

HEART OF THE CITY OF LONDON LIMITED

England & Wales · Charity number 1117212

Details

Status Registered

Legal form Charitable company

Company number [05973126](#)

Registered 2006-12-11

Register [View on the Charity Commission register](#)

Contact

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Activities

Objects: 4.0 OBJECTS 4.1 THE CHARITY'S EXCLUSIVELY CHARITABLE OBJECTS ARE SPECIFICALLY RESTRICTED TO THE FOLLOWING:4.1.1 THE PROMOTION OF THE VOLUNTARY SECTOR FOR THE BENEFIT OF THE PUBLIC, BY: (A) MAKING BEST PRACTICE IN CORPORATE SOCIAL RESPONSIBILITY EASILY ACCESSIBLE TO COMPANIES THROUGH PEER-TO-PEER KNOWLEDGE SHARING IN ORDER TO EFFECTIVELY PROMOTE ETHICAL STANDARDS AND INCREASE POSITIVE IMPACT ON COMMUNITIES AND THE ENVIRONMENT; AND(B) THE PROMOTION OF THE VOLUNTARY SECTOR FOR THE BENEFIT OF THE PUBLIC BY PROMOTING CHARITABLE GIVING BY COMPANIES AND ORGANISATIONS AND ENCOURAGING INDIVIDUALS TO PARTICIPATE IN VOLUNTARY WORK, PROVIDING EDUCATION AND TRAINING ON SUBJECTS RELEVANT TO THE EFFICIENCY OF THE VOLUNTARY SECTOR AND ASSISTING IN THE PROVISION OF FINANCIAL, TECHNICAL AND OTHER RESOURCES TO THE VOLUNTARY SECTOR;4.1.2 SUCH OTHER CHARITABLE OBJECTS AS THE DIRECTORS SHALL CONSIDER APPROPRIATE. 4.2 THE CHARITY SHALL FURTHER THE ABOVE OBJECTS EXCLUSIVELY FOR THE BENEFIT OF THE PUBLIC IN THE UNITED KINGDOM AND ELSEWHERE IN ACCORDANCE WITH THE LAW OF CHARITY OF ENGLAND AND WALES.4.3 FOR THE PURPOSE OF THIS CLAUSE, "THE VOLUNTARY SECTOR" MEANS CHARITIES AND VOLUNTARY ORGANISATIONS. "CHARITIES" ARE ORGANISATIONS WHICH ARE ESTABLISHED FOR EXCLUSIVELY CHARITABLE PURPOSES IN ACCORDANCE WITH THE LAW OF ENGLAND AND WALES. "VOLUNTARY ORGANISATIONS" ARE INDEPENDENT ORGANISATIONS WHICH ARE ESTABLISHED FOR PURPOSES THAT ADD VALUE TO THE COMMUNITY AS A WHOLE, OR A SIGNIFICANT SECTION OF THE COMMUNITY, AND WHICH ARE NOT PERMITTED BY THEIR CONSTITUTION TO MAKE A PROFIT FOR PRIVATE DISTRIBUTION. VOLUNTARY ORGANISATIONS DO NOT INCLUDE LOCAL GOVERNMENT OR OTHER STATUTORY AUTHORITIES'.

Activities: Promoting the voluntary sector by making best practice in corporate social responsibility easily accessible to companies through peer-to-peer knowledge sharing in order to effectively promote ethical standards and increase positive impact on communities and the environment.

Classification

- **How:** Provides Advocacy/advice/information, Sponsors Or Undertakes Research, Other Charitable Activities
- **What:** General Charitable Purposes, Education/training, Other Charitable Purposes
- **Who:** People With Disabilities, People Of A Particular Ethnic Or Racial Origin, Other Defined Groups, The General Public/mankind

Geography

- **Area of benefit:** IN HE UNITED KINGDOM AND ELSEWHERE.
- Throughout England And Wales

Finances

Period end	Income	Expenditure	Assets	Employees
2025-03-31	£923,614	£1,047,036	£272,750	8
2024-03-31	£659,667	£954,101	£396,172	6
2023-03-31	£260,805	£537,230	-	-
2022-03-31	£983,036	£465,082	£967,031	6
2021-03-31	£459,615	£515,474	-	-

Trustees

Name	Role	Appointed
Sushil Kumar Saluja	Chair	2020-12-04
Carmen Whitelock		2019-10-10
Fiona Clark		2020-01-23
Joanne Filbin		2022-09-14
Katharine Neale		2023-12-05
Martin Powell		2021-04-27
Nicolas Turner		2020-06-12
Robert Elder		2021-01-21
Shravan Joshi		2025-07-09
Suzanne Scatliffe		2022-09-14
Taraneh Burton		2022-09-14

HEART OF THE CITY OF LONDON LIMITED

England & Wales - Charity number 1117212

Accounts

HEART OF THE CITY OF LONDON LIMITED



HEART OF THE CITY ANNUAL REPORT for the year ending 31 March 2025

Company Name: Heart of the City of London Limited

Charity number: 1117212

Company number: 5973126

HEART OF THE CITY OF LONDON LIMITED 31 March 2025

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HEART OF THE CITY OF LONDON LIMITED

Reference and Administration Details

Charity Name:	Heart of the City of London Limited
Charity Number:	1117212
Company Number:	5973126
Registered Address:	Atlantic House, 21 Holborn Viaduct, London, EC1A 2FG
Operational Address:	Innovation Growth Department, Guildhall, London EC2V 7HH
Company Secretary:	Hogan Lovells, Atlantic House, Holborn Viaduct, London, EC1A 2FG
Banker:	Lloyds TSB Bank plc, City Office, PO Box 72, Bailey Drive, Gillingham, Kent ME8 OLS
Auditor:	Crowe U.K. LLP, 55 Ludgate Hill, London, EC4M 7JW
Trustees:	Fiona Clark Rob Elder Taraneh Farzaneh Joanne Filbin Kate Neale Martin Powell Sushil Saluja (Chair) Suzanne Scatliffe Paul Singh (from 28 May 2024) Nick Turner Carmen Whitelock
Director:	Maggie Berry (until 14 May 2024) Andy Melia (from 15 April 2024)
Treasurer:	City of London Corporation

HEART OF THE CITY OF LONDON LIMITED

The Trustees

Fiona Clark as a graduate of the Heart of the City's Foundation Programme, and now as an Alumni Member, Fiona brings her personal experience and perspective as an SME to the Board of Trustees. As Practice Director at David Miller Architects (DMA) she has put responsible business at the heart of their practice. By supporting the communities where they work, attracting diverse new talent to the construction industry and actively committing to Net Zero, DMA shows that size is not a barrier, and that SMEs can make a real difference. As a result, DMA and their team have thrived whilst enjoying helping others. Fiona sits on the boards of Westminster Business Council and The Fitzrovia Partnership BID who also encourage responsible business. She is particularly proud that DMA's social value creation, especially their work experience programme, has been recognised with a prestigious City of London Lord Mayor's Dragon Award and a Westminster City Council Lion Award.

Rob Elder is the Bank of England's Agent for Greater London, since May 2018. He joined the bank in 1998, and for twelve years supported the Monetary Policy Committee as an economist and then senior manager. Between 2010 and 2012 he represented the UK on the board of the International Monetary Fund in Washington DC. When he returned, he worked in our press office, and most recently, supported our Financial Policy Committee by running a team monitoring developments in the UK banking sector. Between 1990 and 1998 Rob worked as an economist and forecaster at HM Treasury, British Telecom and Manchester University. He also taught English in Japan for a year. Rob studied economics at Manchester University (first degree) and Warwick University (master's degree).

Taraneh Burton leads on Government Relations for Barclays, focusing on major policy, legislative and reputational developments, and issues such as prudential regulation, sustainability and D&I. She has spent most of her career focusing on SME policy and until recently headed up Government Relations for Business and Corporate Banking. She also managed Barclays' regional Comms and Public Affairs team. Taraneh represents Barclays in discussions with policymakers and politicians at international and national levels and advises the firm's senior management on the potential impact of legislation and public policy. This involves designing and executing campaigns focused and working with stakeholders across government.

Joanne Filbin co-founded Globacap, a UK regulated fintech driving the evolution of capital markets by making processes frictionless through automation. The business now operates globally, deploying tech for large institutions such as Johannesburg Stock Exchange. The platform has hosted over 60 primary placements, settled £135m secondary liquidity, and digitised over £10bn of private securities. Prior to Globacap, Joanne independently advised private equity funds' portfolio companies on operational improvement and profitability enhancement and has held a number of senior roles in transformation at large corporates. Joanne trained as a Chartered Accountant at KPMG, where she spent seven years in both Audit and Transaction Advisory. She also holds an MBA from London Business School.

Kate Neale is Climate Action Director at the City of London Corporation, leading their net zero and climate resilience programmes. She and her team coordinate work delivered across the Corporation to deliver net zero in our own operations by 2027, the value chain and the wider Square Mile by 2040, whilst embedding climate resilience. Kate joined the Corporation with over a decade's experience in property sustainability – most recently creating Cadogan Estate's first sustainability strategy, encompassing net zero, climate risk, air quality, circular economy, water and greening, as well as employment and skills, and social value.

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Martin Powell is Group sustainability Director at AXA leading the sustainability outcomes across the group. He previously held roles with Siemens in London and New York in Urban Development and sustainability. He has been involved in building strategies and developing pathways for organizations to achieve ESG improvement as well as roles in energy purchasing and Green Funds. Prior to this, he was the Deputy Mayor of London for Energy & Environment to the former Mayor of London, Boris Johnson, responsible for policy in water, waste, air quality, energy, climate change mitigation and adaptation and biodiversity. He was also the Executive Director for the design and delivery of the City's environmental programmes. As Managing Director of Cambridge Management & Research he worked for the Energy Saving Trust and the Institute for Sustainability and was also Special Advisor to the C40 Cities Group chaired by Michael R Bloomberg during his time as Mayor of New York. An Engineer, he built his career working with organizations as a consultant to structure their projects and programs. He has two published books - "Better Cities, Better Life" and "Smart Cities - Cities in the Digital Age" and his "The Climate City" from Wiley publishing which involves contributions from 30 experts in the sustainable city sector.

Suzanne Scatliffe is Global Sustainability Director at AXA XL, where she leads the global sustainability strategy and programs. Suzanne has 17 years' experience in CSR and sustainability roles in the insurance, technology, and education sectors, and is a certified Sustainability Practitioner (IEMA) and Fellow of the Institute of Corporate Responsibility and Sustainability (ICRS). She served as Chair of the Board of Directors of the Insurance Industry Charitable Foundation (IICF) UK from 2018-2021 and volunteers as a Heart of the City Mentor, helping small businesses in the UK develop CSR and Sustainability initiatives.

Sushil Saluja is Chairman of Heart of the City. He is also a governor of Greenwich University and a Trustee of the British Council, where he chairs the commercial board. He is a senior business leader and advisor, focused on international business, technology-led transformation and education. With over 30 years' prior experience at Accenture, Sushil has led business units in EMEA (based in London) and Asia Pacific (based in Hong Kong) and launched FinTech accelerators in Hong Kong and Dubai. Sushil graduated in engineering from Pembroke College, Cambridge. He was previously a Trustee of the Princes' Teaching Institute (PTI) and on the board of TheCityUK.

Paul Singh is Lead Member for SMEs for the City of London Corporation and is a prominent figure in the property and construction industry, transitioning from labourer to Founder and CFO of EEDN Ltd., which specialises in design and project management for technical real estate. Paul has made significant contributions to industry standards releasing the building standards for life sciences real estate in 2023 – Constructing Science. His insights have regularly been featured in both industry and business publications such as EG and London Business Matters and is an influential speaker, particularly committed to driving prosperity and meaningful change within communities. He holds a number of board and advisory positions including within the City of London Chamber of Commerce and has recently been appointed to improve bilateral business relations between the UK and Italy by the respective embassies.

Nick Turner Strategist, advisor and futures thinker, Nick is the founder and Managing Partner of Stratforma, an advisory boutique that offers counsel to senior decision makers at multi-national organisations. Nick is the product of Silicon Valley and Wall Street, having served as a Managing Director and head of Strategy at Morgan Stanley, after a number of years spent in the high-technology industry in California. As a strategy consultant, Nick was the Co-President of scenario planning and experiential learning pioneers Global Business Network (GBN) and a Senior Partner of

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Michael Porter's Monitor Group. Nick is a visiting lecturer in strategy, scenario planning and innovation at leading business schools, including London (LBS), Imperial College and INSEAD. Nick is also a Trustee of the educational charity, Ambition Institute. He previously served as a board member of the Mayor of London's Enterprise Panel (LEP), The London Skills and Employment Board (LSEB) and chaired the London Employer Coalition (LEC).

Carmen Whitelock brings over 15 years of digital marketing, brand and corporate communications experience to our board. Currently the Digital Marketing Lead at Cynergy Bank, Carmen has designed and delivered award-winning websites, apps, brand and digital marketing strategies for organisations including Cazenove Capital, M&S, RSA Insurance Group, Arup and Save the Children UK. Carmen continues to build and maintain a broad network of industry experts and influencers.

HEART OF THE CITY OF LONDON LIMITED

Council of Members

Name	Title	Organisation
The Rt Hon. Lord Mayor of the City of London	Co-President	Heart of the City
Governor Andrew Bailey	Co-President	Bank of England
Sushil Saluja	Chair	Heart of the City
Nicola Atkinson (until 30 October 2024)	COO, UK and Ireland	Deutsche Bank AG
Zakir Bokhari	Vice-chair and the London City Senior Partner	Deloitte UK
Tim Clement-Jones CBE	Chairman of the Council	Queen Mary University
Aedamar Comiskey	Senior Partner and Chair	Linklaters LLP
Michael Davison	Deputy CEO	Hogan Lovells
Georgia Dawson	Senior Partner	Freshfields Bruckhaus Deringer
Melissa Fogarty	Joint Head of Corporate, London Partner	Clifford Chance
Jo Goddard	Sustainability Director	Green and Good Consulting
Alison Gowman (from 01 October 2024)	Alderman, Ward of Dowgate	City of London Corporation
Prem Goyal	Alderman, Portsoken	City of London Corporation
Chris Hayward	Chairman of Policy and Resources	City of London Corporation
Tom Heylen	UK Clients and Sectors Partner	DLA Piper UK LLP
Laura Hinton (until 19 July 2024)	Executive Board Member and Head of People	PwC
Hemione Hudson (from 19 July 2024)	Global Chief Risk and Regulatory Officer, UK Chief Network Officer	PwC
Andreas Luginbuehl	Managing Director, Chief of Staff to the President EMEA, Head Non-Core & Legacy and UK CEO	UBS Group AG
Sarah Mullally	Bishop of London	Church of England
Phillipa O'Connor (from 01 October 2024)	Chief People Officer	PwC
Paul Plewman	CEO for EMEA and Head of Commodities and Global Markets EMEA	Macquarie Group Limited
Giles Shilson	Chair	Bridge House Estates

Note, this list reflects companies and job titles when individuals were in post as Council members.

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Trustees' Report

Structure, Governance and Management

The annual report and audited financial statements have been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption, including the exemption from preparing a strategic report. Part of our objectives includes ensuring our governance framework is robust and enables us to achieve our mission. This section explains how we achieve this.

Governing Document

Heart of the City is a company limited by guarantee, incorporated on 20 October 2006 and registered as a charity on 11 December 2006. The organisation was originally established under a Memorandum of Association, which set out the charitable company's objects and powers, and is governed by its Articles of Association. In 2010, the Memorandum and Articles of Association were consolidated and updated in accordance with the Companies Act 2006. In the event of the company being wound up, each member is required to contribute a sum not exceeding £10. In May 2015, the charitable objects were updated to better reflect Heart of the City's mission. At the same time, the governing documents were revised to align with the requirements of the Charities Act 2011.

Recruitment and Appointment of the Board

The directors of the company ('the Board') are also charity Trustees for the purposes of charity law and under the company's articles are known as 'the Trustees'.

Selection Process for Board Members

The recruitment of Trustees is conducted through open advertising to attract a diverse range of candidates. Appointments are made based on the skills and experience required to ensure a balanced and effective Board. All appointments are approved by a vote of the existing Trustees, and a resolution confirming the appointment is signed by the Chair. In addition, one Trustee is nominated by the City of London Corporation (CoLC).

Board Induction and Training

As part of their selection and subsequent induction, potential/new Board members are invited to meet the Director, Chair and other Trustees to talk through the role and responsibilities of Trustees, the work of the charity and its governance structures. New Board members are given the business plan, recent annual report and other information including promotional materials and funder reports. Board members are invited to attend the charity's events and workshops and receive updates on the charity's work in the Director's Report, which is presented as a key agenda item at each Board meeting.

Management Framework

In addition to its Board, Heart of the City has a Council of Members. The members of the Board and the Council are all members of the company. The Council, which comprises the Lord Mayor and the Governor of the Bank of England (both acting as co-Presidents), the Chair of the CoLC's Policy and Resources Committee, and senior business leaders, meets every six months. In addition, Council members attend Heart of the City events. Council members are ambassadors for the charity, championing the growth of effective responsible business practice within their own companies and within member businesses.

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The Board met six times in 2024-25 and is responsible for determining Heart of the City's major strategic, financial and other policies. As of 31 March 2025, the Board has eleven members from a variety of professional backgrounds relevant to the work of the charity. Day-to-day responsibility for the provision of the services rests with the Director and their team. The Director is responsible for ensuring the charity delivers the specified programme and that key performance indicators are met. They also undertake individual supervision and appraisal of the team, ensuring that they continue to develop their skills and working practices in line with good practice and the Heart of the City business plan.

Conflicts of Interest

The Trustees receive no remuneration. No Trustee expenses were claimed during the year. The Board has revised and adopted the charity's Memorandum and Articles of Association, to reflect the provisions of the Companies Act 2006 relating to conflicts of interest. Trustees have a duty to avoid situations in which they have or can have a direct or indirect interest that conflicts, or may possibly conflict, with the interests of the charity. Trustees are asked to declare any conflicts of interest at the start of each Board meeting.

Relationship with the City of London Corporation

The Director and their team are housed by the City of London Corporation and, in addition to core funding, receive considerable practical support from the Corporation in the shape of human resources advice, financial processing and other administration. Heart of the City staff are employed by the Corporation and seconded by the CoLC to the charity.

Health and safety, employment policy and internal and financial audit are integral parts of the administration provided by the CoLC. The terms of a service level agreement between CoLC and Heart of the City help the Trustees to satisfy themselves that their own responsibilities in these areas are met.

Risk Management

In this financial year, the Board continued to review and update its risk register. Identified risks fall broadly into four categories: strategic, financial, operational (including programmes, customers, personnel, premises, and volunteers), and governance (including legal and reputational risks). In addition, in line with ISA240, Trustees have considered the specific risk of fraud relating to both the charity's finances and its assets.

The Board has established systems and procedures to mitigate these risks as far as reasonably possible. While these systems can significantly reduce risk, they cannot provide absolute assurance that all risks have been fully identified or managed. Internal control procedures are designed to support delivery of the charity's mission, maintain expenditure within available income, and safeguard the charity's assets.

An annual budget is set each year in line with the goals and targets outlined in the business plan to manage financial risk. Performance against budget is monitored monthly by the Director, with quarterly management accounts prepared for Board review. In addition, regular reforecasting exercises are undertaken to adapt to changes in the economic environment or shifts in income expectations. A set of key performance indicators (KPIs) covering both financial and non-financial measures is used to monitor delivery against the major targets of the business plan.

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Key risks currently identified by Heart of the City and the strategies in place to mitigate them include:

- **Long-term funding** – The funding environment across the charity sector remains highly competitive. Heart of the City has developed a funding strategy supported by investment in key business development roles to diversify income. This includes the development of new partnership models aimed at securing larger public sector funding contracts and a commercial model to increase income from a broader range of corporates. As part of a wider strategic review, the charity is refining its impact model to strengthen future funding bids with robust outcomes data.
- **SME recruitment and engagement** – The cost of living crisis continues to impact SME participation in our responsible business and climate programmes. In response, we have refined our programme offer and recruitment messaging to enhance relevance and appeal. We've developed new partnerships, for example, through Minority Business Matters, and created models whereby corporates bring their SME supply chains into our programmes. Hybrid delivery remains central to our engagement strategy, extending our reach beyond London. We also work closely with a network of partners to broaden our SME recruitment efforts and ensure ongoing programme value.
- **Co-delivery partnership with MSDUK** – Our first co-delivery project, delivered through Minority Business Matters in partnership with Minority Supplier Development UK (MSDUK), introduces new operational, governance, and risk management challenges. A partnership agreement signed by both Boards is in place, and a joint steering group comprising senior leaders from both organisations has been established. A dedicated project lead oversees delivery, supported by regular operational and governance meetings. Progress and risks are reviewed regularly with the Greater London Authority (GLA), which funds the initiative, and KPIs have been established to ensure accountability.
- **Ongoing changes in key funding relationship** – In March 2021, Heart of the City entered into a four-year delivery based funding partnership with the City of London Corporation (CoLC), linked to delivery targets under the Corporation's Climate Action Strategy. This arrangement provides income security until March 2025 but introduces risk related to the nature of future funding from CoLC. To manage this, the charity continues to build relationships with senior CoLC stakeholders at both Board and Council levels.
- **Team restructure** – Through 2024/25, Heart of the City undertook a review of team structure, to ensure alignment with the organisation's evolving strategy, funding model, and delivery priorities. Whilst this positions the charity for long-term success and reduced the charity cost base, it also presented short-term risks related to organisational stability, knowledge transfer, and staff morale. To mitigate these risks, a detailed transition plan was implemented, including clear communication with staff, staggered recruitment timelines, induction and training plans for new roles, and regular oversight from the Board and Director. The Reserves Policy was reviewed to ensure sufficient funds were available to manage potential disruptions and support continuity of operations during the transition period.

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- **External attack on IT systems** – The charity remains vigilant regarding cybersecurity risks, including potential data breaches, reputational harm, and disruption to core operations. In June 2023, Heart of the City achieved Cyber Essentials Plus certification and is reaccruited annually. Office functions are supported by cloud-based services such as Office 365, SharePoint, and Salesforce. SharePoint, provided by the City of London Corporation, houses all business-critical documents. System suppliers and CoLC IT teams provide ongoing monitoring and security updates. The charity also undertakes annual reviews of its insurance coverage and business continuity plan.

Fundraising

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. Although we do not undertake fundraising from the general public, the legislation defines fundraising as “soliciting or otherwise procuring money or other property for charitable purposes.” Such amounts receivable are presented in our accounts as *Income - Donations* and include grants.

In relation to the above we confirm there is no involvement of professional fund-raisers or third parties. The day-to-day management of all income generation is delegated to the Director, who is accountable to the Trustees. Any solicitations would be managed internally. The charity is not bound by any undertaking to any regulatory scheme and the charity does not consider it necessary to comply with any voluntary fundraising codes of practice.

We have received no complaints in relation to fundraising activities. Our terms of employment require staff to always behave reasonably. As we do not approach individuals for funds, we do not have a particular reference to fundraising activities, nor do we consider it necessary to design specific procedures to monitor such activities.

Charity Governance Code

The Trustees are supportive of the Charity Governance Code and its aim to assist in the development of high standards of governance throughout the charity sector. In 2018 the Trustees reviewed the Code and the charity's current practice. The charity's governance was found to be in line with the key areas of the Code. The Trustees have continued to act in line with the Code in 2023-24 and will keep the Code under review in 2024-25.

The Board were asked to approve the following paragraph for inclusion in the 2024-25 accounts:

The Trustees are supportive of the Charity Governance Code and its aim to assist in the development of high standards of governance throughout the charity sector. Trustees reviewed the code in 2025, and the charity's governance was found to be in line with the key areas of the code. The Trustees have continued to act in line with the Code and will progress further actions through 2025-26, including on the duty of directors, reviewing the Trustee induction pack and equality, diversity and inclusion. Trustees will keep the Code under regular review.

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Objectives and Activities for the Public Benefit

Our vision is that every business can be a force for good.

Our purpose is to galvanise company leaders to do good business.

Our mission: We inspire and empower business leaders to build successful companies that make a positive difference to people, places and the planet. Heart of the City does this through equipping leaders with tools and practical advice and connecting them with professionals working in mature businesses who provide coaching support.

Our Charitable Objectives

The Board of Trustees confirms that it has referred to the Charity Commission's general guidance on public benefit when reviewing Heart of the City's aims and objectives and in planning future activities. Consequently, the Trustees consider that Heart of the City operates to benefit the general public and satisfies the public benefit test.

Heart of the City promotes the voluntary sector for the benefit of the public by:

1. Making best practice in corporate social responsibility easily accessible to companies through peer-to-peer knowledge sharing, in order to effectively promote ethical standards and increase positive impact on communities and the environment;
2. Promoting charitable giving by companies and organisations and encouraging individuals to participate in voluntary work, providing education and training on subjects relevant to the efficiency of the voluntary sector and assisting in the provision of financial, technical and other resources to the voluntary sector; and
3. Such other charitable objects as the Trustees shall consider appropriate.

Our objectives in 2024-25 which enabled us to fulfil our charitable objects were:

1. Supporting SME members with responsible business
2. Supporting SME members with climate action
3. Expand our work with large organisations to enable them to support SMEs in their value with responsible business activities

Our Activities and Impact in 2024-25

To meet our objectives, Heart of the City delivered a range of programmes and partnerships during the 2024-25 financial year. Our work focused on supporting small and medium-sized enterprises (SMEs) to embed responsible business practices, take climate action, and benefit from opportunities across public and private sector supply chains.

1. Supporting SME Members with Responsible Business

In summer 2023, we launched a new partnership with MSDUK, the UK's leading supplier diversity organisation. This initiative, Minority Business Matters, is funded by the UK Government through the UK Shared Prosperity Fund and supports ethnic minority-owned businesses to become supplier-ready by embedding social value, responsible business, and net zero strategies. These businesses

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access our Foundations for Responsible Business (FfRB) programme as part of their journey toward becoming competitive suppliers in both the public and private sectors.

The FfRB programme supports SMEs across multiple sectors and is open to all SMEs, regardless of business model or location. During the 2024–25 financial year, we supported 166 SMEs, including those starting or ending their membership within the period. We recognise that each business is unique, and we provide flexible access to expert-led content, workshops, surgeries, and networking opportunities tailored for time-poor SME leaders.

This year, members had access to 20 responsible business learning events, including two in-person networking sessions. Our most attended sessions included “Lunch and Learn” events focused on social value and a practical workshop run in collaboration with the Living Wage Foundation.

Our bespoke work with Places for London continued. This programme supports up to 40 tenants to build responsible business practices, measure their carbon footprint, and become accredited Living Wage Employers.

Through our partnerships with MSDUK and Places for London, we engaged more consumer-facing (B2C) SMEs than in previous years, broadening our historic focus on B2B businesses. This shift has encouraged us to deliver more support around community impact and sustainability messaging, key priorities for these businesses.

2. Supporting SME Members with Climate Action

In March 2021, we agreed a four-year funding relationship with the CoLC. CoLC have set a target for the Square Mile to achieve net zero carbon emissions by 2040. The reduction in emissions from small businesses is essential in achieving this. We agreed to work together to support SMEs to measure their carbon footprints and to develop and implement net zero action plans. We developed a training programme called ‘Climate for SMEs: 4 steps to action’ along with an accompanying Climate Action Toolkit that is free to access for any SME.

The Climate for SMEs course came to a close at the end of March 2025. Over the four years, 217 SMEs have engaged with the training programme, and 82 have graduated from the programme meaning they have measured their carbon footprint, set a net zero target and developed a net zero action plan. The projected science-aligned emissions reductions from the 80 graduate SMEs equates to a reduction of over 66,500 tCO₂e when the SMEs collectively achieve net zero. In addition, our Climate Action Toolkit has been used by 1405 SMEs to support them with getting started on their net zero journey.

We also ran a series of online education sessions on climate action topics. Between April 2024 and March 2025, these sessions covered how to get started with your net zero journey, aligning your strategy with the UN Sustainable Development Goals, how the circular economy can revolutionise your business, and an introduction to Environmental Management Systems. By March 2025, 827 SMEs who are based or operating in the Square Mile attended an education session and understand the importance of climate action.

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From January to March 2025, we piloted a new delivery model for our climate course tilted the 'Net Zero Accelerator'. This shorter intensive course focused on helping SMEs at the start of their net zero journey. Over the 10 weeks the participants learnt the importance of working towards net zero and were guided through measuring a carbon footprint, setting a net zero target and developing a net zero action plan. The course was delivered through four in-person workshops, access to online resources and 1:1 support. A total of 21 SMEs took part in the programme, with 17 either based in the Square Mile, operating within it, or supplying the City of London Corporation. So far, 62% (13 of the 21 SMEs) have successfully measured their carbon footprints. Based on these figures, we project science-aligned emissions reductions of 12,555 tCO₂e once all participants reach net zero.

3. Supporting Large Organisations to Drive Responsible Business in Supply Chains

Our work with the City of London Corporation, and the learnings from the Climate for SMEs: 4 Steps to Action course, has enabled us to develop our climate programme offer and we are increasingly delivering bespoke climate programmes for the SME suppliers of larger organisations. These programmes focus on working with SME suppliers on the measurement of their carbon footprints, setting of net zero targets, developing a net zero action plan and, in some cases, submitting their targets to the Science Based Target initiative (SBTi). Alongside this, the programmes support the larger organisations with their own net zero goals.

Over the last year we ran programmes for Canary Wharf Group, a commercial and residential property management and development company, and Pinsent Masons, a law firm. The Canary Wharf Group's SBTi Mentoring Scheme took place from January to the end of August 2024 and had 27 SMEs take part. The Pinsent Masons' Road to Net Zero SME Partnership ran from February to the end of October 2024 and had 16 SMEs take part. Both these programmes included nine sessions which were a mix of workshops, focused on upskilling the SMEs on measuring a carbon footprint and developing a net zero action plan, surgery sessions, a chance for the SMEs to ask any questions they had, and a data sense check, which provided an opportunity for us to go through the SMEs carbon footprint data in detail. The combined projected science-aligned emissions reductions from these two programmes equates to a reduction of over 119,000 tCO₂e when the SMEs collectively achieve net zero.

In January 2025 we launched the first cohort of the QBE Collaborative, Action for Reducing Emissions in Suppliers (CARES) programme, for the insurance company, QBE, and a group of seven of their Tier 1 suppliers, with 41 SMEs taking part. The first cohort is running till June 2025. The second cohort will be taking place from May to November 2025.

Key Challenges in 2024–25

While our programmes have delivered tangible impact, we continue to navigate a number of operational and sector-wide challenges:

- **Income diversification** remains a priority. Although our bespoke supply chain programmes have opened up promising funding routes, we continue to rely on a blend of grant funding, corporate partnerships, and earned income to ensure financial sustainability. We are refining our delivery and pricing models to attract long-term partners.

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- **SME recruitment** and engagement remains affected by the broader economic climate. Many SMEs still face financial constraints and time pressures, limiting their ability to pay for support or fully engage with free programmes. Free access, enabled by grants or corporate sponsorship, remains vital for inclusion.
- **Participant dropouts** from climate programmes are an ongoing challenge, often due to staff turnover, time constraints, or shifting business priorities. We have responded with increased email support, 1:1 coaching, and more flexible delivery. Notably, engagement and completion rates are significantly higher in supply chain programmes, where both accountability and incentives are clearer.
- **Changing interests** mean we have broadened the environmental content within the FfRB programme to include nature and biodiversity, in response to growing interest from SMEs. While carbon reporting is often essential for B2B SMEs and public sector suppliers, consumer-facing SMEs have found broader sustainability messaging more relevant. Nonetheless, we continue to advocate for carbon measurement as a key step in understanding environmental impact.

