

Birmingham City Council

Trust and Charities Committee

13th March 2023



Subject: Highbury Trust Accounts & Letter of Representation

Report of: Director Group & Capital Finance

Report author: Alison Jarrett, Director Group & Capital Finance

Does the report contain confidential or exempt information? Yes No

If relevant, state which appendix is exempt, and provide exempt information paragraph number or reason if confidential:

1 Executive Summary

To update the Committee on the Report and Finance Statement for the year ending 31 March 2021 and invite the Chair of Trusts and Charities Committee to sign the Letter of Representation to the auditors on behalf of the Trust.

2 Recommendations

- 2.1 To note the Report and Financial Statement for the year ending 31 March 2021 for Highbury Trust as attached at Appendix 1
- 2.2 To give authority to the Chair of the Committee to approve the accounts and sign both these and the Letter of Representation to the auditor, UHY Hacker Young (Birmingham) LLP on behalf of the Trust and as attached at Appendix 2.

3 Background

3.1 The fund was established by a Trust Deed dated 31 March 1932 and is a registered charity, number 1039194. Day to day management decisions are made by Trust and Charities Committee, three members acting as Trustees are necessary to form a quorum. The objects of the Fund are to use the bequest for the benefit of the citizens of Birmingham.

3.2 Performance for the year ended 31 March 2021:

	2020/21	2019/20
Total income	£114,079	£125,016
Charitable expenditure	£88,738	£130,511

- 3.3 The independent examiners report to the Trustees of Highbury Trust is satisfactory in terms of there being no material aspects that give cause for material concern in regard to accounting records, to the fact that the accounts are prepared from those records, and that the accounts accord with the requirements of the Charities (Accounts and Reports) Regulations 2008 (other than any requirement that the accounts give a 'true and fair view' which is not a matter considered as part of an independent examination)
- 3.4 There is however one matter to note in connection with the examination to which attention should be drawn in the report in order to enable a proper understanding of the accounts to be reached. The valuation of the Land and Buildings has not been carried out for 8 years, which is in excess of Birmingham City Council's target of 5 years for asset valuations.
- 3.5 Letter of Representation – this letter from the Trustees confirms a number of matters in relation for example to the way in which records have been maintained, disclosed, valuations, going concern – the full content is shown in Appendix 2. Officers of BCC, on behalf of the Trust, have worked with the auditors in this regard and are assured that to the best of their knowledge and belief this letter of representation is correct and recommend its signature.

4 Options considered and Recommended Proposal

- 4.1 Not to sign the letter of representation – this would be in the circumstance that the Trustees felt there were elements of the letter that are incorrect. If this is the case officers will arrange for further dialogue with the auditors to consider the materiality of the issue and to consider the consequence for the independent review. Should this be the option taken then a further report will follow.
- 4.2 Confirmation of the content of the Letter of Representation – on signature, the accounts will be loaded onto the Charity Commission website.

5 Appendices

- 5.1 Appendix 1 Highbury Trust Report and Financial Statements 31 March 2021
- Appendix 2 Highbury Trust Letter of Representation to UHY Hacker Young (Birmingham) LLP

HIGHBURY TRUST
REPORT AND FINANCIAL STATEMENTS
31 MARCH 2021

Registered charity number: 1039194

Highbury Trust

Table of Contents

Report of the Trustees	2-3
Trustees Responsibilities in Relation to the Financial Statements	4
Independent Examiner's Report	5
Statement of Financial Activities	6
Balance Sheet	7
Notes to the Financial Statements	8

Highbury Trust

Report of the Trustees for the Year Ended 31 March 2021

The Trustees present their report along with the financial statements of the charity for the year ended 31 March 2021. The financial statements have been prepared in accordance with the accounting policies set out in the notes thereto and comply with the charity's trust deed and applicable law.

These accounts have been prepared from information held by the Council. They assume that arrangements will be established under which the Trust leases assets to the Council and uses the rental income to maintain the properties. It is further assumed that any shortfall will continue to be funded by contributions from the Council.

