

The background of the slide is a photograph of the London skyline at sunset. The sky is a warm, golden-orange color. Several prominent skyscrapers are visible, including the Gherkin (30 St Mary Axe) with its distinctive rounded, glass-clad shape, and the Shard, which is a tall, thin, tapering building. Other buildings with various architectural styles are also visible. In the foreground, there are some construction cranes and lower-rise buildings, suggesting an urban environment in development.

CITY'S CASH ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

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Annual Report

1. Introduction

City's Cash is a fund of the City of London Corporation (the City Corporation) that can be traced back to the 15th century and has built up from a combination of properties, land, bequests and transfers under statute since that time. Investments in properties, stocks and shares are managed to provide a total return that:

- Allows the City Corporation to use the income for the provision of services (detailed in section 5) that are of importance nationally and internationally as well as to the City and Greater London.
- Maintains the asset base so that income will be available to fund services for the benefit of future generations.

The financial statements have been prepared in accordance with Financial Reporting Standard 102 as issued by the Financial Reporting Council. The City of London Corporation publishes the City's Cash Annual Report and Financial Statements and a City's Cash Overview every year to provide further transparency on its activities.

2. Administrative Details

Registered Address

Guildhall, London, EC2P 2EJ

Chief Executive

The Town Clerk of the City of London

Treasurer

The Chamberlain of London

Solicitor

The Comptroller and City Solicitor

Bank

Lloyds Bank plc

Discretionary Fund Managers

Artemis Investment Management Ltd

Carnegie Financial Services SA

Lindsell Train Ltd

M&G Investment Management Ltd

Majedie Asset Management

Natixis International Funds (Harris Associates)

Pyrford International Plc

Ruffer LLP

Standard Life Investments Ltd

Veritas Asset Management LLP

Wellington Management International

Auditor

BDO LLP, 55 Baker Street, London W1U 7EU

The UK financial services
industry contributed

£75bn

in tax revenue in 2018.

11% of the total tax contribution
to the UK is generated from
financial services.



3. Other City of London Corporation Funds

This annual report and the financial statements only cover City's Cash, which is one of three funds from which the City of London Corporation pays for its services. The others are City Fund and Bridge House Estates.

City Fund covers the City's activities as a local authority, police authority and port health authority. The financial statements are published separately.

Bridge House Estates is a registered charity. It was originally set up from bridge taxes, rents and private bequests to deal with the upkeep of London Bridge. The charity now funds the maintenance of Tower, London, Southwark, Millennium and Blackfriars Bridges. As the funds have been managed effectively over the centuries, BHE now also helps charitable causes across Greater London through the City Bridge Trust with grants amounting to around £20m every year.

The annual report and financial statements for this fund are also published separately, including a list of grants awarded.

The annual report and financial statements of City Fund and Bridge House Estates are available on the City of London Corporation's website at: www.cityoflondon.gov.uk/about-the-city/budgets-and-spending/Pages/default.aspx.



4. Corporate Strategy

In 2018-19 the City Corporation launched a new Corporate Plan for 2018-23. It sets out our three aims which in turn are broken down into 12 outcomes (shown below). Our Plan commits us to strengthening the character, capacity and connections to the City, London and the UK for the benefit of residents, workers, learners and visitors and supporting them and our own organisation to respond effectively to other disruptive changes, such as the digitisation of our work and personal lives. This Plan will guide our thinking and decision-making, providing us with the focus to achieve sustainable systemic change during what is likely to be another period of significant change on a global, national and regional level, bringing both threats and opportunities. These include combating climate change, terrorism and cyber-crime, and countering their effects, which will all remain high priorities for the organisation. So too will retaining the UK's competitiveness, in the context of Brexit; increases in the cost of living; and reductions in public sector spending.



Contribute to
a flourishing
society

1. People are safe and feel safe.
2. People enjoy good health and wellbeing.
3. People have equal opportunities to enrich their lives and reach their full potential.
4. Communities are cohesive and have the facilities they need.



Support
a thriving
economy

5. Businesses are trusted and socially and environmentally responsible.
6. We have the world's best legal and regulatory framework and access to global markets.
7. We are a global hub for innovation in finance and professional services, commerce and culture.
8. We have access to the skills and talent we need.



Shape
outstanding
environments

9. We are digitally and physically well-connected and responsive.
10. We inspire enterprise, excellence, creativity and collaboration.
11. We have clean air, land and water and a thriving and sustainable natural environment.
12. Our spaces are secure, resilient and well maintained.

The Plan is designed to be used as a strategic framework for the organisation. It has therefore been aligned to corporate strategies, service level business plans, team plans and staff appraisal forms. This 'golden thread' allows us to monitor the impact of everything we do has on the aims and outcomes we have identified.

As an organisation we are committed to being relevant, responsible, reliable and radical – acting strategically and at pace in order to ensure everyone can share in the benefits we aim to create. This means that we must be open: to unlocking the full potential of our many assets – our people, heritage, green and urban spaces, funds, data and technology; to trying new things and learning as we go; and to working with our stakeholders and partners who share our aims. To deliver this we have developed a number of key strategies:

- **Responsible Business Strategy, 2018-25:** committing us to creating a positive impact and reducing negative impact across all our activities and decisions – encouraging those we work with externally to do the same.
- **Social Mobility Strategy, 2018-28:** committing us to bridge and reduce the social and economic divides that may be experienced by people during their lifetime, by maximising and promoting social mobility within businesses, organisations, central and local government and educational and cultural institutions.
- **Digital Skills Strategy, 2018-23:** committing us to equipping people and businesses across the City, London and beyond to take full advantage of digital technologies and innovations to help themselves and their economies thrive.
- **Apprenticeships Strategy, 2018-23:** committing us to a workforce and organisation that thrives through high-quality and wide-ranging apprenticeships that welcomes diverse talent and develops relevant skills.
- **Education, Skills and Cultural and Creative Learning Strategies, 2018-23:** Committing us to preparing people to flourish in a rapidly changing world through exceptional education, cultural and creative learning and skills which link to the world of work.
- **Transport Strategy 2019-2044:** provides a 25-year framework for future investment in and management of the City's streets, as well as measure to

reduce the social, economic and environmental impact of motor traffic and congestion.

5. Governance Arrangements

City's Cash is managed by committees of the City of London Corporation, with Membership of the committees drawn from the 25 Members of the Court of Aldermen and the 100 Members of the Court of Common Council. Members of the Court of Aldermen and Court of Common Council are elected by registered voters (both residents and workers) within the City of London. In determining appointments to committees, the Court of Aldermen and Court of Common Council will take into consideration any particular expertise and knowledge of the Aldermen and Members.

The decision-making processes and financial stewardship of the City of London Corporation are set out in Standing Orders and Financial Regulations respectively. The Standing Orders are available on the City Corporation's website at: <http://democracy.cityoflondon.gov.uk/documents/s82938/Standing%20Orders%20of%20the%20Court%20of%20Common%20Council.pdf>.

An Audit Review Panel of senior representatives from medium to large audit firms reviews the processes adopted by the incumbent auditor and provides independent confirmation that the audit has been conducted in accordance with International Standards on Auditing (UK and Ireland).

The City of London has established a robust programme of risk management as a key element of its strategy to preserve its assets, enhance efficiency for service users and members of the public and protect its employees.

The Audit and Risk Management Committee monitors and oversees the City's Risk Management Strategy which aligns the key principles of ISO31000: Risk Management Principles and Guidelines, and BS 31100: Risk Management Code of Practice, and defines clearly the roles and responsibilities of officers, senior management and Members. The Strategy emphasises risk management as a key element within the City Corporation's systems of corporate governance and

establishes a clear system for the evaluation of risk and escalation of emerging issues to the appropriate scrutiny level.