Future Plans

Our focus over 2025-2026 will be the development of a long-term strategy that enhances both our reach and impact, underpinned by a sustainable and diversified financial model.

At the heart of this strategy will be the creation of a comprehensive impact framework to better measure, understand, and communicate the difference we make. By evidencing our impact more clearly, we will strengthen our ability to engage funders, partners, and policymakers, and support the next phase of our income diversification efforts. While the development of this framework remains a priority, we will delay the implementation of the impact assessment framework to 2026/27 to ensure it is fully aligned with our evolving strategic objectives and supported by robust data and resources. This framework will help us demonstrate how our work contributes to thriving communities, inclusive economic growth, and environmental sustainability by supporting SMEs to embed responsible business practices. We will also review the delivery and outcomes of our Minority Business Matters programme to identify how we can replicate its success and apply its learnings to other areas of our work.

Our partnership with MSDUK has proven the value of deep, co-designed collaborations and opened the door to new models of programme delivery. We will actively explore further partnerships that align with our mission and offer opportunities for innovation, scale, and long-term financial resilience.

Our Foundations for Responsible Business (FfRB) programme will continue to evolve, with a focus on ensuring content remains practical, accessible, and relevant to SMEs navigating an increasingly complex business landscape. We will expand our climate action offering, ensuring SMEs have access to the most up-to-date tools and guidance to reduce emissions and operate more sustainably. Enhancements to our online learning platform (Thinkific) will support greater

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reach and flexibility, and we will explore opportunities to grow our work beyond London, including through regional and national partnerships.

From 2025 to 2027, we have a new funding relationship with the City of London Corporation in which we will be working more closely with the Responsible Procurement team and the Investment Property Group. Over the next two years we will be running iterations of the Net Zero Accelerator programme specifically for the suppliers and tenants of the Corporation. As well as reaching more SME suppliers and tenants of the Corporation, we will be providing ongoing support to businesses who have graduated from our climate action programmes. This will be carried out throughout a series of workshops that will explore progress with implementing net zero plans and support to overcome common barriers facing SMEs. We will be launching a climate programme graduate survey to understand where and how SMEs have made good progress and identify the challenges that are hindering SMEs ability to deliver their net zero action plan and achieve emission reductions. As well as providing on-going support, the new relationship has two strands of work focused on influencing and increasing engagement:

- Running three training workshops with asset managers and contract managers to share the basics of developing a net zero action plan and common challenges facing small businesses. Insights generated from these sessions will be used to inform our wider engagement plan with property managers and landlords.
- Convening a series of roundtables to bring together SMEs and property managers, including private and public landlords and property management companies, to explore barriers to engagement and development of carbon footprints and how they can work more effectively together on their net zero journeys.

Raising our visibility and influence will also be a key priority. We want Heart of the City to be recognised as the go to organisation for responsible business support for SMEs by local and national government, corporates, and SMEs themselves. To achieve this, we will strengthen our communications, build strategic relationships, and develop our advocacy and influencing role, drawing on insights from our programmes such as Minority Business Matters and our bespoke supply chain initiatives.

As we move into our next chapter, Heart of the City is committed to ensuring that more SMEs across the UK are equipped to deliver positive impact for their communities, employees, customers, and the environment now and for the future.

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Financial Review

Income and Expenditure

In 2024–25, the charity's total income was £923,614, an increase from £659,667 in 2023–24. This growth reflects strong engagement from our SME members and continued support from corporate partners who sponsored SMEs to participate in our programmes. The charity's grant from the City of London Corporation (CoLC), totalling £800,000 over four years (2021–22 to 2024–25), was fully recognised in 2021–22. As a result, there was no new grant income from this source during the reporting period. After accounting for income and expenditure, the charity recorded a net deficit of £123,422 for 2024–25, an improvement on the £294,434 deficit reported in the previous year. Total expenditure for the year was £1,047,036, compared with £954,101 in 2023–24. This increase reflects the recruitment of an additional team member to support programme delivery, as well as higher software costs from external suppliers. These expenses were anticipated and remained within the planned budget.

Looking ahead, projected income and expenditure for 2025–26 are expected to remain in line with budget forecasts, supporting the charity's ongoing stability and delivery of its strategic objectives.

Reserves Policy

The charitable company's policy is not to accumulate restricted reserves as its two main funders provide resources for the furtherance of the charity's activities, and not for sums to be held in reserve other than for wind-down and contingency operational purposes. Unrestricted funds may be carried forward to be spent in future years in line with charitable activities.

The charity held a total of £272,750 of unrestricted reserves at 31 March 2025. This is above our minimum target level of six months of operating costs (£240,000). However, in view of the current economic environment and our focus on income diversification, the trustees reviewed our reserves after the financial year end and agreed to invest any surplus unrestricted reserves in developing the charity's fundraising capacity, to diversify our sources of income.

Donations Policy

If there are concerns about the reputation of the donors or the extent of influence over the organisation sought by the donor, the executive will consider the matter with the chair of the board. They will specifically include in their consideration whether there is a threat to the reputation of the charity, or to its independence.

Investment Policy

Most of the charitable company's funds are to be spent in the short term so there are no funds for long term investment. An investment policy is therefore not considered by the trustees to be appropriate for the time being.

Going Concern

The Trustees have assessed the organisation's financial position and its ability to continue operating for at least 12 months from the date of approval of these financial statements. This assessment has considered the charity's current reserves, year-to-date financial performance,

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committed income for the forthcoming period, expected expenditure, and the wider funding environment.

Recognising the organisational resilience demonstrated over the past year and the ongoing support received from key partners, notwithstanding headwinds and a challenging funding landscape, the Trustees are satisfied that the charity has adequate resources to continue for the foreseeable future and for at least 12 months from the date of signing these financial statements.

Accordingly, the financial statements have been prepared on a going concern basis.

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The Financial Statements

The financial statements have been prepared in accordance with the accounting policies set out in Note 1 to the accounts and comply with the charity's trust deed, the Charities Act 2011 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 from 1 January 2015 and the Companies Act 2006. The financial statements consist of the following and include comparative figures for the previous year.

- Statement of Financial Activities showing all income and all expenditure incurred and reconciling all changes in the funds of the charity
- Balance Sheet setting out the assets and liabilities of the charity
- Statement of Cash Flows shows the movement in cash for the year
- Notes to the Financial Statements describing the accounting policies adopted and explaining information contained in the financial statements

Responsibilities of the Trustees

Company law requires the board to prepare financial statements for each financial year which give a true and fair view of the charitable company's financial activities during the year and of its financial position at the end of the year. In preparing financial statements giving a true and fair view, the board should follow best practice and:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards and statements of recommended practice have been followed
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation

The board is responsible for keeping accounting records which disclose with reasonable accuracy the financial position of the charitable company and which enable them to ensure that the financial statements comply with the Companies Act 2006. The trustees are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The board, who are directors for the purposes of Company law and trustees for the purposes of charity law, who served during the year and up to the date of this report are set out on page 2.

In accordance with Company law, as the company's directors, we certify that:

- so far as we are aware, there is no relevant audit information of which the company's auditors are unaware
- we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information

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- with the continued support of the City of London Corporation and the securing of the UKSPF grant combined with corporate sponsorship secured, there are adequate assets to fulfil the obligations of the charity

Adopted and signed for and on behalf of the board.

A handwritten signature in blue ink, reading 'Sushil', with a horizontal line underneath.

Sushil Saluja
(Chair of Trustees)

Date: 29 January 2026

HEART OF THE CITY OF LONDON LIMITED

Independent Auditor's Report to the Trustees and Members of Heart of the City of London Limited

Opinion

We have audited the financial statements of Heart of the City of London Limited ('the charitable company') for the year ended 31 March 2025 which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash Flows and 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 Financial Reporting Standard 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 2025 and of its income and expenditure, 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 charitable company 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 trustee's 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 charitable company'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.

Other information

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements

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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 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 have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charitable company and their 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 and proper accounting records have not been kept; 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; or
- 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' directors' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 19 the trustees (who are also the directors of the charitable company for the purposes 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.

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In preparing the financial statements, the trustees are responsible for assessing the charitable company'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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 together with the Charities SORP (FRS102) 2019. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company for fraud. The laws and regulations we considered in this context for the UK operations were General Data Protection Regulation (GDPR) and Health and Safety Legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

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We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of grant income, project income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, and the Board of Trustees about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission, sample and cut-off testing of income and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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 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 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.

Tina Allison
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London

Date:

HEART OF THE CITY OF LONDON LIMITED

Statement of Financial Activities for the year ended 31 March 2025

	Notes	Unrestricted Fund £	Restricted Fund £	Total 2024-25 £	Total 2023-24 £
Income and Endowments from:					
Donations and Legacies		42,500	-	42,500	-
Charitable Activities		222,085	590,024	812,109	483,918
Interest and Other Income		13,534	-	13,534	11,181
Contributions in-kind		55,471	-	55,471	164,568
Total Income	4	333,590	590,024	923,614	659,667
Expenditure on:					
Charitable Activities		457,012	590,024	1,047,036	954,101
Total Expenditure	5	457,012	590,024	1,047,036	954,101
(Expenditure) and net movement in funds		(123,422)	-	(123,422)	(294,434)
Reconciliation of funds					
Total Funds brought forward		396,172	-	396,172	690,606
Total Funds carried forward		272,750	-	272,750	396,172

All operations are continuing. There are no recognised gains or losses other than the results for the period set out about above.

The result of net movement in funds is the same as the profit/loss figure under Companies Act 2006.

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Balance Sheet as at 31 March 2025

Notes

2025

2024

£

£

Current Assets

Debtors

7

161,587

415,130

Cash

240,596

165,163

402,183

580,293

Liabilities

Creditors: Amounts falling due within one year

8

129,433

184,121

Total Assets less Current Liabilities

272,750

396,172

The funds of the Charity:

Unrestricted income funds

272,750

396,172

Restricted Funds

-

-

Total Charity funds

9

272,750

396,172

The accounts have been prepared in accordance with the provision of the small companies' regime within Part 15 of the Companies Act 2006. The financial statement of Heart of the City, with registered company number 5973126 were approved and authorised on behalf of the trustees on 5 December 2025.



Sushil Saluja

(Chair of Trustees)

Date: 29 January 2026

HEART OF THE CITY OF LONDON LIMITED

Statement of Cash Flows at 31 March 2025

		2024-25 £	2023-24 £
Cash flows from operating activities:			
Net cash provided/ (used in) operating activities:	Table 1	61,899	(132,718)
Cash flows from investing activities:			
Interest and Other Income		<u>13,534</u>	<u>11,181</u>
Change in cash and equivalents in the reporting period		75,433	(121,537)
Cash and cash equivalents at the beginning of the reporting period		<u>165,163</u>	<u>286,700</u>
Cash and cash equivalents at the end of the reporting period	Table 2	<u>240,596</u>	<u>165,163</u>

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Table 1: Reconciliation of net (expenditure) to net cash flow from operating activities

	2024-25 £	2023-24 £
Net (expenditure) for the reporting period (as per the statement of financial activities)	(123,422)	(294,434)
Adjustments for:		
Interest and Other Income	(13,534)	(11,181)
(Decrease)/increase in creditors	(54,689)	157,618
Decrease in debtors	253,544	15,279
Net cash provided by/ (used in) by operating activities	61,899	(132,718)

Table 2: Analysis of cash and cash equivalents

	2024-25 £	2023-24 £
Deposits (less than 3 months)	240,596	165,163
Total cash and cash equivalents	240,596	165,163

Table 3: Analysis of changes in cash

	At 1 April 2024 £	Cashflow £	At 31 March 2025 £
Cash	165,163	75,433	240,596

Notes to the Financial Statements

1. Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the charity's financial statements.

(a) Basis of preparation

The accounts (financial statements) have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant notes to these accounts. Heart of the City is a public benefit entity and the financial statements have been prepared in accordance with company law and with the 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 from 1 January 2019 (2nd Edition) and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011.

(b) Going Concern

The trustees have taken into consideration the organisation's current financial situation, its business development pipeline as well as the ongoing challenging economic situation, and they consider the charity to be a going concern. The trustees have carefully considered the impact of the economic environment and the growth of our corporate partnerships, as well as the end of the current four-year agreement with the City of London Corporation and the UK Shared Prosperity Fund. Trustees are confident that the charity's plans for income growth and its ongoing partnership with the Corporation mean that it continues to be a going concern.

(c) Income policies

Items of income are recognised and included in the accounts when all of the following criteria are met:

- the charity has entitlement to the funds;
- any performance conditions attached to the item(s) of income have been met or are fully within the control of the charity or its subsidiary;
- there is sufficient confidence that receipt of the income is considered probable; and
- the amount can be measured reliably

SME memberships are provided on a rolling basis (i.e. an SME can join at any time in the calendar year and their membership will run for 12 months from that date) and so SME membership fees are recognised in the financial year they relate to, with amounts being deferred into the following financial year as appropriate.

Contributions in-kind are included where the benefit to Heart of the City is reasonably quantifiable and measurable and are valued at the price the Charity would expect to pay in the open market which reflects the guidance from the Charities SORP – the value recognised may be lower than, but cannot exceed, the open market value. The value of the in-kind support is only measured and recorded once received. Please see note 4 below for more details.

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(d) Expenditure

Allocation of costs between different activities: All costs are allocated directly to charitable activities. There are no financial commitments.

(e) Pension costs

Heart of the City does not employ any staff directly, all staff are seconded from the City of London Corporation during the year for the purposes of the charity. These staff are entitled to be members of the City of London Corporation's Pension Scheme and the related pension costs are incurred within the secondment recharge.

(f) Funds

The charity has two funds – the unrestricted income fund which contains any unspent annual income carried forward for use in future years, and a restricted fund which comprises grant funding from the UK Shared Prosperity Fund (UKSPF) and is provided with stipulations on spend.

(g) Support costs

The charity does not employ any staff directly. Officers of the City of London Corporation provide administrative assistance to the charity when required. These support costs are accounted for within the in-kind support and cover administrative support received by the finance department, accommodation feed and pro bono expertise. The charity has an in-kind policy which details how in-kind costs are recognised.

2. Tax Status of the Charity

Heart of the City is a registered charity and as such its income and gains are exempt from income tax to the extent that they are applied to its charitable objectives.

3. Indemnity Insurance

The City of London Corporation has taken out indemnity insurance on behalf of Heart of the City. Heart of the City does not contribute to the cost of that insurance.

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4. Income

Income is comprised as follows:

	Unrestricted £	Restricted £	2024-25 £	2023-24 £
Income				
Donations	42,500	-	42,500	-
Membership Fees	26,583	-	26,583	35,857
Grant Income: UKSPF - Minority Business Matters Project	40,659	590,024	630,683	388,373
Project Income – Dragon Awards	-	-	-	15,000
Project income	154,843	-	154,843	44,688
Interest and Other Income	13,534	-	13,534	11,181
Contributions in-kind	55,471	-	55,471	164,568
Total Income	333,590	590,024	923,614	659,667

In 2024-25 restricted income was £590,024 (2023-24: £358,275) and the comparative amount of unrestricted income was £333,590 (2023-24: £301,392).

Grants/Donations

Grant income of £630,383 was received in 2024-25 (2023-24: £388,373); project income of £154,843 has been received from bespoke programmes for both the Foundations for Responsible Business and Climate for SME's programmes; £0 for Dragon Awards (2023-24: £44,688 project income for mentoring programme and £15,000 for Dragon Awards).

Fees

Membership fees are in respect of the paid-for SME membership programmes.

Contributions in-kind

The contributions in-kind of £55,471 (2023-24: £164,568) relate to accommodation provided by the City of London Corporation, pro-bono legal advice and the time spent by Heart of the City's business supporters in assisting with programme promotion and delivery. The decreased contribution in-kind for 2024-25 is due to the team requiring less pro-bono legal support in this financial year.

Interest and Other Income

Interest and other investment income of £13,534 is comprised of income earned on cash and short-term investments that are held within the City of London Corporation's Banking Section.

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5. Expenditure

Expenditure is analysed between activities undertaken directly and in-kind support costs as follows:

	Activities Undertaken Directly	Support Costs	2025 Total	Activities Undertaken Directly	Support Costs	2024 Total
	2025 £	2025 £	£	2024 £	2024 £	£
Charitable activities						
Heart of the City membership programme	1,005,800	41,236	1,047,036	799,661	154,440	954,101
Total Expenditure	1,005,800	41,236	1,047,036	799,661	154,440	954,101

No expenditure is incurred by third parties to undertake charitable work on behalf of the charity.

Charitable activities support costs

Expenditure on charitable activities £31,661 (2023-24: £31,419) includes accommodation, labour, equipment, materials and other supplies and services incurred as the running costs of Heart of the City. This support is provided by CoLC, by individuals within the Heart of the City ambassador network of industry experts as well as by PwC for VAT software use and by Salesforce for CRM use.

Governance support costs

Governance support costs of £9,575 (2023-24: £123,021) relate to the general running of the charity, rather than specific activities within the charity, and include strategic planning and costs associated with trustee meetings. All governance costs are provided on an in-kind basis.

Auditors' remuneration and fees for external financial services: the auditors' fee of £5,725 (2023-24: £5,450) has been paid for 2024-25 by City of London Corporation on behalf of Heart of the City. Hogan Lovells, which provided company secretarial support, have also waived their fee. No other external financial services were provided for the charity during the year or in the previous year.

Trustees' expenses: trustees of Heart of the City are unpaid and do not receive allowances - £0 expenses were paid in 2024-25 (2023-24: £0).

HEART OF THE CITY OF LONDON LIMITED

Analysis of support costs

Support costs	Heart of the City Programmes
Accommodation	£19,607
IT and Marketing	£5,730
Legal	£10,735
Other	£4,714
Speakers and Ambassadors	£450
Total	£41,236

6. Staff Numbers and Costs and Overview of Other Expenditure

	2024-25	2023-24
Salaries	£426,190	£415,447
Pension costs	£88,089	£87,250
National Insurance costs	£47,290	£44,157
Redundancy	-	£3,419
Total staffing costs	£561,569	£550,273

The average number of staff seconded to Heart of the City across the year was 8 (2023-24: 9). This staff number was made up of 12 different individuals working for the charity throughout 2024-25 (2023-24: 12). For 2024-25 there was 1 member of staff with salary above £60,000 (2023-24: 1). Key management personnel include the charity's Director and Head of Programmes roles and their combined total compensation for 2024-25 was £118,722 (2023-24: £176,472).

Staffing costs of £561,569 (salaries, pension and national insurance) represents 57% of Heart of the City's annual costs (2023-24: £550,273 / 70%). Other expenditure of £42,997 during 2024-25 (2023-24: £239,259) included MSDUK costs for the Minority Business Matters project of £276,543 (2023-24: £154,044); marketing services of £35,443 (2023-24: £19,454), £16,335 on systems and computing (2023-24: £28,723), £957 on training and recruitment advertising (2023-24: £3,220), no cost was charged relating to office administration and IT support costs (2023-24: £1,938) and £24,913 on other miscellaneous costs such as subsistence, travel, insurance, equipment and materials (2023-24: £31,877).

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7. Debtors

Grants Receivable of £160,955 is from the UKSPF (2023/24 £200,000 from CoLC and £126,123 from UKSPF).

	2025 £	2024 £
Other Debtors	632	89,007
Grants Receivable	160,955	326,123
Total	161,587	415,130

8. Creditors

Receipts in Advance of £62,344 relates to 2025-26 SME membership fees and income from bespoke programmes (2023-24: £86,322). Trade Creditors includes payments owing related to the provision of the Minority Business Matters Project in 2024/25 of £66,614 and £475 being owed to HMRC (2023-24: £72,525; a discretionary payment towards a member of staff: £3,419 and £21,786 owing to HMRC).

	2025 £	2024 £
Trade Creditors	67,089	97,764
Accruals	-	36
Receipts in Advance	62,344	86,322
Total	129,433	184,122

9. Movement of Funds during the year to 31st March 2025

	Balance at 1 April 2024 £	Income £	Expenditure £	Balance at 31 March 2025 £	Balance at 31 March 2024 £
Unrestricted Funds					
General	396,172	333,590	(457,012)	272,750	396,172
Restricted Funds					
UKSPF	-	590,024	(590,024)	-	-
Total	396,172	923,614	(1,047,036)	272,750	396,172

HEART OF THE CITY OF LONDON LIMITED

Movement of Funds during the year to 31st March 2024

	Balance at 1 April 2023 £	Income £	Expenditure and Transfers £	Balance at 31 March 2024 £
Unrestricted Funds				
General	690,606	301,392	(595,826)	396,172
Restricted Funds				
City Bridge Trust	(34)	-	34	-
TheCityTogether	34	-	(34)	-
UKSPF	-	358,275	(358,275)	-
Total	690,606	659,667	(954,101)	396,172

Restricted funds

UKSPF Fund

The UKSPF restricted fund is related to the Minority Business matters project. This project is aimed at working with ethnic minority owned businesses operating within Greater London to become supplier ready, and in doing so create or safeguard jobs and/or adopt new products and services or enter new markets. Expenditure incurred by Heart of the City in relation to this project, alongside costs recharged by our business partner MSDUK, are also reported against this restricted fund. As part of this agreement an unrestricted contribution to core costs is also received; this is reported in general reserves.

10. Analysis of Net Assets between funds: 31st March 2025

	Current Assets £	Current Liabilities £	Balance at 31 March 2025 £
Unrestricted Funds			
General	402,183	(129,433)	272,750
Restricted Funds			
City Bridge Trust	-	-	-
TheCityTogether	-	-	-
UKSPF	-	-	-
Total	402,183	(129,433)	272,750

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Analysis of Net Assets between funds: 31st March 2024

	Current Assets £	Current Liabilities £	Balance at 31 March 2024 £
Unrestricted Funds			
General	580,293	(184,121)	396,172
Restricted Funds			
City Bridge Trust	-	-	-
TheCityTogether	-	-	-
UKSPF	-	-	-
Total	580,293	(184,121)	396,172

11. Related Party Transactions

The Heart of the City's relationship with the City of London Corporation is set out in the section on Structure, Governance and Management.

The City of London Corporation provides IT support and shared office administrative services for the charity. In 2024-25, no costs were charged to the charity for office admin and IT support services (2023-24: £1,600 for office admin and £4,400 for IT support). As of 31 March 2025, Heart of the City owed £nil to the City of London Corporation in respect of these charges (2023-24: £nil). Heart of the City staff are employed by the CoLC and seconded by the CoLC to the charity, for further details see note 6.

The City of London Corporation also provides banking services, allocating all transactions to the charity at cost and crediting or charging interest at a commercial rate. The cost of these services is set out in the Statement of Financial Activities under "Expenditure". The City of London Corporation is currently providing a four year grant to Heart of the City which provides £200,000 of cash receipts per year from 2021-22 accounts. As of 31 March 2025, the final year of this grant, Heart of the City is not due any income from the City of London Corporation (2023-24: £200,000).

In addition, Heart of the City received contributions in-kind from the Corporation for accommodation of £19,607 (2023-24: £21,249) and audit fee of £5,725 (2023-24: £5,450).

HEART OF THE CITY OF LONDON LIMITED

England & Wales - Charity number 1117212

Accounts

HEART OF THE CITY OF LONDON LIMITED



HEART OF THE CITY ANNUAL REPORT for the year ending 31 March 2024

Company Name: Heart of the City of London Limited
Charity number: 1117212
Company number: 5973126

HEART OF THE CITY OF LONDON LIMITED 31 March 2024

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HEART OF THE CITY OF LONDON LIMITED

Reference and Administration Details

Charity Name:	Heart of the City of London Limited
Charity Number:	1117212
Company Number:	5973126
Registered Address:	Atlantic House, 21 Holborn Viaduct, London, EC1A 2FG
Operational Address:	Innovation Growth Department, Guildhall, London EC2V 7HH
Company Secretary:	Hogan Lovells, Atlantic House, Holborn Viaduct, London, EC1A 2FG
Banker:	Lloyds TSB Bank plc, City Office, PO Box 72, Bailey Drive, Gillingham, Kent ME8 OLS
Auditor:	Crowe U.K. LLP, 55 Ludgate Hill, London, EC4M 7JW
Trustees:	Keith Bottomley (until 5 December 2023) Fiona Clark Rob Elder Rachel Engel (Vice-Chair) (until 3 October 2023) Taraneh Farzaneh Joanne Filbin Kate Neal (from 5 December 2023) Martin Powell Sushil Saluja (Chair) Suzanne Scatliffe Paul Singh (from 28 May 2024) Nick Turner Carmen Whitelock
Director:	Maggie Berry (until 14 May 2024) Andy Melia (from 15 April 2024)
Treasurer:	City of London Corporation

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Trustee Details

Keith Bottomley is an elected Member of the City of London Corporation and is widely involved in leading on youth, education, climate action, environment and broader policy agendas. He is Deputy Chairman of the City of London Corporation's Policy and Resources Committee, Chairman of its Port Health and Environment Committee, and Chairman of Communications and Corporate Affairs Committee. Keith is passionate about advancing the interests of young people and about skills and education. He is a Governor of three Bermondsey Academies as well as a Governor at the City of London School and chairs Partnership for Young London which advances and influences London, Regional and central government on youth policy. Keith is also a member of the Board of the Green Finance Institute and Chairman of the City of London BIDs Strategic Partnership, as well as a Trustee of Heart of the City. A Member of the City of London Gresham Committee and Director of the Central Foundation Schools of London and Trustee of Housing for the Homeless Central Fund. As a Chartered Banker and former Director of Communications at NatWest Group he has a great deal of experience of working at a senior level in the City of London's dynamic financial services industry.

Fiona Clark as a graduate of the Heart of the City's Foundation Programme, and now as an Alumni Member, Fiona brings her personal experience and perspective as an SME to the Board of Trustees. As Practice Director at David Miller Architects (DMA) she has put responsible business at the heart of their practice. By supporting the communities where they work, attracting diverse new talent to the construction industry and actively committing to Net Zero, DMA shows that size is not a barrier, and that SMEs can make a real difference. As a result, DMA and their team have thrived whilst enjoying helping others. Fiona sits on the boards of Westminster Business Council and The Fitzrovia Partnership BID who also encourage responsible business. She is particularly proud that DMA's social value creation, especially their work experience programme, has been recognised with a prestigious City of London Lord Mayor's Dragon Award and a Westminster City Council Lion Award.

Rob Elder is the Bank of England's Agent for Greater London, since May 2018. He joined the bank in 1998, and for twelve years supported the Monetary Policy Committee as an economist and then senior manager. Between 2010 and 2012 he represented the UK on the board of the International Monetary Fund in Washington DC. When he returned, he worked in our press office, and most recently, supported our Financial Policy Committee by running a team monitoring developments in the UK banking sector. Between 1990 and 1998 Rob worked as an economist and forecaster at HM Treasury, British Telecom and Manchester University. He also taught English in Japan for a year. Rob studied economics at Manchester University (first degree) and Warwick University (master's degree).

Rachel Engel has been the Head of the Macquarie Group Foundation in the EMEA (Europe Middle East and Africa) region for the past twelve years managing the grants programme in region, the 50th Anniversary Award, COVID response fund, staff matching and employee engagement across 14+ offices. Rachel came from IBM where she led the Employee Volunteering programme the EMEA region. She has spent the past 25 years working in various roles in both the charity and corporate sectors focusing on shared value and corporate community investment. She was a founder member of Pride@Macquarie in EMEA and continues to be an active member on the steering group. Previous roles include AOL UK, East London Business Alliance and Bridges.org (tech for good non-profit based in South Africa). Rachel began her career in the arts (theatre production) and is currently Vice Chair of the arts and homelessness charity Streetwise Opera. She is also a trustee for both the Heart of the City and the Sudborough Foundation.

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Taraneh Farzaneh leads on Government Relations for Barclays, focusing on major policy, legislative and reputational developments, and issues such as prudential regulation, sustainability and D&I. She has spent most of her career focusing on SME policy and until recently headed up Government Relations for Business and Corporate Banking. She also managed Barclays' regional Comms and Public Affairs team. Taraneh represents Barclays in discussions with policymakers and politicians at international and national levels and advises the firm's senior management on the potential impact of legislation and public policy. This involves designing and executing campaigns focused and working with stakeholders across government.

Joanne Filbin co-founded Globacap, a UK regulated fintech driving the evolution of capital markets by making processes frictionless through automation. The business now operates globally, deploying tech for large institutions such as Johannesburg Stock Exchange. The platform has hosted over 60 primary placements, settled £135m secondary liquidity, and digitised over £10bn of private securities. Prior to Globacap, Joanne independently advised private equity funds' portfolio companies on operational improvement and profitability enhancement and has held a number of senior roles in transformation at large corporates. Joanne trained as a Chartered Accountant at KPMG, where she spent seven years in both Audit and Transaction Advisory. She also holds an MBA from London Business School.

Kate Neale is Climate Action Director at the City of London Corporation, leading their net zero and climate resilience programmes. She and her team coordinate work delivered across the Corporation to deliver net zero in our own operations by 2027, the value chain and the wider Square Mile by 2040, whilst embedding climate resilience. Kate joined the Corporation with over a decade's experience in property sustainability – most recently creating Cadogan Estate's first sustainability strategy, encompassing net zero, climate risk, air quality, circular economy, water and greening, as well as employment and skills, and social value.

Martin Powell is Group sustainability Director at AXA leading the sustainability outcomes across the group. He previously held roles with Siemens in London and New York in Urban Development and sustainability. He has been involved in building strategies and developing pathways for organizations to achieve ESG improvement as well as roles in energy purchasing and Green Funds. Prior to this, he was the Deputy Mayor of London for Energy & Environment to the former Mayor of London, Boris Johnson, responsible for policy in water, waste, air quality, energy, climate change mitigation and adaptation and biodiversity. He was also the Executive Director for the design and delivery of the City's environmental programmes. As Managing Director of Cambridge Management & Research he worked for the Energy Saving Trust and the Institute for Sustainability and was also Special Advisor to the C40 Cities Group chaired by Michael R Bloomberg during his time as Mayor of New York. An Engineer, he built his career working with organizations as a consultant to structure their projects and programs. He has two published books - "Better Cities, Better Life" and "Smart Cities - Cities in the Digital Age" and his "The Climate City" from Wiley publishing which involves contributions from 30 experts in the sustainable city sector.

Suzanne Scatliffe is Global Sustainability Director at AXA XL, where she leads the global sustainability strategy and programs. Suzanne has 17 years' experience in CSR and sustainability roles in the insurance, technology, and education sectors, and is a certified Sustainability Practitioner (IEMA) and Fellow of the Institute of Corporate Responsibility and Sustainability (ICRS). She served as Chair of the Board of Directors of the Insurance Industry Charitable Foundation (IICF)

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UK from 2018-2021 and volunteers as a Heart of the City Mentor, helping small businesses in the UK develop CSR and Sustainability initiatives.

Sushil Saluja is Chairman of Heart of the City. He is also a governor of Greenwich University and a trustee of the British Council, where he chairs the commercial board. He is a senior business leader and advisor, focused on international business, technology-led transformation and education. With over 30 years' prior experience at Accenture, Sushil has led business units in EMEA (based in London) and Asia Pacific (based in Hong Kong) and launched FinTech accelerators in Hong Kong and Dubai. Sushil graduated in engineering from Pembroke College, Cambridge. He was previously a trustee of the Princes' Teaching Institute (PTI) and on the board of TheCityUK.

Paul Singh is Lead Member for SMEs for the City of London Corporation and is a prominent figure in the property and construction industry, transitioning from labourer to Founder and CFO of EEDN Ltd., which specialises in design and project management for technical real estate. Paul has made significant contributions to industry standards releasing the building standards for life sciences real estate in 2023 – Constructing Science. His insights have regularly been featured in both industry and business publications such as EG and London Business Matters and is an influential speaker, particularly committed to driving prosperity and meaningful change within communities. He holds a number of board and advisory positions including within the City of London Chamber of Commerce and has recently been appointed to improve bilateral business relations between the UK and Italy by the respective embassies.

