



MOORE STEPHENS

REPORT TO THOSE CHARGED WITH GOVERNANCE
JULY 2015



City of London Corporation

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

Audit Management Report on the 2014-15 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 reports;
- 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	Ada 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 opinions are 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 letters, 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.

Fee

The fee for the 2014-15 audit of City's Cash, Bridge House Estates, City's Cash Trusts and Sundry and Other Trusts amounts to £115,000. Of the total fee, £36,800 has been allocated to Bridge House Estates, with the remaining £78,200 being charged to City's Cash.

In our Audit Planning Report we set out that the fee was dependent upon:

- City of London Corporation delivering a complete Annual Report and Accounts of sufficient quality that have been subject to appropriate internal review on the date agreed;
- City of London Corporation delivering good quality supporting evidence and explanations within the agreed timetable; and
- Appropriate City of London Corporation staff being available during the audit.

Following delays to and difficulties encountered during the 2013-14 final audit of Bridge House Estates and City's Cash, an additional fee of £9,500 was charged. No other non-audit fees have been raised in 2014-15.

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 December 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 across all entities and funds and performed procedures to ensure income is complete. Investment property income procedures on Bridge House Estates included confirming the amounts received on a sample of properties to rent agreements as well as performing analytical procedures to gain assurance on the completeness of income. Managed investment income procedures included agreeing dividend income obtained as well as confirming realised investments from pooled investment vehicles. We have also considered the movement in fair value on investments (Bridge House Estates) and the unrealised gain on investments by comparing yields obtained by the funds to fund manager reports and benchmarks.</p> <p>Conclusion:</p> <p>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 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>Investment property valuations for Bridge House Estates comprise a significant judgement in the financial statements. The value of property held at 31 March 2015 is £532.8m and has increased 18% on the value held at 31 March 2014. Investment property valuations are conducted internally by the City Surveyor's team and by an external firm of property valuers. We have met with representatives of the City Surveyor and the external firm of property valuers to discuss the methodology of the valuations overall and to review individual property valuations that were significantly above or below the average increase. We did not identify any indication of management bias in the valuations applied.</p> <p>No significant issues were noted in our testing.</p> <p>Conclusion:</p> <p>Satisfactory assurance has been gained in respect of the presumed risk of management override.</p>

Other risk factors

As noted in our audit planning report submitted to the Audit and Risk Management Committee in December 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
Managed Funds Transfer (Bridge House Estates) We understand that the City of London Corporation intends to make a number of changes to managed funds. Segregated funds held by Bridge House Estates are being transferred to pooled vehicles.	We reviewed supporting documentation to assess and agree the accounting treatments applied and the adequacy of disclosures made in the financial statements. Audit testing confirmed that the transactions pre and post transfer have been accounted for appropriately. Conclusion: Satisfactory assurance has been gained in respect of the risk factor identified on the managed funds transfer.
Hampstead Heath Ponds (City's Cash Trusts) The City of London Corporation are currently engaged in a Judicial Review regarding proposed works on Hampstead Heath Ponds, which is being opposed by local residents. Following completion of the Judicial Review there will be greater clarity on when and if the works and services will be undertaken.	During the 2014-15 financial year, a Judicial Review found in favour of the City of London Corporation and as a consequence work has begun at Hampstead Heath Ponds. Initial costs have been recorded and capitalised where appropriate up to 31 March 2015. Work on the main contract, which is expected to take 18 months and is worth approximately £14.69m did not begin, nor was the contract signed until after the reporting date. Disclosure has been made in the notes to the Hampstead Heath financial statements to reflect this. Conclusion: Satisfactory assurance has been gained in respect of the risk factor identified on Hampstead Heath expenditure.

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 2015-16;
- reviewing minutes of relevant City of London Corporation sub-committees held since 31 March 2015;
- 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

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	356	403	47
City's Cash Trusts				
Epping Forest	0	0	95	95
Sundry Trusts				
City of London School Educational Trust	0	0	1	1

Disclosure adjustments made on all City's Cash Trust accounts to reclassify debtor balances between 'other debtors' and 'rental debtors'. None of these were material.

Further disclosure adjustments were made on all City's Cash Trust accounts and the accounts of Keats House to reclassify the Carbon Reduction Commitments shown as 'intangible current assets' as 'other debtors'. While 2014-15 carbon tax allowances were purchased in June 2014, the City is not due to pay its carbon tax bill to the Environment Agency and therefore surrender its allowances until October 2015, when the annual consumption return is submitted. The purchase of allowances is therefore treated as a debtor, and creditors have been raised for the estimated consumption of the carbon allowances by property assets at year end. None of these adjustments were material.

