

| | |
|---|-----------------------------------|
| Committees: Audit and Risk Management – For decision | Dates: 30 November 2021 |
| Subject: Sundry Trusts Annual Report and Financial Statements 2020/21 | Public |
| Report of: The Chamberlain | For decision |
| Report author: Julia Megone, Charity Accountant, Chamberlain's Department | |

Summary

This report seeks approval for the Annual Reports and Financial Statements for the Sundry Trust Funds for the year ended 31 March 2021, listed at Annex 1.

There are 15 Annual Reports and Financial Statements relating to the Sundry Trusts of which the City Corporation is Trustee, or otherwise had rights of nomination or appointment of the majority of trustees, whose accounts are audited by BDO LLP alongside the Corporation's other Funds. Where the Corporation is Trustee, the Finance Committee approves the financial statements; where charities have individual trustees, or where the Trustee is acting through the Court of Aldermen (set out in Annex 1), the accounts will be approved by the respective trustees or the Aldermen following recommendation by this Committee.

The draft Annual Report and Financial Statements for each charity for the year ended 31 March 2021 are attached at Annex 2 for approval.

The audit work has been substantially completed and the Audit Panel met on 19 November 2021, with no significant issues expected. BDO LLP intend to issue an unqualified opinion for each set of accounts.

The financial statements of the Sundry Trusts for the year ended 31 March 2021 have been prepared in accordance with the Charities Statement of Recommended Practice (SORP) in accordance with the Financial Reporting Standard 102 (FRS 102).

The key points to highlight within the financial statements are:

- The charities generally benefitted from the recovery in value of investments in 2020/21, following large losses reflected in the previous year's financial statements as a result of the decline in asset prices in early 2020 due to the global Covid-19 pandemic
- Income reduced because in the prior year some charities recognised income from closed charities' funds being transferred (with the funds of the closed charities recognised as a one-off item of income in the recipient charity), and as a result of a reduction in fundraising income at the Bursary charities; expenditure was stable year on year.

Recommendations:

The Audit and Risk Management Committee are asked to:

- Note that the external auditor BDO LLP intends to give an unqualified audit opinion on each set of charity financial statements;
- Consider the contents of the audit management report issued by BDO LLP (late paper); and
- Recommend approval of the financial statements for the year ended 31 March 2021 to the Finance Committee for those charities where the Corporation is Trustee; to the Aldermen for the Emmanuel Hospital charity where the Corporation acting by the Court of Aldermen is the named corporate trustee; and to the trustees of the Sir William Coxen Trust Fund; the Samuel Wilson Loan Charity and the Vickers Dunfee Memorial Benevolent Fund (see appendix 1 for charity registration numbers).

Main Report

1. The 2020/21 Annual Report and Financial Statements for the 15 Sundry Trust charities for the year ended 31 March 2021 are presented for review.
2. The Charity Commission requires charities to submit their annual report within 10 months of their financial year-end, that is, by 31 January 2022.

Audit Opinion

3. The external auditor (BDO LLP) intends to give an unqualified opinion on the Annual Reports and Financial Statements of each of the Sundry Trust charities. The audit reports for 2020/21 have been expanded in line with revisions to auditing standards applicable for periods commencing on or after 15 December 2019, and now include a more detailed narrative on going concern and an explanation of to what extent the audits were considered capable of detecting irregularities, including fraud.
4. BDO will issue the draft Audit Management Report as a late paper to this Committee. We are not aware of any significant accounting adjustments, changes to the financial statements, or deficiencies in internal control that have been identified in relation to these charities.
5. The Audit Review Panel of the Chamberlain's and Bridgemasters' Accounts met on 19 November 2021 to review the processes adopted by BDO LLP. At the point of writing this paper, we are awaiting their feedback.

Summary of the financial statements

6. The Sundry Trust charities are listed at Annex 1. Excluding the Charities Pool (which is an investment vehicle for the other charities), the remaining 14 Trusts:
 - received income of £2.3m (2019/20: £2.8m) of which £1.0m was from investments (2019/20: £0.9m); the fall in overall income was mainly due to prior year one-off transfers of two other closed charities' funds into Emanuel Hospital, which was recognised as an item of income in 2019/20, and a

decline in donation and legacy income in the City of London School for Girls Bursary Fund.

- incurred charitable expenditure of £1.6m (2019/20: £1.6m) including:
 - £1.1m (2019/20: £1.3m) comprising 379 grants, prizes, pensions and bursaries paid to individuals or organisations (2019/20: 380 grants, prizes, pensions and bursaries); and
 - £0.3m towards the running costs of the City of London Almshouses (2018/19: £0.3m);
- incurred costs of raising funds of £0.0m (2019/20: £0.1m);
- had unrealised gains of £4.6m from managed investments (2019/20: £4.2m losses); The valuations are linked to the UK stock market, which experienced a significant rise during 2020/21 following a steep prior to the previous year end in March 2020 as a result of the Coronavirus (COVID-19) pandemic; and
- held total funds of £28.2m as at 31 March 2021 (2019/20: £23.0m), an increase of £5.3m (23.2%) from the same point in 2020. Again, this gain reflects the increase in value of invested funds following the bounce back in investment valuations following the initial impact of Covid-19 in February and March 2020.

Audit Progress and Opinion

7. BDO's audit work is substantially complete, apart from final reviews prior to sign-off. It is anticipated that the audit will be concluded satisfactorily to enable BDO to issue unqualified opinions as stated within paragraph 3 of this report.
8. The Audit Panel review took place on 19 November 2021. It is expected that the review will be concluded satisfactorily with no concerns. BDO representatives will attend the Audit and Risk Management Committee to present their completion report, update on the status of the audits and to clarify any points or issues raised.
9. Each set of signed financial statements will be submitted to the Charity Commission and will be available to download from the Commission's website. The final management report from BDO on its audit will be presented to the Court of Common Council for information.

Approval of the Financial Statements

10. This Committee's recommendation will be presented to Finance Committee, and, where charities have individual trustees or the Corporation acts through the Court of Aldermen, to the trustees or Aldermen, to allow for the financial statements to be signed and approved.

Contact: Julia Megone, Charity Accountant
T: 020 4558 2535 E: julia.megone@cityoflondon.gov.uk

Annex 1: List of the Sundry Trust charities, including charity registration numbers and a note of those charities with individual trustees

Annex 2: Annual Reports and Financial Statements of the Sundry Trust charities