Nick Turner Strategist, advisor and futures thinker, Nick is the founder and Managing Partner of Stratforma, an advisory boutique that offers counsel to senior decision makers at multi-national organisations. Nick is the product of Silicon Valley and Wall Street, having served as a Managing Director and head of Strategy at Morgan Stanley, after a number of years spent in the high-technology industry in California. As a strategy consultant, Nick was the Co-President of scenario planning and experiential learning pioneers Global Business Network (GBN) and a Senior Partner of Michael Porter's Monitor Group. Nick is a visiting lecturer in strategy, scenario planning and innovation at leading business schools, including London (LBS), Imperial College and INSEAD. Nick is also a trustee of the educational charity, Ambition Institute. He previously served as a board member of the Mayor of London's Enterprise Panel (LEP), The London Skills and Employment Board (LSEB) and chaired the London Employer Coalition (LEC).

Carmen Whitelock brings over 15 years of digital marketing, brand and corporate communications experience to our board. Currently the Digital Marketing Lead at Cynergy Bank, Carmen has designed and delivered award-winning websites, apps, brand and digital marketing strategies for organisations including Cazenove Capital, M&S, RSA Insurance Group, Arup and Save the Children UK. Carmen continues to build and maintain a broad network of industry experts and influencers.

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Council of Members

Name	Title	Organisation
The Rt Hon. Lord Mayor of the City of London	Co-President	Heart of the City
Governor Andrew Bailey	Co-President	Heart of the City
Sushil Saluja	Chair	Heart of the City
Nicola Atkinson	COO, UK and Ireland	Deutsche Bank AG
Zakir Bokhari	Vice-chair and the London City Senior Partner	Deloitte UK
Ian Caswell (until 9 November 2023)	Managing Director	Sapphire Systems PLC
Tim Clement-Jones CBE	Chairman of the Council	Queen Mary University
Aedamar Comiskey (from 1 January 2024)	Senior Partner and Chair	Linklaters LLP
Michael Davison	Deputy CEO	Hogan Lovells
Georgia Dawson	Senior Partner	Freshfields Bruckhaus Deringer
Melissa Fogarty	Joint Head of Corporate, London Partner	Clifford Chance
Jo Goddard	Sustainability Director	Green and Good Consulting
Prem Goyal	Alderman, Portsoken	City of London Corporation
Peter Harrison (until 30 November 2023)	CEO	Schroders PLC
Chris Hayward	Chairman of Policy and Resources	City of London Corporation
Tom Heylen	UK Clients and Sectors Partner	DLA Piper UK LLP
Laura Hinton (until 19 July 2024)	Executive Board Member and Head of People	PwC
Hemione Hudson (from 19 July 2024)	Global Chief Risk and Regulatory Officer, UK Chief Network Officer	PwC
Tiina Lii (until 8 August 2023)	Chief Executive UK and Ireland	Deutsche Bank AG
Andreas Luginbuehl	Managing Director, Chief of Staff to the President EMEA, Head Non-Core & Legacy and UK CEO	UBS Group AG
Sarah Mullally	Bishop of London	Church of England
Paul Plewman	CEO for EMEA and Head of Commodities and Global Markets EMEA	Macquarie Group Limited
Giles Shilson	Chair	Bridge House Estates

This list reflects companies and job titles when individuals were in post as Council members.

HEART OF THE CITY OF LONDON LIMITED

Trustees' Report

Structure, Governance and Management

The annual report and audited financial statements have been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption, including the exemption from preparing a strategic report. Part of our objectives includes ensuring our governance framework is robust and enables us to achieve our mission. This section explains how we achieve this.

Governing Document

Heart of the City is a company limited by guarantee, incorporated on 20 October 2006 and registered as a charity on 11 December 2006. The company was established under a Memorandum of Association which established the objects and powers of the charitable company and is governed under its Articles of Association. In 2010, we combined both documents and updated them in accordance with the Companies Act 2006. In the event of the company being wound up, members are required to contribute an amount not exceeding £10. In May 2015, we updated our charitable objects, to better reflect our mission, and our Memorandum and Articles of Association, in line with the Charities Act 2011.

Recruitment and Appointment of the Board

The directors of the company ('the Board') are also charity trustees for the purposes of charity law and under the company's articles are known as the trustees.

Selection process for Board Members

Recruitment of trustees is carried out through open advertising. Appointments are made to ensure that any gaps in skills required at Board level are filled. Appointment is undertaken through a vote of the existing trustees and a resolution reflecting the vote is signed by the Chair. The City of London Corporation (CoLC) nominates one trustee.

Board Induction and Training

As part of their selection and subsequent induction, our potential/new Board members are invited to meet our Director, Chair and other trustees to talk through the role and responsibilities of trustees, the work of the charity and its governance structures. New Board members are given the business plan, recent annual report and other information including promotional materials and funder reports. Board members are invited to attend the charity's events and workshops and receive updates on the charity's work in the Director's report, which is presented as a key agenda item at each Board meeting.

Management framework

In addition to its Board, Heart of the City has a Council of Members. The members of the Board and the Council are all members of the company. The Council, which comprises the Lord Mayor and the Governor of the Bank of England (both acting as co-Presidents), the Chair of the CoLC's Policy and Resources Committee and senior business leaders, meets every six months. In addition, Council members attend Heart of the City events. Council members are ambassadors for the charity, championing the growth of effective responsible business practice within their own companies and within member businesses.

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The Board met six times in 2023-24 and is responsible for determining Heart of the City's major strategic, financial and other policies. As of 31 March 2024, the Board has eleven members from a variety of professional backgrounds relevant to the work of the charity. Day-to-day responsibility for the provision of the services rests with the Director and their team. The Director is responsible for ensuring the charity delivers the specified programme and that key performance indicators are met. They also undertake individual supervision and appraisal of the team, ensuring that they continue to develop their skills and working practices in line with good practice and the Heart of the City business plan.

Conflicts of Interest

The trustees receive no remuneration. No trustee expenses were claimed during the year. The Board has revised and adopted the charity's memorandum and articles of association to reflect the provisions of the Companies Act 2006 relating to conflicts of interest. Trustees have a duty to avoid situations in which they have or can have a direct or indirect interest that conflicts, or may possibly conflict, with the interests of the charity. Trustees are asked to declare any conflicts of interest at the start of each Board meeting.

Relationship with the City of London Corporation

The Director and their team are housed by the City of London Corporation and, in addition to core funding, receive considerable practical support from the Corporation in the shape of human resources advice, financial processing and other administration. Heart of the City staff are employed by the Corporation and seconded by the CoLC to the charity.

Health and safety, employment policy and internal and financial audit are integral parts of the administration provided by the CoLC. The terms of a service level agreement between CoLC and Heart of the City help the trustees to satisfy themselves that their own responsibilities in these areas are met.

Risk Management

In this financial year, the Board continued to review and update its risk register. Identified risks fell broadly into four categories: strategic, financial, operational (programmes, customers, personnel, premises, volunteers), and governance (including legal and reputation). In addition, in line with ISA240, trustees have considered the specific risk of fraud to the charity for both finances and assets.

The Board has established systems and procedures to mitigate these as far as possible. Whilst these procedures can mitigate major risks, the Board is aware that systems can only provide reasonable and not absolute assurance that key risks have been adequately identified and managed. The internal control procedures are designed to support progress towards achieving the charity's mission, to maintain expenditure within the limits of available income and to safeguard the company's assets.

An annual budget is set each year in line with the goals and targets of the business plan to manage financial risk. Performance against this budget is reviewed monthly by the Director and quarterly management accounts are produced. In addition, regular re-forecasting exercises are undertaken to address changes in the economic environment and respond to changes in income expectations. A set of key performance indicators have been established to focus on the major targets of the business plan covering both financial and non-financial measures.

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Key risks currently identified by Heart of the City and mitigating strategies are as follows:

- Long term funding – funding across the charity sector remains challenging. Heart of the City have developed a funding strategy, underpinned by investment in key business development roles, to diversify the charity's income base. This has included developing new partnership models to secure larger public sector funding contracts, and a new commercial model to secure funding from a wider range of corporates. As part of a wider strategic review, the charity is undergoing a review of its impact model to support the identification of further funding avenues and ensure that bids are underpinned by solid impact data.
- SME (small and medium sized enterprise) recruitment and engagement – the ongoing cost of living crisis means that the recruitment of SMEs onto our responsible business and climate programme is challenging along with maintaining good engagement of existing SME members. We work to continually update and adapt our programme offer and recruitment messaging to attract new members, including developing new partnerships, such through Minority Business Managers, to leverage resources and expertise. We have also developed programmes whereby corporates bring groups of their SME suppliers to us. We continue to embed online delivery, enabling us to offer our programmes to SMEs throughout London and more broadly across the UK. We also work closely with a network of recruitment partners who assist us in reaching new SMEs and we ensure that our programme structure and content remains relevant and useful for our SME members.
- We have embarked on our first co-delivery partnership with Minority Supplier Development UK (MSDUK), through Minority Business Matters. This requires new ways of working, operational and risk management to ensure successful delivery of this project. To mitigate this, we have put in place a partnership agreement, reviewed and agreed with the boards of both organisations, and have established a steering group comprising the managing directors of both organisations and the project lead. A project lead has been recruited to manage delivery and clear KPIs established. Regular operational meetings are held to ensure that the delivery team across the two organisations is co-ordinated, supported and on track. In addition, regular review meetings are held with the funding manager at the Greater London Authority (GLA) to review progress and consider risks and highlight challenges with delivery of the KPIs.
- On going changes in key funding relationship – in March 2021, we agreed a four-year partnership to deliver the small business element of CoLC's climate action strategy which provides security of income until March 2025. The partnership agreement with CoLC changed our relationship to a delivery-based model, with funding depending on achieving programme delivery targets. To mitigate the impact of this, we have a Board sub-committee to oversee and support the team in delivering the climate programme and have expanded our relationship with senior decision makers at Board and Council level.
- Loss of key staff – as with any small organisation, the loss of one or two key staff can have a major impact. To mitigate this risk, we have personal development plans for all staff and use a contact management database to share and record contacts and preserve relationships should

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any staff member leave. The Board and Director have also reviewed the Reserves policy¹ to ensure that there is sufficient funding available to support interim cover.

- External attack on IT systems - the charity is aware of the risks involved in an external attack on IT systems including possible loss of confidential information; third party action under data protection regulations; loss of core data necessary for the charity to operate; fraudulent use of our resources and reputational damage. In June 2023, the charity achieved Cyber Essentials Plus Certification and will continue to seek reaccreditation. All office functions are facilitated by cloud-based services such as Office 365, SharePoint and Salesforce. Business critical documents are saved on SharePoint which is provided by the CoLC. There is ongoing monitoring of systems and security by system suppliers and CoLC IT, as well as annual reviews of insurance cover and the business continuity plan.

Fundraising

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. Although we do not undertake fundraising from the general public, the legislation defines fundraising as “soliciting or otherwise procuring money or other property for charitable purposes.” Such amounts receivable are presented in our accounts as *Income - Donations* and include grants.

In relation to the above we confirm there is no involvement of professional fund-raisers or third parties. The day-to-day management of all income generation is delegated to the Director, who is accountable to the trustees. Any solicitations would be managed internally. The charity is not bound by any undertaking to any regulatory scheme and the charity does not consider it necessary to comply with any voluntary fundraising codes of practice.

We have received no complaints in relation to fundraising activities. Our terms of employment require staff to always behave reasonably. As we do not approach individuals for funds, we do not have a particular reference to fundraising activities, nor do we consider it necessary to design specific procedures to monitor such activities.

Charity Governance Code

The trustees are supportive of the Charity Governance Code and its aim to assist in the development of high standards of governance throughout the charity sector. In 2018 the trustees reviewed the Code and the charity's current practice. The charity's governance was found to be in line with the key areas of the Code. The trustees have continued to act in line with the Code in 2023-24 and will keep the Code under review in 2024-25.

Objectives and Activities for the Public Benefit

Our vision is that every business can be a force for good.

Our purpose is to galvanise company leaders to do good business.

¹ See Page 15

HEART OF THE CITY OF LONDON LIMITED

Our mission: We inspire and empower business leaders to build successful companies that make a positive difference to people, places and the planet. Heart of the City does this through equipping leaders with tools and practical advice and connecting them with professionals working in mature businesses who provide coaching support.

Our Charitable Objects

The Board of Trustees confirms that it has referred to the Charity Commission's general guidance on public benefit when reviewing Heart of the City's aims and objectives and in planning future activities. Consequently, the trustees consider that Heart of the City operates to benefit the general public and satisfies the public benefit test.

Heart of the City promotes the voluntary sector for the benefit of the public by:

1. making best practice in corporate social responsibility easily accessible to companies through peer-to-peer knowledge sharing in order to effectively promote ethical standards and increase positive impact on communities and the environment;
2. promoting charitable giving by companies and organisations and encouraging individuals to participate in voluntary work, providing education and training on subjects relevant to the efficiency of the voluntary sector and assisting in the provision of financial, technical and other resources to the voluntary sector; and
3. such other charitable objects as the trustees shall consider appropriate.

Our objectives in 2023-24 which enabled us to fulfil our charitable objects were:

1. Supporting SME members with responsible business
2. Supporting SME members with climate action
3. Expand our work with large organisations to enable them to support SMEs in their value with responsible business activities

The actions we took in 2023-24 to meet these objectives are set out below:

1. Supporting SME members with responsible business

In Summer 2023, we launched a new partnership with MSDUK, the UK's leading supplier diversity organisation connecting ethnic minority businesses with global corporations. This partnership aims to overcome the challenges London's ethnic minority businesses often face when seeking public and private sector business opportunities. Called Minority Business Matters and funded by the UK Government through the UK Shared Prosperity Fund, we will safeguard or increase jobs and remove barriers to accessing new customers and markets by supporting ethnic minority businesses to become supplier-ready, embed social value best practice and connect to procurement opportunities. Ethnic minority businesses engaged with the partnership are able to access Heart of the City's Foundations for Responsible Business (FfRB) programme, to support the development of their responsible business, social value and net zero strategies - all key elements of becoming supplier ready.

The FfRB programme aims to support SMEs across multiple industries and welcomes all SMEs. Over the course of the year we supported 166 SMEs, including businesses beginning or ending their membership with us during this period.

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Each SME on our FfRB programme has their own individual aims and priorities. We recognise that each company is unique, and we don't push members to do the same thing, but we provide a wide range of content, workshops, surgeries and engagement opportunities to best suit time poor SMEs. During 2023-24, members of the FfRB programme were able to attend 20 responsible business learning events, including two in-person networking opportunities. Our most popular events for our members were our *Lunch and Learn* sessions focusing on Social Value, and our workshop with the Living Wage Foundation.

In March 2023 we also began a new bespoke programme with Places for London (TfL's property arm), to support up to 40 of their tenants. The programme aims to support their small businesses understand the benefits of responsible business, encourage them to measure their carbon footprint, and become Living Wage employers.

Through our partnerships with MSDUK and Places for London, we welcomed SMEs with a stronger consumer focus (B2C) as opposed to the more common business to business SMEs we have worked with. As a result of this shift, we have seen a greater focus on people and community related support, as well as articulating what sustainability means to a business.

2. Supporting SME members with climate action

In March 2021, we agreed a four-year funding relationship with the CoLC. CoLC have set a target for the Square Mile to achieve net zero carbon emissions by 2040. The reduction in emissions from small businesses is essential in achieving this. We agreed to work together to support SMEs to measure their carbon footprints and to develop and implement net zero action plans. We developed a training programme called 'Climate for SMEs: 4 steps to action' along with an accompanying climate action toolkit that is free to access for any SME. By March 2024, 195 SMEs had engaged with the training programme, and 49 had committed to a 90% reduction in carbon emissions by 2040, equating to 34,640 tonnes CO₂e. In addition, our climate action toolkit had been used by 1020 SMEs.

We also run a series of online education sessions on climate action topics. Between April 2023 and March 2024, these sessions covered collecting and measuring carbon data, a deep dive into carbon offsets, why nature matters to SMEs, and the impact of financial investing on a carbon footprint. By March 2024, 508 SMEs who are based or operating in the Square Mile have attended an education session and understand the importance of climate action.

3. Supporting large organisations to develop responsible business practices across their value chains

Whilst we have always included a focus on environment in our FfRB programme, developing our specific focus on climate action has opened up new opportunities for Heart of the City and has helped us to support more SMEs with net zero including SMEs in the supply chain of large corporates. For example, from March to October 2022, we ran an eight-month net zero mentoring programme for 39 SME suppliers to the property company Grosvenor to support them in measuring their carbon footprint and in submitting a science-based target. This bespoke support programme has generated interest with other large corporates who recognised the value of working with the SMEs in their supply chain. These particularly focus on working with SME suppliers on carbon emission reductions to positively impact their own supply chain emissions.

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In addition to the programme, we are running with Places for London, during 2023-24 we further developed our bespoke training offer and commenced two programmes with large corporates to support climate action. From December 2023 to the end of August 2024, we ran a nine-month programme for Canary Wharf Group, a commercial and residential property management and development company, with 27 of the SME suppliers. The programme supported the SMEs to measure a robust carbon footprint, create a net zero action plan, and submit targets to the Science Based Target initiative. We are currently running a similar eight-month programme with the law firm Pinsent Masons for 16 of their SMEs suppliers. This programme started in February and runs to the end of October 2024.

Challenges

- Income diversification remains a key priority, particularly identifying long-term funding. The development of our bespoke programme model has opened new avenues to engage larger businesses as partners. We have continued to trial and refine this offer to ensure that both our delivery and pricing models are attractive. However, this remains a developing area of work, and we still require a mix of funding streams to ensure our on-going financial sustainability.
- The economic environment has also continued to impact our ability to recruit and engage new SME members (both paid-for and free places) – along with a reduced access to traditional engagement routes such as in-person events. Over the last year we increased our free lunch and learns to generate more interest in the charity's work, but we have seen that SMEs do have a financial barrier to paying for the programme themselves. This is why grant funding, which enables us to offer free places to certain SMEs, or sponsored places from larger organisations are so vital.
- We continue to build relationships across the wider CoLC team to ensure we're in touch with all departments in the Corporation who have direct contact with SMEs in the Square Mile. This has included contributing to the development of the Corporation's first small business strategy. SME recruitment in the Square Mile remains top of the agenda to ensure success in delivering on our CoLC KPIs. The lack of a central database of SME contacts in the City is a challenge for Heart of the City and City Corporation departments looking to provide support to SMEs based in the Square Mile.
- One of the main challenges we continually face on the Climate for SMEs course is a dropout rate from the programme or SMEs having to pause their membership of the course. This is due to the significant challenges facing small businesses, including constraints on time, resources and capacity needed to complete the programme. Additionally, SMEs leave the programme due to staff turnover and changes in businesses priorities which impacts buy-in into the process. We try and limit the number of dropouts and businesses pausing by having regular email communication with course participants and the offer of bespoke 1:1 support to guide the SMEs through any data collection or carbon footprint measurement challenges they face. In addition, there is a marked difference in engagement levels between the CoLC funded programme and the work that we do with large corporates to support SMEs in their supply chain. The combination of support and incentives provided by the supply chain work results in more businesses completing all stages of the programme.
- In the past year we have aimed to broaden what the FfRB programme focuses on within 'environment' and have run sessions on nature and biodiversity. Carbon footprint reporting is

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more of a necessity for businesses wanting to work with larger suppliers and public institutions. For SMEs who are consumer focused, a carbon footprint is not easily communicated to the public and so, a wider focus on 'sustainability' and the impact of business has been more relevant. However, even if an SME is consumer-facing, measuring their carbon footprint is a valuable tool to understanding their environmental impact.

Future Plans

The focus over the coming years will be the development of a new long-term strategy that will enhance both our reach and impact, underpinned by a secure financial model. 2025 is Heart of the City's 25th anniversary and provides an ideal opportunity to take stock of our success and consolidate the different areas of work that have been developed over the last few years into a cohesive approach that can ensure we are supporting communities and the environment by enabling more SMEs to embed business responsible principles into their operations.

A core aspect of this will be the development of a comprehensive impact framework, which will enable the charity to better quantify and communicate the difference we make. This is an essential next step in developing our income diversification strategy, enabling us to provide evidence of the change that we make, through which we can engage more corporates and other funders.

We will also review the successful implementation of the Minority Business Matters programme to identify how we can harness further new approaches. Our collaboration with MSDUK has provided an opportunity to test more in-depth partnership working, and we will explore the development of other partnerships that will deliver our mission and support our income diversification.

Alongside this, we will continue to deliver engaging and relevant content within our FfRB programme, and we will further develop our climate offer ensuring we provide our SMEs with the most up-to-date resources that are suitable for SMEs. This will include enhancing our online delivery, maximising our use of Thinkific and reaching businesses through new partnerships and in new geographies.

A major ambition remains for us to raise our profile so that more businesses – both large and small – and the public sector know about the positive impact of responsible business, make use of our free resources and come to us when they want access to paid-for training support. We would like Heart of the City to be front of mind whenever the public and private sectors think about responsible business support for SMEs. We will explore how we can develop our advocacy and influencing role by drawing learning from Minority Business Matters and our bespoke programmes, and use this to engage new audiences, particularly across business and government.

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Financial Review

Income and Expenditure

Our total income was £659,667 versus £260,805 for 2022-23. The increase is mainly driven by the first tranche of funding from the UK Shared Prosperity Fund, which amounted to £388,373. There have also been additional pro-bono legal services received which have increased our gift-in-kind income and expenditure in the year.

Expenditure of £954,101 compares with £537,230 for 2022-23 – this difference in expenditure is mainly due to the UKSPF grant, a proportion of which is transferred to our partner organisation MSDUK in payment for salary and project costs related to Minority Business Matters. As such, the net deficit for the period was £294,434 compared to a net deficit of £276,425 for 2022-23.

Reserves Policy

The charitable company's policy is not to accumulate restricted reserves as restricted projects are intended to be fully funded but not surplus generating. Unrestricted funds may be carried forward to be spent in future years in line with charitable activities and for wind-down or other contingency purposes.

The charity held a total of £396,172 of unrestricted reserves at 31 March 2024 which includes £200,000 of accrued grants receivable from the CoLC. Setting aside the CoLC grant receivable, year-end free reserves were below the target level of six months of operating costs (£240,000). Trustees and the Director have put in place a plan to build up reserve levels over the coming financial year, as well as to continuously review required levels, taking into account changes in staffing structures and the need to provide cover in the event of a long-term absence.

Donations Policy

If there are concerns about the reputation of the donors or the extent of influence over the organisation sought by the donor, the Director will consider the matter with the Chair of the Board. They will specifically include in their consideration whether there is a threat to the reputation of the charity, or to its independence.

Investment Policy

Most of the charitable company's funds are to be spent in the short term so there are no funds for long term investment. An investment policy is therefore not considered by the trustees to be appropriate for the time being.

Going Concern

The trustees have taken into consideration the organisation's current financial situation, its business development pipeline as well as the ongoing challenging economic situation, and they consider the charity to be a going concern. The trustees have carefully considered the impact of the economic environment and the growth of our corporate partnerships, as well as the end of the current four-year funding agreement with the City of London Corporation and the UK Shared Prosperity Fund (UKSPF). Trustees are confident that the charity's plans for income growth and its on-going partnership with the Corporation mean that it continues to be a going concern.

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The Financial Statements

The financial statements have been prepared in accordance with the accounting policies set out in Note 1 to the accounts and comply with the charity's trust deed, the Charities Act 2011 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 from 1 January 2015 and the Companies Act 2006. The financial statements consist of the following and include comparative figures for the previous year.

- Statement of Financial Activities showing all income and all expenditure incurred and reconciling all changes in the funds of the charity
- Balance Sheet setting out the assets and liabilities of the charity
- Statement of Cash Flows shows the movement in cash for the year
- Notes to the Financial Statements describing the accounting policies adopted and explaining information contained in the financial statements

Responsibilities of the Trustees

Company law requires the board to prepare financial statements for each financial year which give a true and fair view of the charitable company's financial activities during the year and of its financial position at the end of the year. In preparing financial statements giving a true and fair view, the board should follow best practice and:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards and statements of recommended practice have been followed
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation

The board is responsible for keeping accounting records which disclose with reasonable accuracy the financial position of the charitable company and which enable them to ensure that the financial statements comply with the Companies Act 2006. The trustees are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The board, who are directors for the purposes of Company law and trustees for the purposes of charity law, who served during the year and up to the date of this report are set out on page 2.n accordance with Company law, as the company's directors, we certify that:

- so far as we are aware, there is no relevant audit information of which the company's auditors are unaware
- we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information
- with the continued support of the City of London Corporation and the securing of the UKSPF grant combined with corporate sponsorship secured, there are adequate assets to fulfil the obligations of the charity

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Adopted and signed for and on behalf of the board.

S K Saluja

[S K Saluja \(Dec 13, 2024 18:21 GMT\)](#)

Sushil Saluja
(Chair of Trustees)

Date: 13/12/2024

HEART OF THE CITY OF LONDON LIMITED

Independent Auditor's Report to the Trustees and Members of Heart of the City of London Limited

Opinion

We have audited the financial statements of Heart of the City of London Limited ('the charitable company') for the year ended 31 March 2024 which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash Flows and 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 Financial Reporting Standard 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 2024 and of its income and expenditure, 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 charitable company 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 trustee's 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 charitable company'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.

Other information

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

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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 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 have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charitable company and their 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 and proper accounting records have not been kept; 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; or
- 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' directors' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 16 the trustees (who are also the directors of the charitable company for the purposes 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 charitable company'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.

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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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 together with the Charities SORP (FRS102) 2019. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company for fraud. The laws and regulations we considered in this context for the UK operations were General Data Protection Regulation (GDPR) and Health and Safety Legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of grant, project and contributions in-kind income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, and the Board of Trustees about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission,

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sample and cut-off testing of income and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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 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 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.



Tina Allison
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London

18 December 2024

HEART OF THE CITY OF LONDON LIMITED

Statement of Financial Activities for the year ended 31 March 2024

	Notes	Unrestricted Fund £	Restricted Fund £	Total 2023-24 £	Total 2022-23 £
Income and Endowments from:					
Donations and Legacies		-	-	-	95,000
Charitable Activities		125,643	358,275	483,918	110,267
Interest and Other Income		11,181	-	11,181	8,307
Contributions in-kind		164,568	-	164,568	47,231
Total Income	4	<u>301,392</u>	<u>358,275</u>	<u>659,667</u>	<u>260,805</u>
Expenditure on:					
Charitable Activities		595,826	358,275	954,101	537,230
Total Expenditure	5	<u>595,826</u>	<u>358,275</u>	<u>954,101</u>	<u>537,230</u>
(Expenditure) and net movement in funds		<u>(294,434)</u>	<u>-</u>	<u>(294,434)</u>	<u>(276,425)</u>
Reconciliation of funds					
Total Funds brought forward		690,606	-	690,606	967,031
Total Funds carried forward		<u>396,172</u>	<u>-</u>	<u>396,172</u>	<u>690,606</u>

All operations are continuing. There are no recognised gains or losses other than the results for the period set out above.

The result of net movement in funds is the same as the profit/loss figure under Companies Act 2006.

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Balance Sheet as at 31 March 2024		Notes	2024	2023
			£	£
Current Assets				
Debtors	7		415,130	430,409
Cash			165,163	286,700
			580,293	717,109
Liabilities				
Creditors: Amounts falling due within one year	8		184,121	26,503
Total Assets less Current Liabilities			396,172	690,606
The funds of the Charity:				
Unrestricted income funds			396,172	690,606
Restricted Funds			-	-
Total Charity funds	9		396,172	690,606

The accounts have been prepared in accordance with the provision of the small companies' regime within Part 15 of the Companies Act 2006. The financial statement of Heart of the City, with registered company number 5973126 were approved and authorised on behalf of the trustees on.

13/12/2024

S K Saluja

S K Saluja (Dec 13, 2024 18:21 GMT)

Sushil Saluja

(Chair of Trustees)

Date: 13/12/2024

HEART OF THE CITY OF LONDON LIMITED

Statement of Cash Flows at 31 March 2024

		2023-24 £	2022-23 £
Cash flows from operating activities:			
Net cash (used in) operating activities:	Table 1	(132,718)	(107,753)
Cash flows from investing activities:			
Interest and Other Income		<u>11,181</u>	<u>8,307</u>
Change in cash and equivalents in the reporting period		(121,537)	(99,446)
Cash and cash equivalents at the beginning of the reporting period		<u>286,700</u>	<u>386,146</u>
Cash and cash equivalents at the end of the reporting period	Table 2	<u>165,163</u>	<u>286,700</u>

HEART OF THE CITY OF LONDON LIMITED

Table 1: Reconciliation of net (expenditure) to net cash flow from operating activities

	2023-24 £	2022-23 £
Net (expenditure) for the reporting period (as per the statement of financial activities)	(294,434)	(276,42)
Adjustments for:		
Interest and Other Investment Income	(11,181)	(8,307)
(Decrease)/increase in creditors	157,618	(21,776)
Decrease/(increase) in debtors	15,279	198,755
Net cash (used in) by operating activities	(132,718)	(107,753)

Table 2: Analysis of cash and cash equivalents

	2023-24 £	2022-23 £
Deposits (less than 3 months)	165,163	286,700
Total cash and cash equivalents	165,163	286,700

Table 3: Analysis of changes in cash

	At 1 April 2023 £	Cashflow £	At 31 March 2024 £
Cash	286,700	(121,537)	165,163

Notes to the Financial Statements

1. Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the charity's financial statements.

(a) Basis of preparation

The accounts (financial statements) have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant notes to these accounts. Heart of the City is a public benefit entity and the financial statements have been prepared in accordance with company law and with the 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 from 1 January 2019 (2nd Edition) and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011.

(b) Going Concern

The trustees have taken into consideration the organisation's current financial situation, its business development pipeline as well as the ongoing challenging economic situation, and they consider the charity to be a going concern. The trustees have carefully considered the impact of the economic environment and the growth of our corporate partnerships, as well the end of the current four-year funding agreement with the City of London Corporation and the UK Shared Prosperity Fund. Trustees are confident that the charity's plans for income growth and its on-going partnership with the Corporation mean that it continues to be a going concern.

(c) Income policies

Items of income are recognised and included in the accounts when all of the following criteria are met:

- the charity has entitlement to the funds;
- any performance conditions attached to the item(s) of income have been met or are fully within the control of the charity or its subsidiary;
- there is sufficient confidence that receipt of the income is considered probable; and
- the amount can be measured reliably

SME memberships are provided on a rolling basis (i.e. an SME can join at any time in the calendar year and their membership will run for 12 months from that date) and so SME membership fees are recognised in the financial year they relate to, with amounts being deferred into the following financial year as appropriate.

Contributions in-kind are included where the benefit to Heart of the City is reasonably quantifiable and measurable and are valued at the price the Charity would expect to pay in the open market which reflects the guidance from the Charities SORP – the value recognised may be lower than, but cannot exceed, the open market value. The value of the in-kind support is only measured and recorded once received. Please see note 4 below for more details.

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(d) Expenditure

Allocation of costs between different activities: All costs are allocated directly to charitable activities. There are no financial commitments.

(e) Pension costs

Heart of the City does not directly employ any staff directly, all staff are seconded from the City of London Corporation during the year for the purposes of the charity. These staff are entitled to be members of the City of London Corporation's Pension Scheme and the related pension costs are incurred within the secondment recharge.