The Corporate Risk Register codifies key strategic risks and assigns responsibility for taking action to mitigate each risk to a named Chief Officer.

The Chief Officer Risk Management Group, in support of the Summit Group, reviews the corporate risk register and the top red departmental level risks as well as make recommendations to the Summit Group for new risks to be added to the corporate risk register. This is done on a quarterly basis.



6. Activities of City's Cash

Investment funds allow the City Corporation to provide services that:

- are of national benefit through its strategic aim to support and promote The City as the world leader in international financial and business services; and
- are of importance to Greater London and its environs as well as to the City itself, for example: work in surrounding boroughs supporting education, training and employment opportunities; numerous green spaces; wholesale markets providing fish (Billingsgate) and meat (Smithfield); independent schools (City of London School, City of London School for Girls and City of London Freeman's School); Academies across London; and the Guildhall School of Music & Drama (GSMD).

Education

Gross Expenditure £92.4m, Gross Income £77.3m, Net Expenditure £15.1m

City's Cash maintains three fee paying schools – City of London School, City of London School for Girls (both in the Square Mile) and the City of London Freeman's School (in Surrey). They regularly feature among the UK's top performing schools. In each of these institutions, the City's Cash provides scholarships and academic bursaries, including match funding for monies raised externally by the schools, to support able students from disadvantaged backgrounds.

The Guildhall School of Music & Drama is owned and managed by the City of London Corporation with funding from City's Cash. It is an internationally renowned conservatoire; based in the Barbican, it has over 900 students in higher education, drawn from nearly 60 countries around the world, and is currently regulated by the Office for Students (OfS), in line with other higher education institutions.



role as an Academy school sponsor.

Markets

Gross Expenditure £11.9m, Gross Income £11.6m, Net Expenditure £0.3m

The City Corporation runs three wholesale food markets, two of which – Billingsgate and Smithfield – are funded by City's Cash, with New Spitalfields Market being accounted for in the City Fund. Market tenants pay rent and service charges and these are calculated on a commercial basis. These charges cover the costs of operation, administration and those repairs which are attributable to the tenants. At Billingsgate, buyers can choose from the largest selection of fish in the UK and the market has an annual turnover of more than 22,000 tonnes. Meat has been bought and sold at Smithfield for over 800 years with around 150,000 tonnes of meat passing through its magnificent Grade II* listed surroundings each year. Following a Strategic Review of the City's three wholesale markets, in 2018 the City Corporation approved in principle the proposal to explore moving the three wholesale markets from their current locations to a single new site. Work to appraise various site options is currently being carried out in consultation with market traders and other stakeholders.



Open Spaces

Gross Expenditure £23.2m, Gross Income £4.8m, Net Expenditure £18.4m

The City Corporation helps shape outstanding environments by managing approximately 11,000 acres of historic, ecologically diverse open space across 11 London Boroughs and four District Councils. Every year approximately 23 million visits are made to the open spaces which include Hampstead Heath, Epping Forest, Highgate Wood, West Ham Park and Burnham Beeches. Some of the sites have been owned and managed since as far back as 1870 and the City Corporation continues to enhance, protect and conserve these assets.



These Open Spaces contribute to a sustainable London, providing environmental benefits through their effects on negating urban heat, offsetting greenhouse gas emissions and mitigating storm water. Run as charitable trusts the City Corporation's Open Spaces include internationally recognised Sites of Special Scientific Interest, Special Areas of Conservation and National Nature Reserves. They provide important ecosystems and wildlife habitats including rare and endangered species. The City's Open Spaces help people to enjoy good health and well-being enabling people to access nature, interact socially, relax or take part in a wide range of physical activities from swimming to football, golf to horse riding.

The City Corporation, with funding from City's Cash, manages outstanding heritage spaces and buildings for people to experience and enjoy. The Monument, Keats House, Kenley Airfield and the Pergola on Hampstead Heath showcase the nation's history and culture. Ancient woodlands, ponds and historic landscapes enable visitors to learn, discover and understand the value of our heritage and the natural environment.

City Representation

Gross Expenditure £14.0m, Gross Income £0.9m, Net Expenditure £13.1m

This expenditure supports the City Corporation's core objective to promote UK-based financial services and related professional services, at home and abroad. The Rt Hon Lord Mayor heads the City of London Corporation and is also an

international ambassador for the UK's financial and professional services sector. Together with other leading members of the City Corporation he makes sure that the City's interests are reflected in local and national policy. The Lord Mayor's overseas visits programme, amounting to around 90 days abroad each year, fosters trade and develops relationships at the highest levels of government and industry. The Chairman of the Policy and Resources Committee also visits a number of major global financial centres each year. High profile government and industry delegations are welcomed to Mansion House and Guildhall, often on behalf of the UK government. Events hosted range from small receptions to major national occasions, such as State or Guest of Government visits. The City's diplomatic relationships are also strengthened through the London Diplomatic Corps.

Mansion House is the official residence of the Lord Mayor as the head of the City Corporation and the base for Mayoral activities. City's Cash funds official receptions, banquets, meetings and general hospitality carried out by the City Corporation (as well as the overall running costs of Mansion House and the team based there).



Other important responsibilities include support for the City Corporation's many and varied civic activities; maintaining the Mayoralty's close ties with livery companies and supporting responsible business and charitable organisations. The Lord Mayor is supported by two Sheriffs who are elected each year by the City Livery Companies. They advise him on matters important to the City, help with hosting visiting dignitaries and travel with him on his business visits. They also look after the Judges at the Old Bailey and make sure that the court's business runs smoothly.

The Remembrancer is one of the City Corporation's four Law Officers and is responsible for the maintenance and protection of the City's constitution. He is

the City's Parliamentary Agent, the Parliamentary Agent for The Honourable The Irish Society and the City Corporation's Chief of Protocol. The Office acts as a channel of communication between Parliament and the City. In the contemporary context, this means day to day examination of Parliamentary business including examination of and briefing on proposed legislation and amendments to it, regular liaison with the Select Committees of both Houses and contact with officials in Government departments dealing with Parliamentary Bills.

The Remembrancer's Office also organises much of the hospitality referred to above including responsibility for the Lord Mayor's Banquet and elements of the Lord Mayor's Show Day at Guildhall and the Royal Courts of Justice.

Income is generated from lettings at the Mansion House and the Guildhall.

Innovation and Growth

Gross Expenditure £6.4m, Gross Income £0.7m, Net Expenditure £5.7m

Our Innovation and Growth team focusses on supporting a thriving economy. It works to strengthen the City's competitiveness and status as a world-class innovative place to do business, while enhancing the economic potential of London and the financial and professional services sector more widely.

Supported by overseas offices in Brussels, China and India paid for by City's Cash, it engages with decision-makers in the UK and abroad to ensure that City firms have the best legal and regulatory framework, as well as access to global markets. The Innovation and Growth forms coalitions to drive the development of the innovative products and services which serve the needs of businesses and citizens.

The Lord Mayor and Chair of the Policy and Resources Committee lead international business delegations and host high-level visits from international partners in politics and business to promote export opportunities for UK financial



and professional services firms and attract inward investment from global partners.

To further maximise its impact, the Innovation and Growth team helps City firms access talent and skills and promote an environment where new businesses and approaches can flourish. It also makes the case for responsible business among City firms and spreads best practice as good business benefits the whole UK economy.

