

CHARITY REGISTRATION NUMBER 1110314

COMPANY REGISTRATION NUMBER 5396512

CITY HEARTS (UK)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

CITY HEARTS (UK)

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	K Downes N P Anumba F R Smith G Cheshire (Appointed 24 March 2021)
Secretary	D L Noble
Chief executive officer	E Newton
Charity number	1110314
Company number	5396512
Principal address	1st Floor Furnival House Furnival Gate Sheffield South Yorkshire S1 4QP
Registered office	1st Floor Furnival House Furnival Gate Sheffield South Yorkshire S1 4QP
Auditors	UHY Hacker Young 6 Broadfield Court Broadfield Way Sheffield S8 0XF
Bankers	Barclays Bank plc P.O. Box 1385 2 Arena Court Sheffield S9 2WV
Solicitors	Stone King LLP 1 Park Row Leeds LS1 5HN

CITY HEARTS (UK)

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CITY HEARTS (UK)

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2021

The trustees present their report and financial statements for the year ended 31 March 2021.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's Memorandum and Articles of Association, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)".

Objectives and activities

The charity's objects are:

- to relieve poverty and to promote the education and training of the inhabitants of the cities of the north of England who through their social and economic circumstances are in need and unable to gain employment and in particular to promote and support schemes where such people may receive training for and placement in employment;
- to advance education and to provide facilities in the interest of social welfare for recreation and leisure time occupation with the objects of improving the conditions of life of the inhabitants of the area of benefit;
- to relieve the need of persons who are homeless, in housing need, hardship or distress by providing accommodation; and
- to provide or assist in the provision of facilities for the daily care and recreation of children during out of school hours and holidays so as to promote their physical and mental health.

The trustees have paid due regard to guidance issued by the Charity Commission in deciding what activities the charity should undertake.

The Trustees' current strategies for carrying out these Objectives are advanced through the following activities:

- providing short-term specialised support and accommodation for men, women and families rescued from Modern Slavery across the North-West and North-East of England and South Yorkshire;
- providing long-term support for survivors of Modern Slavery living in the community with a specific focus on integration, independence and rehabilitation;
- providing supported accommodation to women who want to make positive lifestyle changes and who are overcoming issues, such as drug and alcohol addictions, self-harm, depression and eating disorders;
- providing support to ex-offenders and those at risk of offending in order to reduce violence and help individuals live crime free futures; and
- providing support locally and globally to use the experience gained within City Hearts (UK) to develop partnerships to enable other charities to restore the lives of vulnerable and exploited individuals.

In accordance with best practice and as part of reflecting on our purpose, the Trustees are currently reviewing the charity's Objects.

CITY HEARTS (UK)

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2021

Achievements and performance

We are pleased to report that City Hearts' services and programmes have gone from strength to strength, in spite of the various challenges through the past year.

OUR MODERN SLAVERY WORK

Safehouses and Outreach

We have continued to deliver and expand our outstanding support to survivors of modern slavery. In January 2021, City Hearts began to deliver the new Modern Slavery Victim Care Contract, on behalf of the UK Government, as a subcontractor to the Salvation Army. This was a continuation and further expansion of the support delivered as part of the National Referral Mechanism (NRM) over the last 10 years. The NRM is the Home Office's framework for identifying potential victims of modern slavery and providing appropriate support. Our support is delivered across the North West and North East of England as well as South Yorkshire and is delivered through safe house accommodation and Outreach services, supporting survivors of slavery from the moment of rescue from their exploitative situation.

Through these programmes, we offer vital support including helping survivors access emergency medical treatment, dental care, counselling, police and legal support, English classes, further education, bank accounts and ID.

The number of survivors supported through our Outreach support, and the associated geographical regions within which we deliver this support has increased throughout 2020-2021, and significantly since January 2021. We have also opened a number of new or expanded safe houses in the North West and North East of England. In total, we are now working with almost 700 survivors at any one time, as part of these programmes.

One of those survivors supported by City Hearts said, "The City Hearts staff stood by me as I relived my experience to the police. They never left my side through the whole process. I felt so supported. I was assisted in closing the fraudulent accounts I had been forced to open, helped in clearing my record, and was aided in sorting out my teeth as they needed urgent attention. I also got a chance to go to English classes. I feel so much more confident now when I meet and talk to new people. I can attend appointments on my own, and can even help my new friends with the things I have learnt at City Hearts. My whole outlook has changed. I now look at people with love and I want to build a life that I can invite my family to be a part of again. It felt like my life was impossible and that it could never change, but it has, completely."

CITY HEARTS (UK)

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2021

Integration Support Department

City Hearts Integration Support Programme continues to provide long-term support to survivors of modern slavery after they have exited safe house or our Outreach services. The programme acts as a safety net and aims to prevent vulnerable survivors from falling into re-trafficking and homelessness.

This year, we had 148 referrals into the Integration Support Programme, and have supported in excess of 250 survivors throughout the year; with over 4,000 individual survivor needs met.

Within this department, City Hearts also provides additional holistic support to survivors across all regions through our Health and Wellbeing programme. This includes assisting survivors' recovery by providing access to a community based 'drop-in' which provides social and educational activities, or trips to local areas of interest, such as parks and beaches. As noted above, our Health and Wellbeing support has been adapted this year to include wellbeing walks, gym classes in safe houses as well as online support sessions.

A City Hearts Service Manager, said: "Our goal in the Health and Wellbeing team is to help clients develop a sense of community and build confidence, whilst reminding them they are valued. We try to choose fun locations that will provide clients with life long memories. It has been such a joy to see survivors enjoying socialising again."

A client who visited Anfield Stadium with the Health and Wellbeing Team, said: "I was too excited to sleep as I was so excited for the trip. These good memories make me happy when I am feeling down."