(f) Funds

The charity has two funds – the unrestricted income fund which contains any unspent annual income carried forward for use in future years, and a restricted fund which comprises grant funding from the UK Shared Prosperity Fund (UKSPF) and is provided with stipulations on spend.

(g) Support costs

The charity does not employ any staff directly. Officers of the City of London Corporation provide administrative assistance to the charity when required. These support costs are accounted for within the in-kind support and cover administrative support received by the finance department, accommodation feed and pro bon expertise. The charity has an in-kind policy which details how in-kind costs are recognised.

2. Tax Status of the Charity

Heart of the City is a registered charity and as such its income and gains are exempt from income tax to the extent that they are applied to its charitable objectives.

3. Indemnity Insurance

The City of London Corporation has taken out indemnity insurance on behalf of Heart of the City. Heart of the City does not contribute to the cost of that insurance.

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4. Income

Income is comprised as follows:

	Unrestricted £	Restricted £	2023-24 £	2022-23 £
Income				
Grant Income – City Bridge Trust	-	-	-	95,000
Membership Fees	35,857	-	35,857	57,767
Grant Income: UKSPF – Minority Business Matters Project	30,098	358,275	388,373	-
Project Income – Dragon Awards	15,000	-	15,000	15,000
Project income	44,688	-	44,688	37,500
Interest and Other Income	11,181	-	11,181	8,307
Contributions in-kind	164,568	-	164,568	47,231
Total Income	301,392	358,275	659,667	260,805

In 2023-24 restricted income was £358,275 (2022-23: £95,000) and the comparative amount of unrestricted income was £301,392 (2022-23: £165,805).

Grants/Donations

Grant income of £388,373 was received in 2023-24 (2022-23: £95,000); project income of £44,688 has been received from bespoke programmes for both the Foundations for Responsible Business and Climate for SMEs programmes; £15,000 for Dragon Awards (2022-23: £37,500 project income for mentoring programme and £15,000 for Dragon Awards).

Fees

Membership fees are in respect of the paid-for SME membership programmes.

Contributions in-kind

The contributions in-kind of £164,568 (2022-23: £47,231) relate to accommodation provided by the City of London Corporation, pro-bono legal advice and the time spent by Heart of the City's business supporters in assisting with programme promotion and delivery. The increased contribution in-kind for 2023-24 is due to the team requiring more pro-bono legal support in this financial year.

Interest and Other Investment Income

Interest and other investment income of £11,181 is comprised of income earned on cash and short-term investments that are held within the City of London Corporation's Banking Section.

HEART OF THE CITY OF LONDON LIMITED

5. Expenditure

Expenditure is analysed between activities undertaken directly and in-kind support costs as follows:

	Activities Undertaken Directly	Support Costs	2024 Total	Activities Undertaken Directly	Support Costs	2023 Total
	2024 £	2024 £	£	2023 £	2023 £	£
Charitable activities						
Heart of the City membership programme	799,661	154,440	954,101	489,999	47,231	537,230
Total Expenditure	799,661	154,440	954,101	489,999	47,231	537,230

No expenditure is incurred by third parties to undertake charitable work on behalf of the charity.

Charitable activities support costs

Expenditure on charitable activities £31,419 (2022-23: £22,439) includes accommodation, labour, equipment, materials and other supplies and services incurred as the running costs of Heart of the City. This support is provided by CoLC, by individuals within the Heart of the City ambassador network of industry experts as well as by PwC for VAT software use and by Salesforce for CRM use.

Governance support costs

Governance support costs of £123,021 (2022-23: £9,735) relate to the general running of the charity, rather than specific activities within the charity, and include strategic planning and costs associated with trustee meetings. All governance costs are provided on an in-kind basis.

Auditors' remuneration and fees for external financial services: the auditors' fee of £5,450 (2022-23: £5,450) has been paid for 2023-24 by City of London Corporation on behalf of Heart of the City. Hogan Lovells, which provided company secretarial support, have also waived their fee. No other external financial services were provided for the charity during the year or in the previous year.

Trustees' expenses: trustees of Heart of the City are unpaid and do not receive allowances - £0 expenses were paid in 2023-24 (2022-23: £0).

HEART OF THE CITY OF LONDON LIMITED

Analysis of support costs

Support costs	Heart of the City Programmes
Accommodation	£21,249
IT and Marketing	£5,895
Legal	£113,914
Other	£12,962
Speakers and Ambassadors	£420
Total	£154,440

6. Staff Numbers and Costs and Overview of Other Expenditure

	2023-24	2022-23
Salaries	£415,447	£343,343
Pension costs	£87,250	£71,829
National Insurance costs	£44,157	£38,488
Redundancy	£3,419	-
Total staffing costs	£550,273	£453,660

The average number of staff seconded to Heart of the City across the year was nine (2022-23: six). This staff number was made up of 12 different individuals working for the charity throughout 2023-24 (2022-23: 11). For 2023-24 there was 1 member of staff with salary above £60,000 (2022-23: 1). Key management personnel include the charity's Director and Head of Programmes roles and their combined total compensation for 2023-24 was £176,472 (2022-23: £171,689).

Staffing costs of £550,273 (salaries, pension and national insurance) represents 70% of Heart of the City's annual costs (2022-23: £453,660 / 93%). Other expenditure of £239,259 during 2023-24 (2022-23: £36,339) included MSDUK costs for the Minority Business Matters project of £154,044 (2022-23: £0); marketing services of £19,454 (2022-23: £3,756), £28,723 on systems and computing (2022-23: £14,792), £3,220 on training and recruitment advertising (2022-23: £7,746), £1,938 on office administration and IT support costs (2022-23: £6,000) and £31,877 on other miscellaneous costs such as subsistence, travel, insurance, equipment and materials (2022-23: £4,045).

HEART OF THE CITY OF LONDON LIMITED

7. Debtors

Grants Receivable relates to £200,000 from CoLC and £126,123 from the UKSPF. A further £89,007 is related to amounts receivable related to bespoke programmes where delivery is split across two financial years.

	2024 £	2023 £
Other Debtors	89,007	30,409
Grants Receivable	326,123	400,000
Total	415,130	430,409

8. Creditors

Receipts in Advance of £86,322 relates to 2024-25 SME membership fees and income from bespoke programmes (2022-23: £26,503). Trade Creditors includes a discretionary payment towards a member of staff of £3,419 (2022-23: nil), payments owing related to the provision of the Minority Business Matters project in 2023-24 of £72,525 (2022-23: nil) and £21,786 owing to HMRC (2022-23: nil).

	2024 £	2023 £
Trade Creditors	97,764	-
Accruals	36	-
Receipts in Advance	86,322	26,503
Total	184,122	26,503

9. Movement of Funds during the year to 31st March 2024

	Balance at 1 April 2023 £	Income £	Expenditure and transfers £	Balance at 31 March 2024 £	Balance at 31 March 2023 £
Unrestricted Funds					
General	690,606	301,392	(595,826)	396,172	690,606
Restricted Funds					
City Bridge Trust	-34	-	34	-	(34)
TheCityTogether	34	-	-34	-	34
UKSPF	-	358,275	(358,275)	-	-
Total	690,606	659,667	(954,101)	396,172	690,606

HEART OF THE CITY OF LONDON LIMITED

Fund transfers

Within the expenditure and transfers column there is a £23,750 transfer of funds from the general reserve to the City Bridge Trust project restricted reserve. A deficit was arising in the restricted fund and no further income for the project is due to be received, so the costs were borne out of the general reserves in the year.

Movement of Funds during the year to 31st March 2023

	Balance at 1 April 2022 £	Income £	Expenditure £	Balance at 31 March 2023 £
Unrestricted Funds				
General	896,874	165,805	(372,073)	690,606
Restricted Funds				
City Bridge Trust	70,123	95,000	(165,157)	(34)
TheCityTogether	34	-	-	34
Total	967,031	260,805	(537,230)	690,606

Restricted funds

UKSPF Fund

The UKSPF restricted fund is related to the Minority Business Matters project. This project is aimed at working with ethnic minority owned businesses operating within Greater London to become supplier ready, and in doing so create or safeguard jobs and/or adopt new products and services or enter new markets. Expenditure incurred by Heart of the City in relation to this project, alongside costs recharged by our business partner MSDUK, are also reported against this restricted fund. As part of this agreement an unrestricted contribution to core costs is also received; this is reported in general reserves.

HEART OF THE CITY OF LONDON LIMITED

10. Analysis of Net Assets between funds: 31st March 2024

	Current Assets £	Current Liabilities £	Balance at 31 March 2024 £
Unrestricted Funds			
General	580,293	(184,121)	396,172
Restricted Funds			
City Bridge Trust	-	-	-
TheCityTogether	-	-	-
UKSPF	-	-	-
Total	580,293	(184,121)	396,172

Analysis of Net Assets between funds: 31st March 2023

	Current Assets £	Current Liabilities £	Balance at 31 March 2023 £
Unrestricted Funds			
General	717,075	(26,469)	690,606
Restricted Funds			
City Bridge Trust	-	(34)	(34)
TheCityTogether	34	-	34
Total	717,109	(26,503)	690,606

11. Related Party Transactions

The Heart of the City's relationship with the City of London Corporation is set out in the section on Structure, Governance and Management.

The City of London Corporation provides IT support and shared office administrative services for the charity. In 2023-24, £1,600 and £4,400 were charged to the charity for office admin and IT support services (2022-23: £1,600 for office admin and £4,400 for IT support). As of 31 March 2024, Heart of the City owed £nil to the City of London Corporation in respect of these charges (2022-23: £nil). Heart of the City staff are employed by the CoLC and seconded by the CoLC to the charity; for further details see note 6.

HEART OF THE CITY OF LONDON LIMITED

The City of London Corporation also provides banking services, allocating all transactions to the charity at cost and crediting or charging interest at a commercial rate. The cost of these services is set out in the Statement of Financial Activities under "Expenditure". The City of London Corporation is currently providing a four-year grant to Heart of the City which provides £200,000 of cash receipts per year from 2021-22 to 2024-25. This £800,000 grant was recognised in full in the 2021-22 accounts. As of 31 March 2024, Heart of the City is due £200,000 from the City of London Corporation in relation to this grant (2022-23: £400,000).

In addition, Heart of the City received contributions in-kind from the Corporation for accommodation of £21,249 (2022-23: £15,910) and audit fee of £5,450 (2022-23: £5,450).

Heart of the City received £0 grant funding from the City Bridge Trust, a restricted fund which comprises grant funding towards the cost of responsible business work (2022-23: £95,000). As of 31 March 2024, Heart of the City was owed £0 from City Bridge Trust in relation to this grant (2022-23: £23,750).

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Final Audit Report

2024-12-13

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HEART OF THE CITY OF LONDON LIMITED

England & Wales - Charity number 1117212

Accounts

HEART OF THE CITY OF LONDON LIMITED



HEART OF THE CITY ANNUAL REPORT for the year ending 31 March 2023

Company Name: Heart of the City of London Limited
Charity number: 1117212
Company number: 5973126

HEART OF THE CITY OF LONDON LIMITED 31 March 2023

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HEART OF THE CITY OF LONDON LIMITED

Reference and Administration Details

Charity Name:	Heart of the City of London Limited
Charity Number:	1117212
Company Number:	5973126
Registered Address:	Atlantic House, 21 Holborn Viaduct, London, EC1A 2FG
Operational Address:	Innovation Growth Department, Guildhall, London EC2V 7HH
Company Secretary:	Hogan Lovells, Atlantic House, Holborn Viaduct, London, EC1A 2FG
Banker:	Lloyds TSB Bank plc, City Office, PO Box 72, Bailey Drive, Gillingham, Kent ME8 OLS
Auditor:	Crowe U.K. LLP, 55 Ludgate Hill, London, EC4M 7JW
Trustees:	Keith Bottomley (appointed 5 May 2022) Fiona Clark Rob Elder Rachel Engel (Vice-Chair) Taraneh Farzaneh (appointed 14 September 2022) Joanne Filbin (appointed 14 September 2022) Giles French (until 6 July 2022) Chris Hayward (until 5 May 2022) Martin Powell Grace Rawnsley (until 10 February 2023) Sushil Saluja (Chair) Suzanne Scatliffe (appointed 14 September 2022) Nick Turner Arjan van den Berkmortel (until 3 May 2022) Carmen Whitelock
Director:	Maggie Berry
Treasurer:	City of London Corporation

HEART OF THE CITY OF LONDON LIMITED

Trustee Details

Keith Bottomley is an elected Member of the City of London Corporation and is widely involved in leading on youth, education, climate action, environment and broader policy agendas. He is Deputy Chairman of the City of London Corporation's Policy and Resources Committee, Chairman of its Port Health and Environment Committee, and Chairman of Communications and Corporate Affairs Committee. Keith is passionate about advancing the interests of young people and about skills and education. He is a Governor of three Bermondsey Academies as well as a Governor at the City of London School and chairs Partnership for Young London which advances and influences London, Regional and central government on youth policy. Keith is also a member of the Board of the Green Finance Institute and Chairman of the City of London BIDs Strategic Partnership, as well as a Trustee of Heart of the City. A Member of the City of London Gresham Committee and Director of the Central Foundation Schools of London and Trustee of Housing for the Homeless Central Fund. As a Chartered Banker and former Director of Communications at NatWest Group he has a great deal of experience of working at a senior level in the City of London's dynamic financial services industry.

Fiona Clark as a graduate of the Heart of the City's Foundation Programme, and now as an Alumni Member, Fiona brings her personal experience and perspective as an SME to the Board of Trustees. As Practice Director at David Miller Architects (DMA) she has put responsible business at the heart of their practice. By supporting the communities where they work, attracting diverse new talent to the construction industry and actively committing to Net Zero, DMA shows that size is not a barrier and that SMEs can make a real difference. As a result DMA and their team have thrived whilst enjoying helping others. Fiona sits on the boards of Westminster Business Council and The Fitzrovia Partnership BID who also encourage responsible business. She is particularly proud that DMA's social value creation, especially their work experience programme, has been recognised with a prestigious City of London Lord Mayor's Dragon Award and a Westminster City Council Lion Award.

Rob Elder is the Bank of England's Agent for Greater London, since May 2018. He joined the bank in 1998, and for twelve years supported the Monetary Policy Committee as an economist and then senior manager. Between 2010 and 2012 he represented the UK on the board of the International Monetary Fund in Washington DC. When he returned, he worked in our press office, and most recently, supported our Financial Policy Committee by running a team monitoring developments in the UK banking sector. Between 1990 and 1998 Rob worked as an economist and forecaster at HM Treasury, British Telecom and Manchester University. He also taught English in Japan for a year. Rob studied economics at Manchester University (first degree) and Warwick University (master's degree).

Rachel Engel has been the Head of the Macquarie Group Foundation in the EMEA (Europe Middle East and Africa) region for the past twelve years managing the grants programme in region, the 50th Anniversary Award, COVID response fund, staff matching and employee engagement across 14+ offices. Rachel came from IBM where she led the Employee Volunteering programme the EMEA region. She has spent the past 25 years working in various roles in both the charity and corporate sectors focusing on shared value and corporate community investment. She was a founder member of Pride@Macquarie in EMEA and continues to be an active member on the steering group. Previous roles include AOL UK, East London Business Alliance and Bridges.org (tech for good non-profit based in South Africa). Rachel began her career in the arts (theatre production) and is currently Vice Chair of the arts and homelessness charity Streetwise Opera. She is also a trustee for both the Heart of the City and the Sudborough Foundation.

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Taraneh Farzaneh leads on Government Relations for Barclays, focusing on major policy, legislative and reputational developments, and issues such as prudential regulation, sustainability and D&I. She has spent most of her career focusing on SME policy and until recently headed up Government Relations for Business and Corporate Banking. She also managed Barclays' regional Comms and Public Affairs team. Taraneh represents Barclays in discussions with policymakers and politicians at international and national levels and advises the firm's senior management on the potential impact of legislation and public policy. This involves designing and executing campaigns focused and working with stakeholders across government. In addition, Taraneh is the wellbeing lead for her 600+ person function. Taraneh joined Barclays in 2010 from Burson-Marsteller, a political consultancy where she worked in a variety of accounts across multiple sectors. She started her career working in the UK Parliament as a researcher to Glenda Jackson MP.

Joanne Filbin co-founded Globacap, a UK regulated fintech driving the evolution of capital markets by making processes frictionless through automation. The business now operates globally, deploying tech for large institutions such as Johannesburg Stock Exchange. The platform has hosted over 60 primary placements, settled £135m secondary liquidity, and digitised over £10bn of private securities. Prior to Globacap, Joanne independently advised private equity funds' portfolio companies on operational improvement and profitability enhancement and has held a number of senior roles in transformation at large corporates. Joanne trained as a Chartered Accountant at KPMG, where she spent seven years in both Audit and Transaction Advisory. She also holds an MBA from London Business School.

Giles French is Chief Executive of the Association of Foreign Banks. He was previously External Affairs Director at the City of London Corporation, an organisation that promotes UK based financial services. Giles provided strategic advice to senior politicians and officials. He led on developing strategic relationships with politicians, regulators, diplomats and business leaders on a wide range of public policy issues in the UK, Europe and internationally. In addition, he engaged with priority markets around the world to promote trade and investment flows with the UK financial and professional services sector. He is an Associate Adviser to the British Foreign Policy Group.

Chris Hayward is Chairman of the Policy and Resources Committee at the City of London Corporation. Chris's business experience extends to Executive and Non-Executive Director roles in the property, infrastructure, planning and strategic communications sectors, providing a strong connection to the issues and concerns of City business. He has served on the boards of a number of companies over the past 30 years. He is currently a non-executive Director at JBP Associates and Hayward Properties and a consultant to the global firm of WSP. International business experience extends to a role on the advisory board of the Sichuan Business Association including recent visits to China. Chris also served for eight years on the Council of the Institute of Administrative Management culminating in two years carrying out international graduation ceremonies as its Chairman. Outside the City he is a former deacon of the Incorporation of Bonnetmakers and Dyers of Glasgow and maintains links with Northern Ireland on behalf of the City, supporting charities in and around Londonderry. In 2019 Chris was admitted as an Honorary Bencher of The Inner Temple.

HEART OF THE CITY OF LONDON LIMITED

Martin Powell is Group sustainability Director at AXA leading the sustainability outcomes across the group. He previously held roles with Siemens in London and New York in Urban Development and sustainability. He has been involved in building strategies and developing pathways for organizations to achieve ESG improvement as well as roles in energy purchasing and Green Funds. Prior to this, he was the Deputy Mayor of London for Energy & Environment to the former Mayor of London, Boris Johnson, responsible for policy in water, waste, air quality, energy, climate change mitigation and adaptation and biodiversity. He was also the Executive Director for the design and delivery of the City's environmental programmes. As Managing Director of Cambridge Management & Research he worked for the Energy Saving Trust and the Institute for Sustainability and was also Special Advisor to the C40 Cities Group chaired by Michael R Bloomberg during his time as Mayor of New York. An Engineer, he built his career working with organizations as a consultant to structure their projects and programs. He has two published books - "Better Cities, Better Life" and "Smart Cities - Cities in the Digital Age" and his "The Climate City" from Wiley publishing which involves contributions from 30 experts in the sustainable city sector.

Grace Rawnsley is Director of Sustainability and Net Zero Transition at the Port of London Authority. She was previously the Programme Director for the City of London Corporation's Climate Action Strategy. She led the organisation's work on climate action, both in reducing emissions and meeting their Net Zero targets and in increasing the City of London's resilience to extreme weather events. Grace joined the City of London Corporation in 2010 and had experience in leading projects and developing strategies in community engagement, change and transformation, and responsible business. Grace served as the City of London Corporation's Head of Responsible Business from 2017-2019. Before joining the City of London Corporation, Grace worked in biodiversity conservation – heading up programmes both in the UK and abroad. Grace is passionate about engaging people in environmental issues that affect their everyday lives. Her early career focused on engaging under-represented groups and young people on conservation issues – and she uses these experiences and learning to frame her work and insights. Grace acted as the main point of contact between the City of London Corporation and the Heart of the City – working together to ensure the successful delivery of the Climate for SMEs programme.

Suzanne Scatliffe is Global Sustainability Director at AXA XL, where she leads the global sustainability strategy and programs. Suzanne has 17 years' experience in CSR and sustainability roles in the insurance, technology, and education sectors, and is a certified Sustainability Practitioner (IEMA) and Fellow of the Institute of Corporate Responsibility and Sustainability (ICRS). She served as Chair of the Board of Directors of the Insurance Industry Charitable Foundation (IICF) UK from 2018-2021 and volunteers as a Heart of the City Mentor, helping small businesses in the UK develop CSR and Sustainability initiatives.

Sushil Saluja is Chairman of Heart of the City. He is also a governor of Greenwich University and a trustee of the British Council, where he chairs the commercial board. He is a senior business leader and advisor, focused on international business, technology-led transformation and education. With over 30 years' prior experience at Accenture, Sushil has led business units in EMEA (based in London) and Asia Pacific (based in Hong Kong) and launched FinTech accelerators in Hong Kong and Dubai. Sushil graduated in engineering from Pembroke College, Cambridge. He was previously a trustee of the Princes' Teaching Institute (PTI) and on the board of TheCityUK.

HEART OF THE CITY OF LONDON LIMITED

Nick Turner Strategist, advisor and futures thinker, Nick is the founder and Managing Partner of Stratforma, an advisory boutique that offers counsel to senior decision makers at multi-national organisations. Nick is the product of Silicon Valley and Wall Street, having served as a Managing Director and head of Strategy at Morgan Stanley, after a number of years spent in the high-technology industry in California. As a strategy consultant, Nick was the Co-President of scenario planning and experiential learning pioneers Global Business Network (GBN) and a Senior Partner of Michael Porter's Monitor Group. Nick is a visiting lecturer in strategy, scenario planning and innovation at leading business schools, including London (LBS), Imperial College and INSEAD. Nick is also a trustee of the educational charity, Ambition Institute. He previously served as a board member of the Mayor of London's Enterprise Panel (LEP), The London Skills and Employment Board (LSEB) and chaired the London Employer Coalition (LEC).

Arjan van den Berkmortel was previously the Head of Business Banking for the London Region at HSBC. He joined HSBC in 1996 and held a number of high-profile positions within the organisation in London, Hong Kong, Paris and the Middle East. He has extensive cross-border banking experience in trade finance, transaction and corporate banking. He served as Chief Executive Officer for HSBC's operations in the Czech Republic.

Carmen Whitelock brings over 15 years of digital marketing, brand and corporate communications experience to our board. Currently the Digital Marketing Lead at Cynergy Bank, Carmen has designed and delivered award-winning websites, apps, brand and digital marketing strategies for organisations including Cazenove Capital, M&S, RSA Insurance Group, Arup and Save the Children UK. Carmen continues to build and maintain a broad network of industry experts and influencers.

HEART OF THE CITY OF LONDON LIMITED

Council of Members

Name	Title	Organisation
The Rt Hon. Lord Mayor of the City of London	Co-President	Heart of the City
Governor Andrew Bailey	Co-President	Heart of the City
Sushil Saluja	Chair	Heart of the City
Nicola Atkinson (appointed 4 August 2023)	COO, UK and Ireland	Deutsche Bank AG
Zakir Bokhari	Vice-chair and the London City Senior Partner	Deloitte UK
Edward Braham (until 13 May 2022)	Senior Partner	Freshfields Bruckhaus Deringer
Susan Bright (until 2 December 2022)	Regional Managing Partner – UK and Africa	Hogan Lovells
Ian Caswell	Managing Director	Sapphire Systems PLC
Tim Clement-Jones CBE	Chairman of the Council	Queen Mary University
Michael Davison (appointed 2 December 2022)	Deputy CEO	Hogan Lovells
Georgia Dawson	Senior Partner	Freshfields Bruckhaus Deringer
Melissa Fogarty	Joint Head of Corporate, London Partner	Clifford Chance
Jo Goddard	Sustainability Director	Green and Good Consulting
Prem Goyal (appointed 1 February 2023)	Alderman, Portsoken	City of London Corporation
Peter Harrison	CEO	Schroders PLC
Chris Hayward (appointed 5 May 2022)	Chairman of Policy and Resources	City of London Corporation
Tom Heylen	UK Clients and Sectors Partner	DLA Piper UK LLP
Laura Hinton	Executive Board Member and Head of People	PwC
Tiina Lee (until 4 August 2023)	CEO, UKI	Deutsche Bank AG
Andreas Luginbuehl	Investment Bank Operating Officer CEEMEA / Head of the UK Chief Executive Office	UBS Group AG
Catherine McGuinness (until 5 May 2022)	Chair of Policy and Resources	City of London Corporation
Sarah Mullally	Bishop of London	Church of England
Paul Plewman	CEO for EMEA and Head of Commodities and Global Markets EMEA	Macquarie Group Limited
Charles Randall (until 31 May 2022)	CEO for EMEA and Head of Commodities and Global Markets EMEA	Macquarie Group Limited
Giles Shilson	Chair	Bridge House Estates

This list reflects companies and job titles when individuals were in post as Council members.

HEART OF THE CITY OF LONDON LIMITED

Trustees' Report

Structure, Governance and Management

The annual report and audited financial statements have been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption, including the exemption from preparing a strategic report. Part of our objectives includes ensuring our governance framework is robust and enables us to achieve our mission. This section explains how we achieve this.

Governing Document

Heart of the City is a company limited by guarantee, incorporated on 20 October 2006 and registered as a charity on 11 December 2006. The company was established under a Memorandum of Association which established the objects and powers of the charitable company and is governed under its Articles of Association. In 2010, we combined both documents and updated them in accordance with the Companies Act 2006. In the event of the company being wound up, members are required to contribute an amount not exceeding £10. In May 2015, we updated our charitable objects, to better reflect our mission, and our Memorandum and Articles of Association, in line with the Charities Act 2011.

Recruitment and Appointment of the Board

The directors of the company ('the board') are also charity trustees for the purposes of charity law and under the company's articles are known as the trustees.

Selection process for Board Members

Recruitment of trustees is carried out through open advertising. Appointments are made to ensure that any gaps in skills required at board level are filled. Appointment is undertaken through a vote of the existing trustees and a resolution reflecting the vote is signed by the Chair. The City of London Corporation (CoLC) nominates one trustee.

Board Induction and Training

As part of their selection and subsequent induction, our potential/new board members are invited to meet our director, chair and other trustees to talk through the role and responsibilities of trustees, the work of the charity and its governance structures. New board members are given the business plan, recent annual report and other information including promotional materials and funder reports. Board members are invited to attend the charity's events and workshops and receive updates on the charity's work in the director's report which is presented as a key agenda item at each board meeting.

Management framework

In addition to its board, Heart of the City has a council of members. The members of the board and the council are all members of the company. The council - which comprises the Lord Mayor and the Governor of the Bank of England (both acting as co-Presidents), the Chair of the CoLC's Policy and Resources Committee and senior business leaders - meets once every six months and its members attend Heart of the City events. The council members are ambassadors for the charity championing, through their engagement, the growth of effective responsible business practice within their own companies and within member businesses.

HEART OF THE CITY OF LONDON LIMITED

The board meets quarterly and is responsible for determining Heart of the City's major strategic, financial and other policies. The board has 11 members from a variety of professional backgrounds relevant to the work of the charity. Day-to-day responsibility for the provision of the services rests with the director and her team. The director is responsible for ensuring that the charity delivers the specified programme and that key performance indicators are met. She also undertakes individual supervision and appraisal of the team, ensuring that they continue to develop their skills and working practices in line with good practice and the Heart of the City business plan.

Conflicts of Interest

The trustees receive no remuneration. No trustee expenses were claimed during the year. The board has revised and adopted the charity's memorandum and articles of association to reflect the provisions of the Companies Act 2006 relating to the trustees' duties to avoid situations in which they have or can have a direct or indirect interest that conflicts, or may possibly conflict, with the interests of the charity. Trustees are asked to declare any conflicts of interest at the start of each board meeting.

Relationship with the City of London Corporation

The director and her team are housed by the CoLC and, in addition to core funding, receive considerable practical support from the CoLC in the shape of human resources advice, financial processing and other administration. Heart of the City staff are employed by the CoLC and seconded by the CoLC to the charity.

Health and safety, employment policy and internal and financial audit are integral parts of the administration provided by the CoLC. The terms of a service level agreement between CoLC and Heart of the City help the trustees to satisfy themselves that their own responsibilities in these areas are met.

Risk Management

In this financial year, the board continued to review and update its risk register. Identified risks fell broadly into five categories: strategic, financial, operational (programmes, customers, personnel, premises, volunteers), governance (including legal and reputation). In addition, in line with ISA240, trustees have considered the specific risk of fraud to the charity for both finances and assets.

The board has established systems or procedures to mitigate these as far as possible. Whilst these procedures can mitigate major risks, the board is aware that systems can only provide reasonable and not absolute assurance that key risks have been adequately identified and managed. The internal control procedures are designed to support progress towards achieving the charity's mission, to maintain expenditure within the limits of available income and to safeguard the company's assets.

An annual budget is set each year in line with the goals and targets of the business plan to manage financial risk. Performance against this budget is reviewed monthly by the director and quarterly management accounts are produced. In addition, regular re-forecasting exercises are undertaken to address changes in the economic environment and respond to changes in income expectations. A set of key performance indicators has been established to focus on the major targets of the business plan covering both financial and non-financial measures.

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Key risks currently identified by Heart of the City and mitigating strategies are as follows:

- SME (small and medium sized enterprise) recruitment and engagement - the cost of living crisis and the energy crisis mean that the recruitment of SMEs onto our responsible business and climate programme is challenging along with maintaining good engagement of existing SME members. We work to continually update and adapt our recruitment messaging to attract new members and have developed programmes whereby corporates bring groups of their SME suppliers to us. We continue to embed online delivery enabling us to offer our programmes to SMEs throughout London and more broadly across the UK. We have continued to work closely with a network of recruitment partners who assist us in reaching new SMEs and we ensure that all of our programme content remains relevant and useful for our SME members.
- Long term funding – following the outcome of the external review of our work in 2020, trustees agreed to invest in a longer-term income diversification strategy taking into account that Heart of the City's funding from City Bridge Trust was coming to a planned end in July 2023. A key element of this strategy has been team related including hiring a director in July 2021 with commercial business development experience as well as the appointment in June 2022 of a new role for the charity: a head of external engagement and business development. This role's remit is to lead our income diversification work including securing corporate sponsorships, increasing SME membership as well as identifying additional grant funding opportunities for the charity.
- On going changes in key funding relationship – in March 2021, we agreed a four-year partnership to deliver the small business element of CoLC's climate action strategy which provides security of income until 2024-25. The partnership agreement with CoLC changed our relationship to a delivery-based model with funding depending on achieving programme delivery targets. To mitigate the impact of this, we have a board sub-committee to oversee and support the team in delivering the climate programme and in managing the changing nature of our relationship with CoLC.
- Loss of key staff – as with any small organisation, the loss of one or two key staff can have a major impact. To mitigate this risk, we have personal development plans for all staff and use a contact management database to share and record contacts and preserve relationships should any staff member leave.
- External attack on IT systems - the charity is aware of the risks involved in an external attack on IT systems including possible loss of confidential information, third party action under data protection regulations, loss of core data necessary for the charity to operate, fraudulent use of our resources and reputational damage. In June 2023, the charity achieved Cyber Essentials Cyber Essentials Plus Certification. All office functions are facilitated by cloud-based services such as Office 365, SharePoint and Salesforce. Business critical documents are saved on SharePoint which is provided by the CoLC. There is ongoing monitoring of systems and security by system suppliers and CoLC IT as well as annual reviews of insurance cover and the business continuity plan.

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Fundraising

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. Although we do not undertake fundraising from the general public, the legislation defines fundraising as “soliciting or otherwise procuring money or other property for charitable purposes.” Such amounts receivable are presented in our accounts as *Income - Donations* and include grants.

