 2 – Unadjusted misstatements

As summarised in Section 5, the following unadjusted items were identified during our audit work. It was agreed with the Chief Accountant and Group Accountant that these amounts were not considered material and thus they have not been incorporated into the financial statements.

	Statement of Financial Activity		Balance Sheet	
	Dr £'000	Cr £'000	Dr £'000	Cr £'000
Bridge House Estates				
Debtors				34
Income	34			
<i>Being the correction of income recognition</i>				
Debtors			26	
Income		26		
<i>Being the correction of cut-off error</i>				
Rental debtors			377	
Rental income		377		
<i>Being the correction of cut-off error</i>				
Expenditure		68		
Retained earnings	68			
<i>Being the correction of cut-off error</i>				
Grants payable			25	
Grant expenditure		25		
<i>Being the correction of the grants payable balance</i>				
	102	496	428	34
City's Cash Trusts				
Epping Forest				
Accruals			5	
Expenditure		5		
<i>Being the correction of costs over accrued</i>				
	0	5	5	0
Hampstead Heath				
Accruals			3	
Expenditure		3		
<i>Being the correction of costs over accrued</i>				
	0	3	3	0
West Ham Park				
Accruals			8	
Expenditure		8		
<i>Being the correction of costs over accrued</i>				
	0	8	8	0

	Statement of Financial Activity		Balance Sheet	
	Dr £'000	Cr £'000	Dr £'000	Cr £'000
Sundry Trusts				
Corporation of London Charities Pool				
Interest receivable	2			
Investment income				2
<i>Being the correction of investment income</i>				
	2	0	0	2
City of London Almshouses				
Depreciation expense	2			
Accumulated depreciation				2
<i>Being the correction of depreciation charge for the year</i>				
	2	0	0	2

Appendix 3 – List of entities key financials

The list of entities on which we have reported on, and which are covered by this document are included in the table below. We have included in the table incoming resources, surplus/deficit and net assets along with the materiality level we have used during the audit. Materiality was calculated based on either the net assets of the entity or incoming resources.

Activities	Incoming Resources £'000	Surplus/ (Deficit) £'000	Net Assets £'000	Materiality £'000
Bridge House Estates	39,300	-	1,023,500	1,500
City's Cash Trusts				
Ashted Common	538	-	-	5
Preservation of the common at Ashted				
Burnham Beeches	890	(17)	821	9
Preservation of the Open Space known as Burnham Beeches				
Epping Forest	7,214	302	6,774	69
Preservation of Epping Forest in perpetuity				
Hampstead Heath	9,370	947	2,031	89
Preservation of Hampstead Heath for the recreation and enjoyment of the public				
Highgate Wood & Queens Park Kilburn	1,421	7	438	14
Preservation of the Open Space know as Highgate Wood & Queens Park Kilburn				
Sir Thomas Gresham Charity	26	-	1	0.5
To provide a programme of public lectures				
West Ham Park	1,559	(33)	116	16
To maintain and preserve the Open Space known as West Ham Park				
West Wickham Common and Spring Park Coulsdon & Other Commons	1,108	12	12	11
Preservation of West Wickham Common and Spring Park Coulsdon & Other Commons				
Sundry Trusts				
Aida Lewis Winter Distress Fund	8	6	233	5
Assistance and relief for the poor and distressed during winter months				
Charities Administered ICW the City of London Freeman's School	11	3	16	8
Promotion of education through prizes				
City Educational Trust Fund	159	(28)	3,391	48
Advancement of education through grants				
City of London Almshouses	375	173	1,484	33
Almshouses for poor or aged people				