Management and Administration

Gross Expenditure £8.0m, Gross Income £nil, Net Expenditure £8.0m

These costs primarily relate to support provided to Members and both central and service departments including an apportionment of Guildhall Complex premises expenses; City's Cash external audit fees; treasury management; and depreciation charges in respect of the City's Cash share of capital projects relating to the Guildhall Complex, information systems and other corporate priorities.

Grants and Other Activities

Gross Expenditure £12.1m, Gross Income £0.7m, Net Expenditure £11.4m

A number of grants are made from City's Cash each year, promoting initiatives across a wide range of charitable causes in London and the UK. They are given under four funding themes:

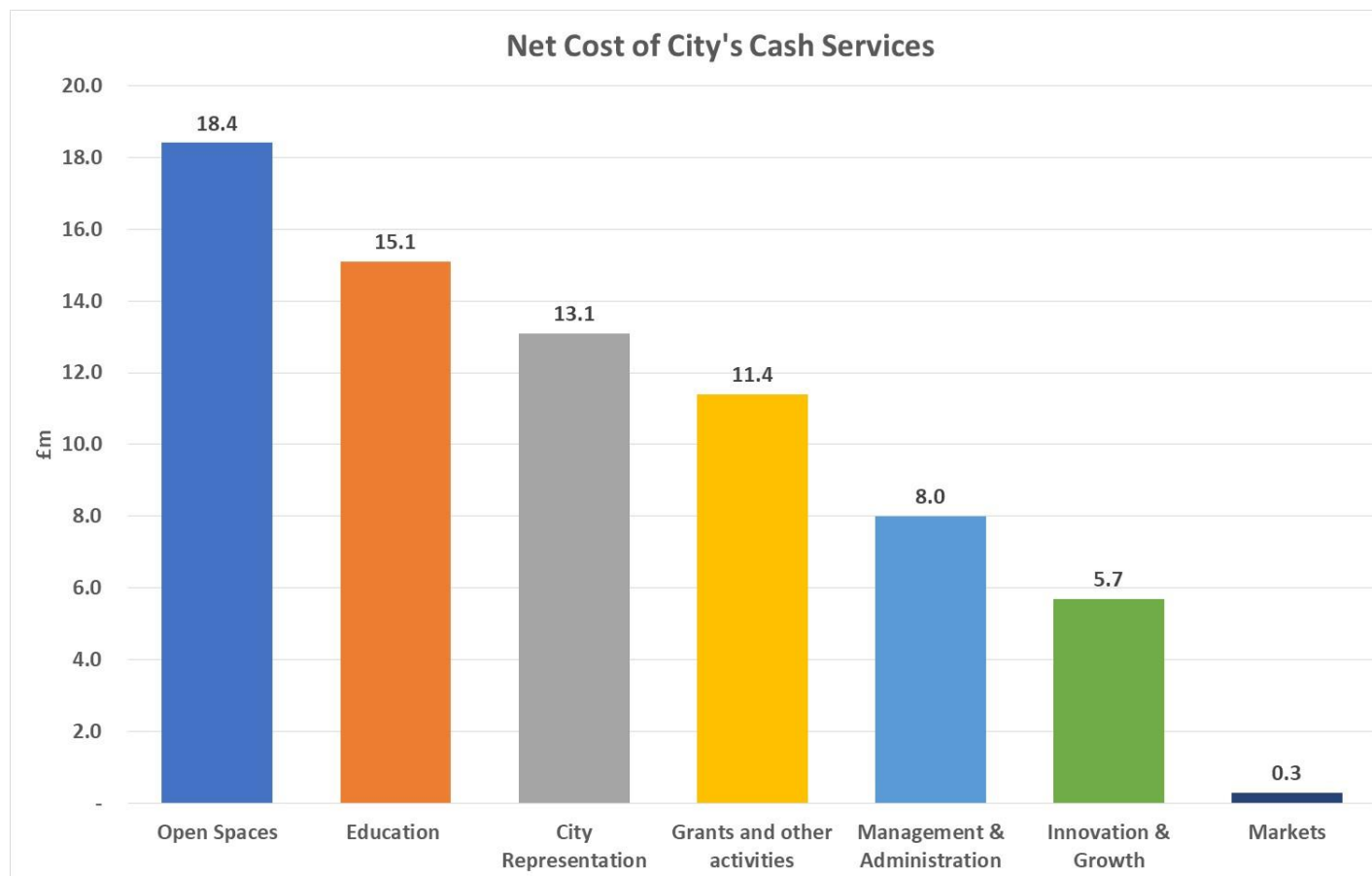
- Stronger Communities
- Enjoying Green Spaces and the Natural Environment
- Inspiring London through Culture
- Education and Employment Support

In addition, grants are made to emergency organisations to assist with the relief of national and international disasters.

The City Corporation owns and maintains the Monument through City's Cash. This 202ft high building attracts over 200,000 visitors a year, braving its 311 steps to enjoy breath-taking views of the City and beyond. It was built between 1671 to 1677 and was designed by Sir Christopher Wren and Robert Hooke to commemorate the Great Fire of London in 1666.

7. Financial Review

The net cost of the services and activities funded by City's Cash in 2018/19 is shown opposite. These are largely funded from rental income from property investments and drawdown from the gain in fair value of non-property investments. The Consolidated Statement of Comprehensive Income shown on page 17 is summarised below. This records an operating surplus of £56.5m (2017/18: £66.0m), which is £9.5m lower than the prior year comprising a number of movements which are explained on page 10. After the operating surplus, the Statement records profit from the sale of fixed assets of £3.4m, loan financing costs (£0.2m), a loss of (£0.2m) on the revaluation of listed investments and an actuarial loss of (£1.2m) on defined benefit pension schemes, resulting in a total comprehensive income for the year of £58.3m (2017/18: £91.5m).



	2019 Income £m	2019 Expenditure £m	2019 Net income / (expenditure) £m	2018 Income £m	2018 Expenditure £m	2018 Net income / (expenditure) £m
Service / activity						
Property Investment Estate	67.8	20.6	47.2	67.6	17.2	50.4
Non-Property Investments	3.1	4.9	(1.8)	2.8	4.6	(1.8)
Education	77.3	92.4	(15.1)	74.5	85.7	(11.2)
Markets	11.6	11.9	(0.3)	11.3	11.6	(0.3)
Open Spaces	4.8	23.2	(18.4)	4.8	22.7	(17.9)
City Representation	0.9	14.0	(13.1)	1.0	13.7	(12.7)
Innovation & Growth	0.7	6.4	(5.7)	0.8	6.5	(5.7)
Management & Administration	-	8.0	(8.0)	-	8.6	(8.6)
Grants and other activities	0.7	12.1	(11.4)	0.8	8.3	(7.5)
Net Pension Scheme Costs	-	20.5	(20.5)	-	15.7	(15.7)
Operating surplus/(deficit) before gain/(loss) in fair value of investments*	166.9	214.0	(47.1)	163.6	194.6	(31.0)
Gain/(loss) in fair value of:						
- property investments			50.1			81.0
- non-property investments			53.5			16.0
Operating surplus*			56.5			66.0
Profit on sale of fixed assets			3.4			7.5
Loan financing (costs)			(0.2)			-
Impairment of heritage assets			-			(1.2)
Surplus before taxation			59.7			72.3
Taxation			-			-
Surplus for the year			59.7			72.3
Other comprehensive income						
(Loss) / gain on revaluation of listed investments			(0.2)			0.3
Actuarial (loss) / gain on defined benefit pension schemes			(1.2)			18.9
Total comprehensive income for the year			58.3			91.5

* Volatility in operating surplus for the financial year – FRS102 requires the gain or loss in fair value of property and non-property investments to be included in the Consolidated Statement of Comprehensive Income (page 17). This means that even relatively small movements in the markets from one year to the next could produce large volatility in the operating surplus or deficit in the Consolidated Statement of Comprehensive Income.