In relation to the above we confirm that there is no involvement of professional fund-raisers or third parties. The day-to-day management of all income generation is delegated to the executive team, who are accountable to the trustees. Any solicitations would be managed internally. The charity is not bound by any undertaking to any regulatory scheme and the charity does not consider it necessary to comply with any voluntary fundraising codes of practice.

We have received no complaints in relation to fundraising activities. Our terms of employment require staff to behave reasonably at all times; as we do not approach individuals for funds we do not have a particular reference to fundraising activities nor do we consider it necessary to design specific procedures to monitor such activities.

Charity Governance Code

The trustees are supportive of the Charity Governance Code and its aim to assist in the development of high standards of governance throughout the charity sector. In 2018 the trustees reviewed the Code and the charity's current practice. The charity's governance was found to be in line with the key areas of the Code. The trustees have continued to act in line with the Code in 2022-23 and will keep the Code under review in 2023-24.

Objectives and Activities for the Public Benefit

Our vision is that every business can be a force for good.

Our purpose is to galvanise company leaders to do good business.

Our mission: We inspire and empower business leaders to build successful companies that make a positive difference to people, places and the planet. Heart of the City does this through equipping leaders with tools and practical advice and connecting them with professionals working in mature businesses who provide coaching support.

Our Charitable Objects

The board of trustees confirms that it has referred to the Charity Commission's general guidance on public benefit when reviewing Heart of the City's aims and objectives and in planning future activities. Consequently, the trustees consider that Heart of the City operates to benefit the general public and satisfies the public benefit test.

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Heart of the City promotes the voluntary sector for the benefit of the public by:

1. making best practice in corporate social responsibility easily accessible to companies through peer-to-peer knowledge sharing in order to effectively promote ethical standards and increase positive impact on communities and the environment;
2. promoting charitable giving by companies and organisations and encouraging individuals to participate in voluntary work, providing education and training on subjects relevant to the efficiency of the voluntary sector and assisting in the provision of financial, technical and other resources to the voluntary sector; and
3. such other charitable objects as the trustees shall consider appropriate.

Our objectives in 2022-23 which enabled us to fulfil our charitable objects were:

1. Supporting SME members with responsible business
2. Supporting SME members with climate action
3. Creating a business development plan to support our income diversification targets

The actions we took in 2021-22 to meet these objectives are set out below:

1. Supporting SME members with responsible business

Each SME on our Foundations for Responsible Business (FfRB) programme has their own individual aims and priorities. We recognise that each company is unique and we don't push members to do the same thing but we provide a wide range of content, workshops, surgeries and engagement opportunities to best suit time poor SMEs. During 2022-23 the most popular learning events, including workshops, surgery sessions and lunch and learns, were focused on net zero and how to get started on their carbon reduction journey. Our most popular masterclass looked at how to develop a responsible business strategy and our most popular 'members only' lunch and learn looked at how the menopause and perimenopause affects individuals, teams and companies.

During 2022-23 we recruited 62 new businesses to the programme (2021-22: 8), retained 22 as ongoing members (2021-22: 39) and had 11 alumni members (2021-22: 8). In terms of paying members who didn't renew, we lost 24 ongoing members (2021-22: 29) and we lost two alumni members (2021-22: 3). The main reason given for non-renewal was that they no longer needed the service or that they had got what they needed from the service (54%); other reasons provided were that did not have enough time to focus on the programme or had not engaged in the previous year's programme. 92% of members are small and medium sized enterprises (1-250 employees) and 75% are in our target group of 10-250 employees.

New SME member numbers were low in 2021-22 due to the ongoing impact of Covid and the economic environment which meant many businesses were still focussed on economic survival rather than investing in responsible business activities. During 2022-23 we have seen an increase in recruitment numbers. As our City Bridge Trust funding was coming to an end in mid-2023, we had a focussed push on promoting the free places on the programme for SMEs in our target boroughs which helped us to recruit 37 new members. We also saw an increase in new members as large companies started to provide free places on our programme for SMEs within their supply chains – this resulted in a further 22 new members and we had three new paying SME members.

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2. Supporting SME members with climate action

In March 2021, we agreed a four-year funding relationship with the CoLC. CoLC have set a target for the Square Mile to achieve net zero carbon emissions by 2040. The role of small businesses is essential in achieving this. We agreed to work together to support SMEs to measure their carbon footprints and to develop and implement net zero action plans. We developed a training programme called 'Climate for SMEs: 4 steps to action' along with an accompanying climate action toolkit that is free to access for any SME. By March 2023, 125 SMEs had registered for the training programme (by March 2022: 69) and the toolkit had been downloaded by 916 businesses (by March 2022: 534).

Whilst we have always included a focus on environment in our FfRB programme, developing our specific focus on climate action has opened up new opportunities for Heart of the City and has helped us to support more SMEs with net zero including SMEs in the supply chain of large corporates. For example, from March to October 2022, we ran an eight-month net zero mentoring programme for 39 SME suppliers to the property company Grosvenor to support them in measuring their carbon footprint and in submitting a science-based target. This bespoke support programme has generated interest and we are further developing this training offer in 2023-24.

3. Creating a business development plan to support our income diversification targets

As part of the charity's longer-term income diversification strategy, in June 2022, a head of external engagement and business development was appointed. This is a new role for the charity which, working alongside the director, is responsible for leading our income diversification work. During 2022-23, some progress has been made and the charity secured sponsorship for SME suppliers from Freshfields, PwC, Schroders, Siemens and UBS to participate in our FfRB programme. However, our income generation goals for 2022-23 were not met and the charity raised 53% of its external income target outside of core funding. As well as reviewing the charity's costs in delivering programming and understanding the staff resources required, a comprehensive business development plan has been created with the following four income generation goals for 2023-24 onwards:

- Goal 1 - Secure a large multi-annual funding contract replacing revenue previously received from City Bridge Trust
- Goal 2 - Secure private sector investment
- Goal 3 - Secure bespoke consultancy/workshops
- Goal 4 - Increase number of SMEs paying for the programme

Challenges

- The economic environment – the cost living and energy crisis - has impacted our ability to recruit and engage new SME members (both paid-for and free places) – along with a reduced access to traditional engagement routes such as in-person events. Building on activity in 2021-22, we continue to develop new approaches and methods including continuously improving our communications and messaging, continuing to host open access online 'lunch & learn' webinars and developing partnerships with business representation and sector bodies such as business improvement districts in London.

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- We continue to build relationships across the wider CoLC team to ensure we're in touch with all departments in the Corporation who have direct contact with SMEs in the Square Mile. SME recruitment in the Square Mile remains top of the agenda to ensure success in delivering on our CoLC KPIs. The lack of a central database of SME contacts in the City is a challenge for Heart of the City and other departments looking to provide support to SMEs based in the Square Mile.
- The move in 2021 to delivering two programmes – FfRB and climate – put increased pressure on the team from both a delivery and, especially, from a marketing and outreach perspective. This pressure has remained the same during 2022-23. The team have needed to more actively promote our programmes to reach new SMEs, requiring digital media engagement, Heart of the City trialling messaging to understand what lands best with SMEs and building meaningful relationships with recruitment partners who will share information on our behalf.
- Our net zero work has proved to be more 'technical' than our broader FfRB programme and as such we have needed more specialist support from ambassadors when delivering workshops or surgery sessions. Identifying ambassadors who can provide hands-on support to SMEs around reviewing carbon data has been challenging.
- During 2022-23, we worked hard to achieve our income diversification goals – this included making approaches to large corporations to ask them to sponsor their existing SME suppliers onto the FfRB programme. Whilst there has been interest in providing this type of support to a company's supply chain, it's often a new area and internal budgets need to be identified and secured. And income from SME memberships – both new and renewals – has been challenging to secure.

Future Plans

The focus over the coming years will be the successful implementation of our business development plan to support income diversification strategy of broadening the income base for Heart of the City beyond 2024-25. Trustees prioritised business development skills in the recruitment of the permanent director, who joined the team in July 2021, and agreed to invest some of the reserves in the development of income generation skills within the team. This included the appointment of a head of external engagement and business development role in June 2022. This is a new post for the charity.

As stated in the business development plan, income generation activity will be focused on achieving four goals:

- Securing a large multi-annual funding contract to replace revenue previously received from City Bridge Trust
- Securing private sector investment
- Securing bespoke consultancy/workshops
- Increasing the number of SMEs paying for the programme

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Success has already been seen in Heart of the City being awarded a £1,018,857 grant from the UK Shared Prosperity Fund (UKSPF) as part of London's Supporting Local Business investment priority. As the lead partner, Heart of the City will be working in partnership with MSDUK, a leading supplier diversity organisation, to deliver Minority Business Matters from 1 May 2023 to 31 March 2025. The programme will deliver solutions to challenges faced by London's ethnic minority SMEs and freelancers when accessing public and private sectors business opportunities. It will support ethnic minority businesses in becoming supplier-ready; in embedding social value best practices into their business, products and services; in connecting to procurement opportunities and the development of a directory of ethnic minority creative and cultural freelancers.

We will also continue to focus on securing corporate sponsorship – encouraging large companies to fund their SME suppliers to participate in one of our existing programmes or to fund us in delivering a bespoke programme. The team have developed a pipeline of interest for this type of delivery and are working to secure more corporate sponsorships during 2023-24.

We will continue to deliver engaging and relevant content within our FfRB programme and we will further develop our climate offer ensuring we provide our SMEs with the most up-to-date resources that are suitable for SMEs. Alongside this, further work will be undertaken to enhance our online delivery, maximising our use of Thinkific and reaching businesses in new geographies.

A major ambition remains for us to raise our profile so that more businesses – both large and small - know about the positive impact of responsible business, make use of our free resources and come to us when they want access to paid-for training support. We would like Heart of the City to be front of mind whenever the public and private sectors think about responsible business support for SMEs.

HEART OF THE CITY OF LONDON LIMITED

Financial Review

Income and Expenditure

Our total income was £260,805 as opposed to £982,329 for 2021-22. Income included funding from the City Bridge Trust, fees for SME memberships and income received from corporates sponsoring SMEs onto our programmes. The charity's current grant from CoLC of £800,000 over four years from 2021-22 to 2024-25 was recognised in full in 2021-22. As such, the net deficit for the period was £276,425 compared to a net surplus of £517,247 for 2021-22.

Expenditure of £537,230 compares with £465,082 for 2021-22 – this difference in expenditure is due to having hired an additional team member and costs for software being increased by external providers but it was in line with the planned budget for 2022-23.

Reserves Policy

The charitable company's policy is not to accumulate restricted reserves as its two main funders provide resources for the furtherance of the charity's activities, and not for sums to be held in reserve other than for wind-down and contingency operational purposes. Unrestricted funds may be carried forward to be spent in future years in line with charitable activities.

The charity held a total of £690,606 of unrestricted reserves at 31 March 2023 which includes £400,000 of accrued grants receivable from the CoLC of £200,000 per annum through to 2024-25. This is above our minimum target level of six months of operating costs (£240,000). However, in view of the current economic environment and our focus on income diversification, the trustees reviewed our reserves after the financial year end and agreed to invest any surplus unrestricted reserves in developing the charity's fundraising capacity, to diversify our sources of income.

Donations Policy

If there are concerns about the reputation of the donors or the extent of influence over the organisation sought by the donor, the executive will consider the matter with the chair of the board. They will specifically include in their consideration whether there is a threat to the reputation of the charity, or to its independence.

Investment Policy

Most of the charitable company's funds are to be spent in the short term so there are no funds for long term investment. An investment policy is therefore not considered by the trustees to be appropriate for the time being.

Going Concern

The trustees have taken into consideration the organisation's current financial situation and its economic outlook, including the impact of the cost of living crisis on SMEs and they consider the charity to be a going concern. The trustees have carefully considered the impact on our SME membership fee income, our funding partnership with the CoLC and the planned end of our funding from the City Bridge Trust. And they have also taken account of the charity's development of a comprehensive business development plan and the securing of the UKSPF grant along with other corporate sponsorship from Canary Wharf Group – with future opportunities identified in the business development pipeline. Trustees are confident that the charity's plans for mitigation and its

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free reserves position mean that it continues to be a going concern. Please see note 1(b) to the financial statements.

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The Financial Statements

The financial statements have been prepared in accordance with the accounting policies set out in Note 1 to the accounts and comply with the charity's trust deed, the Charities Act 2011 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 from 1 January 2015 and the Companies Act 2006. The financial statements consist of the following and include comparative figures for the previous year.

- Statement of Financial Activities showing all income and all expenditure incurred and reconciling all changes in the funds of the charity
- Balance Sheet setting out the assets and liabilities of the charity
- Statement of Cash Flows shows the movement in cash for the year
- Notes to the Financial Statements describing the accounting policies adopted and explaining information contained in the financial statements

Responsibilities of the Trustees

Company law requires the board to prepare financial statements for each financial year which give a true and fair view of the charitable company's financial activities during the year and of its financial position at the end of the year. In preparing financial statements giving a true and fair view, the board should follow best practice and:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards and statements of recommended practice have been followed
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation

The board is responsible for keeping accounting records which disclose with reasonable accuracy the financial position of the charitable company and which enable them to ensure that the financial statements comply with the Companies Act 2006. The trustees are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The board, who are directors for the purposes of Company law and trustees for the purposes of charity law, who served during the year and up to the date of this report are set out on page 2.

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In accordance with Company law, as the company's directors, we certify that:

- so far as we are aware, there is no relevant audit information of which the company's auditors are unaware
- we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information
- with the continued support of the City of London Corporation and the securing of the UKSPF grant combined with corporate sponsorship secured, there are adequate assets to fulfil the obligations of the charity

Adopted and signed for and on behalf of the board.



S K Saluja (Dec 14, 2023 09:18 GMT)

Sushil Saluja
(Chair of Trustees)

Date: 14-Dec-2023

HEART OF THE CITY OF LONDON LIMITED

Independent Auditor's Report to the Trustees and Members of Heart of the City of London Limited

Opinion

We have audited the financial statements of Heart of the City of London Limited ('the charitable company') for the year ended 31 March 2023 which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash Flows and 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 Financial Reporting Standard 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 2023 and of its income and expenditure, 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 charitable company 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 trustee's 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 charitable company'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.

Other information

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

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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 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 have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charitable company and their 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 and proper accounting records have not been kept; 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; or
- 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' directors' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 19 the trustees (who are also the directors of the charitable company for the purposes 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 charitable company'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.

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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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 together with the Charities SORP (FRS102) 2019. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company for fraud. The laws and regulations we considered in this context for the UK operations were General Data Protection Regulation (GDPR) and Health and Safety Legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of grant, project and contributions in-kind income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, and the Board of Trustees about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission,

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sample and cut-off testing of income and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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 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 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.



Tina Allison
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London

Date: 15 December 2023

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Statement of Financial Activities for the year ended 31 March 2023

	Notes	Unrestricted Fund £	Restricted Fund £	Total 2022-23 £	Total 2021-22 £
Income and Endowments from:					
Donations and Legacies		-	95,000	95,000	895,000
Charitable Activities		110,267	-	110,267	33,583
Interest and Other Income		8,307	-	8,307	(707)
Contributions in-kind		47,231	-	47,231	54,453
Total Income	4	165,805	95,000	260,805	982,329
Expenditure on:					
Charitable Activities		372,073	165,157	537,230	465,082
Total Expenditure	5	372,073	165,157	537,230	465,082
(Expenditure)/Income and net movement in funds		(206,268)	(70,157)	(276,425)	517,247
Reconciliation of funds					
Total Funds brought forward		896,874	70,157	967,031	449,784
Total Funds carried forward		690,606	-	690,606	967,031

All operations are continuing. There are no recognised gains or losses other than the results for the period set out above.

The result of net movement in funds is the same as the profit/loss figure under Companies Act 2006.

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Balance Sheet as at 31 March 2023

Notes

2023

2022

£

£

Current Assets

Debtors	7	430,409	629,165
Cash		286,700	386,146

717,109

1,015,311

Liabilities

Creditors: Amounts falling due within one year	8	26,503	48,280
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Total Assets less Current Liabilities

690,606

967,031

The funds of the Charity:

Unrestricted income funds		690,606	896,874
Restricted Funds		-	70,157

Total Charity funds

9

690,606

967,031

The accounts have been prepared in accordance with the provision of the small companies' regime within Part 15 of the Companies Act 2006. The financial statement of Heart of the City, with registered company number 5973126 were approved and authorised on behalf of the trustees on 5 December 2023.

S K Saluja

S K Saluja (Dec 14, 2023 09:18 GMT)

Sushil Saluja

(Chair of Trustees)

Date: 14-Dec-2023

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Statement of Cash Flows at 31 March 2023

		2022-23 £	2021-22 £
Cash flows from operating activities:			
Net cash (used in) operating activities:	Table 1	(107,753)	(39,713)
Cash flows from investing activities:			
Interest and Other Income		<u>8,307</u>	<u>(707)</u>
Change in cash and equivalents in the reporting period		(99,446)	(40,420)
Cash and cash equivalents at the beginning of the reporting period		<u>386,146</u>	<u>426,566</u>
Cash and cash equivalents at the end of the reporting period	Table 2	<u>286,700</u>	<u>386,146</u>

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Table 1: Reconciliation of net (expenditure) to net cash flow from operating activities

	2022-23 £	2021-22 £
Net (expenditure)/ income for the reporting period (as per the statement of financial activities)	(276,425)	517,246
Adjustments for:		
Interest and Other Income	(8,307)	707
Decrease/(increase) in debtors	198,755	(600,514)
(Decrease)/increase in creditors	(21,776)	42,848
Net cash (used in)/provided by operating activities	(107,753)	39,713

Table 2: Analysis of cash and cash equivalents

	2022-23 £	2021-22 £
Deposits (less than 3 months)	286,700	386,146
Total cash and cash equivalents	286,700	386,146

Table 3: Analysis of changes in cash

	At 1 April 2022	Cashflow	Acquisition/ Disposal of subsidiaries	New finance leases	Fair Value Movements	Foreign Exchange Movements	Other non-cash changes	At 31 March 2023
	£	£	£	£	£	£	£	£
Cash	386,146	(£99,446)	-	-	-	-	-	286,700

Notes to the Financial Statements

1. Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the charity's financial statements.

(a) Basis of preparation

The accounts (financial statements) have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant notes to these accounts. Heart of the City is a public benefit entity and the financial statements have been prepared in accordance with company law and with the new 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 from 1 January 2019 (2nd Edition) and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011.

(b) Going Concern

The trustees have taken into consideration the organisation's current financial situation, its business development pipeline as well as the ongoing challenging economic situation, and they consider the charity to be a going concern. The trustees have carefully considered the impact of the current economic situation on our SME membership fee income, the funding partnership with the City of London Corporation as well as the new UK Shared Prosperity Fund grant that has been secured. They have taken into consideration that that charity's funding from City Bridge Trust will finish in July 2023. Trustees are confident that the charity's plans for income diversification and its strong free reserves position mean that it continues to be a going concern.

(c) Income policies

Items of income are recognised and included in the accounts when all of the following criteria are met:

- the charity or its subsidiary have entitlement to the funds;
- any performance conditions attached to the item(s) of income have been met or are fully within the control of the charity or its subsidiary;
- there is sufficient confidence that receipt of the income is considered probable; and
- the amount can be measured reliably

SME memberships are provided on a rolling basis (i.e. an SME can join at any time in the calendar year and their membership will run for 12 months from that date) and so SME membership fees are recognised in the financial year they relate to, with amounts being deferred into the following financial year as appropriate.

Contributions in-kind are included where the benefit to Heart of the City is reasonably quantifiable and measurable and are valued at the price the Charity would expect to pay in the open market which reflects the guidance from the Charities SORP – the value recognised may be lower than, but cannot exceed, the open market value. The value of the in-kind support is only measured and recorded once received. Please see note 4 below for more details.

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(d) Expenditure

Allocation of costs between different activities: All costs are allocated directly to charitable activities. There are no financial commitments.

(e) Pension costs

Heart of the City does not directly employ any staff but 11 individuals were seconded from the City of London Corporation during the year for the purposes of the charity. These staff are entitled to be members of the City of London Corporation's Pension Scheme and the related pension costs are incurred within the secondment recharge.

(f) Funds

The charity has two funds – the unrestricted income fund which contains any unspent annual income carried forward for use in future years, and a restricted fund which comprises grant funding from the City Bridge Trust towards the cost of responsible business work.

(g) Support costs

The charity does not employ any staff directly. Officers of the City of London Corporation provide administrative assistance to the charity when required and a figure of £2,352 is included under support costs. In addition a total of £15,910 for accommodation and £6,939 for pro bono expertise is included, all of which are provided on an in-kind basis.

2. Tax Status of the Charity

Heart of the City is a registered charity and as such its income and gains are exempt from income tax to the extent that they are applied to its charitable objectives.

3. Indemnity Insurance

The City of London Corporation has taken out indemnity insurance on behalf of Heart of the City. Heart of the City does not contribute to the cost of that insurance.

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4. Income

Income is comprised as follows:

	Unrestricted £	Restricted £	2022-23 £	2021-22 £
Income				
Grant Income – City of London Corporation	-	-	-	800,000
Grant Income – City Bridge Trust	-	95,000	95,000	95,000
Membership Fees	57,767	-	57,767	15,583
Project Income – Mentoring Programme	-	-	-	18,000
Project Income – Dragon Awards	15,000	-	15,000	-
Project income – Sponsorship: Foundations for Responsible Business	37,500	-	37,500	-
Interest and Other Income	8,307	-	8,307	(707)
Contributions in-kind	47,231	-	47,231	54,453
Total Income	165,805	95,000	260,805	982,329

In 2022-23 the comparative amount of restricted income was £95,000 (2021-22: £95,000) and the comparative amount of unrestricted income was £165,805 (2021-22: £887,329).

Grants/Donations

The grant income of £95,000 has been received (2021-22: £895,000); project income of £37,500 has been received from sponsorship for the Foundations for Responsible Business programme and £15,000 for Dragon Awards (2021-22: £18,000 project income for mentoring programme). In 2021-22, the City of London Corporation's grant of £800,000 over four years was recognised in full. As at 31 March 2023, it includes £400,000 of accrued grants receivable of £200,000 per annum through to 2024-25.

Fees

Membership fees are in respect of the paid-for SME membership programmes.

Contributions in-kind

The contributions in-kind of £47,231 (2021-22: £54,453) relate primarily to accommodation provided by the City of London Corporation and the time spent by Heart of the City's business supporters in assisting with programme promotion and delivery. The reduced contribution in-kind for 2022-23 is due to the team requiring less pro-bono legal support in this financial year.

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Interest and Other Income

Interest and other income of £8,307 includes the balance from Heart of the City's CAF Bank account. This account is currently held solely for the purpose of processing VAT returns as a separate named bank account is required by HMRC. The balance on the account as at the end of March 2023 was £726 (2021-21: £797).

5. Expenditure

Expenditure is analysed between activities undertaken directly and in-kind support costs as follows:

	Activities Undertaken Directly	Support Costs	2023 Total	Activities Undertaken Directly	Support Costs	2022 Total
	2023 £	2023 £	£	2022 £	2022 £	£
Charitable activities						
Heart of the City membership programme	489,999	47,231	537,230	410,629	54,453	465,082
Total Expenditure	489,999	47,231	537,230	410,629	54,453	465,082

No expenditure is incurred by third parties to undertake charitable work on behalf of the charity.

Charitable activities support costs

Expenditure on charitable activities £22,439 (2021-22 £25,143) includes accommodation, labour, equipment, materials and other supplies and services incurred as the running costs of Heart of the City. This support is provided by CoLC, by individuals within the Heart of the City ambassador network of industry experts as well as by PwC for VAT software use and by Salesforce for CRM use.

Governance support costs

Governance support costs of £9,735 (2021-22: £16,468) relate to the general running of the charity, rather than specific activities within the charity, and include strategic planning and costs associated with trustee meetings. All governance costs are provided on an in-kind basis.

Auditors' remuneration and fees for external financial services: the auditors' fee of £5,450 (2021-22: £4,500) has been paid for 2022-23 by City of London Corporation on behalf of Heart of the City Hogan Lovells, which provided company secretarial support, have also waived their fee. No other external financial services were provided for the charity during the year or in the previous year.

Trustees' expenses: trustees of Heart of the City are unpaid and do not receive allowances - £0 expenses were paid in 2022-23 (2021-22: £0).

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Analysis of support costs

Support costs	Heart of the City Programmes
Accommodation	£15,910
IT and Marketing	£792
Legal	-
Other	£19,637
Speakers and Ambassadors	£10,892
Total	£47,231

6. Staff Numbers and Costs and Overview of Other Expenditure

	2022-23	2021-22
Salaries	£343,343	£280,013
Pension costs	£71,829	£58,521
National Insurance costs	£38,488	£31,115
Total staffing costs	£453,660	£369,649

The average number of staff seconded to Heart of the City across the year was eight (2021-22: six). This staff number was made up of 11 different individuals working for the charity throughout 2022-23 (2021-22: 10). For 2022-23 there was 1 member of staff with salary above £60,000 (2021-22 there were no members of staff with salary above £60,000). Key management personnel include the charity's director and head of programmes roles and their combined total compensation for 2022-23 was £171,689 (2021-22: £163,586).

Staffing costs of £453,660 (salaries, pension and national insurance) represents 93% of Heart of the City's annual costs (2021-22: £369,649 / 88%). Other expenditure of £36,339 during 2022-23 (2021-22: £48,369) included fees and marketing services of £3,756 (2021-22: £4,682), £14,792 on communications and computing (2021-22: £20,279), £7,746 on training and recruitment advertising (2021-22: £4,486), £6,000 on office administration and IT support costs (2021-22: £0) and £4,045 on other miscellaneous costs such as subsistence, travel, insurance, equipment and materials (2021-22: £16,859).

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7. Debtors

Debtors consist of amounts owing to the charity due within one year and Grants Receivable of £400,000 relates to the further two years of CoLC grant funding through to 2024-25.

	2023 £	2022 £
Other Debtors	30,409	29,164
Grants Receivable	400,000	600,000
Total	430,409	629,164

8. Creditors

Creditors consist of amounts due within one year in respect of charitable expenditure. Receipts in Advance of £26,503 relates to 2023-24 SME membership fees (2021-22: £46,392).

	2023 £	2022 £
Trade Creditors	-	120
Accruals	-	1,768
Receipts in Advance	26,503	46,392
Total	26,503	48,280

9. Movement of Funds during the year to 31st March 2023

	Balance at 1 April 2022 £	Income £	Expenditure £	Balance at 31 March 2023 £	Balance at 31 March 2022 £
Unrestricted Funds					
General	896,874	165,805	(372,073)	690,606	896,874
Restricted Funds					
City Bridge Trust	70,123	95,000	(165,157)	(34)	70,123
TheCityTogether	34	-	-	34	34
Total	967,031	260,805	(537,230)	690,606	967,031

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Movement of Funds during the year to 31st March 2022

	Balance at 1 April 2021 £	Income £	Expenditure £	Balance at 31 March 2022 £
Unrestricted Funds				
General	376,183	887,329	(366,638)	896,874
Restricted Funds				
City Bridge Trust	73,567	95,000	(98,444)	70,123
TheCityTogether	34	-	-	34
Total	449,784	982,329	(465,082)	967,031

Unrestricted funds

The balance on the general fund is £690,606 (2021-22: £896,874) and reflects the net movement in funds for the period.

Restricted funds

The balance on the restricted fund is £0 (2021-22: £70,157) and reflects the net movement in funds for the period from the City Bridge Trust towards the cost of Heart of the City's work in London boroughs.

10. Analysis of Net Assets between funds: 31st March 2023

	Current Assets £	Current Liabilities £	Balance at 31 March 2023 £
Unrestricted Funds			
General	717,109	(26,503)	690,606
Restricted Funds			
City Bridge Trust	-	-	(34)
TheCityTogether	-	-	34
Total	717,109	(26,503)	690,606

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Analysis of Net Assets between funds: 31st March 2022

	Current Assets £	Current Liabilities £	Balance at 31 March 2022 Restated £
Unrestricted Funds			
General	945,154	(48,280)	896,874
Restricted Funds			
City Bridge Trust	70,123	-	70,123
TheCityTogether	34	-	34
Total	1,015,311	(48,280)	967,031

11. Related Party Transactions

The Heart of the City's relationship with the City of London Corporation is set out in the section on Structure, Governance and Management.

The City of London Corporation provides IT support and shared office administrative services for the charity. In 2022-23, £1,600 and £4,400 were charged to the charity for office admin and IT support services (2021-22: £4,400 for IT support). As of 31 March 2023, Heart of the City owed £nil to the City of London Corporation in respect of these charges (2021-22: £nil). Heart of the City staff are employed by the CoLC and seconded by the CoLC to the charity, for further details see note 6.

The City of London Corporation also provides banking services, allocating all transactions to the charity at cost and crediting or charging interest at a commercial rate. The cost of these services is set out in the Statement of Financial Activities under "Expenditure". The City of London Corporation is currently providing a four year grant to Heart of the City which provides £200,000 of cash receipts per year from 2021-22 to 2024-25. This £800,000 grant was recognised in full in the 2021-22 accounts. As of 31 March 2023, Heart of the City is due £400,000 from the City of London Corporation in relation to this grant (2021-22: £600,000).

In addition, Heart of the City received contributions in-kind from the Corporation for accommodation of £15,910 (2021-22: £16,536) and audit fee of £5,450 (2021-22: £4,500).

Heart of the City received £95,000 grant funding from the City Bridge Trust, a restricted fund which comprises grant funding towards the cost of responsible business work (2021-22: £95,000). As of 31 March 2023, Heart of the City was owed £23,750 from City Bridge Trust in relation to this grant (2021-22: £23,750).

HotC - Annual Report and Accounts 2022-23 final

Final Audit Report

2023-12-14

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HEART OF THE CITY OF LONDON LIMITED

England & Wales - Charity number 1117212

Accounts

HEART OF THE CITY OF LONDON LIMITED



HEART OF THE CITY ANNUAL REPORT for the year ending 31 March 2022

Company Name: Heart of the City of London Limited

Charity number: 1117212

Company number: 5973126

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Reference and Administration Details

Charity Name:	Heart of the City of London Limited
Charity Number:	1117212
Company Number:	5973126
Registered Address:	Atlantic House, 21 Holborn Viaduct, London, EC1A 2FG
Operational Address:	Innovation Growth Department, Guildhall, London EC2V 7HH
Company Secretary:	Hogan Lovells, Atlantic House, Holborn Viaduct, London, EC1A 2FG
Banker:	Lloyds TSB Bank plc, City Office, PO Box 72, Bailey Drive, Gillingham, Kent ME8 OLS
Auditor:	Crowe U.K. LLP, 55 Ludgate Hill, London, EC4M 7JW
Trustees:	Keith Bottomley (appointed 5 May 2022) Fiona Clark Rob Elder Rachel Engel (Vice-Chair) Taraneh Farzaneh (appointed 14 September 2022) Joanne Filbin (appointed 14 September 2022) Giles French (until 6 July 2022) Chris Hayward (until 5 May 2022) Anthony Impey (until 4 March 2022) Martin Powell (appointed 27 April 2021) Rob Powell (until 4 March 2022) Grace Rawnsley (appointed 14 September 2022) Sushil Saluja (Chair) Suzanne Scatliffe (appointed 14 September 2022) Nick Turner Arjan van den Berkmortel (until 3 May 2022) Carmen Whitelock

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Director:	Andy Melia (until 30 July 2021) Maggie Berry (appointed 19 July 2021)
Treasurer:	City of London Corporation

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Trustee Details

Keith Bottomley is an elected Member of the City of London Corporation and is widely involved in leading on youth, education, climate action, environment and broader policy agendas. He is Deputy Chairman of the City of London Corporation's Policy and Resources Committee, Chairman of its Port Health and Environment Committee, and Chairman of Communications and Corporate Affairs Committee. Keith is passionate about advancing the interests of young people and about skills and education. He is a Governor of three Bermondsey Academies as well as a Governor at the City of London School and chairs Partnership for Young London which advances and influences London, Regional and central government on youth policy. Keith is also a member of the Board of the Green Finance Institute and Chairman of the City of London BIDs Strategic Partnership, as well as a Trustee of Heart of the City. A Member of the City of London Gresham Committee and Director of the Central Foundation Schools of London and Trustee of Housing for the Homeless Central Fund. As a Chartered Banker and former Director of Communications at NatWest Group he has a great deal of experience of working at a senior level in the City of London's dynamic financial services industry.