Activities	Incoming Resources £'000	Surplus/ (Deficit) £'000	Net Assets £'000	Materiality £'000
Sundry Trusts Continued				
City of London Corporation Combined Education Charity	39	7	1,044	21
Advancing education by the provision of grants and financial assistance				
City of London Corporation Relief of Poverty Charity	4	4	154	2
Relief of poverty for widows, widowers or children of a Freeman of the City of London				
City of London Freeman's School Bursary Fund	49	29	743	15
Promotion of education through bursaries				
City of London School Bursary Fund	224	120	3,240	65
Promotion of education through bursaries, scholarships and prizes				
City of London School Educational Trust	5	(9)	6	0.5
Advancing education				
City of London School for Girls Bursary Fund	676	(38)	3,740	80
Promotion of education through bursaries, scholarships and prizes				
Corporation of London Charities Pool	1,458	531	20,317	295
Investments pool for Sundry Trusts				
Emmanuel Hospital	83	18	2,214	44
Payment of pensions and financial assistance to poor persons				
Guildhall Library Centenary Fund	1	1	21	1
Provision of education and training in library, archives, museum, and gallery services				
Hampstead Heath Trust	1,349	(32)	28,919	585
To meet a proportion of the maintenance cost of Hampstead Heath				
Keats House	342	6	200	5
Maintenance of Keats' House				
King George's Field	13	-	-	1
Open space for sports, games and recreation				
Samuel Wilson's Loan Trust	75	61	2,019	40
Granting of low interest loans to young people who have or are about to set up in business				
Signore Pasquale Favale Bequest	0.5	0.5	12	1
Granting of assistance to eligible persons in the form of marriage portions				

Activities	Incoming Resources £'000	Surplus/ (Deficit) £'000	Net Assets £'000	Materiality £'000
Sundry Trusts Continued				
Sir William Coxen Trust Fund	115	15	2,527	51
Granting of assistance to eligible charitable trusts in the form of donations				
Vickers Dunfee Memorial Benevolent Fund	7	(3)	188	4
Financial assistance to distressed past and present members of the CoL Special Constabulary and their dependents				

Appendix 4 – Management representation letters for Bridge House Estates and the Charities

LETTER OF REPRESENTATION: BRIDGE HOUSE ESTATES

Dear Sirs

City of London - Bridge House Estates

This representation letter is provided in connection with your audit of the financial statements of Bridge House Estates for the year ended 31 March 2014 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with UK Generally Accepted Accounting Practice and the Charities Statement of Recommended Practice 2005.

By a resolution of the board, passed today, I am directed to confirm to you, in respect of the financial statements of the charity for the period ended 31 March 2014, the following:-

1. We have fulfilled our responsibilities under the Charities Act 2011 for preparing financial statements which give a true and fair view in accordance with UK Generally Accepted Accounting Practice and the Charities Statement of Recommended Practice 2005 and for making accurate representations to you.
2. We have provided you with:
 - access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - additional information that you have requested from us for the purpose of the audit; and
 - unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
3. All transactions have been recorded in the accounting records and are reflected in the financial statements.
4. We acknowledge as trustee our responsibilities for the design and implementation of internal control in order to prevent and detect fraud and to prevent and detect error.
5. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
6. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
 - management
 - employees who have significant roles in internal control
 - others where the fraud could have a material effect on the financial statements.
7. We are not aware of any allegations of fraud or suspected fraud with a potential effect on the financial statements which have been communicated to us by employees, former employees, regulators or other third parties.
8. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
9. In our opinion, the significant assumptions that have been used in determining fair values, whether such values are disclosed or applied in the financial statements, are reasonable and reflect our ability and intent to carry out specific courses of action, where this is relevant to the determination of those values.
10. In our opinion the significant assumptions used by us in making accounting estimates are reasonable.
11. We have disclosed to you the identity of the charity's related parties and all related party relationships and transactions of which we are aware.
12. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of UK Generally Accepted Accounting Practice and the Charities Statement of Recommended Practice 2005.

