

Committees:	Dates:	Item no.
Audit and Risk Management Committee	6 November 2018	
Finance Committee	13 November 2018	
Subject: City’s Cash Trust Funds and Sundry Trust Funds Annual Reports and Financial Statements 2017/18		Public
Report of: The Chamberlain		For Decision
Report Author: Philip Gregory, Deputy Financial Services Director		

Summary

This report seeks approval for:

- the Annual Reports and Financial Statements for the City's Cash Trust Funds (not City's Cash itself which will be covered under a separate report) for the year ended 31 March 2018, these are listed at Annex 1 and have been placed in the Members' Reading Room; and
- the Annual Reports and Financial Statements for the Sundry Trust Funds for the year ended 31 March 2018, these are listed at Annex 2 and have also been placed in the Members' Reading Room.

Moore Stephens LLP is intending to issue an unqualified audit opinion and their report, including recommendations, is attached at Annex 3. No accounting changes have been identified from the audit.

The financial statements of City's Cash Trust Funds and the Sundry Trusts for the year ended 31 March 2018 have been prepared in accordance with the Charities Statement of Recommended Practice (SORP) in accordance with the Financial Reporting Standard 102 (FRS 102).

The City's Cash Trust Funds held total funds of £61.6m as at 31 March 2018, which is the same amount as a year earlier (*paragraphs 5 to 8*).

The Sundry Trust Funds held total funds of £57.7m as at 31 March 2018, an increase of £1.1m (1.9%) from a year earlier (*paragraph 9*).

In 2017/18 an adjustment was made to the accounting treatment of a social housing grant for £1.3m received by the City of London Almshouses Trust. In prior years this was treated as a liability on the basis that social housing grants are repayable under certain circumstances, primarily following the sale of a property. However, under the Charities SORP this income has now been recognised (*paragraph 11*).

Recommendations

The Audit and Risk Management Committee is requested to:

- consider the contents of Moore Stephens LLP Management Letter; and
- recommend approval of the Annual Reports and Financial Statements for City's Cash Trust Funds and the Sundry Trust Funds for the year ended 31 March 2018 to the Finance Committee.

The Finance Committee is requested to:

- consider the contents of Moore Stephens LLP Management Letter;
- approve the Annual Reports and Financial Statements for City's Cash Trust Funds and the Sundry Trust Funds taking account of any observations from the Audit and Risk Management Committee; and
- agree that the Annual Reports and Financial Statements are signed by the Chairman and Deputy Chairman of the Finance Committee on behalf of the Court of Common Council.

Main Report

Introduction

1. The 2017/18 Annual Report and Financial Statements for City's Cash Trust Funds (not City's Cash itself which will be covered under a separate report) and the Sundry Trust Funds have been placed in the Members' Reading Room and are listed at Annexes 1 and 2 respectively.
2. The draft 2017/18 Annual Reports and Financial Statements for the Sundry Trust Funds and the City's Cash Trusts Funds were presented to the external auditor, Moore Stephens LLP, in accordance with the agreed timetable on the 2nd of July and 9th of July respectively. The audits commenced on 16 July and 10 July respectively and no accounting changes have been identified.
3. The external auditor intends to give an unqualified opinion on the Annual Reports and Financial Statements of City's Cash Trust Funds and the Sundry Trust Funds and has issued the Audit Management Report set out in Annex 3. The Audit Management Report will be distributed to all Members of the Court of Common Council for information. Representatives from Moore Stephens LLP will be in attendance at the Audit and Risk Management Committee to present their report and to clarify any points or issues.
4. The report from Moore Stephens LLP notes in section 6 that no accounting system or internal control weaknesses were identified in 2017/18. However, section 7 shows six recommendations were made in the prior year 2016/17, of which with 3 have been fully implemented in 2017/18 and 3 where implementation will be completed in 2018/19.

5. The Audit Review Panel of the Chamberlain's and Bridgemasters' Accounts met on 26 September 2018 to review the processes adopted by Moore Stephens LLP and the Panel intends to certify that those processes were in accordance with the prescribed auditing standards.