The adverse movement in the operating position of £9.5m, from a surplus of £66.0m in 2017/18 to a surplus of £56.5m in 2018/19, is largely due to:

- The gain in fair value from property investments reducing by £30.9m, from a gain of £81.0m in 2017/18 to a gain of £50.1m in 2018/19 due to prevailing market conditions.
- Net pension scheme costs increasing by £4.8m, from £15.7m in 2017/18 to £20.5m in 2018/19, largely due to losses on settlements and curtailments increasing by £5.8m from £0.1m in 2017/18 to £5.9m in 2018/19. The bulk of this increase follows the ruling of the Court of Appeal in December 2018 that transitional protections put in place under reforms to both the Judges' and Firefighters' Pension Schemes discriminated against a group of members on the grounds of age. The ruling is applicable to all public sector pension schemes in which the City's Cash employees participate including the LGPS and the Teachers' Pension Scheme and has resulted in an increase in the City's Cash pensions liability of £5.8m being recognised in 2018/19.
- Net expenditure on education increasing by £3.9m due to spend at the GSMD on its Five Year Strategic Plan, the agreed increase in funding to the City's academy schools and due to a non-recurrent receipt from the City's insurer appearing in the 2017/18 accounts for the replacement swimming pool at City of London Freeman's School.
- Net expenditure on grants and other activities increasing by £3.9m, largely due to landlord works for the Museum of London Relocation Programme.
- Expenditure relating to property investments increasing by £3.4m, from £17.2m in 2017/18 to £20.6m in 2018/19, mainly due to works at the site of the Barking & Thames Power Station to facilitate the Markets Consolidation Programme.
- Net expenditure on Open Spaces being £0.5m higher mainly due to additional purchases of equipment, materials and vehicles in year and additional spend on repairs and maintenance on buildings.

- Net expenditure on City Representation increasing by £0.4m due to an internal re-organisation and increases in premises costs.

Partly offset by:

- The gain in fair value from non-property investments increasing by £37.5m, from a gain of £16.0m in 2017/18 to a gain of £53.5m in 2018/19. This arose due to more favourable market conditions resulting in the fund managers generating an improvement in absolute returns of 5.6% to an overall return of +7.0% in the year to 31 March 2019.

Overall, City's Cash reserves have increased by £58.3m from £2,611.5m to £2,669.8m (2017/18: increase in reserves of £91.5m).

City of London Pension Scheme

The estimated share of the net liability in the City of London Pension Scheme is included in the City's Cash accounts. The City's Cash share of the deficit is 47% which equates to £291.8m at 31 March 2019 (£278.5m at 31 March 2018).

City's Cash does not have an exclusive relationship with the City of London Pension Fund and the proportion of the Pension Fund relating to City of London employee members engaged on City's Cash activities is not separately identifiable.

However, although the Pension Fund net deficit cannot be attributed precisely between the City of London's three main funds, an apportionment of that deficit and inclusion in the respective balance sheets presents a fairer view of the funds' financial positions than if the deficit were to continue to be excluded. Accordingly, an apportionment has been made which is based on employer's annual contributions to the fund.

Further details of the City of London Pension Scheme can be found in note 18 to the financial statements.

Teachers' Pension Scheme

In addition to City of London Corporation employees being able to participate in the City of London Pension Scheme, teachers at the City of London Corporation's three private schools and the conservatoire of GSMD are eligible to participate in the Teachers' Pension Scheme (TPS). The share of the net liability in the TPS attributable to the City's private schools is £20.9m (2017/18: £12.5m) and is included in the Consolidated Statement of Financial Position.

Going Concern

The City of London Corporation considers City's Cash to be a going concern as set out in note b) of the Statement of Significant Accounting Policies.

Financial Commitments

The City of London Corporation has agreed a £50.0m contribution to Crossrail from City's Cash subject to the completion of the works. Due to the delays to the Crossrail programme the revised timing of the payment has yet to be agreed. The agreement with Crossrail is an executory contract and therefore outside the scope of FRS102.

In addition, there is a contractual commitment of £7.5m relating to a works contract for the refurbishment of an investment property.

Events After the Reporting Date

There are risks to City's Cash from the vote to leave the EU. In particular, the future levels of demand for office accommodation in the City and surrounding areas and the consequential impacts on rent incomes. A close watching brief will be kept on this and other implications as events unfold with financial forecasts being refreshed if and when the picture becomes clearer.

8. Explanation of the Financial Statements

City's Cash financial statements have been prepared in accordance with Financial Reporting Standard 102 (FRS102) as issued by the Financial Reporting Council and consist of the following:

- Consolidated Statement of Comprehensive Income showing all income available and all expenditure incurred;
- Consolidated Statement of Financial Position setting out the assets, liabilities and funds of City's Cash;
- Consolidated Statement of Changes in Equity which includes the profit or loss for the period together with other recognised gains and losses and reconciles to the total movement in reserves;
- Consolidated Statement of Cash Flows showing the movement of cash for the year; and
- Notes to the financial statements explaining the accounting policies adopted and explanations of figures contained in the financial statements.

The following separate entities have been consolidated with City's Cash accounts:

- Registered charities which are managed and funded by the City Corporation:
 - Ashted Common
 - Burnham Beeches
 - Epping Forest
 - Hampstead Heath
 - Hampstead Heath Trust
 - Highgate Wood and Queen's Park Kilburn
 - West Ham Park
 - West Wickham Common, Spring Park Wood and Coulsdon and other Commons
 - Sir Thomas Gresham Charity
 - Keats House
- City Re Limited – a wholly owned subsidiary company whose principal activity is to provide re-insurance protection. The company is a limited company, limited by shares and is incorporated in Guernsey, registration number 52816. The Directors' Report and Financial Statements have been prepared in accordance with The Insurance Business (Bailiwick of Guernsey) Law, 2002, FRS102 and FRS103 "Insurance Contracts" and are available at <https://www.cityoflondon.gov.uk/about-the-city/budgets-and->

[spending/Pages/default.aspx](#). The company allows the City to share in underwriting profits with a known capped downside financial risk of £250,000 per claim.

- Barking Power Limited (company registration number 02354681) and Thames Power Services Limited (company registration number 02624730) – the Court of Common Council approved the purchase of these companies and the associated Barking Reach Power Station site, which was completed on 14 December 2018. The power station is not operational and the City of London Corporation intends to remediate and decontaminate the site for future redevelopment. Further details can be found at note 21.

Disclosure of Information to the Auditor

At the date of approval of this report, the City of London Corporation confirms that:

- so far as it is aware, there is no relevant audit information of which the Auditor is unaware; and
- it has taken all the steps that it ought to have taken in order to make itself aware of any relevant audit information and to establish that the Auditor is aware of that information.

Responsibilities of the City of London Corporation for the Annual Report and Financial Statements

The City of London Corporation is responsible for preparing the Annual Report and Financial Statements for each financial year in accordance with applicable law and regulations. The City of London Corporation has elected to prepare the financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). The financial statements would not be approved by the City of London Corporation unless it is satisfied that they give a true and fair view of the state of affairs of the organisation and

of the surplus or deficit of the organisation for that period. In preparing these financial statements, the City of London Corporation has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and accounting estimates that are reasonable and prudent;
- stated whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepared the financial statements on the going concern basis.