Fiona Clark As a graduate of the Heart of the City's Foundation Programme, and now as an Associate Member, Fiona brings her personal experience and perspective as an SME to the board of trustees. As Practice Director at David Miller Architects (DMA) she has put responsible business at the heart of their practice. By supporting the communities where they work, attracting diverse new talent to the construction industry and actively committing to Net Zero, DMA shows that size is not a barrier and that SMEs can make a real difference. As a result DMA and their team have thrived whilst enjoying helping others. Fiona sits on the boards of Westminster Business Council and The Fitzrovia Partnership BID who also encourage responsible business. She is particularly proud that DMA's social value creation, especially their work experience programme, has been recognised with a prestigious City of London Lord Mayor's Dragon Award and a Westminster City Council Lion Award.

Rob Elder is the Bank of England's Agent for Greater London, since May 2018. He joined the bank in 1998, and for twelve years supported the Monetary Policy Committee as an economist and then senior manager. Between 2010 and 2012 he represented the UK on the board of the International Monetary Fund in Washington DC. When he returned, he worked in our press office, and most recently, supported our Financial Policy Committee by running a team monitoring developments in the UK banking sector. Between 1990 and 1998 Rob worked as an economist and forecaster at HM Treasury, British Telecom and Manchester University. He also taught English in Japan for a year. Rob studied economics at Manchester University (first degree) and Warwick University (master's degree).

Rachel Engel has been the Head of the Macquarie Group Foundation in the EMEA (Europe Middle East and Africa) region for the past twelve years managing the grants programme in region, the 50th Anniversary Award, COVID response fund, staff matching and employee engagement across 14+ offices. Rachel came from IBM where she led the Employee Volunteering programme the EMEA region. She has spent the past 25 years working in various roles in both the charity and corporate sectors focusing on shared value and corporate community investment. She was a founder member of Pride@Macquarie in EMEA and continues to be an active member on the steering group. Previous roles include AOL UK, East London Business Alliance and Bridges.org (tech for good non-profit based in South Africa). Rachel began her career in the arts (theatre production) and is currently Vice Chair of the arts and homelessness charity Streetwise Opera. She is also a trustee for both the Heart of the City and the Sudborough Foundation.

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Taraneh Farzaneh leads on Government Relations for Barclays, focusing on major policy, legislative and reputational developments, and issues such as prudential regulation, sustainability and D&I. She has spent most of her career focusing on SME policy and until recently headed up Government Relations for Business and Corporate Banking. She also managed Barclays' regional Comms and Public Affairs team. Taraneh represents Barclays in discussions with policymakers and politicians at international and national levels and advises the firm's senior management on the potential impact of legislation and public policy. This involves designing and executing campaigns focused and working with stakeholders across government. In addition, Taraneh is the wellbeing lead for her 600+ person function. Taraneh joined Barclays in 2010 from Burson-Marsteller, a political consultancy where she worked in a variety of accounts across multiple sectors. She started her career working in the UK Parliament as a researcher to Glenda Jackson MP.

Joanne Filbin co-founded Globacap, a UK regulated fintech driving the evolution of capital markets by making processes frictionless through automation. The business now operates globally, deploying tech for large institutions such as Johannesburg Stock Exchange. The platform has hosted over 60 primary placements, settled £135m secondary liquidity, and digitised over £10bn of private securities. Prior to Globacap, Joanne independently advised private equity funds' portfolio companies on operational improvement and profitability enhancement and has held a number of senior roles in transformation at large corporates. Joanne trained as a Chartered Accountant at KPMG, where she spent seven years in both Audit and Transaction Advisory. She also holds an MBA from London Business School.

Giles French As External Affairs Director at the City of London Corporation, an organisation that promotes UK based financial services, Giles provides strategic advice to senior politicians and officials. He leads on developing strategic relationships with politicians, regulators, diplomats and business leaders on a wide range of public policy issues in the UK, Europe and internationally. In addition, he engages with priority markets around the world to promote trade and investment flows with the UK financial and professional services sector. He is an Associate Adviser to the British Foreign Policy Group.

Chris Hayward took office as Sheriff of the City of London on 27th September 2019. Chris's business experience extends to Executive and Non-Executive Director roles in the property, infrastructure, planning and strategic communications sectors, providing a strong connection to the issues and concerns of City business. He has served on the boards of a number of companies over the past 30 years. He is currently a non-executive Director at JBP Associates and Hayward Properties and a consultant to the global firm of WSP. International business experience extends to a role on the advisory board of the Sichuan Business Association including recent visits to China. Chris also served for eight years on the Council of the Institute of Administrative Management culminating in two years carrying out international graduation ceremonies as its Chairman. Outside the City he is a former deacon of the Incorporation of Bonnetmakers and Dyers of Glasgow and maintains links with Northern Ireland on behalf of the City, supporting charities in and around Londonderry. In 2019 Chris was admitted as an Honorary Bencher of The Inner Temple.

Anthony Impey MBE is the chief executive of Be the Business, an independent, not-for-profit organisation that is working with business leaders to boost the UK's productivity. As a serial entrepreneur and experienced business leader, Anthony has a track-record in starting, building, and operating businesses and not-for-profit organisations in the tech and education sectors. He started

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his first business at school and went on to build several businesses including Touchbase Network and Technology House. As founder and chief executive of Optimity, he built one of the UK's leading providers of wireless internet services and a multi award-winning apprenticeship programme. He also founded TechCity Stars and Tech Up Nation; not-for-profit organisations that helped disadvantaged young Londoners kickstart their careers in the tech sector. Anthony is chair of the City & Guilds industry skills board. He was awarded an MBE in the Queen's 2018 New Year's Honours for Services to Apprenticeships and Small Business.

Martin Powell is Head of Sustainability and Environmental Initiatives for Siemens Financial Services. He works with businesses, states and cities to support them in achieving environmental, social and economic goals. He has been involved in building strategies and developing pathways for organizations to achieve ESG improvement as well as roles in energy purchasing and Green Funds. Prior to this, he was the Deputy Mayor of London for Energy & Environment to the former Mayor of London, Boris Johnson, responsible for policy in water, waste, air quality, energy, climate change mitigation and adaptation and biodiversity. He was also the Executive Director for the design and delivery of the City's environmental programmes. As Managing Director of Cambridge Management & Research he worked for the Energy Saving Trust and the Institute for Sustainability and was also Special Advisor to the C40 Cities Group chaired by Michael R Bloomberg during his time as Mayor of New York. An Engineer, he built his career working with organizations as a consultant to structure their projects and programs. He has two published books - "Better Cities, Better Life" and "Smart Cities - Cities in the Digital Age" and his forthcoming book "The Climate City" from Wiley publishing which involves contributions from 30 experts in the sustainable city sector.

Rob Powell is Head of Pro Bono & CSR at Weil, Gotshall and Manges. He manages the full breadth of activities within the London office's award-winning Corporate Social Responsibility (CSR) programme, from involvement advising at local law clinics and fielding requests for pro bono advice from a range of leading charities, NGOs and social enterprises, to community endeavours such as Weil's participation in PRIME, an alliance of law firms and legal departments across the UK who have made a commitment to broaden access to the legal profession. Rob is also on the board of Special Olympics GB and Richard Hale Secondary School in addition to his role at Heart of the City.

Grace Rawnsley is the Programme Director for the City of London Corporation's Climate Action Strategy. She leads the organisation's work on climate action, both in reducing emissions and meeting their Net Zero targets and in increasing the City of London's resilience to extreme weather events. Grace joined the City of London Corporation in 2010 and has experience in leading projects and developing strategies in community engagement, change and transformation, and responsible business. Grace served as the City of London Corporation's Head of Responsible Business from 2017-2019. Before joining the City of London Corporation, Grace worked in biodiversity conservation – heading up programmes both in the UK and abroad. Grace is passionate about engaging people in environmental issues that affect their everyday lives. Her early career focused on engaging under-represented groups and young people on conservation issues – and she uses these experiences and learning to frame her work and insights. Grace acts as the main point of contact between the City of London Corporation and the Heart of the City – working together to ensure the successful delivery of the Climate for SMEs programme.

Suzanne Scatliffe is Global Sustainability Director at AXA XL, where she leads the global sustainability strategy and programs. Suzanne has 17 years' experience in CSR and sustainability roles in the insurance, technology, and education sectors, and is a certified

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Sustainability Practitioner (IEMA) and Fellow of the Institute of Corporate Responsibility and Sustainability (ICRS). She served as Chair of the Board of Directors of the Insurance Industry Charitable Foundation (IICF) UK from 2018-2021 and volunteers as a Heart of the City Mentor, helping small businesses in the UK develop CSR and Sustainability initiatives.

Sushil Saluja is Chairman of Heart of the City. He is also a governor of Greenwich University and a trustee of the British Council, where he chairs the commercial board. He is a senior business leader and advisor, focused on international business, technology-led transformation and education. With over 30 years' prior experience at Accenture, Sushil has led business units in EMEA (based in London) and Asia Pacific (based in Hong Kong) and launched FinTech accelerators in Hong Kong and Dubai. Sushil graduated in engineering from Pembroke College, Cambridge. He was previously a trustee of the Princes' Teaching Institute (PTI) and on the board of TheCityUK.

Nick Turner Strategist, advisor and futures thinker, Nick is the founder and Managing Partner of Stratforma, an advisory boutique that offers counsel to senior decision makers at multi-national organisations. Nick is the product of Silicon Valley and Wall Street, having served as a Managing Director and head of Strategy at Morgan Stanley, after a number of years spent in the high-technology industry in California. As a strategy consultant, Nick was the Co-President of scenario planning and experiential learning pioneers Global Business Network (GBN) and a Senior Partner of Michael Porter's Monitor Group. Nick is a visiting lecturer in strategy, scenario planning and innovation at leading business schools, including London (LBS), Imperial College and INSEAD. Nick is also a trustee of the educational charity, Ambition Institute. He previously served as a board member of the Mayor of London's Enterprise Panel (LEP), The London Skills and Employment Board (LSEB) and chaired the London Employer Coalition (LEC).

Arjan van den Berkmortel is the Head of Business Banking for the London Region at HSBC. He joined HSBC in 1996 and has held a number of high-profile positions within the organisation in London, Hong Kong, Paris and the Middle East. He has extensive cross-border banking experience in trade finance, transaction and corporate banking. He served as Chief Executive Officer for HSBC's operations in the Czech Republic.

Carmen Whitelock brings over 15 years of digital marketing, brand and corporate communications experience to our board. Currently the head of digital marketing at Cazenove Capital (part of the Schroders Group), Carmen has designed and delivered award-winning websites, apps, brand and digital marketing strategies for organisations including M&S, RSA Insurance Group, Arup and Save the Children UK. Carmen continues to build and maintain a broad network of industry experts and influencers.

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Council of Members

Name	Title	Organisation
The Rt Hon. Lord Mayor of the City of London	Co-President	Heart of the City
Governor Andrew Bailey	Co-President	Heart of the City
Sushil Saluja	Chair	Heart of the City
Zakir Bokhari (appointed 8 April 2021)	Vice-chair and the London City Senior Partner	Deloitte UK
Edward Braham (until 13 May 2022)	Senior Partner	Freshfields Bruckhaus Deringer
Susan Bright (until 2 December 2022)	Regional Managing Partner - UK and Africa	Hogan Lovells
Ian Caswell	Managing Director	Sapphire Systems PLC
Tim Clement-Jones CBE	Chairman of the Council	Queen Mary University
Michael Davison (appointed 2 December 2022)	Deputy CEO	Hogan Lovells
Georgia Dawson (appointed 13 March 2022)	Senior Partner	Freshfields Bruckhaus Deringer
Melissa Fogarty	Joint Head of Corporate, London Partner	Clifford Chance
Jo Goddard (appointed 4 May 2021)	Sustainability Director	Green and Good Consulting
Peter Harrison	CEO	Schroders PLC
Chris Hayward (appointed 5 May 2022)	Chairman of Policy and Resources Committee	City of London Corporation
Tom Heylen	London Managing Partner	DLA Piper UK LLP
Laura Hinton	Executive Board Member and Head of People	PwC
Charles Jacobs (until 30 June 2021)	Senior Partner	Linklaters LLP
Tiina Lee	CEO, UKI	Deutsche Bank AG
Andreas Luginbuehl (appointed 8 February 2022)	Investment Bank Operating Officer CEEMEA / Head of the UK Chief Executive Office	UBS Group AG
Simon Mackenzie-Smith (until 30 June 2021)	Chairman of Corporate and Investment Banking, UK	Bank of America Merrill Lynch
Catherine McGuinness (until 5 May 2022)	Chair of Policy & Resources	City of London Corporation
Sarah Mullally	Bishop of London	Church of England
Nick Owen (until 19 May 2021)	UK Chairman	Deloitte LLP
Paul Plewman	CEO for EMEA and Head of Commodities and Global Markets EMEA	Macquarie Group Limited
Charles Randell CBE (until 31 May 2022)	Chair	Financial Conduct Authority

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Giles Shilson (appointed 6 September 2021)	Chair	Bridge House Estates
Peter Vernon (until 30 September 2021)	Group Executive Director	Grosvenor

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Trustees' Report

Structure, Governance and Management

The annual report and audited financial statements have been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption, including the exemption from preparing a strategic report. Part of our objectives includes ensuring our governance framework is robust and enables us to achieve our mission. This section explains how we achieve this.

Governing Document

Heart of the City is a company limited by guarantee, incorporated on 20 October 2006 and registered as a charity on 11 December 2006. The company was established under a Memorandum of Association which established the objects and powers of the charitable company and is governed under its Articles of Association. In 2010, we combined both documents and updated them in accordance with the Companies Act 2006. In the event of the company being wound up, members are required to contribute an amount not exceeding £10. In May 2015, we updated our charitable objects, to better reflect our mission, and our Memorandum and Articles of Association, in line with the Charities Act 2011.

Recruitment and Appointment of the Board

The Directors of the company ('the board') are also charity trustees for the purposes of charity law and under the company's articles are known as the trustees.

Selection process for Board Members

Recruitment of trustees is carried out through open advertising. Appointments are made to ensure that any gaps in skills required at board level are filled. Appointment is undertaken through a vote of the existing trustees and a resolution reflecting the vote is signed by the Chair. The City of London Corporation nominates one trustee.

Board Induction and Training

As part of their selection and subsequent induction, our potential/new board members are invited to meet our Director, Chair and other trustees to talk through the role and responsibilities of trustees, the work of the charity and its governance structures. New board members are given the business plan, recent annual report and other information including promotional materials and funder reports. Board members are invited to attend the charity's events and workshops and receive updates on the charity's work in the Director's report which is presented as a key agenda item at each board meeting.

Management framework

In addition to its board, Heart of the City has a council of members. The members of the board and the council are all members of the company. The council - which comprises the Lord Mayor and the Governor of the Bank of England (both acting as co-Presidents), the Chair of the City of London Corporation policy and resources committee and senior business leaders - meets once every six months, and its members attend Heart of the City events. The council members are ambassadors for the charity, championing, through their engagement, the growth of effective responsible business practice within their own companies and within member businesses.

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The board meets quarterly and is responsible for determining Heart of the City's major strategic, financial and other policies. The board has 12 members from a variety of professional backgrounds relevant to the work of the charity. Day-to-day responsibility for the provision of the services rests with the Director and her team. The director is responsible for ensuring that the charity delivers the specified programme and that key performance indicators are met. She also undertakes individual supervision and appraisal of the team, ensuring that they continue to develop their skills and working practices in line with good practice and the Heart of the City business plan.

Conflicts of Interest

The trustees receive no remuneration. No trustee expenses were claimed during the year. The board has revised and adopted the charity's memorandum and articles of association to reflect the provisions of the Companies Act 2006 relating to the trustees' duties to avoid situations in which they have or can have a direct or indirect interest that conflicts, or may possibly conflict, with the interests of the charity. Trustees are asked to declare any conflicts of interest at the start of each board meeting.

Relationship with the City of London Corporation

The director and her team are housed by the City of London Corporation (CoLC) and, in addition to core funding, receive considerable practical support from the CoLC in the shape of human resources advice, financial processing and other administration. Heart of the City staff are employed by the CoLC and seconded by the CoLC to the charity.

Health and safety, employment policy and internal and financial audit are integral parts of the administration provided by the City of London Corporation. The terms of a service level agreement between CoLC and Heart of the City help the trustees to satisfy themselves that their own responsibilities in these areas are met.

Risk Management

In this year the board continued to review and update its risk register. Identified risks fell broadly into five categories: strategic, operational (programmes, customers, people, premises, volunteers), financial, governance (including legal / regulatory) and reputational.

The board has established systems or procedures to mitigate these as far as possible. Whilst these procedures can mitigate major risks, the board is aware that systems can only provide reasonable and not absolute assurance that key risks have been adequately identified and managed. The internal control procedures are designed to support progress towards achieving the charity's mission, to maintain expenditure within the limits of available income and to safeguard the company's assets.

An annual budget is set each year in line with the goals and targets of the business plan to manage financial risk. Performance against this budget is reviewed monthly by the Director and quarterly management accounts are produced. In addition, regular re-forecasting exercises are undertaken to address changes in the economic environment and respond to changes in income expectations. A set of key performance indicators has been established to focus on the major targets of the business plan covering both financial and non-financial measures.

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Key risks currently identified by Heart of the City and mitigating strategies are as follows:

- SME (small and medium sized enterprise) engagement - the global Covid-19 pandemic introduced new risks related both to the method of delivery of our work and to our income generation. We tackled the challenge of not being able to run in-person events by shifting our events, networking and account management online. We risk loss of members as our membership is made up of small to mid-sized businesses (SMEs) which have been disproportionately impacted by the pandemic and the economic downturn. To mitigate this, we invested in a new digital platform, Thinkific, to fully embed online delivery, enabling access to a wider range of potential SME members across London and the UK. We have continued to work closely with a network of recruitment partners who assist us in reaching new SMEs and we ensure that the programme content being delivered is relevant and useful for our members.
- Long term funding – following the outcome of the external review of our work in 2020, trustees agreed to invest in a longer-term income diversification strategy taking into account that Heart of the City's funding from City Bridge Trust is due to come to an end in July 2023. A key element of this strategy is team related and includes the recruitment of a new director in July 2021 with commercial business development experience and the commitment to fund a new 'Head of Income & Partnerships' role to lead on income diversification work including securing corporate sponsorship and increasing SME membership fees as well as identifying additional grant funding opportunities. The trustees agreed to invest some of the reserves to fund this new business development related role for four years.
- Change in key funding relationship – in March 2021, we agreed a new four-year partnership to deliver the small business element of CoLC's climate action strategy. Development of this new addition to our programme will provide security of income until 2024-25. The new partnership agreement with CoLC is changing our relationship to a delivery-based model, with funding depending on achieving programme delivery targets. To mitigate the impact of this, we created a new board sub-committee to oversee and support the team in delivering the climate programme and invested in a new full-time net zero programme manager.
- Loss of key staff – as with any small organisation, the loss of one or two key staff can have a major impact. To mitigate this risk, we have personal development plans for all staff and use a contact management database to share and record contacts and preserve relationships.
- External attack on IT systems - The charity is aware of the risks involved in an external attack on IT systems including possible loss of confidential information, third party action under data protection regulations, loss of core data necessary for the charity to operate, fraudulent use of our resources and reputational damage. All office functions are facilitated by cloud-based services such as Office 365, SharePoint and Salesforce. Business critical documents are saved on SharePoint which is provided by the City of London Corporation. There is ongoing monitoring of systems and security by system suppliers and CoLC IT as well as annual reviews of insurance cover and the business continuity plan.

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Fundraising

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. Although we do not undertake fundraising from the general public, the legislation defines fundraising as “soliciting or otherwise procuring money or other property for charitable purposes.” Such amounts receivable are presented in our accounts as *Income - Donations* and include grants.

In relation to the above we confirm that there is no involvement of professional fund-raisers, or third parties. The day-to-day management of all income generation is delegated to the executive team, who are accountable to the trustees. Any solicitations would be managed internally. The charity is not bound by any undertaking to any regulatory scheme and the charity does not consider it necessary to comply with any voluntary fundraising codes of practice.

We have received no complaints in relation to fundraising activities. Our terms of employment require staff to behave reasonably at all times; as we do not approach individuals for funds we do not have a particular reference to fundraising activities nor do we consider it necessary to design specific procedures to monitor such activities.

Charity Governance Code

The trustees are supportive of the Charity Governance Code and its aim to assist in the development of high standards of governance throughout the charity sector. In 2018 the trustees reviewed the Code and the charity's current practice. The charity's governance was found to be in line with the key areas of the Code. The trustees have continued to act in line with the Code and progressed further actions through 2021-22, including on diversity and inclusivity, and schemes of delegation. Trustees will keep the Code under review in 2022-23.

Objectives and Activities for the Public Benefit

Our vision is that every business can be a force for good.

Our purpose is to galvanise company leaders to do good business.

Our mission: We inspire and embolden business leaders to build successful companies that make a positive difference to people, places and the planet. Heart of the City does this through equipping leaders with tools and practical advice and connecting them with professionals working in mature businesses who provide coaching support.

Our Charitable Objects

The board of trustees confirms that it has referred to the Charity Commission's general guidance on public benefit when reviewing Heart of the City's aims and objectives and in planning future activities. Consequently, the trustees consider that Heart of the City operates to benefit the general public and satisfies the public benefit test.

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Heart of the City promotes the voluntary sector for the benefit of the public by:

1. making best practice in corporate social responsibility easily accessible to companies through peer-to-peer knowledge sharing in order to effectively promote ethical standards and increase positive impact on communities and the environment;
2. promoting charitable giving by companies and organisations and encouraging individuals to participate in voluntary work, providing education and training on subjects relevant to the efficiency of the voluntary sector and assisting in the provision of financial, technical and other resources to the voluntary sector; and
3. such other charitable objects as the trustees shall consider appropriate.

Our objectives in 2021-22 which enabled us to fulfil our charitable objects were:

1. Supporting SME members to thrive in a post-pandemic world
2. Investing in online digital delivery
3. Developing a dedicated climate action course and toolkit

The actions we took in 2021-22 to meet these objectives are set out below:

1. Supporting SME members to thrive in a post-pandemic world

Each SME on our foundation programme has their own individual aims and priorities. We recognise that each company is unique and we don't push members to do the same thing but we provide a wide range of content, workshops, surgeries and engagement opportunities to best suit time poor SMEs. As a result of their participation in our foundation programme during 2021, 92% of our SMEs agreed / strongly agreed that they have a stronger understanding of the importance of responsible business and the relevance to their business; 100% agreed / strongly agreed that they feel better able to develop their company's responsible business programme and 78% now have a responsible business plan or strategy in place.

The operating environment meant recruitment for the 2022 foundation programme was challenging with many businesses still focussed on economic survival. We recruited 32 new businesses to the programme (2021: 27), retained 40 as ongoing members (2021: 39) and had seven associate members (2021: 13). We will be reviewing our associate membership model in 2022-23. In terms of paying members who didn't renew, we lost 26 ongoing members (2021: 17) and we lost six associate members (2021: three). The two main reasons given for non-renewal were lack of budget (38%) and that they no longer need the service or that they had got what they needed from the service (23%). 93% of members are small and medium sized enterprises (1-250 employees) and 80% are in our target group of 10-250 employees.

2. Investing in online digital delivery

In March 2020, at the start of the pandemic, we moved all of our delivery online, adapting quickly to web-based meetings and events. This had a positive effect on the time available to the team, enabling them to deliver more support to members whilst travelling less. As such, we decided to explore options to adopt a fully online delivery model and after researching options available, in August 2021 we invested in a licence to Thinkific, an online learning platform. Our core learning content is now accessible to our SME members via Thinkific meaning they can access our training materials at a time and pace that best suits them. They can also use the community function to communicate with other SMEs on our programme, they can access pre-recorded content and book

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onto our live events. In the future, we hope to be able to manage SME membership payments and renewals through Thinkific allowing SMEs to pay for course access with credit cards.

3. Developing a dedicated climate action course and toolkit

In March 2021, we agreed a new four-year funding relationship with the City of London Corporation. CoLC have set a target for the Square Mile to achieve net zero carbon emissions by 2040. The role of small businesses is essential in achieving this. We have agreed to work together to support SMEs to measure their carbon footprints and to develop and implement net zero plans. Whilst we have always included a focus on environment in our foundations programme, developing our specific focus on climate action has opened up new opportunities for Heart of the City and will help us to support more SMEs. We have developed a training programme called 'Climate for SMEs: 4 steps to action' and climate action toolkit based around four core modules:

Module 1 - Jargon busting and demystification

Module 2 - Building the business case

Module 3 - Measuring your carbon footprint

Module 4 - Net zero action plan and next steps

By March 2022, 69 SMEs had registered for the training programme (including the pilot programme run during the summer of 2021) and the toolkit had been downloaded by 534 businesses.

Challenges

- The ongoing economic effects of the Covid-19 pandemic have impacted our ability to engage and recruit new SME members - in part due to the challenging operating environment facing many small businesses and the lack of traditional engagement routes such as in-person events. We have developed new approaches and methods, most notably improving our communications, implementing a series of online 'lunch & learn' webinars and developing new partnerships with business representation and sector bodies such as the IoD. We have also been building relationships across the wider CoLC team to ensure we're in touch with all departments who have direct contact with SMEs in the Square Mile. SME recruitment will remain top of the agenda to ensure success in delivering on our CoLC KPIs.
- The move to delivering two programmes – foundations and climate – has put increased pressure on the team from both a delivery and, especially, from a marketing and outreach perspective. The team have needed to more actively promote our programmes to reach new SMEs, requiring digital media engagement, Heart of the City trialling messaging to understand what lands best with SMEs and building meaningful relationships with recruitment partners who will share information on our behalf.
- During 2021-22, we took some of the first steps toward income diversification including making approaches to large corporations to ask them to sponsor their existing SME suppliers onto the foundations programme. This has meant having a different type of conversation with our ambassadors as asking them for funding hasn't been done before and we need to navigate to find appropriate budget holders.

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Future Plans

The focus over the coming years will be the implementation of an income diversification strategy which will seek to broaden the income base for Heart of the City through to 2024-25 and beyond. Trustees prioritised business development skills in the recruitment of the new permanent director, who joined the team in July 2021, and agreed to invest some of the reserves in the development of income generation skills within the team. This includes the recruitment of a Head of External Engagement and Business Development role in early FY2022-23. Business development and fundraising efforts will focus on securing corporate sponsorship – for example, a large company can fund SME businesses in its supply chain to participate in our programmes, increasing SME memberships and identifying new sources of grant funding.

We will continue to deliver engaging and relevant content within our foundations programme and we will be further developing our climate offer and building an integrated SME recruitment strategy with the City of London Corporation to reach SMEs in the Square Mile. Alongside this, further work will be undertaken to enhance our online delivery, maximising our use of Thinkific and reaching businesses in new geographies.

A major ambition remains for us to raise our profile so that more businesses – both large and small - get to know about responsible business, make use of our resources and come to us when they want access to training support. We would like Heart of the City to be front of mind whenever the public and private sectors think about responsible business support for SMEs.

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Financial Review

Income and Expenditure

Our total income was £982,329 as opposed to £459,615 for 2020-21. This included grants from the charitable company's founding and primary funder, the City of London Corporation, funding from the City Bridge Trust, fees for SME memberships and project income received from a mentoring programme. The City of London Corporation grant is £800,000 over four years from 2021-22 to 2024-25 and this income is recognised in full including £600,000 of deferred grants receivable of £200,000 per annum through to 2024-25. The net surplus for the period was £517,247 compared to a net deficit of £55,859 that was noted in the 2020-21 annual report. During 2021-22, SME memberships moved to being provided on a rolling basis (i.e. an SME can join at any time in the calendar year and their membership will run for 12 months from that date). As such from 2021-22 onwards, membership fees have been recognised in the financial year they relate to with amounts being deferred into the following financial year as appropriate.

Expenditure of £465,082 compares with £515,474 for 2020-21 – this difference in expenditure is due to a number of costs from 2021-21 not being spent in this financial year such as the NPC report, training and video production

Reserves Policy

The charitable company's policy is not to accumulate restricted reserves as its two main funders provide resources for the furtherance of the charity's activities, and not for sums to be held in reserve other than for wind-down and contingency operational purposes. Unrestricted funds may be carried forward to be spent in future years in line with charitable activities.

The charity held £967,031 of total reserves at 31 March 2022 made up £896,874 of unrestricted reserves (including £600,000 of deferred grants receivable of £200,000 per annum through to 2024-25) and £70,157 of restricted reserves. This is above our minimum target level of six months of operating costs (£240,000). However, in view of the ongoing impact of the Covid-19 pandemic and our move to implement our income diversification strategy, the trustees reviewed our reserves after the financial year end and have agreed to invest surplus unrestricted reserves in developing the charity's fundraising capacity, to diversify our sources of income by hiring a Head of External Engagement and Business Development.

Donations Policy

If there are concerns about the reputation of the donors or the extent of influence over the organisation sought by the donor, the executive will consider the matter with the chair of the board. They will specifically include in their consideration whether there is a threat to the reputation of the charity, or to its independence.

Investment Policy

Most of the charitable company's funds are to be spent in the short term so there are no funds for long term investment. An investment policy is therefore not considered by the trustees to be appropriate for the time being.

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Going Concern

The trustees have taken into consideration the organisation's current financial situation and its outlook, including the ongoing impact of the Covid-19 pandemic and the knock-on economic situation, and they consider the charity to be a going concern. The trustees have carefully considered the impact on our SME membership fee income, and the agreement of our new funding partnership with City of London Corporation. They have also reviewed the level of security of funding from City Bridge Trust, our other major funder, which will finish in July 2023. Trustees are confident that the charity's plans for mitigation, income diversification and its strong free reserves position mean that it continues to be a going concern. Please see Note 1(b) to the financial statements.

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The Financial Statements

The financial statements have been prepared in accordance with the accounting policies set out in Note 1 to the accounts and comply with the charity's trust deed, the Charities Act 2011 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 from 1 January 2015 and the Companies Act 2006. The financial statements consist of the following and include comparative figures for the previous year.

- Statement of Financial Activities showing all income and all expenditure incurred and reconciling all changes in the funds of the charity.
- Balance Sheet setting out the assets and liabilities of the charity.
- Statement of Cash Flows shows the movement in cash for the year.
- Notes to the Financial Statements describing the accounting policies adopted and explaining information contained in the financial statements.

Responsibilities of the Trustees

Company law requires the board to prepare financial statements for each financial year which give a true and fair view of the charitable company's financial activities during the year and of its financial position at the end of the year. In preparing financial statements giving a true and fair view, the board should follow best practice and:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards and statements of recommended practice have been followed
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation

The board is responsible for keeping accounting records which disclose with reasonable accuracy the financial position of the charitable company and which enable them to ensure that the financial statements comply with the Companies Act 2006. The trustees are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The board, who are directors for the purposes of Company law and trustees for the purposes of charity law, who served during the year and up to the date of this report are set out on page 3.

