

## Appendix 3

Deloitte LLP  
3 Victoria Square  
Victoria Street  
St Albans  
AL1 3TF

Our Ref:

Date: 6 January 2009

Dear Sirs

### **Alexandra Park and Palace Charitable Trust – financial statements for the year ended 31 March 2008**

This representation letter is provided in connection with your audit of the financial statements of Alexandra Park and Palace Charitable Trust and its consolidated financial statements for the year ended 31 March 2008 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the financial position of Alexandra Park and Palace Charitable Trust as of 31 March 2008 and of the results of its operations, other recognised gains and losses and its cash flows for the year then ended in accordance with applicable accounting framework and the Charities Act 1993.

We acknowledge as trustees our responsibilities under the Charities Act 1993 for preparing financial statements for the charity and its consolidated financial statements which give a true and fair view and for making accurate representations to you.

We confirm, to the best of our knowledge and belief, the following representations.

1. All the accounting records have been made available to you for the purpose of your audit and all the transactions undertaken by the group have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of all trustee, management and member meetings, have been made available to you.
2. We acknowledge our responsibilities for the design, implementation and operation of internal control to prevent and detect fraud and error.
3. We have disclosed to you all the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
4. We are not aware of any significant facts relating to any frauds or suspected frauds affecting the charity or group involving:
  - (i) management;
  - (ii) employees who have significant roles in internal control; or
  - (iii) others where the fraud could have a material effect on the financial statements.
5. We have disclosed to you our knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.

6. We are not aware of any actual or possible instances of non-compliance with laws and regulations, the effects of which should be considered when preparing financial statements.
7. We have considered the uncorrected misstatements and disclosure deficiencies detailed in the appendix to this letter. We believe that no adjustment is required to be made in respect of any of these items as they are individually and in aggregate immaterial having regard to the financial statements taken as a whole.
8. Where required, the value at which assets and liabilities are recorded in the balance sheet is, in the opinion of the trustees, the fair value. We are responsible for the reasonableness of any significant assumptions underlying the valuation, including consideration of whether they appropriately reflect our intent and ability to carry out specific courses of action on behalf of the group. Any significant changes in those values since the balance sheet date have been disclosed to you.
9. We confirm the completeness of the information provided regarding the identification of related parties, and the adequacy of related party disclosures in the financial statements.

We have made enquiries of any key managers or other individuals who are in a position to influence, or who are accountable for the stewardship of the reporting entity and confirm that we have disclosed in the financial statements all transactions relevant to the charity and we are not aware of any other such matters required to be disclosed in the financial statements, whether under FRS8 "Related party disclosures" or other requirements.

10. We have considered all claims against the company and on the basis of legal advice have set them out in the attachment with our estimates of their potential effect. No other claims in connection with litigation have been or are expected to be received.
11. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities reflected in the financial statements.
12. There have been no events subsequent to 31 March 2008 which require adjustment of or disclosure in the financial statements or notes thereto.
13. We confirm that we are of the opinion that the company is a going concern, that we have disclosed to you all relevant information of which we are aware and which relates to our opinion, and that all relevant facts including those regarding our plans for future actions are disclosed in the financial statements.
14. We confirm that no material fixed assets have been sold or scrapped during the financial year.
15. We confirm that:
  - all retirement benefits and schemes have been identified and properly accounted for;
  - all settlements and curtailments have been identified and properly accounted for;
  - all events which relate to the determination of pension liabilities have been brought to the actuary's attention;
  - the actuarial assumptions underlying the valuation of the scheme liabilities accord with the directors' best estimates of the future events that will affect the cost of retirement benefits and are consistent with our knowledge of the business;
  - the actuary's calculations have been based on complete and up to date member data; and

- the amounts included in the financial statements derived from the work of the actuary are appropriate.

We confirm that the above representations are made on the basis of adequate enquiries of management and staff (and where appropriate, inspection of evidence) sufficient to satisfy ourselves that we can properly make each of the above representations to you.