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
City's Cash Trusts				
Epping Forest	0	0	31	31
Hampstead Heath	0	3	3	0
West Ham Park	0	0	21	21
Sundry Trusts				
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.	We have reviewed the significant accounting policies, which are disclosed in the financial statements, and we consider these to be appropriate to the charities.
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. We identified some errors in expenditure transaction testing whereby transactions should have been accounted for and accrued in the 2013-14 period. These are not considered to be material or systemic.
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. We noted a number of misclassifications of current liabilities across the City's Cash Trust accounts. Further details are in appendix 3 to this report. We met with representatives of the City Surveyor and the external firm of property valuers to assess the judgements applied in the valuation of investment properties. We consider the judgements used to be appropriate.
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.	We did not identify any uncertainties including any significant risk or required disclosures that should be included in the financial statements. Adequate disclosure has been made in the Hampstead Heath accounts of the future commitments made for the Hampstead Heath Ponds project.
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.
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.
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. 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.

Qualitative aspect considered	Audit conclusion
Difficulties encountered in the audit.	<p>There were no significant difficulties encountered in the audit of the Open Spaces and Sundry and Other Trusts. All sets of accounts were delivered according to timetable.</p> <p>We encountered significant difficulties in the audit of the City of London Almshouses Trust following recent staff attrition that has not allowed time for knowledge transfer to take place.</p> <p>As part of our recommendations on the 2013-14 audit, it was suggested and agreed that a managed investment note, using a new format would be provided for audit review as at 31 December 2014. This was not delivered by the finance team and as a consequence, the managed investment note has taken longer than planned to audit. However and as noted in Section 7, although it took longer than planned to audit, no significant issues were encountered in this area during the 2014/15 audit.</p>

Investment Property Valuations

Bridge House Estates holds a significant investment property portfolio, totalling £532.8m as at 31 March 2015. Properties are valued annually in line with accounting standard requirements for investment properties. All properties are valued in accordance with the RICS Red Book. The valuation process is split between internal valuations, performed by the City Surveyor's department and a firm of external valuers. In 2014-15, Cushman Wakefield were appointed on a three year contract to perform the property valuations for Bridge House Estates. As part of our audit work, we have met with representatives of the City Surveyor and the external firm of property valuers to discuss the methodology of the valuations overall and to review individual property valuations that were significantly above or below the average increase.

The chart below demonstrates the growth of the fund in the 2014-15 financial year.



Income growth is broadly in line with the benchmark due to increasing rents as properties have refurbishments completed and as a consequence are able to be marketed at a higher rate than prior valuations expected. This has been noted on a number of properties where valuation increases in excess of 20% have been recorded.

Significant valuation increases have also been noted where Bridge House Estates hold the ground lease and are therefore entitled to a percentage of the rental income obtained by the holder of the Head Lease. Increasing rental values in London have led to an increased valuation of the property

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. Copies of these letters for Bridge House Estates, the City's Cash Trusts, the Sundry and Other Trusts and the City of London Almshouses Trust are 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.

No priority 1 points have been raised during our audit of the 2014-15 Bridge House Estates, City's Cash Trusts and Sundry and Other Trust accounts. Appendix 3 to this report contains a summary of priority 2 and priority 3 findings that have been raised directly with management.

7 Follow up of prior year recommendations

As part of our audit work we have followed up on the priority 1 recommendations made during the 2013-14 audit.

1 – Finance team expertise / capacity	
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.
Follow up at 31 March 2015	We have not encountered any significant issues in this area during the 2014-15 audit. However, as noted at appendix 3 to this report, we did encounter difficulties during the audit of the City of London Almshouses Trust following an insufficient knowledge transfer upon key staff leaving the organisation.
2 – City of London Almshouses fixed assets	
Recommendation	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.
Management response	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.
Follow up at 31 March 2015	A register detailing the capital expenditure incurred on the Almshouses has not been created during the year. We understand that future developments are planned on the estate, at which point historical costs will be impaired to zero. Future capital spend will be recorded in such a way that depreciation charges can be evidenced.
3 – Bridge House Estates – Reserves policy	
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	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.