CITY HEARTS (UK)

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2021

Bright Future

Bright Future was developed by City Hearts alongside the Co-op in 2017; the now-globally recognised programme was created to remove barriers to employment, accelerating survivors towards a brighter future. Bright Future is now an independent cooperative, and we continue to operate the National Matching Service, matching survivors with employment opportunities in businesses. It provides a fast track into work with major companies on a human rights basis, and sustainably combats modern slavery, reducing exploitation by partnering effectively with the private sector.

A client of City Hearts who found work with the Co-op through Bright Future said: “I wasn’t in a good place when I met City Hearts. I was in pain. I was scared to have a relationship with them as I couldn’t believe they wanted to do good for me, but they gave me the confidence I didn’t have. I would have struggled without them. I’ve had a long dark story, but one day I hope I can become a social worker so I can help other people.”

The global pandemic has undoubtedly created challenges for many partnership programmes and Bright Future has been no exception. In the year to March 2021, six placements were made. This reduction was largely due to under-pressure companies being unable to facilitate placements. However, five placements were successfully completed with three survivors securing permanent employment at that business.

We wish to express our gratitude to those businesses who have supported survivors of modern slavery by delivering work placements and employment opportunities or by supporting us in our work.

Particular thanks goes to the Co-op for their pioneering spirit and their continuing role in the development of Bright Future, Tony’s Chocolonely for providing free chocolate bars which form part of our welcome packs for survivors upon entry into our safe houses, and Aldi, who have generously supported us with gifts-in-kind and financially.

The Managing Director of Corporate Responsibility at Aldi UK, said: “The importance of what City Hearts does can’t be overestimated and we are glad to be able to support them as part of our commitment to the empowerment of women and human rights. In these difficult times, it’s important for us all to look after the most vulnerable in our communities, and the care and guidance City Hearts provides those who are in such a difficult situation is invaluable.”

Modern Slavery Partnerships & Advocacy

This year, despite the pandemic, we have developed and strengthened our involvement and engagement with multiple Modern Slavery Partnerships across the areas we work in. These partnerships involve effective collaboration between third sector organisations and businesses, alongside statutory organisations such as law enforcement, local authorities and local representatives of the Department for Work and Pensions. We engage in and support these partnerships as we seek to work alongside others to develop better support for survivors, and prevent slavery and trafficking. This work involves effective stakeholder engagement, enhancing the support we deliver through partnership work, and advocating for positive change on behalf of our clients at a local and national level.

CITY HEARTS (UK)

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2021

OUR VIOLENCE REDUCTION AND CRIME FREE FUTURES WORK

The About Face programme

About Face represents City Hearts' commitment to addressing the cycle of crime and to promoting crime free futures. This is done by offering support both to those who commit, and those who are victims of criminality. Reduced crime equals reduced victims and hence works toward creating a better society.

We work alongside people at risk of being involved in offending behaviour who also present as difficult to engage with. All work is person-centred and trauma-informed and is carried out in partnership with key statutory and non-statutory services.

Plan B

This year our successful partnership with South Yorkshire Police Violence Reduction Unit, 'Plan B', was extended, developed, and expanded across Sheffield, Barnsley, Doncaster and Rotherham. This programme aims to reduce offending rates and violence, whilst also helping individuals realise and work towards their goals and aspirations. Experienced custody navigators from City Hearts engage with individuals in custody from the point of arrest.

One of our clients, supported as part of Plan B, said: "I am so glad I met the Plan B Navigator. Since we met I have achieved a lot mentally and had success with housing, counselling, and with my doctor. Recently I've drunk alcohol and known when to draw the line, whereas before it was an issue. My decision making has become around supporting my family where in the past I was more reckless and ill disciplined."

Over the past year, 164 individuals were supported in custody, and 43 of these received ongoing and intensive support from our team in the community. Many clients progressed into employment, education or training, and City Hearts was pleased to provide a programme of trauma-informed one-to-one therapeutic support to 15 clients throughout the year. Initial research and data analysis shows an encouraging drop in the general re-offending rate against the national average, though further data analysis is currently underway in partnership with Sheffield Hallam University.

CITY HEARTS (UK)

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2021

The Forging Ahead Programme

Working alongside Total Training Provision, Her Majesty's Prison and Probation Service, South Yorkshire Police and employers, Forging Ahead is a three-week training course delivered by City Hearts. It provides individuals with the required skills and qualifications to move forward into employment. During the year, many of the planned courses were held virtually due to lockdowns; this limited client engagement and only eight individuals completed the course. However, face to face courses have now fully re-started, and we are pleased to be seeing increased engagement and success.

A client who took part in the Forging Ahead programme said: "After completing Forging Ahead, good things have happened for me. I was sceptical at first when my probation officer told me that these 'charity' people wanted to help.

The About Face staff and the team at Forging Ahead didn't let me down though. They actually helped me. Now, almost 18 months after completing the course I'm still working in the job they helped prepare me for, and find.

I can't thank the team enough, they helped me with everything I needed help with and even now, I still call... just to check in or ask advice. I would tell everyone who needs it, to get help from these guys, when they say that they care, they actually do."

Merseyside Deferred Prosecution Scheme

In March 2021, City Hearts was awarded a contract with Merseyside Police to deliver a 16-week tailor-made programme with the aim of reducing re-offending and reducing any future crime and thereby associated victims.

The scheme works with males, aged 18-25, who have committed minor offences and offers a second chance to those involved in low level criminality; many have complex needs but have never before received any kind of help, intervention or support. The scheme centres on the pathways for re-offending: accommodation; children and families; finance, benefit and debt; mental and physical health; attitudes, thinking and behaviour; drugs and alcohol; and education, training and employment.