13. In particular, no trustee, shadow trustee, their connected persons or other officers had any indebtedness, agreement concerning indebtedness or disclosable interest in a transaction with the charity at any time during the year, other than as indicated in the financial statements or, in the case of items not required to be disclosed, in the attached schedule.
14. The following have been properly recorded and, when appropriate, adequately disclosed in the financial statements:
 - losses arising from sale and purchase commitments;
 - agreements and options to buy back assets previously sold;
 - assets pledged as collateral.
15. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
16. We have no plans to abandon activities or other plans or intentions that will result in any excess or obsolete stocks, and no stock is stated at an amount in excess of net realisable value.
17. The charity has satisfactory title to all assets and there are no liens or encumbrances on the charity's assets, other than as disclosed in the financial statements.
18. We have recorded or disclosed, as appropriate, all liabilities, both actual and contingent, and all guarantees that we have given to third parties.
19. All events subsequent to the date of the financial statements and for which UK Generally Accepted Accounting Practice and the Charities Statement of Recommended Practice 2005 require adjustment or disclosure have been adjusted or disclosed. Should any material events occur which may necessitate revision of the figures included in the financial statements or inclusion in the notes thereto, we will advise you accordingly.
20. The charity has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance.
21. Except as disclosed in the financial statements, the results for the year were not materially affected by:
 - any change in accounting policies;
 - transactions of a type not usually undertaken by the charity;
 - circumstances of an exceptional or non-recurrent nature; or
 - charges or credits relating to prior periods.
22. We have disclosed to you all known actual or possible litigation or claims whose effects should be considered when preparing the financial statements and that they have been accounted for and disclosed in accordance with UK Generally Accepted Accounting Practice and the Charities Statement of Recommended Practice 2005.
23. We have reviewed going concern considerations and are satisfied that it is appropriate for the financial statements to have been drawn up on the going concern basis. In reaching this opinion we have taken into account all relevant matters of which we are aware and have considered a future period of at least one year from the date on which the financial statements are to be approved.

We have also considered the adequacy of the disclosures in the financial statements relating to going concern and are satisfied that sufficient disclosure has been made in order to give a true and fair view.
24. We confirm the financial statements are free of material misstatements, including omissions. We believe that those uncorrected misstatements identified during the audit are immaterial both individually and in aggregate to the financial statements as a whole. A list of these items is attached to this letter of representation, together with our reasons for not correcting them
25. All grants, donations and other incoming resources, the receipt of which is subject to specific terms and conditions, have been notified to you. There have been no breaches of terms or conditions in the application of such incoming resources.
26. We confirm that we are not aware of any breaches of charity regulations and that we have advised you of the existence of all endowments and funds maintained by us.
27. All income has been recorded, all restricted funds have been properly applied and all constructive obligations have been recognised.
28. All correspondence with regulators has been made available to you, including any serious incidents reports.

29. There is no further requirement for payment to be made for claims from Bovis Lend Lease at 31 March 2014.
30. Except as disclosed in Note 16 to the BHE accounts, as at 31 March 2013 there were no significant capital commitments contracted for by BHE.
31. We are of the opinion that the costs involved in the reconstruction or analysis of past accounting records of heritage assets (bridges) or in valuation are onerous compared with the additional benefit derived by users of the accounts in assessing the trustees' stewardship of the assets.
32. We confirm that the allocations of Town Clerk support costs is appropriate and based on an appropriate methodology ie apportioning costs on an estimated time basis.
33. We are of the opinion that the property valuations at 31 March 2014 as updated from the internal valuations at 31 March 2013 are not materially misstated

We confirm that the above representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, of inspection of supporting documentation) sufficient to satisfy ourselves that we can properly make each of the above representations to you.

Yours faithfully

.....
The Chamberlain of London
Signed on behalf of the Trustee
On _____ (date)

LETTER OF REPRESENTATION: CITY'S CASH TRUSTS (OPEN SPACES)

Dear Sirs

City's Cash Trusts – Open Spaces

This representation letter is provided in connection with your audit of the financial statements of the City's Cash Trusts (Open Spaces) for the period ended 31 March 2014 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with UK Generally Accepted Accounting Practice and the Charities Statement of Recommended Practice 2005.

By a resolution of the board, passed today, I am directed to confirm to you, in respect of the financial statements of the trusts for the period ended 31 March 2014, the following:-