The City of London Corporation is responsible for keeping adequate accounting records that are sufficient to show and explain the organisation's transactions and disclose with reasonable accuracy at any time the financial position of the organisation and enable it to ensure that the financial statements comply with applicable law and regulations. It is also responsible for safeguarding the assets of the organisation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The City of London Corporation is responsible for the maintenance and integrity of the corporate and financial information included in its website.

Approval of the Annual Report and Financial Statements

At a meeting of the Finance Committee held at Guildhall on 12 November 2019, the financial statements of City's Cash were approved on behalf of the Court of Common Council.

Jeremy Paul Mayhew MA MBA
Chairman of Finance Committee

Guildhall, London
12 November 2019

Jamie Ingham Clark FCA, Deputy
Deputy Chairman of Finance Committee

INDEPENDENT AUDITOR'S REPORT TO THE CITY OF LONDON CORPORATION

Opinion

We have audited the financial statements of the fund of the City of London Corporation (the 'Corporation') called City's Cash for the year ended 31 March 2019 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of City Cash's affairs as at 31 March 2019 and of its surplus for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of City's Cash in accordance with the ethical requirements relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We

believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions related to going concern

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

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

Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The Corporation is responsible for the other information.

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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If,

based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Corporation

As explained more fully in the Corporation's responsibilities statement, the Corporation is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Corporation is responsible for assessing the fund'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 Corporation either intend to liquidate the fund or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Corporation, as a body, in accordance with our terms of engagement. Our audit work has been undertaken so that we might state to the Corporation 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 Corporation and the Corporation as a body, for our audit work, for this report, or for the opinions we have formed.

Fiona Condron (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London
Date

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

Report of the Audit Review Panel to the Right Honourable the Lord Mayor, Aldermen and Livery of the Several Companies of the City of London in Common Hall Assembled

We, whose names are hereunto subscribed, the Audit Review Panel of the Chamberlain's and Bridgemasters' Accounts, elected by the Livery of London in Common Hall assembled on 26 June 2017, 25 June 2018 and 24 June 2019 pursuant to Act 11, George 1, Cap 18, an Act for regulating elections within the City of London, etc., do report as follows:

We have reviewed the processes adopted by BDO LLP for the audit of City's Cash for the period from 1 April 2018 to 31 March 2019.

In our view the audit of the financial statements has been conducted in accordance with auditing procedures as stated on pages 14 to 15.

This report is made solely to the above named addressees. Our work has been undertaken to enable us to make this report and for no other purpose.

The BDO City Corporation Engagement Lead, Leigh Lloyd-Thomas, is also a member of the Audit Review Panel. However, as the role of the Panel is to provide independent confirmation that the processes adopted by BDO LLP have been conducted in accordance with auditing procedures, it is not appropriate for Leigh Lloyd-Thomas to sign the report.

P. Dossett

Dated:

A. Francis

Dated:

P. Watts

Dated:



Consolidated Financial Statements

Consolidated Statement of Comprehensive Income for the year ended 31 March 2019

	Notes	2019 £m	2018* £m
Income			
Education		77.3	74.5
Investment Income - property and managed funds	1	70.9	70.4
Markets		11.6	11.3
Open Spaces		4.8	4.8
City Representation		0.9	1.0
Innovation and Growth		0.7	0.8
Other activities		0.7	0.8
Total Income	1	166.9	163.6
Expenditure			
Education		92.4	85.7
Investments - Management Costs & Property Operating Expenditure	2	25.5	21.8
Open Spaces		23.2	22.7
City Representation		14.0	13.7
Markets		11.9	11.6
Management and Administration		8.0	8.6
Grants and other activities		12.1	8.3
Innovation and Growth		6.4	6.5
Net pension scheme costs	18c	20.5	15.7
Total expenditure	2 to 4	214.0	194.6
Operating deficit before (loss) in fair value of investments		(47.1)	(31.0)
Gain in fair value of property investments		50.1	81.0
Gain in fair value of non-property investments	8	53.5	16.0
Operating surplus		56.5	66.0
Profit on Sale of Fixed Assets		3.4	7.5
Loan financing costs	16	(0.2)	-
Impairment of heritage assets	7	-	(1.2)
Surplus before taxation		59.7	72.3
Taxation	5	-	-
Surplus for the year		59.7	72.3
Other comprehensive income			
(Loss) / gain on revaluation of listed investments	8	(0.2)	0.3
Actuarial (loss) / gain on defined benefit pension schemes	18c	(1.2)	18.9
Total comprehensive income for the year		58.3	91.5

* Restated: non-property dividend income of £1.7m in 2018 has been reclassified from *Gain in fair value of non-property investments to Investment Income - property and managed funds*.

All amounts relate to continuing operations. The notes on pages 27 to 50 form part of these financial statements.

Consolidated Statement of Financial Position at 31 March 2019

	Notes	2019 £m	2018 £m
Fixed Assets			
Investment properties	6	1,974.6	1,817.6
Tangible assets	6	246.0	225.0
Heritage assets	7	181.5	181.4
Non-property investments	8	753.1	700.1
Intangible assets	9	24.7	0.1
Total Fixed Assets		3,179.9	2,924.2
Current Assets			
Stocks – finished goods	12	0.5	0.5
Debtors	10	35.5	35.2
Non-property investments	8	53.7	57.7
Cash at bank and in hand		14.4	13.8
Total Current Assets		104.1	107.2
Creditors: amounts falling due within one year	13	(69.5)	(59.0)
Net Current Assets		34.6	48.2
Total Assets less Current Liabilities		3,214.5	2,972.4
Deferred income	14	(83.5)	(65.4)
Finance leases	15	(2.4)	(2.4)
Long-term loans	16	(125.0)	-
Provisions for liabilities	17	(21.1)	(2.1)
Net Assets excluding pension liability		2,982.5	2,902.5
Defined benefit pension scheme liability	18,19	(312.7)	(291.0)
Net Assets		2,669.8	2,611.5
Capital and Reserves			
Operational Capital Reserve		246.2	225.1
Heritage Assets Reserve		181.5	181.4
Income Generating Fund		2,752.2	2,517.7
Working Capital Fund		(72.4)	(21.7)
Loan Application Fund		(125.0)	-
Pension Reserve		(312.7)	(291.0)
Total Capital Employed	19	2,669.8	2,611.5

Approved for issue 12 November 2019

Dr Peter Kane, Chamberlain of London



Consolidated Statement of Changes in Equity for the year ended 31 March 2019

	2019 £m	2018 £m
Capital Employed brought forward 1 April	2,611.5	2,520.0
Total comprehensive income	58.3	91.5
Capital Employed carried forward 31 March	2,669.8	2,611.5

Consolidated Statement of Cash Flows for the year ended 31 March 2019

	Notes	2019 £m	2018 £m
Cash flows from operating activities:			
Net cash provided by (used in) operating activities	20	7.3	(12.9)
Cash flows from investing activities:			
Dividends, interest and rents from investments		3.1	2.8
Cash taken from/(invested in) short term deposits		4.0	(9.8)
Proceeds from the sale of property, plant and equipment		24.2	44.4
Purchase of property, plant and equipment		(29.4)	(11.0)
Proceeds from sale of investments		170.0	54.9
Purchase of investments		(191.4)	(87.6)
Purchase of other businesses	21	(130.5)	-
Receipt of capital contributions - deferred to later years		18.5	23.0
Net cash (used in) / provided by investing activities		(131.5)	16.7
Cash flows from financing activities:		124.8	-
Increase in cash in the year		0.6	3.8
Change in cash and cash equivalents in the reporting period		0.6	3.8
Cash and cash equivalents at the beginning of the reporting period		13.8	10.0
Cash and cash equivalents at end of year		14.4	13.8



