

**WORMWOOD SCRUBS CHARITABLE TRUST ANNUAL REPORT  
AND STATEMENT OF ACCOUNTS 2018/19**

**29<sup>th</sup> January 2020**

**Report to Wormwood Scrubs Charitable Trust Committee**

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**1. EXECUTIVE SUMMARY**

- 1.1. This report presents the Wormwood Scrubs Charitable Trust Annual Trustee's Report which includes the draft 2018/19 financial accounts (Appendix A).
- 1.2. The external auditors (Grant Thornton UK LLP) must report their findings to a properly constituted governance body of the Trust before they can publish their signed and final opinion on the integrity of the Trust's accounts (Appendix B – to follow).
- 1.3. The external auditors (Grant Thornton UK LLP) require the Trust to approve a letter of representation (Appendix C – to follow).

**2. RECOMMENDATIONS**

- 2.1. To approve the Trustee's Annual Report, attached as Appendix A.
- 2.2. To approve the 2018/19 financial accounts for Wormwood Scrubs Charitable Trust ("the Trust"), incorporated as part of the Annual Report (Appendix A).
- 2.3. To approve the management representation letter (attached as Appendix C – to follow).
- 2.4. To note the contents of the annual risk assessment (contained in the Trustee's report on page 25).

**3. REASONS FOR DECISION**

- 3.1. The external auditors must report their findings to a properly constituted governance body of the Trust before they can publish their signed and final opinion on the integrity of the Trust's accounts.

#### **4. INTRODUCTION AND BACKGROUND**

- 4.1. The financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 and the Charities Act 2011. The Statement of Accounts and Trustee's Report are provided from page 15 of Appendix A. These are for approval by the Wormwood Scrubs Charitable Trust Committee.
- 4.2. This report gives a brief overview of the key points arising from the Statement of Accounts and Trustee's Report.
- 4.3. Grant Thornton UK LLP have been appointed as the auditors of the financial statements for 2018/19.
- 4.4. Grant Thornton are nearing completion of the 2018/19 Wormwood Scrubs Charitable Trust and will present their findings to Committee. It should be noted that these accounts remain "unaudited" until final sign off by Grant Thornton and may, therefore, be subject to change until that point. Grant Thornton will consider and complete their final sign-off following the approval of the accounts by the Trust.

#### **5. STATEMENT OF ACCOUNTS 2018/19**

- 5.1. This was the Trust's second surplus in recent years; with the Trust achieving net incoming resources of £226,945. While the revenue performance for the Wormwood Scrubs Charitable Trust in 2018/19 was £71,018 lower than the previous year, the 2018/19 budget was set with an anticipated £19,354 surplus. The out-turn therefore represents an improvement on the budgeted position of £207,591.
- 5.2. The Trust started the year with an opening balance of £5,515,244. With an in-year surplus of £226,945, the year-end balance was £5,742,189.
- 5.3. The amount carried forward consists of unrestricted income funds of £742,188 and restricted funds relating to the valuation of land and buildings of £5,000,001.
- 5.4. The Trust's land includes the Linford Christie Athletics Stadium, Pony Centre, three-bedroom cottage and single storey parks depot, all of which are valued as £1 in total. It also includes the car park valued at £5,000,000 as at 31st March 2018.
- 5.5. Under normal operating conditions, the main source of income (86%) is achieved through the use of the car parks that append Wormwood Scrubs. For 2018/19, this income consists of public pay and display parking income (351,834; 35% of income) and private car park rental income from

the licence to Hammersmith Hospital Trust (337,229; 33%); 68% in total. The Trust's 2018/19 total incoming resources was £1,060,142. Exceptional income resulting from the Kensington Aldridge Academy's occupation of the Scrubs (£314,264; 30% ) has continued.

- 5.6. The main source of resources expended are payments in respect of grounds maintenance. Including apportioned governance costs, these totalled 86% (£719,895) of the £833,197 total resources expended in 2018/19.
- 5.7. Further details on the financial performance of all these elements can be found within the Statement of Accounts and Trustee's report.

## **6. AUDITOR'S REPORT**

- 6.1. The auditor asks the Committee and management for written representations about the financial statements and governance arrangements. To that end Members are asked to consider and approve the draft letter of representation attached as Appendix C (to follow).
- 6.2. Grant Thornton's findings and final opinion on the 2018/19 financial statements will be issued once the letter of representation has been approved however a draft assessment will be presented to Committee.

## **7. REVIEW OF BALANCES**

- 7.1. The Trust's balances have increased in recent years, mainly due to stability in pay and display parking income and the occupation of the Kensington Aldridge Academy (KAA). The Trust continues to closely monitor and scrutinise its income and expenditure due to temporary nature of KAA's occupation and the increased grounds maintenance costs resulting from annual contract inflation. Council officers are focussing on reducing the net costs of the Trust in the short, medium and long term.

## **8. RISK MANAGEMENT**

- 8.1. As part of the Trustee's risk management strategy, the Trustee completes an annual review of the risks the charity may face. The 2018/19 risk assessment is contained in the Trustee's report on page 25.
- 8.2. The work has identified a number of risks and the situation is being monitored. A key element in the management of risk is managing income and expenditure and setting a reserves policy for regular review by the Trustee. The review of reserves is set out in section 7 above.

## **9. LEGAL IMPLICATIONS**

- 9.1. Grant Thornton UK LLP are required to report the findings from their audit to a properly constituted governance body of the Trust before their opinion on the accounts is issued.

## **10. FINANCIAL AND RESOURCES IMPLICATIONS**

- 10.1. The financial elements are detailed in the main report.

## **11. CONSULTATION**

- 11.1. Not applicable.

## **12. EQUALITY IMPLICATIONS**

- 12.1. Not applicable.

## **13. PROCUREMENT AND IT STRATEGY IMPLICATIONS**

- 13.1. Not applicable.

### **LOCAL GOVERNMENT ACT 2000** **LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT**

<b>No.</b>	<b>Description of Background Papers</b>	<b>Name/Ext of holder of file/copy</b>	<b>Department/ Location</b>
1.	Charities SORP (FRS 102) Charities Act 2011	Stephen Hollingworth 07823 534 934	Clockworks

#### **LIST OF APPENDICES:**

Appendix A – WSCT Annual Trustee’s Report and draft Statement of Accounts 2018/19

Appendix B – Draft Audit Findings 2018/19 (*to follow*)

Appendix C – WSCT Letter of Representation 2018/19 (*to follow*)

Appendix D – WSCT Risk Assessment Schedule