As of November 2021, 111 individuals have started the programme, with 24, to date, successfully completing it.

CITY HEARTS (UK)

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2021

Our Partners' work

City Hearts Netherlands

City Hearts Netherlands, a charity that we have supported since its founding and have worked in partnership with since early 2019, are now supporting 30 women a week in their weekly drop-ins and language café. The charity has developed a strong base of volunteers and have a growing network of local service and connections.

City Hearts Netherlands has its own Board of Trustees, sets its own strategy and is not financially supported in anyway by City Hearts (UK). Our support, as a partner, has included delivering training to staff, developing systems and providing policies and procedures for staff and clients, which have been adapted by City Hearts Netherlands to fully comply with all legislation. The partnership agreement between City Hearts (UK) and City Hearts Netherlands expires at the end of 2021. The Trustees of both charities have agreed that this is an appropriate time for City Hearts Netherlands to run as an independent charity, which is to be called "City@home".

The City Hearts Netherlands Board wrote, "We are so thankful for all the advice, wisdom and time we received from the team in the UK who have walked a long part of this journey with us and were there again and again with a listening ear and the best advice."

City Hearts Africa

As noted in our previous accounts, we have worked in partnership with City Hearts Africa in Accra, Ghana since 2015. During this time, City Hearts Africa staff have been able to support over 100 children through the Child Partnership Programme, which provided educational equipment such as school books and uniforms, paid schooling fees and provided mentoring.

Since March 2020, due to the pandemic, City Hearts Africa had been unable to operate the Child Partnership Programme due to government regulations closing schools and stopping gatherings.

At this time, staff were able to help the Child Partnership Programme families through the initial stages of crisis by providing 740 emergency hampers and educational packs, which brought support and stability to the vast majority of families in this very hard time.

City Hearts Africa sought to use its financial resources to maintain staff employment as long as possible, however the charity reached a point where it was unable to offer ongoing meaningful work to staff. Covid-19 created much uncertainty and it was unclear when the Child Partnership Programme would be able to run again. In light of this, the decision was made to close the Child Partnership Programme which took effect from the end of July 2020. It is regretful that the programme has come to an end, but we celebrate the impact it has had over the past five years. City Hearts Africa are committed to paying the children's next year of school fees and have signposted families to local, trusted NGO partners.

In March 2021, UN funding was confirmed to support victims of modern slavery in Ghana with case working support, therapeutic recovery sessions and welfare hampers. This funding was awarded to City Hearts (UK), who in turn engaged City Hearts Africa in delivery of the project.

City Hearts Africa is managed by the City Hearts Africa Trustees Board. The UN funded work and the relationship between City Hearts (UK) and City Hearts Africa is managed via a partnership agreement.

CITY HEARTS (UK)

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2021

There can be no doubt that this has been a challenging year worldwide that few could have predicted.

A global pandemic has impacted almost every corner of the world, bringing change to the way we live, work and connect with one another. We have seen national lockdowns, collective grieving and significant financial challenge across many sectors, particularly the charitable one.

The appalling murder of George Floyd sparked global anti-racism protests as people called for 'black lives to matter'. This has caused us all, both personally and organisationally, to listen, learn, grow and change to create and be part of a fairer and more inclusive society with systemic transformation.

These events will be remembered in human history and have led us as a charity to adapt, innovate, and strengthen as we seek to ensure our work is effective and meaningful in these times.

CITY HEARTS (UK)

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2021

OUR RESPONSE TO COVID-19

We have continually adapted our services and operations, in order to meet restrictions in response to lockdowns and now the 'new normal'. Our focus during this time has been ensuring effective and meaningful support to our clients, with their welfare being our first priority. At this time, the welfare of our staffing team, particularly our frontline caseworkers, has also been a key focus.

Initially, for the health and safety of staff and clients, unnecessary staff and volunteer contact with clients was temporarily suspended. This raised challenges, particularly for our clients' mental health and their ability to access to local services and practical support, especially as many of our clients faced digitally poverty.

At the peak of the pandemic, staff proactively adjusted to deliver meaningful support from a safe distance, organising activities such as gym classes in safehouses, as well as calling and visiting particularly high-risk clients. Our Health and Wellbeing team adapted their support provision to offer wellbeing walks, activity packs and online yoga and skills classes, in order to boost our clients' mental health. City Hearts also applied to Barclay's Covid-19 Community Relief Fund and received a donation of £100,000. This enabled us to distribute 221 electronic tablets, 400 Mi-Fi routers and 400 unlimited data sims, providing five months of unlimited free internet access for clients around the UK. This greatly reduced the digital exclusion many of our clients had been facing, and allowed them to receive crucial online counselling, access medical services, return to online ESOL classes, and enable our clients' dependents to complete their homework and return to school.

A member of our staff team saw first-hand the impact the donation had on survivors and said: "One of our modern slavery survivors was a mum with children. She told me the device and free WiFi was very useful because her children could then access everything they needed, particularly homework and online lessons during the pandemic. Unfortunately, her children's school wasn't able to provide internet, so the fact that we had Barclays' generous donations meant they had a way to access their lessons. Mum also said having the internet made them really happy as a family. Despite being unable to go out during lockdown, the family enjoyed watching their favourite cartoons and films. It brought them together."

Nigel Higgins, Barclays Chairman, said: "Covid-19 has created an unprecedented social and economic impact in the UK, with many experiencing greater hardship due to the crisis. Incredible charities have been playing a vital role in the UK's response to the pandemic, ensuring urgent help reaches those most in need of support. As a bank, we have been doing all we can for our customers, clients and colleagues, and we hope that by partnering with City Hearts and many other charities across the UK, collectively we can ensure that as many people as possible in the communities in which we live and work are supported through this crisis."

