

The Trustees have overall responsibility for ensuring that the charity has appropriate systems of control, financial and otherwise. They are responsible for keeping accounting records which disclose with reasonable accuracy at any time the financial position of the charity and which enable them to ensure that the financial statements comply with the Charities Act 1993 and have been properly prepared in accordance with the Central Scheme approved by Her Majesty in Council on 23 February 1891 and subsequent amending Schemes and orders. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charity and to detect fraud and other irregularities.

The systems of control are designed to provide reasonable, but not absolute assurance against material misstatement or loss. They include:

- an annual budget approved by the Trustees;
- regular consideration by the Trustees of financial results, variance from budgets, non-financial performance indicators and benchmarking reviews;
- delegation of authority and segregation of duties;
- identification and management of risks.

The Trustees have, with advice from their auditors, introduced a formal risk management process to assess business risks and implement risk management strategies. This involved identifying the types of risks the Foundation faces, categorising them in terms of potential impact and likelihood of occurrence, and identifying means of mitigating the risks. As part of the process the Trustees have reviewed the adequacy of the Foundation's internal controls.

By order of the Trustees

Professor Gerald Manners
9 May 2003

REPORT OF THE INDEPENDENT AUDITORS TO THE TRUSTEES OF CITY PAROCHIAL FOUNDATION

We have audited the financial statements on pages 15 to 26.

This report is made solely to the charity's trustees, as a body, in accordance with section 43 of the Charities Act 1993 and regulations made under section 44 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and Auditors

You are responsible as trustees for preparing the trustees' report and, as described on page 13, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by Statute, the Auditing Practices Board and by our profession's ethical guidance.

We have been appointed as auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of that Act. We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Charities Act 1993. We also report to you if, in our opinion, the trustees' report is not consistent with the financial statements, if the charity has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We read the other information accompanying the financial statements and consider whether it is consistent with those statements. We consider the implications for our report if we become aware of any apparent mis-statements or material inconsistencies with the financial statements.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material mis-statement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the charity and group's state of affairs, as at 31 December 2002 and of their incoming resources and application of resources, in the year then ended and have been properly prepared in accordance with the Charities Act 1993.

KPMG LLP

Registered Auditors

Chartered Accountants

8 Salisbury Square, London EC4Y 8BB

9 May 2003

cpf CITY PAROCHIAL
FOUNDATION