Reference and administrative information

Name of charity: Highbury Trust

Registered charity number: 1039194

Address for correspondence: Highbury Trust
PO Box 16306
Birmingham
B2 2XR

The Trustees who served during the year were: Birmingham City Council – the sole Corporate Trustee

Independent Examiner: Malcolm Winston
UHY Hacker Young (Birmingham) LLP
9-11 Vittoria Street
Birmingham
B1 3ND

Bank: Barclays Bank plc
15 Colmore Row
Birmingham
B3 2BH

Highbury Trust

Report of the Trustees for the Year Ended 31 March 2021 (cont'd)

Structure, Governance and Management

Governing document

The fund was established by a Trust Deed dated 31 March 1932. It is a registered charity, charity number 1039194.

Recruitment and appointment of trustees

The trustees, who served during the year, and since the year end, are set out in the reference and administration details on page 2.

Trustee Meetings

Day to day management decisions are made by Trust and Charities Committee, which is made up of eight Council Members. Three members acting as Trustees are necessary to form a quorum. Issues are decided by a simple majority of those present and voting, provided at least two Trustees vote in favour of the resolution. Decisions, such as disposals are made by Full Council sitting separately as Corporate Trustee.

Objectives and Activities

The objects of the Fund are to use the bequest for the benefit of the citizens of Birmingham.

Public Benefit

The Trustees confirm that in the exercise of their powers as a charity trustee, they have had due regard to the published guidance from the Charity Commission on the operation of the public benefit requirement.

Achievements and Performance

Total income for the year was:	£114,079	(2019/20: £125,016)
Charitable expenditure was:	£88,738	(2019/20: £130,511)

Financial Review and Investment Policy

The funds represent the value of the properties owned by the Trust. The repair and maintenance of the property is funded by rental income and contributions from Birmingham City Council.

Highbury Trust

Report of the Trustees for the Year Ended 31 March 2021 (cont'd)

Trustees' Responsibilities in Relation to the Financial Statements

The Trustees are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) – Charities SORP (FRS 102) and the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

The law applicable to charities in England and Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the affairs of the charity and of the incoming resources and application of resources of the charity for that period.

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently.
- observe the methods and principles in the Charities SORP 2019.
- make judgements and estimates that are reasonable and prudent.
- state whether applicable UK accounting standards have been followed, subject to any departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008, Financial Reporting Standard (FRS 102) and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Trustees and signed on their behalf by:

.....
Trustee:

Date: 31 January 2023

Highbury Trust

Independent Examiner's Report to the Trustees of Highbury Trust

I report to the charity trustees on my examination of the accounts of the charity for the year ended 31 March 2021.

Responsibilities and basis of report

As the charity's trustees you are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 ('the Act').

I report in respect of my examination of the charity's accounts carried out under section 145 of the Act and in carrying out my examination I have followed all the applicable Directions given by the Charity Commission under section 145(5)(b) of the Act.

Independent examiner's statement

I have completed my examination. I confirm that no material matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

1. accounting records were not kept in respect of the charity as required by section 130 of the Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the applicable requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the accounts give a 'true and fair view' which is not a matter considered as part of an independent examination.

I have one matter to note in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached. The valuation of the Land and Buildings has not been carried out for 8 years, which is in excess of Birmingham City Council's target of 5 years for asset valuations.

Malcolm Winston FCCA

**UHY Hacker Young (Birmingham) LLP 9-
11 Vittoria Street
Birmingham
B1 3ND**

Date: 31 January 2023

Highbury Trust

Statement of Financial Activities for the Year Ended 31 March 2021

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2021 £	Total 2020 £
Incoming Resources					
Rent receivable		67,181	-	67,181	67,181
Investment income		160	-	160	824
Contribution from Birmingham City Council		46,738	-	46,738	57,011
Total incoming resources	2	114,079	-	114,079	125,016
Resources Expended					
<u>Charitable activities</u>					
Repairs, ground maintenance & insurance		44,890	-	44,890	55,238
Charitable grant		42,000	-	42,000	73,500
Support costs including audit fee		1,848	-	1,848	1,773
	3	88,738	-	88,738	130,511
Net incoming/(outgoing) resources		25,341	-	25,341	(5,495)
Transfers Between Funds		-	-	-	-
Balance of fund brought forward at 1 April	10	225,998	1,805,000	2,030,998	2,036,493
Balance of fund carried forward at 31 March	10	251,339	1,805,000	2,056,339	2,030,998