City Hearts staff have showed exceptional determination and resilience over the past year, supporting many clients for whom the coronavirus restrictions brought back tough memories of their trafficking experiences. In order to facilitate the valuable work that they do, we have designed a flexible working agreement, allowing staff to adapt their working times to fit around home environments and child care whilst schools were closed. In addition to this, City Hearts supplemented the purchase of new home-working equipment for staff to continue to do their jobs safely and effectively from their own homes, giving recommendations on appropriate desks, chairs and footstools based on government guidelines. Finally, staff were given one hour of working-time a week to dedicate to maintaining and improving their mental health, with the offer of free 1-1 counselling sessions for anyone in need of further support. More recently, staff have been given the option to opt into working remotely, as well as from our offices, allowing everyone the flexibility to decide which working arrangement is best for them based on their individual circumstances.

CITY HEARTS (UK)

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2021

City Hearts has adapted well to the pandemic, and we have sought to ensure our policy and guidance has been thorough and well communicated throughout. In a recent anonymous staff survey, staff gave an average score of 4/5 (very good) in response to the statement, "City Hearts as an organisation adapts well to external or societal changes".

The pandemic also raised significant questions and uncertainties over how it would impact our financial stability. As is presented in this set of Accounts, we are fortunate that our income was largely unaffected, due to sustained income through the delivery of the Modern Slavery Victim Care Contract, as well as the generosity of donors and partners. In addition, expenditure was reduced due to savings being made on travel and other expenses.

OUR COMMITMENT TO INCLUSIVITY

In the wake of the murder of George Floyd and the global anti-racism protests that followed, we established a taskforce to ensure we are taking proactive steps to ensure City Hearts is working against racism in the long-term.

Staff were invited to join the taskforce in June 2020 and in July a first meeting was held. The taskforce appointed its own Chair and Co-Chair and was asked within three months to develop and deliver its recommendations to the City Hearts Management Board. Work time each week was given for staff involved in the taskforce to participate.

The taskforce delivered its recommendations on 1st October 2020 to the Management Board, and subsequently the Chair and Co-Chair of the taskforce kindly agreed to draw up an action plan alongside the Management Board. Key actions focussed upon:

- Improving training, appointing an Equality, Diversity and Inclusivity Lead (who was appointed in April 2021).
- Conducting a review of staff recruitment as well as policies and procedures.
- Publishing staffing demographics.
- Developing a database highlighting key services across regions of City Hearts for caseworkers to signpost clients to ethnically-appropriate services (such as hairdressers, supermarkets and community support services).
- Adopting staff 'lunch and learn' focussing on a nation's traditions and customs and creating a library of resources to seek to further develop and foster an inclusive culture.

We are determined to continue to develop a fully inclusive culture for the wellbeing of our clients and staff and remain committed to learning and implementing change. As part of that commitment, we have committed to becoming Stonewall Diversity Champions, which is a leading equality and diversity employers programme which ensures that LGBTQ+ staff are free to be themselves in the workplace. Our alliance with this programme will ensure we learn from established best practice and are accountable in our progress.

CITY HEARTS (UK)

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2021

Financial review

The trustees make strategic decisions based on the financial position of the charity by reference to the financial information (i.e. budgets, cashflows) provided to them. They do not however carry out the routine day to day management of the charity, for which the budget leader for each department is responsible.

City Hearts (UK) received £6,144,150 (2020: £6,229,706) of income during the financial year to 31 March 2021 and expended £5,258,401 (2020: £5,658,436), showing a surplus of £885,749 (2020: £571,270). The principal sources of funds are disclosed in notes 3-4 to the accounts.

At 31 March 2021 the charity's reserves were at £2,722,234 (2020: £1,836,485), all of which were unrestricted. The trustees have identified that the reserves are at a reasonable level. The charity's freely available unrestricted reserves at 31 March 2021 were £2,370,142.

Given that City Hearts has received the backing of the Salvation Army as a subcontractor until at least the end of June 2025, we have looked to continue to build reserves to bring security and stability to cover us for any unforeseen circumstances and to ensure there are no cash flow issues going forward. The greatest risk to the charitable company is the loss of the contract with the Salvation Army and the trustees are looking at alternative plans should this happen.

Statement on our Accounts and Financial Position

We recognise that our Accounts for this financial year present a notable surplus.

Two key factors have contributed to that surplus. They are: a back-payment for indexation, which was received over the past two financial years, for services delivered through financial years 2016-2020 as well as temporarily reduced expenditure due to the Covid pandemic.

The Trustees recognise and wish to make clear that we do not anticipate future sets of Accounts will present a similar surplus. This is on the basis of the exceptional factors noted above as well as changes to the terms in the new Modern Slavery Victim Care Contract. This is the contract by which City Hearts support survivors of modern slavery, and which is our primary source of income as a charity. That new contract is to be welcomed, as it provides a financial stability for the charity, with the contract running until at least the summer of 2025. However, as a result, we have needed to deliver these services in a more resource efficient manner.

At this time, we need to ensure that funds are raised for the continuation of our Health and Wellbeing and Integration Support, which are not financially supported through any contracts. These programmes improve the lives of our clients and enable us to deliver holistic and longer-term support to aid individuals' full recoveries. Such support is needed right now more than ever.

To that end, this year's surplus is being put, in part, towards an investment over the next three years into fundraising and innovation. This is with the aim of raising ongoing funds for the continuation of those programmes as well as the development of other innovative projects that support our clients in their recovery journeys. It is also our intention that this investment into fundraising will help to strengthen the core of the charity.