1. We have fulfilled our responsibilities under the Charities Act 2011 for preparing financial statements which give a true and fair view in accordance with UK Generally Accepted Accounting Practice and the Charities Statement of Recommended Practice 2005 and for making accurate representations to you.
2. We have provided you with:
 - access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - additional information that you have requested from us for the purpose of the audit; and
 - unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
3. All transactions have been recorded in the accounting records and are reflected in the financial statements.
4. We acknowledge as trustee our responsibilities for the design and implementation of internal control in order to prevent and detect fraud and to prevent and detect error.
5. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
6. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
 - management
 - employees who have significant roles in internal control
 - others where the fraud could have a material effect on the financial statements.
7. We are not aware of any allegations of fraud or suspected fraud with a potential effect on the financial statements which have been communicated to us by employees, former employees, regulators or other third parties.
8. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
9. In our opinion, the significant assumptions that have been used in determining fair values, whether such values are disclosed or applied in the financial statements, are reasonable and reflect our ability and intent to carry out specific courses of action, where this is relevant to the determination of those values.
10. In our opinion the significant assumptions used by us in making accounting estimates are reasonable.
11. We have disclosed to you the identity of the Trusts related parties and all related party relationships and transactions of which we are aware.
12. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of UK Generally Accepted Accounting Practice and the Charities SORP 2005.
13. In particular, no trustee, shadow trustee, their connected persons or other officers had any indebtedness, agreement concerning indebtedness or disclosable interest in a transaction with the Trusts at any time during the year.
14. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

15. The Trusts have satisfactory title to all assets and there are no liens or encumbrances on the Trusts' assets, other than as disclosed in the financial statements.
16. We have recorded or disclosed, as appropriate, all liabilities, both actual and contingent, and all guarantees that we have given to third parties.
17. All events subsequent to the date of the financial statements and for which UK Generally Accepted Accounting Practice and the Charities SORP 2005 require adjustment or disclosure have been adjusted or disclosed. Should any material events occur which may necessitate revision of the figures included in the financial statements or inclusion in the notes thereto, we will advise you accordingly.
18. The Trusts have complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance.
19. Except as disclosed in the financial statements, the results for the year were not materially affected by:
 - any change in accounting policies;
 - transactions of a type not usually undertaken by the Trusts;
 - circumstances of an exceptional or non-recurrent nature; or
 - charges or credits relating to prior periods.
20. We have disclosed to you all known actual or possible litigation or claims whose effects should be considered when preparing the financial statements and that they have been accounted for and disclosed in accordance with UK Generally Accepted Accounting Practice and the Charities SORP 2005.
21. We have reviewed going concern considerations and are satisfied that it is appropriate for the financial statements to have been drawn up on the going concern basis. In reaching this opinion we have taken into account all relevant matters of which we are aware and have considered a future period of at least one year from the date on which the financial statements are to be approved.

We have also considered the adequacy of the disclosures in the financial statements relating to going concern and are satisfied that sufficient disclosure has been made in order to give a true and fair view.
22. We confirm the financial statements are free of material misstatements, including omissions. We believe that those uncorrected misstatements identified during the audit are immaterial both individually and in aggregate to the financial statements as a whole. A list of these items is attached to this letter of representation, together with our reasons for not correcting them.
23. All grants, donations and other incoming resources, the receipt of which is subject to specific terms and conditions, have been notified to you. There have been no breaches of terms or conditions in the application of such incoming resources.
24. We confirm that we are not aware of any breaches of charity regulations and that we have advised you of the existence of all endowments and funds maintained by us.
25. All income has been recorded, all restricted funds have been properly applied and all constructive obligations have been recognised.
26. All correspondence with regulators has been made available to you, including any serious incidents reports.
27. We confirm that the allocations of Town Clerk support costs is appropriate and based on an appropriate methodology ie apportioning costs on an estimated time basis.
28. We are of the opinion that the costs involved in the reconstruction or analysis of past accounting records of heritage assets (open spaces) or in valuation are onerous compared with the additional benefit derived by users of the accounts in assessing the trustees' stewardship of the assets.

We confirm that the above representations are made on the basis of enquiries of management and staff with relevant knowledge and experience sufficient to satisfy ourselves that we can properly make each of the above representations to you.

Yours faithfully

.....

The Chamberlain of London

Signed on behalf of the Trustee

On _____ (date)

LETTER OF REPRESENTATION: CITY OF LONDON CORPORATION SUNDRY TRUSTS AND OTHER ACCOUNTS

Dear Sirs

City of London - Sundry and Other Trusts

This representation letter is provided in connection with your audit of the financial statements of The City of London Corporation Sundry Trusts and Other accounts for the period ended 31 March 2014 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with UK Generally Accepted Accounting Practice and the Charities Statement of Recommended Practice 2005.

