

	<p align="center"><b>London Borough of Hammersmith &amp; Fulham</b></p> <p align="center"><b>WORMWOOD SCRUBS CHARITABLE TRUST COMMITTEE</b></p> <p align="center"><b>3<sup>rd</sup> September 2014</b></p>
<p><b>WORMWOOD SCRUBS CHARITABLE TRUST STATEMENT OF ACCOUNTS 2013/14</b></p>	
<p><b>Report of the Executive Director of Finance and Corporate Governance</b></p>	
<p><b>Open Report</b></p>	
<p><b>Classification - For Information</b></p> <p><b>Key Decision: No</b></p>	
<p><b>Wards Affected: All</b></p>	
<p><b>Accountable Executive Director:</b> Jane West, Executive Director of Finance and Corporate Governance</p>	
<p><b>Report Author:</b> Mark Jones, Director for Finance &amp; Resources, Environment, Leisure &amp; Residents Services</p>	<p><b>Contact Details:</b> Tel: 020 (8753 6700) E-mail: (mark.jones@lbhf.gov.uk)</p>

## **1. EXECUTIVE SUMMARY**

- 1.1. This report presents the Wormwood Scrubs Charitable Trust Annual Trustees' Report for 2013/14 and the independent auditor's opinion on the accounts prior to the conclusion of their audit work. The Trust has appointed KPMG LLP as their independent external auditors for 2013/14.
- 1.2. The report also highlights the headline information from the Annual Trustee's Report and Statement of Accounts.

## **2. RECOMMENDATIONS**

- 2.1. To note the content of the Independent Auditor's Report to the Trustees of Wormwood Scrubs Charitable Trust (contained in the Trustee's report from page 14) stating that:
  - the financial statements give a true and fair view of the state of the charity's affairs as at 31 March 2014;
  - have been properly prepared in accordance with UK GAAP; and

- have been properly prepared in accordance with the requirements of the Charities Act 2011.
- 2.2. To approve the management representation letter (as attached as Appendix 2)
  - 2.3. To approve the Wormwood Scrubs Charitable Trust's 2013/14 audited Statement of Accounts and Trustee's report (attached as Appendix 1).
  - 2.4. To approve delegation of authority to the Director for Finance & Resources, Environment, Leisure & Residents Services for the approval of the audited 2013/14 Statement of Accounts and Trustee's report in the event of auditor changes subsequent to this Committee meeting.
  - 2.5. To note the contents of the annual risk assessment (contained in the Trustee's report on pages 26-27).

### **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. INTRODUCTION**

4.1.1. The Wormwood Scrubs Charitable Trust's Statement of Accounts and Trustee's Report have been prepared in accordance with the Charities Statement of Recommended Practice 2005 and Charities Act 2011. The Statement of Accounts and Trustee's Report are provided at Appendix 1 for approval by the Wormwood Scrubs Charitable Trust Committee.

4.1.2. This report gives a brief overview of the key points arising from the Statement of Accounts and Trustee's Report.

4.1.3. KPMG have remained the auditors of the financial statements for 2013/14.

4.1.4. 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, Environment, Leisure & Residents Services will sign-off the amended accounts (following approval of delegated authority) and report any changes to the next meeting of the Wormwood Scrubs Charitable Trust Committee.

#### **4.2. STATEMENT OF ACCOUNTS 2013/14**

- 4.2.1. The Wormwood Scrubs Charitable Trust started the year with an opening balance of £5,399,404. Net incoming resources for the year totalled £(79,051) which resulted in a year-end balance of £5,320,353.
- 4.2.2. The amount carried forward consists of cash backed, unrestricted income funds of £320,352 and designated funds relating to the valuation of land and buildings of £5,000,001.
- 4.2.3. The Trust's Land includes the 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 31<sup>st</sup> March 2014.
- 4.2.4. The main source of income is achieved through the use of the car parks that append Wormwood Scrubs. These generated £535,218 of the Trust's £638,525 of incoming resources through pay and display parking income and the Hammersmith Hospital Trust Car Park License.
- 4.2.5. A one-off grant contribution from the Council for £99,500 was agreed as a Cabinet Member Decision on the 14<sup>th</sup> March 2014.
- 4.2.6. The main source of resources expended are payments in respect of grounds maintenance. These totalled £667,743 of the £717,576 total resources expended.

Further details on the financial performance of all these elements can be found within the Statement of Accounts and Trustee's report.

### **4.3. AUDITOR'S REPORT**

- 4.3.1. KPMG's findings and opinion on the 2013/14 financial statements are contained within the Independent Auditor's Report to the Trustees of Wormwood Scrubs Charitable Trust (contained in the Trustee's report from page 14). The report states that:
  - the financial statements give a true and fair view of the state of the charity's affairs as at 31 March 2014;
  - have been properly prepared in accordance with UK GAAP; and
  - have been properly prepared in accordance with the requirements of the Charities Act 2011.
- 4.3.2. The auditor also 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.

### **4.4. REVIEW OF BALANCES**

- 4.4.1. The Trust's balances have reduced in recent years, mainly due to reductions in pay and display parking income, increased grounds maintenance costs due to annual contract inflation and an increased

contribution to the running costs for Linford Christie Stadium. The Trust continues to closely monitor and scrutinise its income and expenditure. Council officers are focussing on reducing the net cost of the Trust in the short, medium and long term. Increased income is being targeted through a review of the existing car park lease with the hospital as well as plans to optimise use of the scrubland through commercial lets. Expenditure is restricted to a few significant budget lines. Expenditure reductions for 2014/15 and 2015/16 are focussed on minimising the contribution to Linford Christie Stadium as well as reviewing the grounds maintenance requirements for the scrubland, within the parameters of the existing grounds maintenance contract.

Further information regarding reserves and the review of balances can be found within the Statement of Accounts and Trustee's report.

#### **4.5. RISK MANAGEMENT**

4.5.1. As part of the Trustee's risk management strategy, the Trustee completes an annual review of the risks the charity may face. The 2013/14 risk assessment is contained in the Trustee's report on pages 26-27.

4.5.2. 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 with regular review by the Trustee. The review of reserves is set out in section 4.4. above.

#### **5. PROPOSAL AND ISSUES**

5.1. Not applicable.

#### **6. OPTIONS AND ANALYSIS OF OPTIONS**

6.1. Not applicable.

#### **7. CONSULTATION**

7.1. Not applicable.

#### **8. EQUALITY IMPLICATIONS**

8.1. Not applicable.

#### **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. Not applicable.

11. **RISK MANAGEMENT**

11.1. Not applicable

12. **PROCUREMENT AND IT STRATEGY IMPLICATIONS**

12.1. 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.	Wormwood Scrubs Charitable Trust (WSCT) Statement of Accounts and Trustee's Report 2013/14 Charities SORP 2005 Charities Act 2011	Mark Jones  020 8753 6700	Environment, Leisure & Residents Services Pembroke Road

**LIST OF APPENDICES:**

Appendix 1 – WSCT Annual Trustee's Report and Statement of Accounts 2013/14

Appendix 2 – WSCT Letter of Representation 2013/14