In addition, this year's surplus has also been used to further strengthen our charity reserves. In line with good practice and our policy, City Hearts now holds 3 to 6 months of current operating costs in reserve.

CITY HEARTS (UK)

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2021

Structure, governance and management

The charity is a company (number 5396512) limited by guarantee under the provisions of the Companies Act 2006. The company does not have any share capital. The company became a registered charity (number 1110314) in July 2005.

The trustees, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

K Downes

N P Anumba

J D Houghton (Resigned 2 April 2021)

F R Smith

G Cheshire (Appointed 24 March 2021)

There are at least three Managing Trustees at any one time. The Trustees are also Directors for the purposes of company law. All of the Trustees are members of the company. None of the trustees have any beneficial interest in the company. All of the trustees are members of the company and guarantee to contribute £1 in the event of a winding up.

G Cheshire was appointed a Trustee during this financial year and adds significant expertise and experience in strategic development, implementing change, project management, as well as staff development and training. These skills have been developed over the course of twenty years in positions, including senior roles, in the police force, and now as Head of Operations at British Red Cross.

D L Noble was appointed Company Secretary on 23rd February 2021 and continues to operate in the role.

As permitted by the Charities Act, and our charity's Articles, "Keep Your Fork", of which F Smith is Managing Director, is contracted to deliver PR and marketing services to the charity in return for payment. In line with best practice and our Conflict of Interest policy, the Directors managed such conflict, ensuring F Smith was not part of any relevant discussions or decision making. They also ensured the contract, as well as the services provided were in the best interests of the charity and that the level of the remuneration was reasonable in relation to the value of the services provided. In line with our policy, we can confirm that "Keep Your Fork" received £8,348 in remuneration.

The Trustees seek to further strengthen its Board to add greater expertise, bring further diversity and ultimately improve decision making. Our current process in identifying prospective candidates for trusteeship is as follows: Potential candidates with relevant experience and expertise are identified who the Trustees believe will strengthen the board. One of the Trustees (or the charity's CEO) will then approach the prospective candidate, with due diligence being carried out, before any appointment is made. Going forward, the charity intends to advertise for Trustees on external platforms.

The Trustees have assessed the major risks to which City Hearts is exposed, and are satisfied that systems are in place to mitigate exposure to the major risks.

The trustees review payments made to employees in equivalent managerial positions in similar organisations when considering the levels of pay for key managers. The trustees also take in to consideration the ability of the charitable company to be able to pay such salaries.

CITY HEARTS (UK)

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2021

CHARITY INDEPENDENCE

In June 2020, following allegations and subsequent admissions of racist practices within Hope City Church by David Gilpin (the former Senior Pastor of Hope City Church), the Trustees of City Hearts unanimously made the decision to legally and practically separate from the church.

Ed Newton, City Hearts CEO, said at the time “I want to make clear the allegations and admissions do not relate to City Hearts in any capacity. City Hearts has zero tolerance for racism or discrimination of any kind. An inclusive workplace is fundamental to our culture, and we expect everyone associated with City Hearts to uphold these values.”

Hope City Church, a registered charity (number 1119791) and a company limited by guarantee (number 5999100), was previously a related party, out of which City Hearts had been founded. In City Hearts early years, the church had offered support both financially and with volunteers.

In the years prior to the events of June 2020, steps had been taken towards separation, as it had become increasingly clear to City Hearts Trustees that the charity needed to be independent of the church.

City Hearts became legally independent on 3rd July 2020, following a combined meeting of the Trustees.

City Hearts has cut all practical ties to the church with City Hearts Trustees serving notice to end all partnership working, which had been covered by a Service Level Agreement. Additionally, in June 2020 the City Hearts Trustees accepted the resignation of the charity's founder and global strategist, Jenny Gilpin, from her role at City Hearts, who moved back to her Australian home land, and now has no involvement in any areas of the charity.

Across regions, we have vacated all shared buildings, and have moved into new Head Offices in Sheffield. We have also developed our Operational Team to take full ownership of all financial processing services.

As noted in our previous set of accounts: In advance of and on the basis of our anticipated purchase of a property from Hope City Church in the financial year 2019-20, a property City Hearts had rented for a number of years, City Hearts loaned Hope City Church the total agreed purchase price for the property, in advance of completion. This loan was covered by a written legal agreement between the charities and was made in part on the basis of the historic (and at the time ongoing) relationship between the two charities. It was anticipated the sale would complete in the financial year 2019-20. However, on the basis of the due diligence City Hearts carried out in consideration of purchase, the Trustees of City Hearts made the decision not to go ahead with the purchase. On the basis of the agreement, the loaned money is therefore due to City Hearts, and will, at latest, be repaid in full by 31st March 2022, with payments being made incrementally prior to this deadline. By 31st March 2021, £30,000 had been repaid to City Hearts, with the remainder being settled in the month following.

There can be no doubt that City Hearts has experienced significant change over the past few years. As we, and the world, begins to emerge from the Coronavirus pandemic, we believe it is a time for us, now as a fully independent charity, to examine and reflect upon our purpose and impact. We are excited to embark on this process and will be doing so with the support of an external facilitator. Stakeholder consultations will be crucial to this process, as we seek to understand how we, in partnership with others, can most effectively support some of those most in need.

CITY HEARTS (UK)

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2021

RESTRUCTURE

Since 2011, City Hearts has been a subcontractor to the Salvation Army, providing support to survivors of modern slavery in England, under the Home Office's Victim Care Contract.

In August 2020, City Hearts were appointed as a specialist partner who will continue to provide crucial support to survivors of modern slavery under the new Victim Care Contract, which runs until June 2025. Due to contractual changes as well as changes to the way support is delivered under this new contract, we have needed to adjust to a significant reduction in our annual funding going forward. As a result, we were left with no choice but to review our staffing levels and delivery models in order to maintain financial stability for the charity over the course of the next five years. Support was provided to all those who were affected, with an open and transparent process being carried out.