City's Cash Trust Funds

6. The City's Cash Trust Funds comprise seven open space charitable funds and the Sir Thomas Gresham Trust Fund as listed in Annex 1.
7. These Trusts ended the year with net outgoing resources of £0.4m (2016/17: net incoming resources of £6.6m) which comprised the following:
 - Incoming resources of £21.6m:
 - funding from the City of London totalling £16.0m (2016/17: £21.2m) and;
 - income of £5.6m (2016/17: £5.6m) from investments and charitable and voluntary sources;
 - Resources expended of £22.0m:
 - charitable expenditure of £21.8m (2016/17: £20.0m) on the running of the open spaces and Gresham Almshouses; and
 - support services costs of £0.2m (2016/17: £0.2m).
8. Managed investments, held mainly by Hampstead Heath, benefitted from an unrealised net gain in market value of £0.4m (2016/17: net gain of £3.5m).
9. At 31 March 2018, City's Cash Trust Funds held total reserves of £61.6m (2016/17: £61.6m) which represents no change compared to a year earlier.

Sundry Trust Funds

10. The Sundry Trust Funds comprise the separate charitable funds listed at Annex 2. Excluding the Charities Pool (which is an investment vehicle for the other charities), the remaining 19 Trusts:
 - received income of £3.4m (2016/17: £3.9m) of which £2.1m was from investments (2016/17: £2.2m);
 - had unrealised gains of £0.6m from managed investments (2016/17: £5.7m gains);
 - incurred charitable expenditure of £2.7m (2016/17: £3.3m) including:
 - £1.1m towards the running costs of Hampstead Heath (2016/17: £1.2m);
 - £0.8m (2016/17: £1.4m) comprising 275 grants and 47 bursaries paid to individuals or organisations (2016/17: 526 grants and 44 bursaries);

- £0.5m towards the running costs of Keats House (2016/17: £0.4m); and
 - £0.3m towards the running costs of the City of London Almshouses (2016/17: £0.3m);
 - incurred governance and administration costs of £0.2m mainly due to fund manager costs (2016/17: £0.2m); and
 - held total funds of £57.7m as at 31 March 2018 (2016/17: £56.6m), an increase of £1.1m (1.9%) from a year earlier.
11. In 2017/18 an adjustment was made to the accounting treatment of a social housing grant for £1.3m paid to the City of London Almshouses Trust, which was received from the Housing Corporation in the 1980s for the development of the City of London Almshouses. In prior years this sum had been treated as a liability on the basis that social housing grants are repayable under certain circumstances, primarily following the sale of a property. However, under the charities SORP (FRS 102) and based on the terms of the grant, the income has now been recognised and an adjustment has been made resulting in the removal of the liability and a credit to restricted endowment funds.

Approval of the Financial Statements

12. The Chairman and Deputy Chairman of the Finance Committee will be requested to approve and sign the financial statements on behalf of the Court of Common Council.

Annexes

Annex 1 – List of City's Cash Trust Funds

Annex 2 – List of Sundry Trusts

Annex 3 – Moore Stephens Audit Management Report

Contacts

Philip Gregory, Deputy Financial Services Director

020 7332 1284

Philip.gregory@cityoflondon.gov.uk

Steven Reynolds, Group Accountant

020 7332 1382

Steven.Reynolds@cityoflondon.gov.uk

CITY'S CASH TRUST FUNDS

Open Spaces

Ashtead Common

Burnham Beeches

Epping Forest

Hampstead Heath

Highgate wood and Queen's Park Kilburn

West Ham Park

West Wickham Common and Spring Park Wood, Coulsdon and Other Commons

Sir Thomas Gresham Charity

Keats House

SUNDRY TRUSTS AND OTHER ACCOUNTS

Banking and Investments

Corporation of London Charities Pool

Open Spaces

Hampstead Heath Trust

King George's Field

Books and Libraries

Guildhall Library Centenary Fund

Education

City Educational Trust Fund

The City of London Corporation Combined Relief of Poverty Charity

City of London School Education Trust

Charities Administered ICW The City of London Freeman's School

City of London School Bursary Fund

City of London School for Girls Bursary Fund

City of London Freeman's School Bursary Fund

The City of London Corporation Combined Education Charity

Other Trusts and Funds

Emanuel Hospital*

Sir William Coxen Trust Fund*

Signore Pasquale Favale Bequest

Wilson's Loan Trust*

Vickers Dunfee Memorial Benevolent Fund *

City of London Almshouses

The Ada Lewis Winter Distress Fund