By a resolution of the board, passed today, I am directed to confirm to you, in respect of the financial statements of the charities for the period ended 31 March 2014, the following:-

1. We have fulfilled our responsibilities under the Charities Act 2011 for preparing financial statements which give a true and fair view in accordance with UK Generally Accepted Accounting Practice and the Charities Statement of Recommended Practice 2005 and for making accurate representations to you.
2. We have provided you with:
 - access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - additional information that you have requested from us for the purpose of the audit; and
 - unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
3. All transactions have been recorded in the accounting records and are reflected in the financial statements.
4. We acknowledge as trustee our responsibilities for the design and implementation of internal control in order to prevent and detect fraud and to prevent and detect error.
5. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
6. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
 - management
 - employees who have significant roles in internal control
 - others where the fraud could have a material effect on the financial statements.
7. We are not aware of any allegations of fraud or suspected fraud with a potential effect on the financial statements which have been communicated to us by employees, former employees, regulators or other third parties.
8. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
9. In our opinion, the significant assumptions that have been used in determining fair values, whether such values are disclosed or applied in the financial statements, are reasonable and reflect our ability and intent to carry out specific courses of action, where this is relevant to the determination of those values.
10. In our opinion the significant assumptions used by us in making accounting estimates are reasonable.
11. We have disclosed to you the identity of the charities related parties and all related party relationships and transactions of which we are aware.
12. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of UK Generally Accepted Accounting Practice and the Charities SORP 2005.
13. In particular, no trustee, shadow trustee, their connected persons or other officers had any indebtedness, agreement concerning indebtedness or disclosable interest in a transaction with the charities at any time during the year.
14. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

15. The Trusts have satisfactory title to all assets and there are no liens or encumbrances on the Trusts' assets, other than as disclosed in the financial statements.
16. We have recorded or disclosed, as appropriate, all liabilities, both actual and contingent, and all guarantees that we have given to third parties.
17. All events subsequent to the date of the financial statements and for which UK Generally Accepted Accounting Practice and the Charities SORP 2005 require adjustment or disclosure have been adjusted or disclosed. Should any material events occur which may necessitate revision of the figures included in the financial statements or inclusion in the notes thereto, we will advise you accordingly.
18. The Trusts have complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance.
19. Except as disclosed in the financial statements, the results for the year were not materially affected by:
 - any change in accounting policies;
 - transactions of a type not usually undertaken by the charities;
 - circumstances of an exceptional or non-recurrent nature; or
 - charges or credits relating to prior periods.
20. We have disclosed to you all known actual or possible litigation or claims whose effects should be considered when preparing the financial statements and that they have been accounted for and disclosed in accordance with UK Generally Accepted Accounting Practice and the Charities SORP 2005.
21. We have reviewed going concern considerations and are satisfied that it is appropriate for the financial statements to have been drawn up on the going concern basis. In reaching this opinion we have taken into account all relevant matters of which we are aware and have considered a future period of at least one year from the date on which the financial statements are to be approved.

We have also considered the adequacy of the disclosures in the financial statements relating to going concern and are satisfied that sufficient disclosure has been made in order to give a true and fair view.
22. We confirm the financial statements are free of material misstatements, including omissions. We believe that those uncorrected misstatements identified during the audit are immaterial both individually and in aggregate to the financial statements as a whole. A list of these items is attached to this letter of representation, together with our reasons for not correcting them.
23. All grants, donations and other incoming resources, the receipt of which is subject to specific terms and conditions, have been notified to you. There have been no breaches of terms or conditions in the application of such incoming resources.
24. We confirm that we are not aware of any breaches of our charity regulations and that we have advised you of the existence of all endowments and funds maintained by us.
25. All income has been recorded, all restricted funds have been properly applied and all constructive obligations have been recognised.
26. All correspondence with regulators has been made available to you, including any serious incidents reports.

We confirm that the above representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, of inspection of supporting documentation) sufficient to satisfy ourselves that we can properly make each of the above representations to you.