City Hearts' CEO Ed Newton, said: "We have been privileged to support thousands of vulnerable people over the past five years, and our staff have always gone above and beyond to deliver the very best client care. We remain committed to delivering our renowned high quality client care, and giving the best support to our employees at this difficult time."

Disclosure of information to auditor

Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor are aware of such information.

The trustees' report was approved by the Board of Trustees.

K Downes

Trustee

Dated: 26 January 2022

CITY HEARTS (UK)

STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE YEAR ENDED 31 MARCH 2021

The trustees, who are also the directors of City Hearts (UK) for the purpose of company law, are responsible for preparing the Trustees' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that year.

In preparing these accounts, the trustees are required to:

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

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the accounts comply with the Companies Act 2006. 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.

6 Broadfield Court
Broadfield Way
Sheffield
S8 0XF

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CITY HEARTS (UK)

Opinion

We have audited the financial statements of City Hearts (UK) (the 'charity') for the year ended 31 March 2021 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2021 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CITY HEARTS (UK) CONTINUED

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the trustees' report, which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CITY HEARTS (UK) CONTINUED

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees, who are also the directors of the charity for the purpose of company law, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CITY HEARTS (UK) CONTINUED

Based on our understanding of the charity and the sector in which it operates, we identified the principal risks of non-compliance with laws and regulations related to the acts by the charity, which were contrary to applicable laws and regulations including fraud, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to inflated revenue and the charity's net income for the year.

Audit procedures performed included: review of the financial statement disclosures to underlying supporting documentation, review of correspondence with and reports to the regulators, including correspondence with the Charity Commission, review of correspondence with legal advisors and enquiries of management in so far as they related to the financial statements, and in testing of journals and evaluating whether there was evidence of bias by the trustees that represented a risk of material misstatement due to fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditors' 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Roland Givans (Senior Statutory Auditor)
for and on behalf of UHY Hacker Young

26 January 2022

Chartered Accountants
Statutory Auditor

CITY HEARTS (UK)

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2021

		Unrestricted funds	Restricted funds	Total 2021	Unrestricted funds	Restricted funds	Total 2020
	Notes	£	£	£	£	£	£
<u>Income from:</u>							
Grants and donations	3	244,413	-	244,413	38,503	58,775	97,278
Charitable activities	4	5,895,596	-	5,895,596	6,131,648	-	6,131,648
Investments	5	4,141	-	4,141	557	-	557
Other income	6	-	-	-	223	-	223
Total income		<u>6,144,150</u>	<u>-</u>	<u>6,144,150</u>	<u>6,170,931</u>	<u>58,775</u>	<u>6,229,706</u>
<u>Expenditure on:</u>							
Raising funds	7	<u>3,685</u>	<u>-</u>	<u>3,685</u>	<u>9,410</u>	<u>-</u>	<u>9,410</u>
Charitable activities	8	<u>5,254,716</u>	<u>-</u>	<u>5,254,716</u>	<u>5,367,124</u>	<u>281,902</u>	<u>5,649,026</u>
Total resources expended		<u>5,258,401</u>	<u>-</u>	<u>5,258,401</u>	<u>5,376,534</u>	<u>281,902</u>	<u>5,658,436</u>
Gross transfers between funds		-	-	-	(173,887)	173,887	-
Net income for the year/ Net movement in funds		885,749	-	885,749	620,510	(49,240)	571,270
Fund balances at 1 April 2020		<u>1,836,485</u>	<u>-</u>	<u>1,836,485</u>	<u>1,215,975</u>	<u>49,240</u>	<u>1,265,215</u>
Fund balances at 31 March 2021		<u>2,722,234</u>	<u>-</u>	<u>2,722,234</u>	<u>1,836,485</u>	<u>-</u>	<u>1,836,485</u>

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

CITY HEARTS (UK)

BALANCE SHEET

AS AT 31 MARCH 2021

		2021		2020	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	14		520,296		461,514
Current assets					
Debtors	15	956,023		1,000,727	
Cash at bank and in hand		1,508,974		796,913	
		<u>2,464,997</u>		<u>1,797,640</u>	
Creditors: amounts falling due within one year	17	<u>(102,034)</u>		<u>(253,160)</u>	
Net current assets			2,362,963		1,544,480
Total assets less current liabilities			<u>2,883,259</u>		<u>2,005,994</u>
Creditors: amounts falling due after more than one year	18		(161,025)		(169,509)
Net assets			<u><u>2,722,234</u></u>		<u><u>1,836,485</u></u>
Income funds					
Unrestricted funds			2,722,234		1,836,485
			<u><u>2,722,234</u></u>		<u><u>1,836,485</u></u>

The financial statements were approved by the board of directors and authorised for issue on 26 January 2022 and are signed on its behalf by:

K Downes
Trustee

Company Registration No. 5396512

CITY HEARTS (UK)**STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED 31 MARCH 2021**

		2021		2020	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from operations	24		828,858		282,706
Investing activities					
Purchase of tangible fixed assets		(112,645)		(62,728)	
Interest received		4,141		557	
Net cash used in investing activities			(108,504)		(62,171)
Financing activities					
Repayment of bank loans		(8,293)		(6,874)	
Net cash used in financing activities			(8,293)		(6,874)
Net increase in cash and cash equivalents			712,061		213,661
Cash and cash equivalents at beginning of year			796,913		583,252
Cash and cash equivalents at end of year			1,508,974		796,913

CITY HEARTS (UK)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

Company information

City Hearts (UK) is a private company limited by guarantee incorporated in England and Wales. The registered office is 1st Floor, Furnival House, Furnival Gate, Sheffield, South Yorkshire, S1 4QP.