Follow up at 31 March 2015	<p>There has been no significant change in the reserves policy since the prior year. Grants given to organisations in London are still decided based on the level of surplus. Grants and investments in social/ethical assets are approved through the relevant committees.</p> <p>We will continue to monitor any changes to the reserves policy during our 2015-16 audit.</p>
4 – Bridge House Estates – missing title deeds	
Recommendation	We recommend that the exercise to complete title documentation for all properties is completed as soon as possible.
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>
Follow up at 31 March 2015	<p>We reviewed 20 of the highest valued properties owned by Bridge House Estates. Our testing identified that of the sample, 18 had been registered with the Land Registry department and had appropriate title deed documentation. One could not be registered with Land Registry as it has been designated as a Greater London Authority (GLA) property and Land Registry are not currently registering any properties affected by this GLA status. The final item is part of a larger estate held by the Corporation and registration of title is in progress.</p>
5 – Bridge House Estates – review of risk management strategy	
Recommendation	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.
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. Similarly, the charity's activities are overseen by a number of City Corporation committees. Updated risk registers will be submitted to these committees covering the specific risks pertaining to the activities which each committee oversees.</p>
Follow up at 31 March 2015	<p>Work has been ongoing throughout the 2014-15 year to assess risks faced by all charitable trusts and funds of the Corporation, including Bridge House Estates. A number of charity managing committees have considered updated risk registers pertaining to the activities which they oversee and the remaining committees will receive their registers as soon as the committee timetable allows in the autumn.</p>

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

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>
Follow up at 31 March 2015	<p>The recommendation has been implemented.</p>

7 - Antivirus Management (IT audit)

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>
Follow up at 31 March 2015	<p>Our follow up review identified that a number of workstations did not have the correct antivirus update installed. We will continue to monitor this during our 2015-16 IT audit work.</p>

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

FRS 102 and Charities SORP FRS 102

Entities that currently prepare their financial statements under UK GAAP and the Charities SORP 2005, will be applying FRS 102 and the Charities SORP FRS 102 from accounting periods beginning on or after 1 January 2015. For the Bridge House Estates, City's Cash Trusts and the Sundry and Other Trusts, this means that the 2015-16 financial statements will be presented under the new accounting framework.

Section 35 of FRS 102 sets out the transitional requirements. The basic rule is full retrospective application as at the date of transition. This means that the financial statements will need to be prepared as if FRS 102 had always been applied by the Corporation to the Bridge House Estate and Trust accounts. To facilitate this change, we provided a training session in March 2015, to the City of London Corporation finance team to appraise them of the changes to be expected in the new accounting framework.

The most significant changes under the new accounting framework are:

Managed Investments and Investment Properties

Gains or losses on these items will be shown as 'Fair Value through Profit and Loss', meaning that they are shown as an 'incoming resource' and will therefore affect the 'Net Incoming Resources' for the year. Under current UK GAAP, such gains or losses are shown below this line. This will increase volatility in the income statement year on year as the property and investment markets fluctuate.

Statement of cash flows

Renamed, to match the IFRS equivalent, the Statement of Cash Flows has been reduced in size with three mandatory headings of Operating, Investing and Financing activities.

Staff cost disclosures

Under current UK GAAP only those charities subject to an audit had to make disclosures on staff costs. Under FRS 102, the number of employees earning over £60,000 requires to be disclosed.

We will continue to work with the Corporation finance team to establish an agreed program for the restatement exercise, which we would wish to be completed by 31 December 2015. We will keep the Audit and Risk Management Committee appraised of progress.

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				
Accruals			47	
Accrued Interest				47
<i>Being the correction of accruals at 31 March</i>				
Decrease in actuarial loss		356		
Pension liability			356	
<i>Being the correction of pension liability to 31 March position</i>				
	0	356	403	47
City's Cash Trusts				
Epping Forest				
Rental Debtors				95
Other Debtors			95	
<i>Being reclassification of unallocated rental receipts at year end</i>				
	0	0	95	95
Sundry and Other Trusts				
City of London School Educational Trust				
Debtors			1	
Cash				1
<i>Being the reclassification of debtors</i>				
	0	0	1	1

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	Cr	Dr	Cr
		£'000	£'000	£'000	£'000
City's Cash Trusts					
Epping Forest					
Accruals				31	
Creditors					31
<i>Being the correction of costs over accrued</i>					
		0	0	31	31
Hampstead Heath					
Expenditure			3		
Accruals				3	
<i>Being the correction of accruals</i>					
		0	3	3	0
West Ham Park					
Creditors				21	
Accruals					21
<i>Being the reclassification of accruals as creditors</i>					
		0	0	21	21
Sundry Trusts					
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 – Summary of points arising

As summarised in Section 6, we identified a number of observations which we consider require management action. Using the priority definitions below, we have raised the detailed points directly with management. We will monitor progress being made on these recommendations during the 2015-16 audits. The points raised relate to:

Bridge House Estates

- **Documentation of rent increases** - difficulties encountered in agreeing rent increases for individual properties, which we understand should be alleviated by the introduction of the R12 Oracle release.

