

Committee(s):	Date(s):
Audit and Risk Management	15 October 2013
Subject: City's Cash Financial Statements 2012/13 – Subject to Audit	
Report of: The Chamberlain	Public: For Decision

1. The Draft City's Cash Financial Statements for the year ended 31 March 2013 are set out in Annex 1. They have been prepared for the first time on the basis of United Kingdom Generally Accepted Accounting Practice (UKGAAP). The format and content vary significantly from the previous basis of preparation, which was a modified version of the Charities Statement of Recommended Practice.
2. The consolidated balance sheet is set out on page 10 of the financial statements. It includes those services and activities directly managed by City's Cash, together with those entities that are managed through charities (seven open spaces and Sir Thomas Gresham) and City Re Limited, a wholly owned subsidiary company, whose principal activity is to provide re-insurance protection. Page 11 of the financial statements sets out a 'Direct Services' Balance Sheet, which excludes the consolidated charities and City Re Limited. However, the figures below refer to the consolidated position.
3. The key points are:
 - City's Cash net assets total £1,805m at 31 March 2013, an increase of £114m since the previous year, reflecting the total recognised gains for the year.
 - The total net assets of £1,805m are represented by the following capital and reserves:
 - Operational Capital Reserve (£117m) – Reflecting the balance sheet amount for operational property assets.
 - Heritage Asset Reserve (£182m) – Reflecting the balance sheet amount for heritage assets.
 - Income Generating Fund (£1,444m) – Comprises the asset values of investment properties and managed funds, which generate the income to fund City's Cash activities/services. This fund has increased by £105m during the year as a result of the recognised gains.
 - Working Capital Fund (£62m) – Reflecting net current assets.

- The income and expenditure account on page 9 of the financial statements indicates an operating deficit of £4.1m. However, after taking account of one-off receipts for a VAT refund and profits on the sale of fixed assets, there is an overall surplus of £5.3m (2011/12 - £11.1m).
 - The external auditors' opinion will now confirm that the statements give a 'true and fair view' of the state of City's Cash, whereas the opinion on the statements prepared on the old basis up to 2011/12 was a somewhat limited confirmation that the statements have been properly prepared in accordance with the stated accounting policies.
4. Deloitte's management letter is attached at Annex 2. Subject to concluding satisfactorily on a number of outstanding items, including the views of the Audit Panel, Deloitte intend to give an unqualified opinion on the financial statements. Representatives from Deloitte will be in attendance at the Audit and Risk Management Committee to present the company's management letter.

Recommendations

5. The Audit and Risk Management Committee is recommended to:-
- consider the contents of Deloitte's management letter; and
 - delegate to the Town Clerk, in consultation with the Chairman and Deputy Chairman, authority to:
 - approve the final audited version of the financial statements; and
 - recommend approval of the financial statements to the Finance Committee.

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Annexes

1. City's Cash Financial Statements
2. Deloitte's City's Cash Management Letter