

Committee(s): Finance Committee – For decision	Date(s): 12 November 2019
Audit and Risk Management Committee – For decision	19 November 2019
Subject: City's Cash Trust Funds and Sundry Trust Funds Annual Reports and Financial Statements 2018/19	Public
Report of: The Chamberlain	For Decision
Report author: Steven Reynolds, Group Accountant	

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 2019, 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 2019, these are listed at Annex 2 and have also been placed in the Members' Reading Room.

The external auditor, BDO LLP is intending to issue an unqualified audit opinion and their report, including recommendations, is attached at Annex 3.

The financial statements of City's Cash Trust Funds and the Sundry Trusts for the year ended 31 March 2019 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 £61.5m as at 31 March 2019, which is £0.3m less than a year earlier (*paragraphs 7 to 10*).

The Sundry Trust Funds held total funds of £59.2m as at 31 March 2019, an increase of £0.4m (0.7%) from a year earlier (*paragraph 11*).

Recommendations

The Audit and Risk Management Committee is requested to:

- consider the contents of the Audit Management Report issued by BDO LLP; and
- recommend approval of the City's Cash Financial Statements for the year ended 31 March 2019 to the Finance Committee.

The Finance Committee is requested to:

- consider the contents of the Audit Management Report issued by BDO LLP;
- delegate approval of the City's Cash Financial Statements for the year ended 31 March 2019 to the Chairman and Deputy Chairman, taking account of any observations from the Audit and Risk Management Committee on 19 November; and
- agree that the Financial Statements are signed by the Chairman and Deputy Chairman of the Finance Committee on behalf of the Court of Common Council.

Main Report

Current Position

1. The 2018/19 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 2018/19 Annual Reports and Financial Statements for the Sundry Trust Funds and the City's Cash Trusts Funds were presented to the external auditor, BDO LLP, in accordance with the agreed timetable on the 14th June and 28th June respectively.
3. BDO LLP intends to give an unqualified opinion on the Annual Reports and Financial Statements of the City's Cash Trust Funds and the Sundry Trust Funds and has issued the draft Audit Management Report set out in Annex 3. We are pleased to report that no accounting changes were required to the financial statements of the Sundry Trusts. However, some immaterial unadjusted items relating to the consolidated City's Cash Trust Funds were identified and set out on page 22 and pages 23-26. Ordinarily, even though immaterial, these would be adjusted in their individual financial statements and those of City's Cash but were not due to the late timing of these being identified.
4. The report from BDO LLP notes on page 30 that no significant or other deficiencies in internal control have been identified.
5. The Audit Management Report will be distributed to all Members of the Court of Common Council for information. Representatives from BDO LLP will be in attendance at the Audit and Risk Management Committee to present their report and to clarify any points or issues.
6. The Audit Review Panel of the Chamberlain's and Bridgemasters' Accounts met on 21 October 2019 to review the processes adopted by BDO LLP and the Panel intends to certify that those processes were in accordance with the prescribed auditing standards.

City's Cash Trust Funds

7. The City's Cash Trust Funds comprise seven open space charitable funds, the Sir Thomas Gresham Trust Fund and Keats House as listed in Annex 1.
8. These Trusts ended the year with net outgoing resources of £0.1m (2017/18: net outgoing resources of £0.3m) which comprised the following:
 - Incoming resources of £23.2m:
 - funding from the City of London totalling £16.5m (2017/18: £16.0m) and;
 - income of £6.7m (2017/18: £6.1m) from investments and charitable and voluntary sources;
 - Resources expended of £23.3m:
 - charitable expenditure of £23.1m (2017/18: £22.2m) on the running of the open spaces, Gresham Almshouses and Keats House; and
 - support services costs of £0.2m (2017/18: £0.2m).
9. Managed investments, held mainly by Hampstead Heath, suffered an unrealised net loss in market value of £0.2m (2017/18: net gain of £0.4m).
10. At 31 March 2019, City's Cash Trust Funds held total reserves of £61.5m (2017/18: £61.8m) which represents a decrease of £0.3m compared to a year earlier.

Sundry Trust Funds

11. 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 18 Trusts:
 - received income of £4.0m (2017/18: £2.9m) of which £2.4m was from investments (2017/18: £2.1m);
 - incurred charitable expenditure of £2.9m (2017/18: £2.3m) including:
 - £1.2m towards the running costs of Hampstead Heath (2017/18: £1.1m);
 - £1.3m (2017/18: £0.8m) comprising 295 grants and 62 bursaries paid to individuals or organisations (2017/18: 275 grants and 47 bursaries); and
 - £0.4m towards the running costs of the City of London Almshouses (2017/18: £0.3m);
 - incurred governance and administration costs of £0.2m mainly due to fund manager costs (2017/18: £0.2m);
 - had unrealised losses of £0.5m from managed investments (2017/18: £0.6m gains); and

- held total funds of £59.2m as at 31 March 2019 (2017/18: £58.8m), an increase of £0.4m (0.7%) from a year earlier.

Approval of the Financial Statements

12. It is recommended that the Finance Committee approve delegated authority for the Chairman and Deputy Chairman of the Finance Committee to approve and sign the financial statements on behalf of the Court of Common Council, taking account of any observations from the Audit and Risk Management Committee on 19 November.

Annexes

- Annex 1 – List of City's Cash Trust Funds
- Annex 2 – List of Sundry Trusts
- Annex 3 – BDO Audit Management Report

Steven Reynolds

Group Accountant, Chamberlain's Department

T: 020 7332 1382

E: steven.reynolds@cityoflondon.gov.uk

CITY'S CASH TRUST FUNDS

Open Spaces

Ashted Common

Burnham Beeches

Epping Forest

Hampstead Heath

Hampstead Heath Trust (subsidiary of above)

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

Banking and Investments

Corporation of London Charities Pool

Open Spaces

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