City's Cash Trusts

- **Classification of liabilities** – testing identified a number of classification errors between trade creditors, other creditors and accruals. We recommend a system of sample spot checking is put in place, along with updated guidance from the central finance team.
- **Grants receivable documentation** – the system for recording grants applied for and received is not always kept up to date, increasing the risk that grants received for a specific Open Space are not recognised appropriately

Sundry and Other Trusts

- **Housing Accountant knowledge transfer** – following two recent staff movements in the housing team there has been insufficient knowledge transfer put in place before the preparation of the City of London Almshouses Trust accounts.
- **Classification of expenditure and accruals** – audit testing of 2014-15 expenditure identified a number of items that should have been accounted for and accrued as at 31 March 2014. We recommend a system of sample spot checking is put in place, along with updated guidance from the central finance team

All entities and funds

- **Documentation of formal impairment review** – it is good practice to consider whether there have been any indicators of impairment as part of the year end processes and for those considerations to be documented.

Appendix 4 – 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	92,600	51,000	1,141,300	1,500
City's Cash Trusts				
Ashtead Common	536	-	-	8
Preservation of the common at Ashtead				
Burnham Beeches	902	(18)	802	14
Preservation of the Open Space known as Burnham Beeches				
Epping Forest	7,537	1,420	8,195	98
Preservation of Epping Forest in perpetuity				
Hampstead Heath	11,318	2,586	35,631	131
Preservation of Hampstead Heath for the recreation and enjoyment of the public				
Highgate Wood & Queens Park Kilburn	1,333	(16)	431	20
Preservation of the Open Space know as Highgate Wood & Queens Park Kilburn				
Sir Thomas Gresham Charity	79	-	1	1
To provide a programme of public lectures				
West Ham Park	1,418	(76)	40	22
To maintain and preserve the Open Space known as West Ham Park				
West Wickham Common and Spring Park Coulsdon & Other Commons	1,448	62	74	21
Preservation of West Wickham Common and Spring Park Coulsdon & Other Commons				
Sundry Trusts				
Ada Lewis Winter Distress Fund	8	6	256	5
Assistance and relief for the poor and distressed during winter months				
Charities Administered ICW the City of London Freemen's School	10	4	173	3
Promotion of education through prizes				
City Educational Trust Fund	131	(9)	3,593	51
Advancement of education through grants				
City of London Almshouses	370	46	1,599	39
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	40	(8)	1,099	22
Advancing education by the provision of grants and financial assistance				
City of London Corporation Relief of Poverty Charity	4	(7)	153	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	43	20	805	12
Promotion of education through bursaries				
City of London School Bursary Fund	136	62	3,484	50
Promotion of education through bursaries, scholarships and prizes				
City of London School Educational Trust	-	-	6	0.5
Advancing education				
City of London School for Girls Bursary Fund	669	(39)	3,919	58
Promotion of education through bursaries, scholarships and prizes				
Corporation of London Charities Pool	1,984	1,021	22,697	334
Investments pool for Sundry Trusts				
Emmanuel Hospital	84	16	2,364	34
Payment of pensions and financial assistance to poor persons				
Guildhall Library Centenary Fund	1	1	24	1
Provision of education and training in library, archives, museum, and gallery services				
Hampstead Heath Trust	1,331	(21)	30,723	633
To meet a proportion of the maintenance cost of Hampstead Heath				
Keats House	456	-	201	5
Maintenance of Keats House				
King George's Field	13	-	-	1
Open space for sports, games and recreation				
Samuel Wilson's Loan Trust	73	31	1,982	31
Granting of low interest loans to young people who have or are about to set up in business				
Signore Pasquale Favale Bequest	-	-	13	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	117	(86)	2,561	54
Granting of assistance to eligible charitable trusts in the form of donations				
Vickers Dunfee Memorial Benevolent Fund	6	6	204	4
Financial assistance to distressed past and present members of the CoL Special Constabulary and their dependents				

Appendix 5 – 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 2015 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 Finance Committee, passed today, I am directed to confirm to you, in respect of the financial statements of the charity for the period ended 31 March 2015, 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. Except as disclosed in the notes to the BHE accounts, as at 31 March 2015 there were no significant capital commitments contracted for by BHE.
30. 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.
31. We are of the opinion that the property valuations at 31 March 2015 as updated from the internal valuations at 31 March 2014 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 2015 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 Finance Committee, 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, other than as disclosed 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 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 2015 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 Finance Committee, passed today, I am directed to confirm to you, in respect of the financial statements of the charities for the period ended 31 March 2015, 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 TRUST

Dear Sirs

The City of London Almshouses Trust

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 2015 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 Finance Committee, 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 2015, 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 2015, 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)