Statement of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are summarised below. They have all been applied consistently throughout the year and to the comparative figures in dealing with items which are considered material in relation to the City's Cash financial statements.

a) Basis of Preparation

The City of London Corporation has chosen to prepare the City's Cash consolidated financial statements in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) as issued by the Financial Reporting Council.

b) Going Concern

In the opinion of the City Corporation, City's Cash is a going concern for the foreseeable future as it annually receives considerable income from its property and non-property investments. This income is considered in the context of a rolling medium term financial forecast to ensure that services are affordable and sustainable. Cash and liquid investments are monitored and maintained at a level to ensure that sufficient resources are available to finance any in-year deficits.

c) Consolidation

The City's Cash financial statements consolidate the financial results of the services provided directly, including ceremonial, schools and markets; City Re Ltd. a wholly-owned subsidiary whose principal activity is to provide re-insurance protection; trust funds in respect of seven open spaces, the Sir Thomas Gresham Charity, Keats House; and Barking Power Limited and Thames Power Services Limited. These companies represent a power station that is located on a site which the City Corporation intends to remediate and decontaminate for future redevelopment. In the case of charities and trusts, the rationale for consolidation is that the City of London Corporation is the Trustee and thereby exercises operational control over their activities, but specifically through its City's Cash fund due to this fund providing the majority of each charity's funding.

d) Income and Expenditure

The accounts of City's Cash are maintained on an accrual basis. Consequently, activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised when the significant risks and rewards of ownership are transferred to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to City's Cash.
- Revenue from the provision of services is recognised when the percentage of completion of the transaction can be measured reliably and it is probable that economic benefits or service potential associated with the transaction will flow to City's Cash.
- Whether paid on account, by instalments or in arrears, grants and third-party contributions are recognised as income at the date that the City Corporation satisfies the conditions of entitlement to the grant or contribution and there is reasonable assurance that the monies will be received. Where a grant or contribution has been received but the conditions of entitlement have not been satisfied, the grant or contribution is treated as a receipt in advance.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as stocks on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments is accounted for as income on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- Financial assets are derecognised when the contractual rights to the cash flows from the assets expire, or when City's Cash has transferred substantially all the

risks of and rewards of ownership. Financial liabilities are derecognised only once the liability has been extinguished through discharge, cancellation or expiry.

- Finance costs consist of the interest payable on borrowings, as well as the transaction costs incurred during the year including arrangement, consultancy and legal fees.

e) **Deferred Income**

Lease premiums relating to operating leases are treated as deferred income and released to revenue over the life of the lease.

f) **Government Grants and Other Contributions**

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations for purposes other than capital expenditure (see note e above) are recognised as income at the date that the conditions of entitlement to the grant/contribution are satisfied, when there is reasonable assurance that the monies will be received and the expenditure for which the grant is given has been incurred. Where a grant or contribution has been received but the conditions of entitlement have not been satisfied, the grant or contribution is treated as a receipt in advance.

g) **Tangible Fixed Assets – Operational Properties, Infrastructure, Vehicles, Plant and Equipment**

These are assets held and used for the direct delivery of services. They are carried at historic cost* less depreciation on a straight-line basis to write off their costs over their estimated useful lives (*this only includes assets acquired since 2000 as earlier historic cost information is not available). Depreciation is charged from the year following that of acquisition. Where the effects of major additions and disposals in the year are material, depreciation charges will be adjusted accordingly. Land is not depreciated.

Typical asset lives are as follows:

	Years
Buildings	10 to 50
Plant and machinery (including the following components):	10 to 20
Plant	3 to 15
Furniture and equipment	3 to 10
Vehicles	

Assets costing less than £50,000 are generally charged to the Consolidated Income and Expenditure Account in full in the year of purchase, although assets which cost less than £50,000 individually may be grouped together and capitalised.

h) **Tangible Fixed Assets – Freehold investment properties**

These are assets held to earn rental income and/or for capital appreciation which are revalued annually to fair value as at 31 March. Gains or losses arising from changes in the fair value of investment property are included in the Consolidated Statement of Comprehensive Income.

Depreciation is not provided in respect of freehold investment properties.

i) **Assets under construction**

Payments made to contractors for works completed to date are included within fixed assets pending the asset being recognised as operational. No depreciation is charged on such assets.

j) **Impairments**

An impairment loss arises if the carrying amount of an asset exceeds its recoverable amount. This could be caused by such factors as a significant decline in an asset's value during the period (i.e. more than expected as a result of the passage of time, normal use or general revaluation), evidence of obsolescence or physical damage of an asset, a commitment to undertake a significant reorganisation, a significant adverse change in the statutory or other regulatory

environment or restitution of heritage assets if found to have been previously stolen. An annual assessment takes place as to whether there is any indication that property assets may be impaired.

An impairment loss on investment property is treated as a revaluation movement which is included in the Consolidated Statement of Comprehensive Income.

An impairment loss on operational assets or heritage assets would be recognised in the Consolidated Statement of Comprehensive Income. The reversal of an impairment loss on operational or heritage property, previously recognised in the Consolidated Statement of Comprehensive Income, will not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

k) **De-Recognition**

The carrying amount of an item of property, plant and equipment is derecognised:

- on disposal, or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from de-recognition of an asset is the difference between the net disposal proceeds, if any, and the carrying amount of the asset. The gain or loss arising from de-recognition of an asset is included in the Consolidated Statement of Comprehensive Income.

l) **Heritage Assets**

City's Cash heritage assets largely comprise art and sculpture treasures valued, in accordance with FRS102, at cost less impairments, or where cost cannot be readily identified, on the basis of available information, as a proxy for cost.

As heritage assets have indeterminate lives and potentially high residual values, no depreciation is charged. All expenditure on subsequent preservation, conservation, accessibility, etc. is charged directly to the Consolidated Statement of Comprehensive Income.

m) **Financial Assets and Liabilities**

Financial instruments are classified as either 'basic' or 'other' in accordance with Chapter 11 of FRS102. All financial instruments held by City's Cash are basic financial instruments.

n) **Non-Property Investment Assets**

Non-property investment assets are held in accordance with the investment policy set by the City of London Corporation. FTSE 100 Company investments are valued at the Stock Exchange Trading System (SETS) price at close on 31 March of the relevant year. Other quoted investments are valued at the middle market price at the close of business on 31 March. Unquoted investments are included at a valuation advised by the Fund Managers for that day.

Non-property investment assets have been accounted for at 'fair value through profit and loss'.

Income generated by non-property investment assets remains within the fund to be reinvested, with City's Cash drawing down income (realising gains or losses) as required. As a consequence, the operating surplus or loss within the Consolidated Statement of Comprehensive Income includes the gain or loss in fair value on all non-property investments.

o) **Intangible Assets**

Intangible assets comprise:

- Goodwill on the purchase of Barking Power Limited and Thames Power Services Limited, which is recognised as the excess of the cost of their acquisition over the net amount of its the identified assets and liabilities. This will be amortised over the useful economic life of the assets, which will be determined once the future use of the site has been agreed in 2019/20.
- Computer systems and software licences which are capitalised at cost and reflected within the financial statements at amortised historic cost. Amortisation is calculated by allocation of the balance sheet value of the asset, less any residual value, to the periods expected to benefit from its use on a straight-line basis over 3 to 7 years. Amortisation charges are charged to service revenue accounts.

p) Leases

Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

Finance Leases

City's Cash as Lessee

The City of London recognises property, plant and equipment held under finance leases as assets at the commencement of the lease at amounts equal to its fair value and, where material, liabilities at the lower of the present value of the minimum lease payments or the fair value of the property. The asset recognised is matched by a liability for the obligation to pay the lessor. Minimum lease payments are apportioned between a finance charge (interest) and a reduction of the outstanding liability. The finance charge element is allocated to revenue and is calculated so as to produce a constant periodic rate of interest on the remaining balance of the liability. Where liabilities are immaterial, a liability is not recognised, and the full rental is charged to revenue over the term of the lease.