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In accordance with Company law, as the company's directors, we certify that:

- so far as we are aware, there is no relevant audit information of which the company's auditors are unaware
- we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information
- with the continued support of the City of London Corporation and the City Bridge Trust, there are adequate assets to fulfil the obligations of the charity

Adopted and signed for and on behalf of the board.


Sushil Saluja (Jan 31, 2023 15:42 GMT)

Sushil Saluja
(Chair of Trustees)

Date: 31-Jan-2023

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Independent Auditor's Report to the Trustees and Members of Heart of the City of London Limited

Opinion

We have audited the financial statements of Heart of the City of London Limited ('the charitable company') for the year ended 31 March 2022 which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash Flows and 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 Financial Reporting Standard 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 2022 and of its income and expenditure, 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 charitable company 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 trustee's 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 charitable company'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.

Other information

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

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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 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 have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the charitable company and their 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 and proper accounting records have not been kept; 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; or
- 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' directors' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 19 the trustees (who are also the directors of the charitable company for the purposes 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 charitable company'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.

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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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 together with the Charities SORP (FRS102) 2019. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company for fraud. The laws and regulations we considered in this context for the UK operations were General Data Protection Regulation (GDPR) and Health and Safety Legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of grant, project and contributions in-kind income and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, and the Board of Trustees about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission, sample and cut-off testing of income and reading minutes of meetings of those charged with governance.

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Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

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 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 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.



Tina Allison
Senior Statutory Auditor
For and on behalf of
Crowe U.K. LLP
Statutory Auditor
London

Date: 31 January 2023

HEART OF THE CITY OF LONDON LIMITED

Statement of Financial Activities for the year ended 31 March 2022

	Notes	Unrestricted Fund £	Restricted Fund £	Total 2021-22 £	Total 2020-21 £
Income and Endowments from:					
Donations and Legacies		800,000	95,000	895,000	297,000
Charitable Activities		33,583	-	33,583	72,000
Interest and Other Income		(707)	-	(707)	5,611
Contributions in-kind		54,453	-	54,453	85,004
Total Income	4	<u>887,329</u>	<u>95,000</u>	<u>982,329</u>	<u>459,615</u>
Expenditure on:					
Charitable Activities		366,638	98,444	465,082	515,474
Total Expenditure	5	<u>366,638</u>	<u>98,444</u>	<u>465,082</u>	<u>515,474</u>
Income/(Expenditure) and net movement in funds		<u>520,691</u>	<u>(3,444)</u>	<u>517,247</u>	<u>(55,859)</u>
Reconciliation of funds					
Total Funds brought forward		<u>376,183</u>	<u>73,601</u>	<u>449,784</u>	<u>505,643</u>
Total Funds carried forward		<u><u>896,874</u></u>	<u><u>70,157</u></u>	<u><u>967,031</u></u>	<u><u>449,784</u></u>

All operations are continuing. There are no recognised gains or losses other than the results for the period set out about above.

The result of net movement in funds is the same as the profit / loss figure under Companies Act 2006.

HEART OF THE CITY OF LONDON LIMITED

Balance Sheet as at 31 March 2022

	Notes	2021 £	2020 £
Current Assets			
Debtors	7	629,165	28,650
Cash		386,146	426,566
		1,015,311	455,216
Liabilities			
Creditors: Amounts falling due within one year	8	48,280	5,432
Total Assets less Current Liabilities		967,031	449,784
The funds of the Charity:			
Unrestricted income funds		896,874	376,183
Restricted Funds		70,157	73,601
Total Charity funds	9	967,031	449,784

The accounts have been prepared in accordance with the provision of the small companies' regime within Part 15 of the Companies Act 2006. The financial statement of Heart of the City, registered company number 5973126 were approved and authorised on behalf of the trustees on 30 January 2023.


Sushil Saluja (Jan 31, 2023 15:42 GMT)

Sushil Saluja
(Chair of Trustees)

Date: 31-Jan-2023

HEART OF THE CITY OF LONDON LIMITED

Statement of Cash Flows at 31 March 2022

		2021-22 £	2020-21 £
Cash flows from operating activities:			
Net cash (used in) operating activities:	Table 1	(39,713)	(58,432)
Cash flows from investing activities:			
Interest and Other Income		<u>(707)</u>	<u>5,611</u>
Change in cash and equivalents in the reporting period		(40,420)	(52,821)
Cash and cash equivalents at the beginning of the reporting period		<u>426,566</u>	<u>479,387</u>
Cash and cash equivalents at the end of the reporting period	Table 2	<u>386,146</u>	<u>426,566</u>

HEART OF THE CITY OF LONDON LIMITED

Table 1: Reconciliation of net (expenditure) to net cash flow from operating activities

	2022-21 £	2021-20 £
Net (expenditure) for the reporting period (as per the statement of financial activities)	517,246	(55,859)
Adjustments for:		
Interest and Other Income	707	(5,611)
(Increase)/decrease in debtors	(600,514)	(1,178)
Increase/(decrease) in creditors	42,848	4,216
Net cash provided by (used in) operating activities	39,713	(58,432)

Table 2: Analysis of cash and cash equivalents

	2022-21 £	2021-20 £
Deposits (less than 3 months)	386,146	426,566
Total cash and cash equivalents	386,146	426,566

Table 3: Analysis of cash

	At 1 April 2021	Cashflow	Acquisition/ Disposal of subsidiaries	New finance leases	Fair Value Movements	Foreign Exchange Movements	Other non-cash changes	At 31 March 2022
	£	£	£	£	£	£	£	£
Cash	426,566	(707)	-	-	-	-	39,713	386,146

HEART OF THE CITY OF LONDON LIMITED

Notes to the Financial Statements

1. Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the charity's financial statements.

(a) Basis of preparation

The accounts (financial statements) have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant notes to these accounts. Heart of the City is a public benefit entity and the financial statements have been prepared in accordance with company law and with the new 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 from 1 January 2019 (2nd Edition) and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011.

(b) Going Concern

The trustees have taken into consideration the organisation's current financial situation and its outlook, including the impact of the Covid-19 pandemic and the knock-on economic situation, and they consider the charity to be a going concern. The trustees have carefully considered the impact on our membership fee income, and the agreement of our new funding partnership with City of London Corporation. They have also reviewed the level of security of funding from our other major funder, City Bridge Trust. Trustees are confident that the charity's plans for mitigation and its strong free reserves position mean that it continues to be a going concern. The trustees consider that there are no material uncertainties about the entity's ability to continue. The financial statements are therefore prepared on a going concern basis.

(c) Income policies

Items of income are recognised and included in the accounts when all of the following criteria are met:

- the charity or its subsidiary have entitlement to the funds;
- any performance conditions attached to the item(s) of income have been met or are fully within the control of the charity or its subsidiary;
- there is sufficient confidence that receipt of the income is considered probable; and
- the amount can be measured reliably

Contributions in-kind: these are included where the benefit to Heart of the City is reasonably quantifiable and measurable and are valued at the price the Charity would expect to pay in the open market which reflects the guidance from the Charities SORP – the value recognised may be lower than, but cannot exceed, the open market value. The value of the in-kind support is only measured and recorded once received. Please see note 4 below for more details.

(d) Expenditure

Allocation of costs between different activities: All costs are allocated directly to charitable activities. There are no financial commitments.

HEART OF THE CITY OF LONDON LIMITED

(e) Pension costs

Heart of the City does not directly employ any staff but ten individuals were seconded from the City of London Corporation during the year for the purposes of the charity. These staff are entitled to be members of the City of London Corporation's Pension Scheme and the related pension costs are incurred within the secondment recharge.

(f) Funds

The charity has two funds – the unrestricted income fund which contains any unspent annual income carried forward for use in future years, and a restricted fund which comprises grant funding from the City Bridge Trust towards the cost of responsible business work.

(g) Support costs

The charity does not employ any staff directly. Officers of the City of London Corporation provide administrative assistance to the charity when required and a figure of £1,787 is included under support costs. In addition a total of £16,536 for accommodation and £14,518 for pro bono expertise is included, all of which are provided on an in-kind basis.

2. Tax Status of the Charity

Heart of the City is a registered charity and as such its income and gains are exempt from income tax to the extent that they are applied to its charitable objectives.

3. Indemnity Insurance

The City of London Corporation has taken out indemnity insurance on behalf of Heart of the City. Heart of the City does not contribute to the cost of that insurance.

4. Income

Income is comprised as follows:

	Unrestricted £	Restricted £	2021-22 £	2020-21 £
Income				
Grant Income – City of London Corporation	800,000	-	800,000	202,000
Grant Income – City Bridge Trust	-	95,000	95,000	95,000
Membership Fees	15,583	-	15,583	62,000
Project Income – Mentoring Programme	18,000	-	18,000	-
Project Income – Dragon Awards	-	-	-	10,000
Donations	-	-	-	-
Interest and Other Income	(707)	-	(707)	5,611
Contributions in-kind	54,453	-	54,453	85,004
Total Income	887,329	95,000	982,329	459,615

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In 2021-22 the comparative amount of restricted income was £95,000 and unrestricted income £887,329.

Grants/Donations

The grant income of £895,000 has been received from the City of London Corporation and the City Bridge Trust (2020-21: £297,000), project income of £18,000 has been received from mentoring programmes (2020-21: £10,000 project income for the Dragon Awards). The City of London Corporation grant is £800,000 over four years which includes £600,000 of deferred grants receivable of £200,000 per annum through to 2024-25.

Fees

Membership Fees are in respect of the paid-for SME membership programmes.

Contributions in-kind

The contributions in-kind of £54,453 (2020-21: £85,004) relate primarily to accommodation provided by the City of London Corporation and the time spent by Heart of the City's business supporters in assisting with programme promotion and delivery. Due to a permanent move to online delivery during 2021-22, first implemented during the Covid-19 pandemic, the amount of time speakers and ambassadors have donated has reduced and the charity has not needed room space or hospitality.

5. Expenditure

Expenditure is analysed between activities undertaken directly and in-kind support costs as follows:

	Activities Undertaken Directly	Support Costs	2022 Total	Activities Undertaken Directly	Support Costs	2021 Total
	2022 £	2022 £	£	2021 £	2021 £	£
Charitable activities						
Heart of the City membership programme	410,629	54,453	465,082	447,899	67,575	515,474
Total Expenditure	410,629	54,453	465,082	447,899	67,575	515,474

No expenditure is incurred by third parties to undertake charitable work on behalf of the charity.

Charitable activities support costs

Expenditure on charitable activities £25,143 (2020-21: £55,175) includes accommodation, labour, equipment, materials and other supplies and services incurred as the running costs of

HEART OF THE CITY OF LONDON LIMITED

Heart of the City. This support is provided by CoLC, by individuals within the Heart of the City ambassador network of industry experts as well as by PwC for VAT software use and by Salesforce for CRM use.

Governance support costs

Governance support costs of £16,468 (2020-21: £12,400) relate to the general running of the charity, rather than specific activities within the charity, and include strategic planning and costs associated with trustee meetings. All governance costs are provided on an in-kind basis.

Auditors' remuneration and fees for external financial services: the auditors' fee of £4,500 has been paid for 2021-22 by City of London Corporation on behalf of Heart of the City. Hogan Lovells, which provided company secretarial support, have also waived their fee. No other external financial services were provided for the charity during the year or in the previous year.

Trustees' expenses: trustees of Heart of the City are unpaid and do not receive allowances.

Analysis of support costs

Support costs	Heart of the City Programmes
Accommodation	£16,536
IT and Marketing	£680
Legal	£8,322
Other	£13,343
Speakers and Ambassadors	£15,572
Total	£54,453

6. Staff Numbers and Costs and Overview of Other Expenditure

	2021-22	2020-21
Salaries	£280,013	£282,661
Pension costs	£58,521	£59,359
National Insurance costs	£31,115	£30,724
Total staffing costs	£369,649	£372,744

The average number of staff seconded to Heart of the City across the year was six (2020-21: 7). This staff number was made up of 10 different individuals working for the charity throughout 2021-22 (2020-21: 9). For 2021-22 there were no members of staff with salary above £60,000 (2020-21 there were no members of with salary above £60,000). Key management personnel

HEART OF THE CITY OF LONDON LIMITED

include the charity's director and head of programmes roles and their combined total compensation for 2021-22 was £163,568 (2020-21: £160,586).

Staffing (salaries, pension and national insurance) represents 88% of Heart of the City's annual costs (2020-21: 86%). Other expenditure of £48,369 during 2021-22 (2020-21: £57,726) included fees and services of £4,350 (2020-21: £36,700), £20,279 on communications and computing (2020-21: £10,451), £4,486 on training and recruitment advertising (2020-21: £5,073), £0 on office administration and IT support costs (2020-21: £4,400) and £16,859 on other miscellaneous costs such as agency staff, travel, subscriptions, equipment and materials (2020-21: £1,103).

7. Debtors

Debtors consist of amounts owing to the charity due within one year and Grants Receivable of £600,000 relates to the further three years of CoLC grant funding through to 2024-25.

	2022 £	2021 £
Other Debtors	29,164	28,650
Grants Receivable	600,000	-
Total	629,164	28,650

8. Creditors

Creditors consist of amounts due within one year in respect of charitable expenditure. Receipts in Advance of £46,392 relates to 2022-23 SME membership fees (2020-21: £0).

	2022 £	2021 £
Trade Creditors	120	4,400
Accruals	1,768	1,032
Receipts in Advance	46,392	0
Total	48,280	5,432

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9. Movement of Funds during the year to 31st March 2022

	Balance at 1 April 2021 £	Income £	Expenditure £	Balance at 31 March 2022 £	Balance at 31 March 2021 £
Unrestricted Funds					
General	376,183	887,329	(366,638)	896,874	376,183
Restricted Funds					
City Bridge Trust	73,567	95,000	(98,444)	70,123	73,567
TheCityTogether	34	-	-	34	34
Total	449,784	982,329	(465,082)	967,031	449,784

Movement of Funds during the year to 31st March 2021

	Balance at 1 April 2020 £	Income £	Expenditure £	Balance at 31 March 2021 £
Unrestricted Funds				
General	435,157	364,615	(423,589)	376,183
Restricted Funds				
City Bridge Trust	70,452	95,000	(91,885)	73,567
TheCityTogether	34	-	-	34
Total	505,643	459,615	(515,474)	449,784

Unrestricted funds

The balance on the general fund is £896,874 (2020-21: £376,183) and reflects the net movement in funds for the period.

Restricted funds

The balance on the restricted fund is £70,123 (2020-21: £73,601) and reflects the net movement in funds for the period from the City Bridge Trust towards the cost of Heart of the City's work in London boroughs.

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10. Analysis of Net Assets between funds: 31st March 2022

	Current Assets £	Current Liabilities £	Balance at 31 March 2022 £
Unrestricted Funds			
General	945,154	(48,280)	896,874
Restricted Funds			
City Bridge Trust	70,123	-	70,123
TheCityTogether	34	-	34
Total	1,015,311	(48,280)	967,031

Analysis of Net Assets between funds: 31st March 2021

	Current Assets £	Current Liabilities £	Balance at 31 March 2021 £
Unrestricted Funds			
General	381,615	(5,432)	376,183
Restricted Funds			
City Bridge Trust	73,567	-	73,567
TheCityTogether	34	-	34
Total	455,216	(5,432)	449,784

11. Related Party Transactions

The Heart of the City's relationship with the City of London Corporation is set out in the section on Structure, Governance and Management.

The City of London Corporation provides IT support and shared office administrative services for the charity. In 2021-22, no fees for these services were charged to the charity (2020-21: £4,400 for IT support). As of 31 March 2022, Heart of the City owed £nil to the City of London

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Corporation in respect of these charges (2020-21: £nil). Heart of the City staff are employed by the CoLC and seconded by the CoLC to the charity, for further details see note 6.

The City of London Corporation also provides banking services, allocating all transactions to the charity at cost and crediting or charging interest at a commercial rate. The cost of these services is set out in the Statement of Financial Activities under "Expenditure". The City of London Corporation provided a grant of £200,000 to Heart of the City in 2021-22 (2020-21: £202,000). As of 31 March 2022, Heart of the City was owed £nil from the City of London Corporation in relation to this grant (2020-21: £nil).

In addition, Heart of the City received contributions in-kind from the Corporation for accommodation (£16,536) and the audit fee (£4,500).

Heart of the City received £95,000 grant funding from the City Bridge Trust, a restricted fund which comprises grant funding towards the cost of responsible business work (2020-21: £95,000). As of 31 March 2022, Heart of the City was owed £23,750 from City Bridge Trust in relation to this grant (2020-21: £23,750).

HOTC - Annual Report 2021-2022 v12 - final

Final Audit Report

2023-01-31

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HEART OF THE CITY OF LONDON LIMITED

England & Wales - Charity number 1117212

Accounts

HEART OF THE CITY OF LONDON LIMITED



HEART OF THE CITY ANNUAL REPORT for the year ending 31 March 2021

Company Name: Heart of the City of London Limited

Charity number: 1117212

Company number: 5973126

HEART OF THE CITY OF LONDON LIMITED

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Reference and Administration Details

Charity Name:	Heart of the City of London Limited
Charity Number:	1117212
Company Number:	5973126
Registered Address:	Atlantic House, 21 Holborn Viaduct, London, City of London EC1A 2FG
Operational Address:	Innovation Growth Department, Guildhall, London EC2V 7HH
Company Secretary:	Hogan Lovells, Atlantic House, Holborn Viaduct London, City of London EC1A 2FG
Banker:	Lloyds TSB Bank plc, City Office, PO Box 72, Bailey Drive, Gillingham, Kent ME8 OLS
Auditor:	BDO LLP, 55 Baker Street, London, W1U 7EU
Trustees:	Rachel Engel (Vice-Chair) Arjan van den Berkmortel Fiona Clark Giles French Anthony Impey Rob Powell Nick Turner Carmen Whitelock Sushil Saluja (Chair) (appointed 4 December 2020) Rob Elder (appointed 21 January 2021) Sheriff Chris Hayward (appointed 21 January 2021) Martin Powell (appointed 27 April 2021) Sir Harvey McGrath (Chair) (until 4 December 2020) Linda Barnard (until 4 December 2020)

HEART OF THE CITY OF LONDON LIMITED

Director: Sarah Mitchell (until 16 September 2020)
Andy Melia (appointed 14 September 2020)

Treasurer: City of London Corporation

Trustee Details

Rachel Engel heads the Macquarie Group Foundation, EMEA, the philanthropic arm of Macquarie Group - a financial services institution with more than 14,450 employees globally. With over 18 years' experience in both the corporate and not-for-profit sectors, Rachel has previously held positions with AOL UK, the East London Business Alliance (ELBA) and IBM. Rachel is Vice-Chair of Streetwise Opera, trustee of a local grant making trust, the Sudborough Foundation and a committee member of Islington Giving, which has raised over £5 million for local causes in the past five years.

Arjan van den Berkmortel Arjan is currently the Head of Business Banking for the London Region at HSBC. He joined HSBC in 1996 and has held a number of high-profile positions within the organisation in London, Hong Kong, Paris and the Middle East. He has extensive cross-border banking experience in trade finance, transaction and corporate banking. He served as Chief Executive Officer for HSBC's operations in the Czech Republic.

Fiona Clark Prior to joining David Miller Architects in 2006, Fiona spent nearly twenty years in the fashion industry as a buyer for international retailers and as a director in the clothing manufacturing sector. She now applies her business skills to develop the practice with a focus on responsible business growth. She participates in a variety of organisations to support the communities where the practice works, to inspire young people to join the construction sector and to create new opportunities for DMA and for the team to contribute and grow. As a graduate of the Heart of the City's Foundation Programme, and now as an Associate Member, Fiona brings her personal experience and perspective as an SME to the Board of Trustees. Other collaborations include Westminster Business Council where she sits on the board, the Fitzrovia Partnership, the Employers Alliance at the Sir Simon Milton Westminster University Technical College and MIPIM Ladies, a network of women in property and construction, of which Fiona is a founder member.

Giles French As External Affairs Director at the City of London Corporation, an organisation that promotes UK based financial services, Giles provides strategic advice to senior politicians and officials. He leads on developing strategic relationships with politicians, regulators, diplomats and business leaders on a wide range of public policy issues in the UK, Europe and internationally. In addition, he engages with priority markets around the world to promote trade and investment flows with the UK financial and professional services sector. He is an Associate Adviser to the British Foreign Policy Group.

Anthony Impey MBE is the Chief Executive of Be the Business, an independent, not-for-profit organisation that is working with business leaders to boost the UK's productivity. As a serial entrepreneur and experienced business leader, Anthony has a track-record in starting, building, and operating businesses and not-for-profit organisations in the tech and education sectors. He started his first business at school and went on to build several businesses including Touchbase Network and Technology House. As founder and chief executive of Optimity, he built one of the

HEART OF THE CITY OF LONDON LIMITED

UK's leading providers of wireless internet services and a multi award-winning apprenticeship programme. He also founded TechCity Stars and Tech Up Nation; not-for-profit organisations that helped disadvantaged young Londoners kickstart their careers in the tech sector. Anthony is chair of the City & Guilds Industry Skills Board. He was awarded an MBE in the Queen's 2018 New Year's Honours for Services to Apprenticeships and Small Business.

Rob Powell is Head of Pro Bono & CSR at Weil, Gotshall and Manges. He manages the full breadth of activities within the London office's award-winning Corporate Social Responsibility (CSR) programme, from involvement advising at local law clinics and fielding requests for pro bono advice from a range of leading charities, NGOs and social enterprises, to community endeavours such as Weil's participation in PRIME, an alliance of law firms and legal departments across the UK who have made a commitment to broaden access to the legal profession. Rob is also on the Board of Special Olympics GB and Richard Hale Secondary School in addition to his role at Heart of the City.

Nick Turner Strategist, advisor and futures thinker, Nick Turner is the founder and Managing Partner of Stratforma, an advisory boutique that offers counsel to senior decision makers at multi-national organisations. Nick is the product of Silicon Valley and Wall Street, having served as a Managing Director and head of Strategy at Morgan Stanley, after a number of years spent in the high-technology industry in California. As a strategy consultant, Nick was the Co-President of scenario planning and experiential learning pioneers Global Business Network (GBN) and a Senior Partner of Michael Porter's Monitor Group. Nick is a visiting lecturer in strategy, scenario planning and innovation at leading business schools, including London (LBS), Imperial College and INSEAD. Nick is also a trustee of the educational charity, Ambition Institute. He previously served as a Board Member of the Mayor of London's Enterprise Panel (LEP), The London Skills and Employment Board (LSEB) and chaired the London Employer Coalition (LEC).

Carmen Whitelock Head of Digital Marketing at Cazenove Capital (part of the Schroders Group), Carmen brings over 20 years of digital communications, marketing and brand management experience to our board. Carmen has designed and delivered award-winning corporate websites, communications campaigns, digital marketing and social media strategies for Save the Children UK, Arup, RSA Insurance Group and Marks and Spencer. She continues to maintain influential working relationships with a wide array of industry experts.

Sushil Saluja is a Governor of Greenwich University and a trustee of the British Council, where he chairs the Commercial Board. He is a senior business leader and advisor, focused on international business, technology-led transformation and education. With over 30 years' prior experience at Accenture, Sushil has led business units in EMEA (based in London) and Asia Pacific (based in Hong Kong) and launched fintech accelerators in Hong Kong and Dubai. Sushil graduated in engineering from Pembroke College, Cambridge. He was previously a trustee of the Princes' Teaching Institute (PTI) and on the board of TheCityUK.

Rob Elder is the Bank of England's Agent for Greater London, since May 2018. He joined the bank in 1998, and for twelve years supported the Monetary Policy Committee as an economist and then senior manager. Between 2010 and 2012 he represented the UK on the board of the International Monetary Fund in Washington DC. When he returned he worked in our press office, and most recently, supported our Financial Policy Committee by running a team monitoring developments in the UK banking sector. Between 1990 and 1998 Rob worked as an economist and forecaster at HM Treasury, British Telecom and Manchester University. He also taught English in Japan for a year.

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Sheriff Chris Hayward took office as Sheriff of the City of London on 27th September 2019. Chris's business experience extends to Executive and Non-Executive Director roles in the property, infrastructure, planning and strategic communications sectors, providing a strong connection to the issues and concerns of City business. He has served on the boards of a number of companies over the past 30 years. He is currently a non-executive Director at JBP Associates and Hayward Properties and a Consultant to the global firm of WSP. International business experience extends to a role on the Advisory Board of the Sichuan Business Association including recent visits to China. Chris also served for eight years on the Council of the Institute of Administrative Management culminating in two years carrying out international graduation ceremonies as its Chairman. Outside the City he is a former Deacon of the Incorporation of Bonnetmakers and Dyers of Glasgow and maintains links with Northern Ireland on behalf of the City, supporting charities in and around Londonderry. In 2019 Chris was admitted as an Honorary Bencher of The Inner Temple.

Martin Powell is Head of Sustainability and Environmental Initiatives for Siemens Financial Services. He works with businesses, states and cities to support them in achieving environmental, social and economic goals. He has been involved in building strategies and developing pathways for organizations to achieve ESG improvement as well as roles in energy purchasing and Green Funds. Prior to this, he was the Deputy Mayor of London for Energy & Environment to the former Mayor of London, Boris Johnson, responsible for policy in water, waste, air quality, energy, climate change mitigation and adaptation and biodiversity. He was also the Executive Director for the design and delivery of the City's environmental programmes. As Managing Director of Cambridge Management & Research he worked for the Energy Saving Trust and the Institute for Sustainability and was also Special Advisor to the C40 Cities Group chaired by Michael R Bloomberg during his time as Mayor of New York. He has two published books – "Better Cities, Better Life" and "Smart Cities – Cities in the Digital Age".

Sir Harvey McGrath is Chairman of Big Society Capital, and Chair of Governors of Birkbeck College, University of London. He is the former Chairman of Prudential PLC, Man Group PLC, and the London Development Agency, and former Deputy Chair of the Mayor of London's Enterprise Panel. An active philanthropist and social investor, Harvey is Chair of the Advisory Council of the Impact Investing Institute; Funding London; and West London Zone; and a trustee of New Philanthropy Capital.

Linda Barnard is the Bank of England's Senior Staff Counsellor. She is an integrative psychotherapist, a British Association of Councillors and Psychotherapists Accredited and Registered Counsellor. Linda has been counselling for over 13 years and has been the Bank's lead counsellor since November 2005. Alongside this role Linda is advisor to the Bank's Inclusion Team particularly focusing on wellbeing and community.

HEART OF THE CITY OF LONDON LIMITED

Council of Members 2020/21

Name	Title	Organisation
The Rt Hon. Lord Mayor of the City of London	Co-President	Heart of the City
Governor Andrew Bailey	Co-President	Heart of the City
Sushil Saluja	Chair	Heart of the City
Rachel Engel	Deputy Chair	Heart of the City
Edward Braham	Senior Partner	Freshfields Bruckhaus Deringer
Susan Bright	Regional Managing Partner - UK and Africa	Hogan Lovells
Ian Caswell	Managing Director	Sapphire Systems PLC
Tim Clement-Jones CBE	Chairman of the Council	Queen Mary University
Melissa Fogarty	Joint Head of Corporate, London Partner	Clifford Chance
Richard Hardie	Senior Adviser	UBS AG
Peter Harrison	CEO	Schroders PLC
Tom Heylen	London Managing Partner	DLA Piper UK LLP
Laura Hinton	Executive Board Member and Head of People	PwC
Charles Jacobs	Senior Partner	Linklaters LLP
Tiina Lee	CEO, UKI	Deutsche Bank AG
Simon Mackenzie-Smith	Chairman of Corporate and Investment Banking, UK	Bank of America Merrill Lynch
Catherine McGuinness	Chair of Policy & Resources	City of London Corporation
Sarah Mullally	Bishop of London	Church of England
Nick Owen	UK Chairman	Deloitte LLP
Paul Plewman	CEO for EMEA and Head of Commodities and Global Markets EMEA	Macquarie Group Limited
Charles Randell CBE	Chair	Financial Conduct Authority
Peter Vernon	Group Executive Director	Grosvenor

HEART OF THE CITY OF LONDON LIMITED

Trustees' Report

Structure, Governance and Management

The annual report and audited financial statements have been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption, including the exemption from preparing a strategic report. Part of our objectives includes ensuring our governance framework is robust and enables us to achieve our mission. This section explains how we achieve this.

Governing Document

Heart of the City is a company limited by guarantee, incorporated on 20 October 2006 and registered as a charity on 11 December 2006. The company was established under a Memorandum of Association which established the objects and powers of the charitable company and is governed under its Articles of Association. In 2010, we combined both documents and updated them in accordance with the Companies Act 2006. In the event of the company being wound up, members are required to contribute an amount not exceeding £10. In May 2015, we updated our charitable objects, to better reflect our mission, and our Memorandum and Articles of Association, in line with the Charities Act 2011.

Recruitment and Appointment of the Board

The Directors of the company ('the Board') are also charity trustees for the purposes of charity law and under the company's articles are known as the trustees.

Selection process for Board Members

In 2018 the Board decided that future recruitment of trustees will be carried out through open advertising. Appointments are made to ensure that any gaps in skills required at Board level are filled. Appointment is undertaken through a vote of the existing trustees and a resolution reflecting the vote is signed by the Chair. The City of London Corporation nominates one trustee.

Board Induction and Training

As part of their selection and subsequent induction, our potential/new Board members are invited to meet our Director, Chair and other trustees to talk through the role and responsibilities of trustees, the work of the charity and its governance structures. New Board members are given the business plan, recent annual report and other information including promotional materials and funder reports. Board members are invited to attend the charity's events and workshops and receive updates on the charity's work in the Director's report which is presented as a key agenda item at each Board meeting.

Management framework

In addition to its Board, Heart of the City has a Council of Members. The members of the Board and the Council are all Members of the company. The Council - which comprises the Lord Mayor and the Governor of the Bank of England (both acting as co-Presidents), the Chair of the City of London Corporation Policy and Resources Committee and senior business leaders - meets once every six months, and its members attend Heart of the City events. The Council members are ambassadors for the project, championing, through their engagement, the growth of effective responsible business practice within their own companies and within member businesses.

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The Board meets quarterly and is responsible for determining Heart of the City's major strategic, financial and other policies. At present the Board has eight members from a variety of professional backgrounds relevant to the work of the charity. Day-to-day responsibility for the provision of the services rests with the Director and her team. The Director is responsible for ensuring that the charity delivers the specified programme and that key performance indicators are met. He also undertakes individual supervision and appraisal of the team, ensuring that they continue to develop their skills and working practices in line with good practice and the Heart of the City business plan.

Conflicts of Interest

The trustees receive no remuneration. No trustee expenses were claimed during the year. The Board has revised and adopted the charity's memorandum and articles of association to reflect the provisions of the Companies Act 2006 relating to the trustees' duties to avoid situations in which they have or can have a direct or indirect interest that conflicts, or may possibly conflict, with the interests of the charity. Trustees are asked to declare any conflicts of interest at the start of each Board meeting.

Relationship with the City of London Corporation

The Director and his team are housed by the City of London Corporation ('CoLC') and, in addition to core funding, receive considerable practical support from the CoLC in the shape of human resources advice, financial processing and other administration. Heart of the City staff are employed by the CoLC and seconded by the CoLC to the charity.

Health and safety, employment policy and internal and financial audit are integral parts of the administration provided by the City of London Corporation. The terms of a service level agreement between CoLC and Heart of the City help the trustees to satisfy themselves that their own responsibilities in these areas are met.

Risk Management

In this year the Board continued to review and re-presented its risk register. Identified risk fell broadly into four categories: Operational (customers, people, premises, volunteers), financial, governance (including legal/regulatory) and reputational.