Yours faithfully

Signed on behalf of the Board of Trustees

## APPENDIX 1

	Assets	Liabilities	Income Statement
	Dr (Cr)	Dr (Cr)	Dr (Cr)
<b>Trust only</b>			
<b>To release historic bad debt provision</b>			
Dr Bad debt provision	1,140		
Cr Bad debt expense			-1,140
<b>To record a third party liability and recognise related inter-company debtor</b>			
Dr Inter-company debtor	5,289		
Cr Accruals		-5,289	
<b>To record a third party liability for post year end expense</b>			
Dr Prepayment	5,339		
Cr Accruals		-5,339	
<b>To remove a difference within prepayments</b>			
Dr Resources expended			736
Cr Prepayments	-736		
<b>To correct prepayments entry</b>			
Dr Other debtors	18,258		
Cr Prepayments	-10,727		
Cr Resources expended			-7,531
<b>To defer income relating to a post year end event</b>			
Dr Incoming resources			9,769
Cr Deferred income		-9,769	
<b>To spread a rent-free period over the life of the lease</b>			
Dr Accrued income	6,898		
Cr Incoming resources			-6,898
<b>To defer income re: boat hire and May Day funfair to post year end</b>			
Dr Incoming resources			3,347
Cr Deferred income		-3,347	
<b>To release over-accrual</b>			
Dr Accruals		10,315	
Cr Resources expended			-10,315
<b>To accrue for unrecorded liability</b>			
Dr Resources expended			4,044

Cr Accruals		-4,044	
<b>To accrue for unrecorded liabilities</b>			
Dr Resources expended			8,490
Cr Accruals		-8,490	
<b>To accrue income from the ice cream vendor</b>			
Dr Accrued income	5,000		
Cr Incoming resources			-5,000
<b>To defer rental income from Capital Garden to post year end</b>			
Dr Incoming resources			6,875
Cr Deferred income		-6,875	
<b>Consolidated</b>			
<b>To accrue for pre year end purchase invoices</b>			
Dr Resources expended			3,430
Cr Accruals		-3,430	
<b>To accrue for ice rink casual staff</b>			
Dr Resources expended			10,071
Cr Accruals		-10,071	
<b>To release over-accrual for sundry items</b>			
Dr Accruals		16,661	
Cr Resources expended			-16,661
<b>To release double-counted accruals</b>			
Dr Accruals		21,456	
Cr Resources expended			-21,456
<b>To recognise tax charge arising due to timing of pension contributions</b>			
Dr Tax charge			23,800
Cr Corporation tax liability		-23,800	
	30,461	-32,022	1,561

## Letter of Representation – Appendix 1

### **Possible Claim by Firoka**

In August 2008, the Trust received a letter from Lewis Silkin, Firoka's solicitors, in which they indicated that Firoka was withdrawing its interest in the development project. It also intimated Firoka's intention to bring proceedings for damages. Nothing further has been heard from Firoka's solicitors.

The Trust solicitors have taken advice from Leading Counsel as to Firoka's prospects of succeeding in a claim for damages. The opinion was that any Firoka claim was not likely to succeed. A decision has been taken to await any claim then in context decide what action to take.

Management have concluded that they do not consider a provision needs to be made in the accounts in relation to this threatened claim as it is not probable that a transfer of economic benefits will occur. Additionally it can be contended in support of making no provision that the amount of any such provision would, in the absence of any quantified claim, be impossible to quantify.

However Firoka's notified claim fall within the definition of a contingent liability

*i.e. 'a possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the entity's control'.*

FRS 12 requires the trustees to disclose the nature of a contingent liability, however, the FRS also states that, in rare circumstances, full disclosure of the nature and financial impact of the contingent liability can be expected seriously to prejudice the position of the entity in a dispute with the other party. In such cases, the FRS permits organisations to limit the disclosure to the general nature of the dispute, together with the fact and reason why, the information has not been disclosed.

Accordingly disclosure of Firoka's threatened claim as a contingent liability has been included in Note 24 to the Financial Statements in the following wording:

“The Trustees have considered the advice of Leading Counsel and are of the opinion that a claim is more likely to fail than succeed and in any event, they intend to resist such claim as may be made’.