

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

Contents

Reference and Administration Details	2
Trustees' Report	8
Charity Governance Code	11
Objectives and Activities for the Public Benefit	11
Financial Review	16
The Financial Statements	18
Independent Auditor's Report	20
Statement of Financial Activities for the year ended 31 March 2023	24
Balance Sheet as at 31 March 2023	25
Statement of Cash Flows at 31 March 2023	26
Notes to the Financial Statements	28

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.

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 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.

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) 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.

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 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.

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 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.

HEART OF THE CITY OF LONDON LIMITED

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.

HEART OF THE CITY OF LONDON LIMITED

- 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

HEART OF THE CITY OF LONDON LIMITED

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

HEART OF THE CITY OF LONDON LIMITED

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 2.

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 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.

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,

HEART OF THE CITY OF LONDON LIMITED

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

HEART OF THE CITY OF LONDON LIMITED

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.

HEART OF THE CITY OF LONDON LIMITED

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
--	---	---------------	--------

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

HEART OF THE CITY OF LONDON LIMITED

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>

HEART OF THE CITY OF LONDON LIMITED

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.

HEART OF THE CITY OF LONDON LIMITED

(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.

HEART OF THE CITY OF LONDON LIMITED

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.

HEART OF THE CITY OF LONDON LIMITED

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).

HEART OF THE CITY OF LONDON LIMITED

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).

HEART OF THE CITY OF LONDON LIMITED

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

HEART OF THE CITY OF LONDON LIMITED

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

HEART OF THE CITY OF LONDON LIMITED

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

Created:	2023-12-14
By:	Angela Miller (angela.miller@cityoflondon.gov.uk)
Status:	Signed
Transaction ID:	CBJCHBCAABAA3v4h2wlliWyLJY8djC5GnMNa2Wm5zHzI

"HotC - Annual Report and Accounts 2022-23 final" History

-  Document created by Angela Miller (angela.miller@cityoflondon.gov.uk)
2023-12-14 - 9:13:32 AM GMT
-  Document emailed to sushil@sushilsaluja.com for signature
2023-12-14 - 9:15:23 AM GMT
-  Email viewed by sushil@sushilsaluja.com
2023-12-14 - 9:17:29 AM GMT
-  Signer sushil@sushilsaluja.com entered name at signing as S K Saluja
2023-12-14 - 9:18:29 AM GMT
-  Document e-signed by S K Saluja (sushil@sushilsaluja.com)
Signature Date: 2023-12-14 - 9:18:31 AM GMT - Time Source: server
-  Agreement completed.
2023-12-14 - 9:18:31 AM GMT