

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

HEART OF THE CITY OF LONDON LIMITED

Contents

Reference and Administration Details.....	2
Trustees' Report.....	10
Charity Governance Code.....	13
Objectives and Activities for the Public Benefit.....	13
Financial Review.....	17
The Financial Statements.....	19
Independent Auditor's Report.....	21
Statement of Financial Activities for the year ended 31 March 2022.....	25
Balance Sheet as at 31 March 2022.....	26
Statement of Cash Flows at 31 March 2022.....	27
Notes to the Financial Statements.....	29

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) 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

HEART OF THE CITY OF LONDON LIMITED

Director:	Andy Melia (until 30 July 2021) Maggie Berry (appointed 19 July 2021)
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 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.

HEART OF THE CITY OF LONDON LIMITED

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

HEART OF THE CITY OF LONDON LIMITED

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

HEART OF THE CITY OF LONDON LIMITED

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.

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
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

HEART OF THE CITY OF LONDON LIMITED

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

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.

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 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.

HEART OF THE CITY OF LONDON LIMITED

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.

HEART OF THE CITY OF LONDON LIMITED

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.

HEART OF THE CITY OF LONDON LIMITED

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

HEART OF THE CITY OF LONDON LIMITED

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.

HEART OF THE CITY OF LONDON LIMITED

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.

HEART OF THE CITY OF LONDON LIMITED

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.

HEART OF THE CITY OF LONDON LIMITED

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.

HEART OF THE CITY OF LONDON LIMITED

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.

HEART OF THE CITY OF LONDON LIMITED

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

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 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.

HEART OF THE CITY OF LONDON LIMITED

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.

HEART OF THE CITY OF LONDON LIMITED

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.

HEART OF THE CITY OF LONDON LIMITED

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		376,183	73,601	449,784	505,643
Total Funds carried forward		<u>896,874</u>	<u>70,157</u>	<u>967,031</u>	<u>449,784</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

HEART OF THE CITY OF LONDON LIMITED

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

HEART OF THE CITY OF LONDON LIMITED

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.

HEART OF THE CITY OF LONDON LIMITED

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

HEART OF THE CITY OF LONDON LIMITED

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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