1.1 Accounting convention

The financial statements have been prepared in accordance with the charity's Memorandum and Articles of Association, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)". The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the main functional currency of the charity. The charity also has the functional currency of Ghanaian Cedi. Monetary amounts in these financial statements are rounded to the nearest £.

The accounts have been prepared on the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the accounts.

1.4 Incoming resources

Grants and voluntary income comprising gifts, donations and other forms of income, including grants for the purchase of fixed assets, are recognised in full in the Statement of Financial Activities in the year in which they are receivable, except insofar as they are incapable of financial measurement.

The value of services provided by volunteers has not been included.

Income is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business.

CITY HEARTS (UK)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

1.5 Resources expended

Resources expended are recognised in the year in which they are incurred inclusive of irrecoverable VAT.

Charitable expenditure comprises costs incurred by the charity in the delivery of its activities and includes costs that can be allocated directly to such activities and costs of an indirect nature to support them.

Governance costs are those incurred in connection with the administration of the charity and compliance with constitutional and statutory requirements.

Grants for other charitable activities are made at the discretion of the trustees and are recognised in the year in which they are made.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings	2% Straight line
Leasehold property improvements	33% Straight line
Fixtures, fittings & equipment	20% Straight line/33% Straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

Fixed assets costing less than £500 are not capitalised.

1.7 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

CITY HEARTS (UK)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in income/(expenditure) for the year, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

CITY HEARTS (UK)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through income and expenditure, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected.

If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in net income/(expenditure) for the year.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in net income/(expenditure) for the year.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the charity transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

1.10 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

CITY HEARTS (UK)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies (Continued)

1.11 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.12 Leases

Rentals payable under operating leases, including any lease incentives received, are charged as an expense on a straight line basis over the term of the relevant lease.

1.13 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in net income/(expenditure) for the period.

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods. There are no judgements or estimates which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities.

3 Grants and donations

	Unrestricted funds	Restricted funds	Total	Unrestricted funds	Restricted funds	Total
	2021 £	2021 £	2021 £	2020 £	2020 £	2020 £
Donations and gifts	244,413	-	244,413	38,503	58,775	97,278

CITY HEARTS (UK)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

4 Charitable activities

	2021 £	2020 £
Services provided under contract	5,895,596	6,131,648

5 Investments

	2021 £	2020 £
Interest receivable	4,141	557

6 Other income

	2021 £	2020 £
Other income	-	223

7 Raising funds

	2021 £	2020 £
<u>Fundraising and publicity</u>		
Advertising	3,685	9,410
	3,685	9,410

CITY HEARTS (UK)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

8 Charitable activities

	2021 £	2020 £
Staff costs	3,238,562	3,145,992
Depreciation and impairment	53,863	38,262
Repairs and maintenance	104,446	131,602
Telephone	111,770	57,500
Training costs	25,439	44,016
Motor and travel expenses	137,184	360,491
Rent and charges	458,007	439,210
Insurance	17,228	16,091
Legal and professional fees	155,549	149,719
Bank interest and charges	10,710	12,178
Sundry expenses	50,709	31,838
Light and heat	54,295	70,124
Rates	30,883	41,890
Food and drink	19,285	61,780
Activities and outings	7,737	32,313
Printing, postage and stationery	16,808	19,444
IT expenses	86,859	92,493
Cleaning	36,541	21,529
Licences and subscriptions	14,656	5,515
City Hearts allowances	619,018	850,992
AKN expenses	-	21,907
	<u>5,249,549</u>	<u>5,644,886</u>
Grant funding of activities (see note 9)	1,567	720
Share of governance costs (see note 10)	3,600	3,420
	<u>5,254,716</u>	<u>5,649,026</u>
Analysis by fund		
Unrestricted funds	5,254,716	5,367,124
Restricted funds	-	281,902
	<u>5,254,716</u>	<u>5,649,026</u>

CITY HEARTS (UK)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

9 Grants payable

	2021 £	2020 £
Grants to institutions:		
Other	1,567	720
	<u>1,567</u>	<u>720</u>
	<u><u>1,567</u></u>	<u><u>720</u></u>

10 Support costs

	Support costs £	Governance costs £	2021 £	Support costs £	Governance costs £	2020 £
Audit fees	-	3,600	3,600	-	3,420	3,420
	<u>-</u>	<u>3,600</u>	<u>3,600</u>	<u>-</u>	<u>3,420</u>	<u>3,420</u>
	<u><u>-</u></u>	<u><u>3,600</u></u>	<u><u>3,600</u></u>	<u><u>-</u></u>	<u><u>3,420</u></u>	<u><u>3,420</u></u>
Analysed between						
Charitable activities	-	3,600	3,600	-	3,420	3,420
	<u>-</u>	<u>3,600</u>	<u>3,600</u>	<u>-</u>	<u>3,420</u>	<u>3,420</u>
	<u><u>-</u></u>	<u><u>3,600</u></u>	<u><u>3,600</u></u>	<u><u>-</u></u>	<u><u>3,420</u></u>	<u><u>3,420</u></u>

Governance costs includes payments to the auditors of £3,600 (2020: £3,420) for audit fees. Other costs includes payments to the auditors of £3,600 (2020: £3,420) for other services.

11 Trustees

F R Smith controls another company that during the period since she became a trustee received £8,348 (2020: £2,085) for marketing services.

None of the other trustees (or any persons connected with them) received any remuneration or any other benefits from employment with the charity during the year and no trustee expenses have been incurred.

The charity's Memorandum and Articles of Association expressly permits trustees to be remunerated provided certain conditions are met.