City's Cash as Lessor

Amounts due from lessees under finance leases are recorded in the Consolidated Statement of Financial Position as a debtor at the amount of the net investment in the lease. The lease payments receivable is apportioned between repayment of the debtor and finance income. The finance income is credited to revenue and calculated so as to give a constant periodic rate of return from the net investment. The asset is written out of the Consolidated Statement of Financial Position as a disposal. A gain, representing the net investment in the lease is credited to income and the difference shown as a gain or loss on disposal. Where the lessee acquires the asset through payment of a premium at the commencement of the lease, this is included as a capital receipt and there is no remaining finance lease asset.

Operating leases

City's Cash as lessee

Rentals payable are charged to revenue on a straight-line basis even if the payments are not made on such a basis unless another systematic and rational basis is more representative of the benefits received.

City's Cash as lessor

Assets subject to operating leases are included in the Consolidated Statement of Financial Position according to the nature of the assets. Rental income from operating leases, excluding charges for services such as insurance and maintenance, are recognised on a straight-line basis over the period of the lease, even if the payments are not received on this basis (e.g. due to lease incentives, premiums, etc), unless another systematic and rational basis is more representative of the time pattern in which the benefits derived from the leased asset are diminished.

Lease Incentives

Benefits received and receivable as an incentive to sign a lease are spread on a straight-line basis over the lease term in accordance with FRS102.

q) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the City. Contingent liabilities are assessed continually to determine whether an outflow of resources embodying economic benefits or service potential has become probable. If it becomes probable that an outflow of future economic benefits or service potential will be required for an item previously dealt with as a note to the accounts, a provision is recognised in the financial statements for the period in which the change in probability occurs (except in circumstances where no reliable estimate can be made). Where a contingent liability exists, but a reliable estimate cannot be made, a note is disclosed in the accounts unless the possibility

of an outflow of resources embodying economic benefits or service potential is remote.

r) Provisions

Provisions are made where an event has taken place that gives the City a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the City may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation. Provisions are charged as an expense to the Consolidated Statement of Comprehensive Income in the year that the City becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. When payments are eventually made, they are charged to the provision carried in the Consolidated Statement of Financial Position. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed. Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the City settles the obligation.

s) Cash

Cash comprises funds repayable to the City without penalty on notice within 24 hours, less cheques and BACS payments issued but not presented.

t) Stocks of Finished Goods

Stocks of finished goods are valued at the lower of cost or net realisable value.

u) Pension Costs

Non-Teaching Staff

The City of London Corporation operates a funded defined benefit pension scheme for its staff employed on activities relating to its three funds (i.e. City Fund, City's

Cash and Bridge House Estates). The scheme is based on final salary and length of service on retirement. Changes to the Scheme came into effect from 1 April 2014 and any benefits accrued from this date will be based on career average revalued earnings, with various protections in place for those members in the Scheme before the changes took effect.

The Pension Fund is the responsibility of the City of London as a whole, which is one employer, and not the responsibility of any of its three funds. City's Cash does not have an exclusive relationship with the City of London Pension Fund. Although the proportion of the Pension Fund that relates to City of London employee members engaged on City's Cash is not separately identifiable, a share of the total Pension Fund has been allocated to City's Cash based on employer's pension contributions paid into the Fund by City's Cash as a proportion of total employer's contributions paid.

For the defined benefit scheme the amounts charged in expenditure are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Consolidated Statement of Comprehensive Income if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and expected return on the assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

The assets of the scheme are held separately from those in City's Cash, and are invested by independent fund managers appointed by the City Corporation. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis by a qualified actuary using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The resulting defined benefit asset or liability is presented separately after net assets on the face of the Consolidated Statement of Financial Position.

Barnett Waddingham LLP, an independent actuary, carried out the latest triennial actuarial assessment of the scheme as at 31 March 2016, using the projected unit

method. The next actuarial valuation of the Fund will be carried out as at 31 March 2019 and will set contributions for the period from 1 April 2019 to 31 March 2022.

As an employer participating in the Scheme, the City Corporation's estimated share of the net deficit is the responsibility of the City Corporation as a whole. The Corporation and its three funds have a policy in place to share the net defined benefit cost of the pension fund across the three funds. As such City's Cash recognises the net defined benefit cost along with a share of scheme assets and scheme liabilities. The total net defined benefit cost is apportioned across the Corporation's three funds based on the proportion of pensionable payroll of each fund.

Pension Costs – Teachers

The payment of pensions to former teachers is the responsibility of the Teachers' Pension Scheme (the Scheme). Consequently, teachers' pension fund contributions, together with the employer's contributions, are paid by the City of London to the Scheme. The Scheme is a multi-employer defined benefit statutory scheme administered in accordance with the Teachers' Pension Scheme Regulations 2014.

The Scheme is funded on a notionally funded basis – no actual assets back the liabilities but a notional Fund is constructed for the purposes of setting employer contributions. Contributions are set every four years as a result of the actuarial valuation of the Scheme by the Government Actuary's Department on behalf of the Secretary of State.

Under FRS102, the employer participating in the Teachers' Pension Scheme must recognise the expected present value of all future deficit contributions on their Consolidated Statement of Financial Position. As it is not possible to identify the assets and liabilities at individual employer level, the expected present value of the deficit contributions has been calculated by Barnett Waddingham LLP, an independent actuary, based upon pensionable pay at 31 March 2019, the Scheme's deficit contribution rate at 31 March 2019 and an actuarial factor based on the deficit recovery period and the adopted assumptions.

v) Statutory Deductions from Pay

The City of London Corporation accounts centrally for salary and wage deductions. Consequently, the City's Cash accounts treat all sums due to the HMRC as having been paid.

w) Foreign Currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the Consolidated Statement of Financial Position date and the gains or losses on translation are written on / off to revenue account.

x) Tax

The City of London Corporation is a single legal entity and legislation treats it as a local authority for tax purposes. VAT is recovered from HMRC on supplies received, and paid to HMRC on supplies made. All transactions are therefore included without VAT. The City of London Corporation is exempt from income and corporation tax.

City Re Limited, a wholly-owned subsidiary of the City of London Corporation in its City's Cash capacity, conforms to the tax requirements for Guernsey companies.

Barking Power Limited and Thames Power Limited are both subject to corporation tax, which comprises current and deferred tax. Corporation tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date and any adjustment to tax payable in respect of previous years.

y) Overheads

The costs of support service overheads, with the exception of expenditure on corporate and democratic activities, are generally apportioned between all services on the basis of employee time spent or other resources consumed on behalf of user services. Similarly, with the exception of vacant properties, the

costs of support service buildings are apportioned on the basis of the office area utilised by each service.

z) Reserves

A number of reserves are held as endowment funds or restricted funds received by the City Corporation for specified purposes. These are held in the Working Capital Fund, which is shown in note 19.

aa) Critical Judgements in Applying Accounting Policies

In applying accounting policies the City Corporation has to make certain judgements about complex transactions or those involving uncertainty about future events. Apart from those disclosed in this Statement of Significant Accounting Policies and those involving estimations, there are no critical judgements that management has made in the process of applying the City's accounting policies that will have a material effect on the amounts recognised in the financial statements.

bb) Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the City about the future or that are otherwise uncertain. The estimates and associated assumptions are continually reviewed and are based on historical experience and other factors including expectations of future events that are considered to be reasonable under the circumstances. However, because balances cannot be determined with certainty, actual results could be materially different from those estimates. Changes in accounting estimates may be necessary if there are changes in circumstances on which the estimate was based, or as a result of new information or more experience. The estimates and assumptions that have the most significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below:

(i) Pension Benefits

Estimation of the net liability to pay pensions depends on a number of complex adjustments relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the City with expert advice about the assumptions to be applied.