Highbury Trust

Balance Sheet as at 31 March 2021

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2021 £	Total 2020 £
Fixed assets					
Investment Properties	4	-	1,805,000	1,805,000	1,805,000
		-	1,805,000	1,805,000	1,805,000
Current assets					
Cash at bank		114,759	-	114,759	91,098
Short term deposits	5	134,900	-	134,900	134,900
Debtors	6	3,360	-	3,360	1,680
		253,019	-	253,019	227,678
Creditors: Amount falling due in one year	7	(1,680)	-	(1,680)	(1,680)
Net current assets		251,339	-	251,339	225,998
Total net assets		251,339	1,805,000	2,056,339	2,030,998
Reserves		251,339	1,805,000	2,056,339	2,030,998
Funds		251,339	1,805,000	2,056,339	2,030,998

Approved by the Trustees and signed on their behalf by:

.....
Trustee:

Date

Highbury Trust

Notes forming part of the Financial Statements for the year ending 31 March 2021

Note 1: Principal Accounting Policies

a) Accounting Convention

The accounts (financial statements) have been prepared, in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice, applicable to charities preparing their accounts and in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) – Charities SORP (FRS 102) and the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

The financial statements are prepared on a going concern basis, under the historic cost convention, modified to include certain items at fair value. The financial statements are prepared in sterling, which is the functional currency of the charity.

The significant accounting policies applied in the presentation of these financial statements, are set out below. These policies have been consistently applied to all years presented, unless otherwise stated. The charity has taken advantage, of the option provided in the Statement of Recommended Practice, to use headings in the Statement of Financial Activities, that are applicable to their specific activity, rather than reporting on an activity basis

b) Investment Income

Investment Income is accounted for on a receipts and payments basis and relates to rentals and other income generated from investment properties.

All incoming resources are included in the Statement of Financial Activities when the charity is entitled to the income and the amount can be quantified with accuracy.

c) Resources Expended

Expenditure is included on an accruals basis as the liability is incurred. Charitable expenditure comprises those costs incurred by the Charity in the delivery of its objectives. Governance costs include associated with meeting the constitutional and statutory requirements of the charity and include independent examination fees and costs of strategic management.

d) Investment Properties

Investment properties are included in the Balance Sheet at their open market value in accordance with the Financial Reporting Standard for FRS 102 and are not depreciated.

As at October 2012 the investment properties were revalued to £1,805,000 by Edwin Bray on behalf of Drivers Jonas Deloitte.

e) Fund Accounting

Details and the nature of each fund are set below:

Unrestricted Funds comprise those funds which the Trustees are free to use in accordance with the charitable objectives.

Endowment Funds represent those assets that must be held permanently by the charity.

Highbury Trust

Notes forming part of the Financial Statements for the year ending 31 March 2021 (cont'd)

Note 2. Incoming Resources

	Total 2021 £	Total 2020 £
Rental Income	67,181	67,181
COIF Deposit Account Interest	160	824
Birmingham City Council Funding	46,738	57,011
Total income	114,079	125,016

Note 3. Resources Expended

	£	£
Premises + grounds costs + insurance	44,890	55,238
Charitable grant	42,000	73,500
Support cost including audit fee	1,848	1,773
	88,738	130,511

During 2020/21 a charitable grant of £42,000 (2019/20: £73,500) was paid to Chamberlain Highbury Trust for the benefit of the citizens of Birmingham.

Note 4. Investment Properties

	£	£
Valuation at 1 April	1,805,000	1,805,000
Revaluation in period	-	-
Value at 31 March	1,805,000	1,805,000

Note 5. Short Term Deposits

Funds are invested in the CCLA deposit fund.

Note 6. Debtors

	£	£
Birmingham City Council	1,680	1,680
	1,680	1,680

Note 7. Creditors

	£	£
Independent Examination fee	1,680	1,680
	1,680	1,680

Highbury Trust

Notes forming part of the Financial Statements for the year ending 31 March 2021 (cont'd)

Note 8. Trustees Remuneration

None of the Trustees have received any remuneration or reimbursement of expenses from the Trust (2019/20: £Nil).