CITY HEARTS (UK)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

12 Employees

Number of employees

The average monthly number of employees during the year was:

	2021 Number	2020 Number
Employees	152	164
Trustees	4	4
	<hr/>	<hr/>
	156	168
	<hr/>	<hr/>

Employment costs

	2021 £	2020 £
Wages and salaries	2,942,041	2,866,715
Social security costs	222,073	207,868
Other pension costs	74,448	71,409
	<hr/>	<hr/>
	3,238,562	3,145,992
	<hr/>	<hr/>

There were no employees whose annual remuneration was £60,000 or more.

13 Taxation

In view of the charitable objects of the company and of its registered charity status, no taxation should be payable.

CITY HEARTS (UK)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

14 Tangible fixed assets

	Land and buildings	Leasehold property improvements	Fixtures, fittings & equipment	Total
	£	£	£	£
Cost				
At 1 April 2020	398,251	1,376	161,143	560,770
Additions	-	-	112,645	112,645
At 31 March 2021	398,251	1,376	273,788	673,415
Depreciation and impairment				
At 1 April 2020	22,660	99	76,497	99,256
Depreciation charged in the year	7,963	275	45,625	53,863
At 31 March 2021	30,623	374	122,122	153,119
Carrying amount				
At 31 March 2021	367,628	1,002	151,666	520,296
At 31 March 2020	375,591	1,277	84,646	461,514

The charity's freehold land and buildings are subject to a mortgage with the balance owed at 31 March 2020 amounting to 47% (2019: 48%) of their net book value.

15 Debtors

	2021	2020
	£	£
Amounts falling due within one year:		
Trade debtors	801,222	822,583
Amount owed by parent undertaking	-	154,617
Other debtors	132,301	14,177
Prepayments and accrued income	22,500	9,350
	956,023	1,000,727

CITY HEARTS (UK)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

16 Loans and overdrafts

	2021 £	2020 £
Bank loans	168,204	176,497
Payable within one year	7,179	6,988
Payable after one year	161,025	169,509
Amounts included above which fall due after five years:		
Payable by instalments	128,841	138,270

The mortgage is secured by a first legal charge over the charity's freehold land and buildings.

17 Creditors: amounts falling due within one year

	Notes	2021 £	2020 £
Bank loans	16	7,179	6,988
Other taxation and social security		-	48,248
Deferred income	19	-	67,131
Trade creditors		69,946	21,358
Amounts owed to fellow group undertakings		-	807
Other creditors		6,364	87,854
Accruals and deferred income		18,545	20,774
		102,034	253,160

18 Creditors: amounts falling due after more than one year

	Notes	2021 £	2020 £
Bank loans	16	161,025	169,509

CITY HEARTS (UK)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

19 Deferred income

	2021 £	2020 £
Other deferred income	-	67,131
	<u> </u>	<u> </u>

Deferred income is included in the financial statements as follows:

	2021 £	2020 £
Current liabilities	-	67,131
	<u> </u>	<u> </u>
	-	67,131
	<u> </u>	<u> </u>

CITY HEARTS (UK)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

20 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Movement in funds				Movement in funds			
	Balance at 1 April 2019	Incoming resources	Resources expended	Transfers	Balance at 1 April 2020	Incoming resources	Resources expended	Balance at 31 March 2021
	£	£	£	£	£	£	£	£
ISP Project	29,240	-	(175,191)	145,951	-	-	-	-
Antislavery Knowledge Network	20,000	58,775	(106,711)	27,936	-	-	-	-
	<u>49,240</u>	<u>58,775</u>	<u>(281,902)</u>	<u>173,887</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

City Hearts Integration Support Programme continues to provide long-term support to survivors of modern slavery after they have exited safe house or our Outreach services. The programme acts as a safety net and aims to prevent vulnerable survivors from falling into re-trafficking and homelessness.

The Antislavery Knowledge Network offered the first extended effort to address slavery as a core development challenge in sub-Saharan Africa via innovative approaches from the arts and humanities that deliver community-engaged antislavery work. This involved classroom based sessions utilising visual arts and photography and collaborating with local schools engaging with and building upon the City Hearts education programme of the time.

CITY HEARTS (UK)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

21 Operating lease commitments

At the reporting end date the charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021 £	2020 £
Within one year	154,800	42,403
Between two and five years	500,892	-
	<u>655,692</u>	<u>42,403</u>

22 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2021 £	2020 £
Aggregate compensation	<u>53,726</u>	<u>53,446</u>

The trustees review payments made to employees in equivalent managerial positions in similar organisations when considering the levels of pay for key managers. The trustees also take in to consideration the ability of the charitable company to be able to pay such salaries.

There were no other related party transactions to disclose.

23 Control

The charitable company left the C3 Trust UK group on 1 April 2020 and since then there has been no single ultimate controlling party.

CITY HEARTS (UK)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

24 Cash generated from operations	2021 £	2020 £
Surplus for the year	885,749	571,270
Adjustments for:		
Investment income recognised in statement of financial activities	(4,141)	(557)
Depreciation and impairment of tangible fixed assets	53,863	38,262
Movements in working capital:		
Decrease/(increase) in debtors	44,704	(343,069)
(Decrease)/increase in creditors	(84,186)	18,129
(Decrease) in deferred income	(67,131)	(1,329)
Cash generated from operations	828,858	282,706
25 Analysis of changes in net funds		
	At 1 April 2020 £	Cash flows £ At 31 March 2021 £
Cash at bank and in hand	796,913	712,061 1,508,974
Loans falling due within one year	(6,988)	(191) (7,179)
Loans falling due after more than one year	(169,509)	8,484 (161,025)
	620,416	720,354 1,340,770