



AUDIT, PENSIONS AND STANDARDS COMMITTEE

27 September 2012

CONTRIBUTORS

Environment, Leisure &
Residents Services
Department

2011/12 WORMWOOD SCRUB WARD/S CHARITABLE TRUST ACCOUNTS

All

This report presents the 2011/12 Wormwood Scrubs Charitable Trust statement of financial activity. The Audit Committee is the specific body that the Council has established to receive the annual reports of the Trust.

Recommendations:

1. To approve the Wormwood Scrubs Charitable Trust's 2011/12 audited statement of accounts and Trustee's report.
2. To note the content of the Auditor's Annual Governance Report (AGR) stating that the accounts will receive an unqualified opinion.
3. To approve the management representation letter (as included with the AGR).
4. To approve the 2012/13 contribution to the running costs of Linford Christie stadium up to a maximum of £115,500.

1. PURPOSE OF REPORT

- 1.1 The report presents the statement of financial activity for 2011/12 for the Wormwood Scrubs Charitable Trust. The Audit Commission 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.
- 1.2 These accounts have been audited and are presented for approval.

2. INTRODUCTION

- 2.1 Wormwood Scrubs is the subject of a charitable trust created by the Wormwood Scrubs Act 1879. The Council of the London Borough of Hammersmith & Fulham is the sole corporate trustee and holds the land in trust for the "use by the inhabitants of the metropolis for exercise and recreation".
- 2.2 The statement of financial activities and Trustees' report have been prepared in accordance with the Charities' Statement of Recommended Practice 2005.
- 2.3 The 2011/12 accounts and Trustees' report are provided at Appendix A. The Auditor's Annual Governance Report is provided at Appendix B.

3. STATEMENT OF FINANCIAL ACTIVITIES 2011/12

- 3.1 Wormwood Scrubs Charitable Trust started the year with an opening balance of £5,679,451. Net incoming resources for the year totalled £(108,395) which resulted in a year-end balance of £5,571,056.

Summary of Financial Position	2011/12
	£
Total Incoming Resources	579,106
Total Resources Expended	(687,501)
Net Incoming Resources	(108,395)
Total funds brought forward	5,679,451
Total funds carried forward	5,571,056

- 3.2 The amount carried forward consists of unrestricted income funds of £571,055 and a revaluation reserve for land and buildings of £5,000,001.
- 3.3 The Trust's Land includes Athletics Stadium, Pony Centre, three bedroom cottage and single storey parks depot, all of which are valued as £1. It also includes the car park valued at £5,000,000 at 31st March 2004.

4 SUMMARY

- 4.1 The Trust's main source of income is achieved through the use of the car parks that append Wormwood Scrubs. The income is generated from 2 areas, Pay and Display income from people using the Trusts' facilities and a licence agreement with Hammersmith Hospital.
- 4.2 The majority of expended resources relate to maintenance for the Trusts' facilities.
- 4.3 The main areas of financial activity are set out below

Statement of Financial Activities for Year ended 31 March 2012		
	2011/12	2010/11
	£	£
Income and Expenditure		
Incoming Resources		
Pay and Display Parking Meters	343,520	379,345
Hammersmith Hospital Car Park Licence	226,000	226,000
Other Income	5,579	45,889
Interest Receivable	4,008	2,974
Total Incoming Resources	579,106	654,208
Resources Expended		
Costs of generating Parking Income	294	3,979
Contribution to Linford Christie Stadium	16,832	0
Non Routine Maintenance of Wormwood Scrubs	0	0
Routine Grounds Maintenance of Wormwood Scrubs	656,910	642,700
Charitable activities	0	0
Governance costs	13,465	21,737
Other resources expended	0	4,588
Total Resources Expended	687,501	673,004
Net Incoming Resources	(108,395)	(18,796)
Reconciliation of Funds		
Total funds brought forward	5,679,451	5,698,247
Total funds carried forward	5,571,056	5,679,451

5 Review of Balances

- 5.1 The Wormwood Scrubs Charitable Trust reserve has reduced by £108,395 in 2011/12 to £5,571,056. This is a significantly worsened position from 2010/11 where the reduction on reserves was £18,796. This movement is partly due to the fact that in 2010/11 WSCT benefitted from a one-off £40k payment from Crossrail for exchange of land. Another reason for the reduction in reserves is a 10% decrease in pay and display parking income. In 2012/13 there will be a review of the pay and display usage and charges in order to understand more fully the reason for this reduction. The car park licence with Hammersmith Hospital will also be reviewed to ensure that the Trust is receiving a fair market rate (the lease charge has remained static for a number of years). It is expected that this will help to bring the net position on the Trust account back in line and therefore maintain the Trust's balances at an acceptable level going forward.

- 5.2 Interest is calculated on an average cash position for the year and is included in the accounts at year end. The interest rate used is the 7 day LIBOR rate, which increased from 0.42% in 2010/11 to 0.58% in 2011/12. This has increased interest received in year.
- 5.3 In 2010/11 there was no required contribution to Linford Christie due to an increase in income received in this year which reduced the net running cost of the Stadium. In 2011/12 a contribution of £16,832 was required. This was because the 2011/12 income targets for Linford Christie Stadium were not achieved. Income in 2011/12 reduced by 16% from the previous year,
- 5.4 Routine Grounds Maintenance is undertaken in accordance with a series of schedules that form part of the grounds maintenance contract. The fixed element of the contract has increased from £642,700 in 2010/11 to £656,910 in 2011/12 due to the annual inflationary uplift in line with the terms of the contract.
- 5.5 It is recommended that the Committee approve the 2012/13 contribution to the running costs of Linford Christie stadium to a maximum of £115,500, noting that officers will take targeted action to contain the net running costs of the stadium in order to minimise the required contribution from the Trust.
- 5.6 Currently, the Fund's Reserves are in the region of 83% of the turnover of the trust, which is considered prudent given the dependency on a single source of income and planned expenditure for 2012/13.

6 COMMENTS OF THE EXECUTIVE DIRECTOR FOR FINANCE

- 6.1 The 2011/12 audited statement of financial activities and trustees report are attached as Appendices A and B. It is a statutory requirement that the accounts are approved by the Audit committee and signed by the Chairman as representatives of trustees of Wormwood Scrubs Charitable Trust.

7 PUBLICATION AND AUDIT OF ACCOUNTS

- 7.1 The External Auditor's report has been submitted for consideration by the Audit, Pensions and Standards Committee as Appendix B to this report. The Auditor has requested the Committee to note and approve two items on page 4, including approval of the management representation letter (suggested wording is included on p.10-11). Following the Audit, Pensions and Standards Committee's consideration of this report, the Auditor will issue an opinion on the financial statements.

8 List of Appendices

Appendix A – Annual Statement of Accounts and Trustees' Report
Appendix B – Audit Commission Annual Governance Report

LIST OF BACKGROUND PAPERS

No.	Description of Background Papers	Name/Ext of Holder of File/Copy	Department/Location
1.	Statement of Financial Activity and Trustee's Report 2011/12 Charities SORP 2005	Mark Jones Ext 6700	Environment, Leisure & Residents Services 1 st Floor 77 Glenthorne Road