Yours faithfully

.....
The Chamberlain of London
Signed on behalf of the Trustee
On _____ (date)

LETTER OF REPRESENTATION: CITY OF LONDON ALMSHOUSES

Dear Sirs

The City of London Almshouses

This representation letter is provided in connection with your audit of the financial statements of the City of London Almshouses for the period ended 31 March 2014 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with UK Generally Accepted Accounting Practice, the Registered Social Landlord Statement of Recommended Practice 2010 and the Charities Statement of Recommended Practice 2005.

By a resolution of the board, passed today, I am directed to confirm to you, in respect of the financial statements of the City of London Almshouses for the year ended 31 March 2014, the following:-

1. We have fulfilled our responsibilities under section 1(2) of the Housing Act 1996 for preparing financial statements which give a true and fair view in accordance with UK Generally Accepted Accounting Practice, the Registered Social Landlord Statement of Recommended Practice 2010 and the Charities Statement of Recommended Practice 2005 and for making accurate representations to you.
2. We have provided you with:
 - access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - additional information that you have requested from us for the purpose of the audit; and
 - unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
3. All transactions have been recorded in the accounting records and are reflected in the financial statements.
4. We acknowledge as Board members our responsibilities for the design and implementation of internal control in order to prevent and detect fraud and to prevent and detect error.
5. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
6. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the entity and involves:
 - management;
 - employees who have significant roles in internal control; and
 - others where the fraud could have a material effect on the financial statements.
7. We are not aware of any allegations of fraud or suspected fraud with a potential effect on the financial statements which have been communicated to us by employees, former employees, regulators or other third parties.
8. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
9. In our opinion the significant assumptions used by us in making accounting estimates are reasonable.
10. We have disclosed to you the identity of the related parties and all related party relationships and transactions of which we are aware.
11. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of UK Generally Accepted Accounting Practice.
12. In particular, no Board member, shadow Board member, their connected persons or other officers had any indebtedness, agreement concerning indebtedness or disclosable interest in a transaction with the Almshouses at any time during the year.
13. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
14. The City of London Almshouses have satisfactory title to all assets and there are no liens or encumbrances on the Almshouses' assets, other than as disclosed in the financial statements.

15. We have recorded or disclosed, as appropriate, all liabilities, both actual and contingent, and all guarantees that we have given to third parties.
16. All events subsequent to the date of the financial statements and for which UK Generally Accepted Accounting Practice require adjustment or disclosure have been adjusted or disclosed. Should any material events occur which may necessitate revision of the figures included in the financial statements or inclusion in the notes thereto, we will advise you accordingly.
17. The City of London Almshouses have complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance.
18. Except as disclosed in the financial statements, the results for the year were not materially affected by:
 - any change in accounting policies;
 - transactions of a type not usually undertaken by the Almshouses;
 - circumstances of an exceptional or non-recurrent nature; or
 - charges or credits relating to prior periods.
19. We have disclosed to you all known actual or possible litigation or claims whose effects should be considered when preparing the financial statements and that they have been accounted for and disclosed in accordance with UK Generally Accepted Accounting Practice.
20. We have reviewed going concern considerations and are satisfied that it is appropriate for the financial statements to have been drawn up on the going concern basis. In reaching this opinion we have taken into account all relevant matters of which we are aware and have considered a future period of at least one year from the date on which the financial statements are to be approved.

We have also considered the adequacy of the disclosures in the financial statements relating to going concern and are satisfied that sufficient disclosure has been made in order to give a true and fair view.
21. We confirm the financial statements are free of material misstatements, including omissions. We believe that those uncorrected misstatements identified during the audit are immaterial both individually and in aggregate to the financial statements as a whole. A list of these items is attached to this letter of representation, together with our reasons for not correcting them.
22. The costs that have been capitalised in respect of the Almshouses are appropriate and that the carrying value at 31 March 2014, including the Social Housing Grant are considered to be reasonable. The useful economic life and assessment of depreciation are considered to be reasonable in respect of the future economic benefit that is expected to be derived from the Almshouses.

We confirm that the above representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, of inspection of supporting documentation) sufficient to satisfy ourselves that we can properly make each of the above representations to you.

Yours faithfully

.....
The Chamberlain of London
Signed on behalf of the Trustee
On _____ (date)