The Board has established systems or procedures to mitigate these as far as possible. Whilst these procedures can mitigate major risks, the Board is aware that systems can only provide reasonable and not absolute assurance that key risks have been adequately identified and managed. The internal control procedures are designed to support progress towards achieving the charity's mission, to maintain expenditure within the limits of available income, and to safeguard the company's assets.

An annual budget is set each year in line with the goals and targets of the business plan to manage financial risk. Performance against this budget is reviewed monthly by the Director and quarterly management accounts are produced. In addition, regular re-forecasting exercises are undertaken to address changes in the economic environment and respond to changes in income expectations. A set of key performance indicators has been established to focus on the major targets of the business plan covering both financial and non-financial measures.

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Key risks currently identified by Heart of the City and mitigating strategies are as follows:

- Covid-19 – the global Covid-19 pandemic introduced new risks related both to the method of delivery of our work and to our income generation. We have tackled the challenge of not being able to run in-person events by shifting our events, networking and account management online. We also risk loss of members as our membership is made up of small to mid-sized businesses (SMEs) which have been disproportionately impacted by the pandemic and the economic downturn. To mitigate this, we are investing in a new platform to fully embed on-line delivery, enabling access to a wider range of potential members. We have also agreed a new four-year partnership with CoLC which will open up new avenues to engage businesses.
- Long term funding – Following the outcome of an external review of our work, trustees have agreed to invest in a longer-term income diversification strategy. This was a key area of experience required during the recruitment of the new permanent director of Heart of the City. An initial element of this strategy is the recruitment of a new Head of Income & Partnerships role to lead on its delivery. The Trustees have agreed to invest some of the reserves to fund this role for the next four years. Alongside this, in March 2021 we agreed a new four-year partnership to deliver the small business element of CoLC's climate action strategy. Development of this new addition to our programme will provide security of income until 2024/25.
- Change in key funding relationship – The new partnership agreement with CoLC is changing our relationship to a delivery-based model, with funding depending on achieving programme delivery targets. To mitigate the impact of this, we have created a new board sub-committee to oversee and support the team in delivering the climate programme, and invested in a new full-time membership manager.
- Loss of key staff – as with any small organisation loss of one or two key staff can have a major impact. To mitigate this risk we have personal development plans for all staff and use a contact management database to share and record contacts and preserve relationships.

Fundraising

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. Although we do not undertake fundraising from the general public, the legislation defines fundraising as "soliciting or otherwise procuring money or other property for charitable purposes." Such amounts receivable are presented in our accounts as *Income - Donations* and include grants.

In relation to the above we confirm that there is no involvement of professional fund-raisers, or third parties. The day-to-day management of all income generation is delegated to the executive team, who are accountable to the trustees. Any solicitations would be managed internally. The charity is not bound by any undertaking to any regulatory scheme and the charity does not consider it necessary to comply with any voluntary fundraising codes of practice.

We have received no complaints in relation to fundraising activities. Our terms of employment require staff to behave reasonably at all times; as we do not approach individuals for funds we do not have a particular reference to fundraising activities nor do we consider it necessary to design specific procedures to monitor such activities.

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Charity Governance Code

The trustees are supportive of the Charity Governance Code and its aim to assist in the development of high standards of governance throughout the charity sector. In 2018 the trustees reviewed the Code and the charity's current practice. The charity's governance was found to be in line with the key areas of the Code. The trustees have continued to act in line with the Code and progressed further actions through 2020/21, including on diversity and inclusivity, and schemes of delegation. Trustees will keep the Code under review in 2021/22.

Objectives and Activities for the Public Benefit

Our vision is that every business can be a force for good.

Our purpose is to galvanise company leaders to do good business.

Our mission: We inspire and embolden business leaders to build successful companies that make a positive difference to people, places and the planet. Heart of the City does this through equipping leaders with tools and practical advice and connecting them with professionals working in mature businesses who provide coaching support.

Our Charitable Objects

The Board of trustees confirms that it has referred to the Charity Commission's general guidance on public benefit when reviewing Heart of the City's aims and objectives and in planning future activities. Consequently, the trustees consider that Heart of the City operates to benefit the general public and satisfies the public benefit test.

Heart of the City promotes the voluntary sector for the benefit of the public by:

1. making best practice in corporate social responsibility easily accessible to companies through peer-to-peer knowledge sharing in order to effectively promote ethical standards and increase positive impact on communities and the environment;
2. promoting charitable giving by companies and organisations and encouraging individuals to participate in voluntary work, providing education and training on subjects relevant to the efficiency of the voluntary sector and assisting in the provision of financial, technical and other resources to the voluntary sector; and
3. such other charitable objects as the trustees shall consider appropriate.

Like most organisations, we needed to respond to the challenges of the Covid-19 pandemic during 2020/21. We prioritised supporting our members and other small businesses to '*survive and thrive*' throughout the year, whilst adapting our own delivery to meet the needs of the changed operating environment.

As a result, our objectives focussed on:

1. Supporting members to respond to the pandemic
2. Developing our offer for a post-pandemic world
3. Celebrating good responsible business during the pandemic

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The actions we took in 2020/21 to meet these objectives are set out below:

1. Supporting members to respond to the pandemic

Heart of the City's membership year runs from January to December each year. As the pandemic hit in March 2020, we quickly adjusted our programme, focussing on the immediate needs of members and other businesses. We continued to run core elements of the foundation programme, moving delivery on-line. Alongside this, we created a new event series called '*Survive and Thrive*', a programme of webinars exploring how small business can operate in the pandemic, but looked at through a responsible business lens. From April to November, we ran a weekly webinar on subjects from risk-planning when returning to work to navigating the furlough scheme and looking after the wellbeing of remote workers, with expert guidance from companies including Nando's, PwC and Grant Thornton.

17 sessions were delivered, reaching 72 small businesses with the support of 20 business professionals from partner organisations. Sessions were free to access and open to all businesses.

As a result, we saw a difference for businesses involved. 82% of our survey respondents made progress in their responsible business programmes despite the pandemic, and 61% have been able to better support their teams during the pandemic through their membership with us.

The series also opened up new partnership opportunities. The final four sessions were delivered in partnership with the City branch of the Institute of Directors, which has formed the groundwork for future collaboration.

2020 was also Heart of the City's twentieth anniversary, and as part of our celebrations we launched a brand-new website. As our gift to the responsible business community, we also made our resources freely available for the first time ever. This has enabled greater reach to small businesses looking for guidance throughout the pandemic.

The operating environment meant recruitment for the 2021 foundation programme was challenging with many businesses focussed on survival. We recruited 27 new businesses to the programme (2020: 67), retained 39 as on-going members (2020: 39) and had 13 associate members (2020: 13). In terms of paying members who didn't renew, we lost 17 on-going members (2020: 35) and we lost 3 associate members (2020: 2). 91% of members are small and medium sized enterprises (1-250 employees) and 80% are in our target group of 10-250 employees.

2. Developing our offer for a post-pandemic world

In the summer of 2020, NPC - New Philanthropy Capital - a charity support consultancy, undertook a paid-for external review of Heart of the City's work. Key delivery outputs focussed on the need to refine our mission and purpose, supported by more specific impact data and explore ways to deliver more of our work on-line.

We have combined our response to this with our learning from operating in the pandemic. In March 2020, we moved all of our delivery on-line, adapting quickly to web-based meetings and events. This has had a positive effect on the time available to the team, enabling them to deliver more support to members whilst travelling less. Longer-term, we have begun exploring the development of a training platform that will embed on-line delivery into all of our work.

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Alongside this, we have developed a new framework for members. This enables them to assess their approach to responsible business and plot how to develop and improve. At the start of each operating year, members will complete a 'health-check' questionnaire, which will be repeated at the end of the year to track progress. In doing so, we will be able to more effectively demonstrate the difference we are making to members.

Our partnership with CoLC has developed throughout 2020, which has enabled us to develop a greater focus for our outcomes in our core place – the City of London. CoLC have set a target for the Square Mile to achieve net zero carbon emissions by 2040. The role of small businesses will be essential in achieving this. We have agreed to work together to support SMEs to develop and implement net zero plans as part of a new four-year funding relationship that was agreed in March 2021. Developing this focus on climate action will open new opportunities for Heart of the City, whilst strengthening the relationship with CoLC over the next four years.

3. Celebrating good responsible business during the pandemic

2020 was Heart of the City's twentieth year in operation. Whilst our celebration plans changed due to the Covid19 pandemic, we focused on celebrating the stories of our members from over the last twenty years, alongside opening our resource hub to the public. Throughout autumn, we published a series of video case studies showcasing the progress businesses have made through their work with Heart of the City. In December, we also published our twenty-year impact report, which told the story of Heart of the City and set our vision for the future.

In Spring 2020, CoLC asked us to take over the running of the Lord Mayor's Dragon Awards, which celebrate business impact in society. Initial plans to host a celebration event during City Giving Day 2020 were postponed due to coronavirus. However, we celebrated in April 2021; where we congratulated six winners and three highly commended, from a shortlist of 14 businesses.

Challenges

- The Covid-19 pandemic has impacted our ability to recruit members, in part due to the operating environment facing many small businesses and the lack of traditional engagement routes such as physical events. We are developing new approaches and methods, most notably improving our communications and developing new partnerships with business representation and sector bodies. As we enter a new phase in our relationship with the CoLC, recruitment will remain top of the agenda to ensure success in delivering on our targets and commitments.
- The focus on climate action has required new skills and experience within Heart of the City. We have recruited a new trustee and team member to enhance our knowledge in this area and drawn extensively on the support of our ambassador network to support the development of our offer. The board will continue to monitor progress and need, most notably through the creation of a new sub-committee focussed on the delivery of the new climate partnership with CoLC.
- The unclear nature of current economic circumstances has impacted the development of longer-term planning. The board have agreed two-year priorities, underpinned by a longer-term income diversification strategy. These will inform the next iteration of Heart of the City's business plan over the course of the coming year.

Future Plans

We continue to operate effectively, despite the challenges posed by coronavirus. The focus over the coming year will be on establishing a successful programme for the climate offer, piloting a course

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for SMEs and developing an integrated recruitment strategy with the City of London Corporation. This will be essential in reaching the agreed targets and securing on-going funding support. Alongside this, further work will be undertaken to enhance our on-line delivery, selecting and developing the right platform to run all our training courses. In doing so, we will be able to reach businesses in new geographies.

Underpinning this will be the implementation of an income diversification strategy, which will seek to broaden the income base for Heart of the City over the next five years, recognising that agreements with our current major funders come to an end by 2024/25. Trustees have prioritised business development skills in the recruitment of the new permanent director, who will be joining in summer 2021, and agreed to invest some of the reserves in the development of income generation skills within the team.

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Financial Review

Income

Our total income was £459,615 as opposed to £608,732 (restated for 2019/20); this included grants from the charitable company's founding and primary funder, the City of London Corporation of £202,000 (2019/20: £300,000), funding from the City Bridge Trust of £95,000 (2019/20: £95,000), fees for membership of £62,000 (2019/20: £57,415), project income was received from Dragon Awards totalling £10,000 (2019/20: project income of £30,862 was received from Westminster City Council), together with in-kind support £85,004 (2019/20 restated: £117,293). Expenditure of £515,474 compares with £526,692 (restated for 2019/20). The net deficit for the period was £55,859 compared to a net surplus of £82,040 that was noted in the 2019/20 Annual Report. The reduction in income for 2020/21 is linked to two main factors – the change in the way that in-kind support is calculated and the reduction in grant income from the City of London Corporation. Further information is provided in Note 4 to the financial statements.

Reserves Policy

The charitable company's policy is not to accumulate restricted reserves as its two main funders provide resources for the furtherance of the charity's activities, and not for sums to be held in reserve other than for wind-down and contingency operational purposes. Unrestricted funds may be carried forward to be spent in future years in line with charitable activities.

The charity held £376,183 in free reserves at 31 March 2021 which is above our minimum target level of six months of operating costs (£240,000). However, in view of the global pandemic and the results of the external review into our work, the trustees reviewed our reserves after the financial year end and have agreed to invest the surplus reserves in developing the charity's fundraising capacity, to diversify our sources of income.

Donations Policy

If there are concerns about the reputation of the donors or the extent of influence over the organisation sought by the donor, the executive will consider the matter with the Chair of the Board. They will specifically include in their consideration whether there is a threat to the reputation of the charity, or to its independence.

Investment Policy

Most of the charitable company's funds are to be spent in the short term so there are no funds for long term investment. An investment policy is therefore not considered by the trustees to be appropriate for the time being.

Going Concern

The trustees have taken into consideration the organisation's current financial situation and its outlook, including the impact of the Covid-19 pandemic and the knock-on economic situation, and they consider the charity to be a going concern. The trustees have carefully considered the impact on our membership fee income, and the agreement of our new funding partnership with City of London Corporation. They have also reviewed the level of security of funding from our other major funder. Trustees are confident that the charity's plans for mitigation and its strong free reserves position mean that it continues to be a going concern. Please see Note 1(b) to the financial statements.

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The Financial Statements

The financial statements have been prepared in accordance with the accounting policies set out in Note 1 to the accounts and comply with the charity's trust deed, the Charities Act 2011 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 from 1 January 2015 and the Companies Act 2006. The financial statements consist of the following and include comparative figures for the previous year.

- Statement of Financial Activities showing all income and all expenditure incurred and reconciling all changes in the funds of the charity.
- Balance Sheet setting out the assets and liabilities of the charity.
- Statement of Cash Flows shows the movement in cash for the year.
- Notes to the Financial Statements describing the accounting policies adopted and explaining information contained in the financial statements.

Responsibilities of the Trustees

Company law requires the Board to prepare financial statements for each financial year which give a true and fair view of the charitable company's financial activities during the year and of its financial position at the end of the year. In preparing financial statements giving a true and fair view, the Board should follow best practice and:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards and statements of recommended practice have been followed
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation

The Board is responsible for keeping accounting records which disclose with reasonable accuracy the financial position of the charitable company and which enable them to ensure that the financial statements comply with the Companies Act 2006. The trustees are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Board, who are directors for the purposes of Company law and trustees for the purposes of charity law, who served during the year and up to the date of this report are set out on page 3.

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In accordance with Company law, as the company's directors, we certify that:

- so far as we are aware, there is no relevant audit information of which the company's auditors are unaware
- we have taken all the steps that we ought to have taken in order to make ourselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information
- with the continued support of the City of London Corporation and the City Bridge Trust, there are adequate assets to fulfil the obligations of the charity

Adopted and signed for and on behalf of the Board.


S K Saluja (Dec 20, 2021 12:49 GMT)

Sushil Saluja
(Chair of Trustees)

Date: Dec 20, 2021

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Independent Auditor's Report to the Trustees and Members of Heart of the City of London Limited

Opinion on the financial statements

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 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

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

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 Foundation in accordance with the ethical requirements 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 related to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Charitable Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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Other information

The Trustees are responsible for the 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 other information comprises: The Report of the Trustee. 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Other Companies Act 2006 reporting

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

- the information given in the Trustees' Report, which includes the Directors' Report and the Strategic 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 Strategic report and the Directors' Report, which are included in the Trustees' Report, have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatement in the Strategic report or the Trustee's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities and Trustee Investment (Scotland) Act 2005 requires us to report to you if, in our opinion;

Responsibilities of Trustees

As explained more fully in the Statement of Trustee's Responsibilities, the Trustee is 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 determines 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 Trustee is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern

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and using the going concern basis of accounting unless the Trustees either intend to liquidate the Foundation 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.

Extent to which the audit was capable of detecting irregularities, including fraud

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:

- We enquired with management and the representatives of the trustee, including obtaining and reviewing supporting documentation, concerning the Charity's policies and procedures relating to:
 - o identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - o detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - o The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- In addition, the charity is subject to a number of laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: employment law, and data protection. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of Those Charged with Governance and other management and inspection of regulatory and legal correspondence if any.
- There are inherent limitations in the audit procedures performed 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 are to become aware of it.

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- 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 posting inappropriate journal entries to manipulate financial results – particularly concerning the valuation and recognition of contributions in kind - and management bias in accounting estimates.
- We considered the scope for management to manipulate financial results through the timing of the recognition of grant expenditure, particularly for multi-year grants and grants awarded around year-end.

Audit response to risks identified

- The Senior Statutory Auditor has assessed and concluded that the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations;
- We reviewed the financial statement disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- We made enquiries of the Trustee's representatives and management;
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- We reviewed minutes of meetings of those charged with governance;
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- We challenged assumptions made by management in their significant accounting estimates in particular in relation to the assumptions related to the contributions in kind measurement and recognition.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and

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regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC'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 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 Company's members 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 Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Paul Clark
Paul Clark (Dec 22, 2021 19:39 GMT)

Paul Clark (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London

Date Dec 22, 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

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Statement of Financial Activities for the year ended 31 March 2021

	Notes	Unrestricted Fund £	Restricted Fund £	Total 2020/21 £	Total 2019/20 Restated £
Income and Endowments from:					
Donations and Legacies		202,000	95,000	297,000	395,000
Charitable Activities		72,000	-	72,000	93,655
Interest and Other Income		5,611	-	5,611	2,784
Contributions in-kind		85,004	-	85,004	117,293
Total Income	4	364,615	95,000	459,615	608,732
Expenditure on:					
Charitable Activities		423,589	91,885	515,474	526,692
Total Expenditure	5	423,589	91,885	515,474	526,692
(Expenditure)/income and net movement in funds		(58,974)	3,115	(55,859)	82,040
Reconciliation of funds					
Total Funds brought forward		435,157	70,486	505,643	423,603
Total Funds carried forward		376,183	73,601	449,784	505,643

All operations are continuing. There are no recognised gains or losses other than the results for the period set out above.

The result of net movement in funds is the same as the profit / loss figure under Companies Act 2006.

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Balance Sheet as at 31 March 2021

		2021	2020
	Notes	£	£
Current Assets			
Debtors	7	28,650	27,472
Cash		426,566	479,387
		455,216	506,859
Liabilities			
Creditors: Amounts falling due within one year	8	5,432	1,216
Total Assets less Current Liabilities		449,784	505,643
The funds of the Charity:			
Unrestricted income funds		376,183	435,157
Restricted funds		73,601	70,486
Total Charity funds	9	449,784	505,643

The accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime. The financial statements of Heart of the City, registered company number 5973126, were approved and authorised for issue on behalf of the trustees on 17 November 2021:

S K Saluja
S K Saluja (Dec 20, 2021 12:49 GMT)

Sushil Saluja
 (Chair of Trustees)

Date: Dec 20, 2021

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Statement of Cash Flows at 31 March 2021

		2020/21 £	2019/20 £
Cash flows from operating activities:			
Net cash (used in) operating activities	Table 1	(58,432)	87,062
Cash flows from investing activities:			
Interest and Other Income		5,611	2,784
Change in cash and cash equivalents in the reporting period		(52,821)	89,846
Cash and cash equivalents at the beginning of the reporting period		479,387	389,541
Cash and cash equivalents at the end of the reporting period	Table 2	426,566	479,387

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Table 1: Reconciliation of net (expenditure) to net cash flow from operating activities

	2020/21 £	2019/20 £
Net (expenditure)/income for the reporting period (as per the statement of financial activities)	(55,859)	82,040
Adjustments for:		
Interest and Other Income	(5,611)	(2,784)
(Increase)/decrease in debtors	(1,178)	7,213
Increase/(decrease) in creditors	4,216	593
Net cash provided by (used in) operating activities	(58,432)	87,062

Table 2: Analysis of cash and cash equivalents

	2020/21 £	2019/20 £
Deposits (less than 3 months)	426,566	479,387
Total cash and cash equivalents	426,566	479,387

Table 3: Analysis of cash

	At 1 April 2020	Cashflow	Acquisition/ Disposal of subsidiaries	New finance leases	Fair Value Movements	Foreign Exchange Movements	Other non-cash changes	At 31 March 2021
	£	£	£	£	£	£	£	£
Cash	479,387	5,611	-	-	-	-	(58,432)	426,566

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Notes to the Financial Statements

1. Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the charity's financial statements.

(a) Basis of preparation

The accounts (financial statements) have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant notes to these accounts. Heart of the City is a public benefit entity and the financial statements have been prepared in accordance with company law and with the new 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 from 1 January 2019 (2nd Edition) and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011.

(b) Going Concern

The trustees have taken into consideration the organisation's current financial situation and its outlook, including the impact of the Covid-19 pandemic and the knock-on economic situation, and they consider the charity to be a going concern. The trustees have carefully considered the impact on our membership fee income, and the agreement of our new funding partnership with City of London Corporation. They have also reviewed the level of security of funding from our other major funder. Trustees are confident that the charity's plans for mitigation and its strong free reserves position mean that it continues to be a going concern. The trustees consider that there are no material uncertainties about the entity's ability to continue. The financial statements are therefore prepared on a going concern basis.

(c) Income policies

Items of income are recognised and included in the accounts when all of the following criteria are met:

- the charity or its subsidiary have entitlement to the funds;
- any performance conditions attached to the item(s) of income have been met or are fully within the control of the charity or its subsidiary;
- there is sufficient confidence that receipt of the income is considered probable; and
- the amount can be measured reliably

Contributions in-kind: these are included where the benefit to Heart of the City is reasonably quantifiable and measurable and are valued at the price the Charity would expect to pay in the open market which reflects the guidance from the Charities SORP – the value recognised may be lower than, but cannot exceed, the open market value. The value of the in-kind support is only measured and recorded once received.

(d) Expenditure

Allocation of costs between different activities: All costs are allocated directly to charitable activities. There are no financial commitments.

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(e) Pension costs

Heart of the City does not directly employ any staff but eight individuals were seconded from the City of London Corporation during the year for the purposes of the charity. These staff are entitled to be members of the City of London Corporation's Pension Scheme and the related pension costs are incurred within the secondment recharge.

(f) Funds

The charity has two funds – the unrestricted income fund which contains any unspent annual income carried forward for use in future years, and a restricted fund which comprises grant funding from the City Bridge Trust towards the cost of responsible business work.

(g) Support costs

The charity does not employ any staff directly. Officers of the City of London Corporation provide administrative assistance to the charity when required and a figure of £1,434 is included under support costs. In addition a total of £15,842 for accommodation and £8,112 for pro bono expertise is included, all of which are provided on an in-kind basis.

2. Tax Status of the Charity

Heart of the City is a registered charity and as such its income and gains are exempt from income tax to the extent that they are applied to its charitable objectives.

3. Indemnity Insurance

The City of London Corporation has taken out indemnity insurance on behalf of Heart of the City. Heart of the City does not contribute to the cost of that insurance.

4. Income

Income is comprised as follows:

	Unrestricted £	Restricted £	2020/21 £	2019/20 £ Restated
Income				
Grant Income – City of London Corporation	202,000	-	202,000	300,000
Grant Income – City Bridge Trust	-	95,000	95,000	95,000
Membership Fees	62,000	-	62,000	57,415
Project Income – Westminster	-	-	-	30,862
Project Income – Dragon Awards	10,000	-	10,000	-
Donations	-	-	-	5,378
Interest and Other Income	5,611	-	5,611	2,784
Contributions in-kind	85,004	-	85,004	117,293
Total Income	364,615	95,000	459,615	608,732

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In 2019/20 the comparative amount of restricted income was £95,000 and unrestricted income £513,732.

Grants/Donations

The grant income of £297,000 has been received from the City of London Corporation and the City Bridge Trust (2019/20: £395,000), project income of £10,000 has been received from Dragon Awards.

Fees

Membership Fees are in respect of the paid-for membership programmes.

Contributions in-kind

The contributions in-kind of £85,004 relate primarily to the time spent by Heart of the City's business supporters in assisting with programme promotion and delivery. The restated figure for 2019/20 based on the new in-kind methodology is £117,293 (which was previously accounted for as £267,190).

The largest areas of contributions include: Speakers and ambassadors £31,319 (restated 2019/2020: £71,634). Accommodation £15,842 (2019/2020: £15,430). Pro bono expertise £8,112 (restated 2019/2020: £12,744) including £4,000 (2019/2020: £4,000) representing the audit (paid for by the City of London Corporation) and £4,112 (2019/2020: £8,643) legal support including Hogan Lovells as Company Secretary. Significant further changes from 2020/21 were Council time £0 (restated 2019/2020: £100) and Rooms £0 (2019/2020: £3,336).

2020/21 has seen significant changes in our in-kind contributions:

- Due to the Covid-19 pandemic we have delivered our programme on-line rather than in person. As a result, the amount of time speakers and ambassadors have donated has reduced significantly. In addition, we have not needed room space or hospitality.
- Following advice, we have reviewed our methodology for in-kind calculations to exclude meetings of the Council and Board in line with the Charities Statement of Recommended Practice. Members of the Council and the Board continue to provide significant amounts of general volunteering time in support of the charity as ambassadors and directors.

Our calculations are based on advice on good practice provided by Weil, Gotshal & Manges (London) LLP in January 2021 which is aligned to FRS102 and the Charities Statement of Recommended Practice that volunteer hours of CEO/Managing Partner-level volunteers should not be accounted for as income or expense in Heart of the City's Statement of Financial Activities.

The valuation of in-kind contributions is the only key judgement made by the trustees.

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5. Expenditure

Expenditure is analysed between activities undertaken directly and in-kind support costs as follows:

	Activities Undertaken Directly	Support Costs	2021 Total	Activities Undertaken Directly	Support Costs	2020 Total
	2021 £	2021 £	£	2020 £ Restated	2020 £ Restated	£ Restated
Charitable activities						
Heart of the City membership programme	447,899	67,575	515,474	473,551	53,141	526,692
Total Expenditure	447,899	67,575	515,474	473,551	53,141	526,692

No expenditure is incurred by third parties to undertake charitable work on behalf of the charity.

Activities undertaken directly

Activities undertaken directly include £17,429 (restated 2019/2020: £64,152) in respect of in-kind costs.

Charitable activities support costs

Expenditure on charitable activities £55,175 (restated 2019/2020: £34,201) includes labour, equipment, materials and other supplies and services incurred as the running costs of Heart of the City.

Governance support costs

Governance support costs of £12,400 (restated 2019/2020: £18,940) relate to the general running of the charity, rather than specific activities within the charity, and include strategic planning and costs associated with trustee meetings. All governance costs are provided on an in-kind basis.

Auditors' remuneration and fees for external financial services: the auditors' fee of £4,000 has been paid for 2020/21 by City of London Corporation on behalf of Heart of the City. Hogan Lovells, which provided Company Secretarial support, have also waived their fee. No other external financial services were provided for the charity during the year or in the previous year.

Trustees' expenses: trustees of Heart of the City are unpaid and do not receive allowances.

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Analysis of support costs

Support costs	Heart of the City Programmes
Accommodation	£15,842
IT and Marketing	£14,490
Legal	£4,112
Other	£19,241
Speakers and Ambassadors	£31,319
Total	£85,004

6. Staff Numbers and Costs and Overview of Other Expenditure

The number of staff seconded to Heart of the City in the year was eight at a cost of £372,744 of which £59,359 is pension costs and £30,724 is national insurance contributions. The comparative figure for 2019/20 was eleven (including one member of staff on maternity leave until September) at a cost of £362,226 of which £58,269 was pension and £29,727 was national insurance contributions. For 2020/21 there were no members of staff with salary above £60,000 (2019/20 there was one member of staff with salary within the banding £70,000 to £79,999).

Staffing (salaries, pension and national insurance) represents 86% of Heart of the City's annual costs (2019/20: 88%). Other expenditure of £57,726 during 2020/21 (2019/20: £47,173) included fees and services of £36,700 (of which £22,475 was for the NPC report) (2019/20: £9,183), £10,451 on communications and computing (of which £7,964 was new website costs) (2019/20: £18,059), £5,073 on training and recruitment advertising (2019/20: £7,193), £4,400 on premises (2019/20: £1,600) and £1,103 on other miscellaneous costs such as travel, subscriptions, equipment and materials (2019/20: £11,138 including agency staff cost of £6,636).

7. Debtors

Debtors consist of amounts owing to the charity due within one year.

	2021 £	2020 £
Other Debtors	28,650	27,472
Total	28,650	27,472

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8. Creditors

Creditors consist of amounts due within one year in respect of charitable expenditure.

	2021 £	2020 £
Trade Creditors	4,400	-
Accruals	1,032	1,216
Total	5,432	1,216

9. Movement of Funds during the year to 31st March 2021

	Balance at 1 April 2020 £	Income £	Expenditure £	Balance at 31 March 2021 £	Balance at 31 March 2020 £
Unrestricted Funds					
General	435,157	364,615	(423,589)	376,183	435,157
Restricted Funds					
City Bridge Trust	70,452	95,000	(91,885)	73,567	70,452
TheCityTogether	34	-	-	34	34
Total	505,643	459,615	(515,474)	449,784	505,643

Movement of Funds during the year to 31st March 2020

	Balance at 1 April 2019 £	Income £	Expenditure £	Balance at 31 March 2020 £
Unrestricted Funds				
General	354,926	513,732	(433,501)	435,157
Restricted Funds				
City Bridge Trust	68,643	95,000	(93,191)	70,452
TheCityTogether	34	-	-	34
Total	423,603	608,732	(526,692)	505,643

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Unrestricted funds

The balance on the general fund is £376,183 (2019/20: £435,157) and reflects the net movement in funds for the period.

Restricted funds

The balance on the restricted fund is £73,601 (2019/20: £70,486) and reflects the net movement in funds for the period from the City Bridge Trust towards the cost of Heart of the City's work in London boroughs.

10. Analysis of Net Assets between funds: 31st March 2021

	Current Assets £	Current Liabilities £	Balance at 31 March 2021 £
Unrestricted Funds			
General	381,615	(5,432)	376,183
Restricted Funds			
City Bridge Trust	73,567	-	73,567
TheCityTogether	34	-	34
Total	455,216	(5,432)	449,784

Analysis of Net Assets between funds: 31st March 2020

	Current Assets £	Current Liabilities £	Balance at 31 March 2020 £
Unrestricted Funds			
General	436,373	(1,216)	435,157
Restricted Funds			
City Bridge Trust	70,452	-	70,452
TheCityTogether	34	-	34
Total	506,859	(1,216)	505,643

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11. Related Party Transactions

The Heart of the City's relationship with the City of London Corporation is set out in the section on Structure, Governance and Management.

The City of London Corporation provides management and administrative services for the charity. Any related party transactions have been undertaken on an arms-length basis.

The costs incurred by the City of London Corporation in providing these services are charged to the charity. The City of London Corporation also provides banking services, allocating all transactions to the charity at cost and crediting or charging interest at a commercial rate. The cost of these services is set out in the Statement of Financial Activities under "Expenditure". The City of London Corporation provided a grant of £202,000 to Heart of the City in 2020/21 (2019/20: £300,000). As of 31 March 2021, Heart of the City was owed £nil from the City of London Corporation in relation to this grant (2019/20: £nil).

In addition, Heart of the City received contributions in-kind from the Corporation for accommodation (£15,482) and the audit fee (£4,000).

Heart of the City received £95,000 grant funding from the City Bridge Trust, a restricted fund which comprises grant funding towards the cost of responsible business work (2019/20: £95,000). As of 31 March 2021, Heart of the City was owed £23,750 from City Bridge Trust in relation to this grant (2019/20: £23,750).

HOTC - Annual Report 2020-2021 final updated version for signing 20-Dec-21

Final Audit Report

2021-12-22

Created:	2021-12-20
By:	Maggie Berry (maggie.berry@cityoflondon.gov.uk)
Status:	Signed
Transaction ID:	CBJCHBCAABAAu2eq2CgOg9SdQjo6Kfr1KSVn6mSraM5B

"HOTC - Annual Report 2020-2021 final updated version for signing 20-Dec-21" History

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