Note 9. Related Party Transactions

During 2020/21 a contribution of £46,738 (2019/20: £57,011) was received from Birmingham City Council to fund the shortfall for insurance, repair, ground maintenance and support. At the year end, Birmingham City Council owed the trust £1,680 (2019/20 £1,680).

Rental Income of £67,181 (2019/20: £67,181) was received from Civic Catering who are part of Birmingham City Council.

Repairs and maintenance, including grounds maintenance, were undertaken by Birmingham City Council at a cost of £44,890 (2019/20: £52,501).

Note 10. Reserves

	At 1 April 2020	Incoming Resources	Outgoing Resources	Gains, Losses and Transfers	Revaluation	As at 31 March 2021
	£	£	£	£	£	£
Unrestricted reserves	225,998	114,079	(88,738)	-	-	251,339
Restricted reserves	1,805,000	-	-	-	-	1,805,000
	<u>2,030,998</u>	<u>114,079</u>	<u>(88,738)</u>	<u>-</u>	<u>-</u>	<u>2,056,339</u>



BE BOLD BE BIRMINGHAM



Mr M Winston
Partner
UHY Hacker Young (Birmingham) LLP
9-11 Vittoria Street
Birmingham
B 1 3ND

31 January 2023

Dear Mr Winston

The following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience such as we consider necessary in connection with your independent examination of the Highbury Trust's financial statements for the years ended 31 March 2021. These enquiries have included inspection of supporting documentation where appropriate and are sufficient to satisfy ourselves that we can make each of the following representations. All representations are made to the best of our knowledge and belief.

General

1. We acknowledge that the work performed by you is substantially less in scope than an audit performed in accordance with International Standards on Auditing (UK) and that you do not express an audit opinion.
2. We confirm that the charity was entitled to exemption under section 144 of the Charities Act 2011 the requirement to have its financial statements for the financial year ended 31 March 2020 examined.
3. We have fulfilled our responsibilities as trustees as set out in the terms of your engagement letter dated 11 March 2019, under the Charities Act 2011 for preparing financial statements in accordance with applicable law and the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) – Charities SORP (FRS 102) and the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), for being satisfied that they give a true and fair view and for making accurate representations to you.
4. All the transactions undertaken by the charity have been properly reflected and recorded in the accounting records.
5. All the accounting records have been made available to you for the purpose of your independent examination. We have provided you with unrestricted access to all appropriate persons within the charity, and with all other records and related information requested, including minutes of all management and trustee meetings and correspondence with The Charity Commission.
6. The financial statements are free of material misstatements, including omissions.
7. There are no uncorrected misstatements identified in the financial statements.

Assets and liabilities

- 8. The charity has satisfactory title to all assets and there are no liens or encumbrances on the charity’s assets, except for those that are disclosed in the notes to the financial statements.
- 9. All actual liabilities, contingent liabilities and guarantees given to third parties have been recorded or disclosed as appropriate.
- 10. We have no plans or intentions that may materially alter the carrying value and where relevant the fair value measurements or classification of assets and liabilities reflected in the financial statements.

Accounting estimates

- 11. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

Legal claims

- 12. We have disclosed to you all claims in connection with litigation that have been, or are expected to be, received and such matters, as appropriate, have been properly accounted for, and disclosed in, the financial statements.

Laws and regulations

- 13. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.

Related parties

- 14. Related party relationships and transactions have been appropriately accounted for and disclosed in the financial statements. We have disclosed to you all relevant information concerning such relationships and transactions and are not aware of any other matters which require disclosure in order to comply with legislative and accounting standards requirements.

Subsequent events

- 15. All events subsequent to the date of the financial statements which require adjustment or disclosure have been properly accounted for and disclosed.

Going concern

- 16. We believe that the charity's financial statements should be prepared on a going concern basis on the grounds that current and future sources of funding or support will be more than adequate for the charity's needs. We have considered a period of twelve months from the date of approval of the financial statements. We believe that no further disclosures relating to the charity's ability to continue as a going concern need to be made in the financial statements.

Yours sincerely

.....

Name:

Role:

**Signed on behalf of Highbury Trust
8 March 2023**