


<p align="center">London Borough of Hammersmith & Fulham</p> <p align="center">WORMWOOD SCRUBS CHARITABLE TRUST COMMITTEE</p> <p align="center">19 September 2018</p>		
<p>WORMWOOD SCRUBS CHARITABLE TRUST STATEMENT OF ACCOUNTS 2017/18</p>		
<p>Report of the Director for Finance & Resources, Resident Services</p>		
<p>Open Report</p>		
<p>Classification - For Information</p>		
<p>Key Decision: No</p>		
<p>Wards Affected: All</p>		
<p>Accountable Director: Hitesh Jolapara, Strategic Finance Director</p>		
<p>Report Author: Carmen Lomotey Principal Accountant, Residents' Services.</p>		<p>Contact Details: Tel: 020 8753 2721 E-mail: carmen.lomotey@lbhf.gov.uk</p>

1. EXECUTIVE SUMMARY

- 1.1. This report presents the Wormwood Scrubs Charitable Trust Annual Trustee's Report which includes the draft 2017/18 financial accounts (Appendix 1).
- 1.2. The external auditors (KPMG LLP) require the Trust to approve a letter of representation, which is at Appendix 2.
- 1.3. The external auditors (KPMG 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. This is included in Appendix 1

2. RECOMMENDATIONS

- 2.1. To note the content of the draft 2017/18 financial accounts for Wormwood Scrubs Charitable Trust ("the Trust").

- 2.2. To approve delegation of authority to the Bi-Borough Director for Transport, Highways, Parks and Leisure, Residents' Services for the approval of the audited 2017/18 Statement of Accounts and Trustee's report in the event of auditor changes subsequent to this Committee meeting.
- 2.3. To approve the management representation letter (attached as Appendix 2).
- 2.4. To approve the Trustee's Annual Report, attached as Appendix 1.
- 2.5. To note the contents of the annual risk assessment (contained in the Trustee's report on pages 25-26).

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 1. 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. KPMG have remained the auditors of the financial statements for 2017/18.
- 4.4. KPMG are nearing completion of their audit of the 2017-18 Wormwood Scrubs Charitable Trust and expect to issue an unqualified audit opinion following approval at Audit Committee on 19 September 2018. It should be noted that these accounts remain "unaudited" until final sign-off by KPMG and may therefore be subject to change until that point. However, no further changes are expected. KPMG will consider and complete their final sign-off following the approval of the accounts by the Trust. In the event that changes are subsequently made, then the Director for Finance & Resources, Environmental Services will sign-off the amended accounts (following approval of delegated authority), will advise all Committee members, and report any changes to the next meeting of the Wormwood Scrubs Charitable Trust Committee.

5. STATEMENT OF ACCOUNTS 2017/18

- 5.1. Financial performance for the Wormwood Scrubs Charitable Trust in 2017/18 was £335,303 better when compared to 2016/17, with the Trust achieving net incoming resources of £297,964. This is the Trust's first surplus.
- 5.2. The Trust started the year with an opening balance of £5,217,280. With net expenditure of £297,964, the year-end balance was £5,515,244.
- 5.3. The amount carried forward consists of unrestricted income funds of £515,243 and designated 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 2017.
- 5.5. Under normal operating conditions, the main source of income is achieved through the use of the car parks that append Wormwood Scrubs. For 2017/18, this income consists of public pay and display parking income (259,674; 24% of income) and private car park rental income from the licence to Hammersmith Hospital Trust (324,619; 31%). These generated 86% of the 2016/2017 income (£603,517) but only 54% of the Trust's 2017/18 total incoming resources of £1,072,295. Exceptional income of £386,3012 has resulted from the Kensington Aldridge Academy's occupation of the Scrubs (£213,722) and backdated rental income from UK Power Networks from electrical charging points (£172,579).
- 5.6. The main source of resources expended are payments in respect of grounds maintenance. These totalled 91% (£706,909) of the £774,332 total resources expended in 2017/18.
- 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 2.
- 6.2. KPMG's findings and final opinion on the 2017/18 financial statements will be issued once the letter of representation has been approved.

7. REVIEW OF BALANCES

- 7.1. The Trust's balances have reduced in recent years, mainly due to reductions in pay and display parking income and increased grounds maintenance costs due to annual contract inflation. The Trust continues to closely monitor and scrutinise its income and expenditure. 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 2017/18 risk assessment is contained in the Trustee's report on pages 25-26.
- 8.2. The work has identified only a few 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. KPMG 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.

No.	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location
1.	Charities SORP (FRS 102) Charities Act 2011	Mahmood Siddiqi 020 8753 3019	Residents' Services Room 316 Pembroke Road

LIST OF APPENDICES:

Appendix A – WSCT Annual Trustee’s Report and draft Statement of Accounts 2017/18

Appendix B – WSCT Letter of Representation 2017/18