The effect of changes in individual assumptions on the net pension's liability can be measured but are complex and interact in a complex manner. For example, the actuary determines the appropriate discount rate at the end of each year after taking account of the yield from a high quality bond of appropriate duration, a 0.1% decrease in the discount rate assumption would result in an increase in the pension liabilities of £13.7m. Other key assumptions for pension obligations are based in part on current market conditions and demographic data. Additional information on pension schemes is given in note 18 on pages 40 to 44.

(ii) Property Valuations

The carrying values of investment properties and heritage assets are primarily dependent on judgements of such variables as the state of the markets, location, condition of the properties/assets, indices etc. Valuation is an inexact science with assessments provided by different surveyors/experts rarely agreeing and with prices subsequently realised diverging from valuations. A reduction in estimated valuations would result in reductions to the Revaluation Reserve and/or a loss recorded as appropriate in the Comprehensive Income and Expenditure Statement. For example, a 1% reduction in the value of investment properties and heritage assets would result in a reduction to reserves of £18.5m and £1.8m respectively. Conversely, a 1% increase in value would have the opposite effect.

However, the risk of material adjustments is mitigated by using the experience and knowledge of professional chartered surveyors/experts, both in-house staff and external firms. In addition, tests are undertaken to ensure that variations between the valuations of different surveyors, and between valuations and actual prices, are within reasonable tolerances.



Notes to the Consolidated Financial Statements

Notes to the Consolidated Financial Statements

1. Income

Investment Income

Investment income relating to property and non-property investments comprises:

	2019 £m	2018* £m
Dividends from non-property investments and interest on fund balances	3.1	2.8
Rentals, service charges and dilapidations income	67.8	67.6
Total investment income	70.9	70.4

* Restated: non-property dividend income of £1.7m in 2018 has been reclassified from *Gain in fair value of non-property investments* to *Investment Income - property and managed funds*.

Note: rent receivable in 2018/19 in respect of operating leases was £59.1m (2017/18: £60.1m).

Education Income

Includes tuition fees, grants, donations and charges for the use of facilities.

Markets Income

Markets income includes rent and service charges from tenants and charges for the use of facilities.

Open Spaces Income

Income from government grants, other grants and donations and fees for the use of facilities.

2. Expenditure

Investment Management Costs

Expenses relating to property and non-property investments comprise:

	2019 £m	2018 £m
Non-property investments - management fees paid to fund managers	4.9	4.6
Property investment expenses	20.6	17.2
Total Investment Management Costs	25.5	21.8

Property investment expenses comprise staff costs, repairs and maintenance costs, property running costs and professional fees relating to the management of the investment property portfolio.

Depreciation

The operating deficit is stated after charging depreciation amounting to £8.2m (2017/18: £8.2m).

Operating Lease Rentals

During the year of account City's Cash spent £0.8m on operating lease rentals in respect of premises (2017/18: £0.7m).

Auditor's remuneration

Remuneration to the external auditor, BDO LLP, for audit services relating to the year of account amounted to £100,000 (2017/18: £91,260 was payable to the auditors Moore Stephens LLP). No other fees were payable to BDO LLP for non-audit services during the year (2017/18: no other fees were payable to the auditors Moore Stephens LLP).

Members' expenses

Members do not receive any remuneration from the City of London Corporation for undertaking their duties. However, Members may claim travelling expenses in respect of activities outside the City and receive allowances in accordance with a scale when attending a conference or activity on behalf of the City of London

Corporation. These costs totalling £5,528 (2017/18: £5,246) across all of the City's activities were met in full by City's Cash.

3. Staff numbers and costs

Officers employed by the City of London Corporation work on a number of the City of London Corporation's activities. The table below sets out the number of full-time equivalent staff charged directly to City's Cash services and their remuneration costs. In addition, the table below includes an apportionment of time spent and costs of support service staff attributable to City's Cash services.

Number of employee full time equivalents	2019 FTE	2018 FTE
Investment properties	18.7	17.3
Education	692.7	687.2
Markets	86.4	89.9
Open spaces	282.8	272.9
City representation	69.2	66.2
Grants and other activities	9.3	9.3
Support Services	214.8	205.9
Total	1,373.9	1,348.7

Employee remuneration	Gross Pay £m	National Insurance £m	Pensions £m	2019 £m	2018 £m
Investment Management	0.5	-	0.1	0.6	0.6
Education	39.9	3.9	6.7	50.5	47.0
Markets	3.3	0.3	0.6	4.2	4.1
Open spaces	10.7	1.0	2.0	13.7	13.3
City representation	3.3	0.3	0.6	4.2	4.2
Grants and other activities	0.6	0.1	-	0.7	0.7
Support Services	10.6	1.0	1.7	13.3	11.3
Total	68.9	6.6	11.7	87.2	81.2

Workforce

The City of London Corporation employs approximately 3,600 people in full and part-time positions across all its services. The make-up of the workforce is summarised below:

Gender:

Male: 53.40%
Female: 46.60%

Declared disability:

Yes: 3.23%

Age:

Under 25: 4.99%
25-34: 22.29%
35-44: 24.15%
45-54: 26.39%
55-64: 19.71%
65 and over: 2.47%

Ethnicity:

White: 70.04%
BAME: 17.82%
Not Known: 12.14%

Equality and inclusion

The City Corporation is committed to equal opportunities in service provision and for all its employees. The Establishment Committee provides high-level Member oversight on equality and inclusion in employment and an officer led Equality and Inclusion Board has been established to actively promote equality, diversity and inclusion in service delivery and employment practices. The Board is responsible for monitoring the delivery of the Equality and Inclusion Action Plan and progress against the Equality Objectives for 2016-20. This also includes addressing the City's gender pay gap.

The quarterly update reports considered by the Establishment Committee and further information on the City Corporation's Equality and Diversity strategy and objectives together with the Equality and Inclusion Annual Report can be found on the website using the links below.

Establishment Committee -

<http://democracy.cityoflondon.gov.uk/ieListMeetings.aspx?CommitteeId=253>

Equality and Inclusion -

www.cityoflondon.gov.uk/about-the-city/how-we-make-decisions/Pages/equality-inclusion.aspx

4. Remuneration of senior employees

The number of staff earning more than £60,000 in aggregate in bands of £10,000 is set out in table 1 below.

Table 1 - Remuneration in Bands				
Salary Range £	Wholly charged to City's Cash		Partially Charged to City's Cash	
	2018/19	2017/18	2018/19	2017/18
60,000 - 69,999	95	92	85	73
70,000 - 79,999	17	17	47	22
80,000 - 89,999	10	11	15	15
90,000 - 99,999	2	3	10	5
100,000 - 109,999	0	1	3	6
110,000 - 119,999	2	1	8	3
120,000 - 129,999	1	2	4	4
130,000 - 139,999	3	3	0	2
140,000 - 149,999	2	0	1	1
150,000 - 159,999	0	1	1	2
160,000 - 169,999	1	2	1	0
170,000 - 179,999	2	0	2	0
180,000 - 189,000	0	0	2	0
200,000 - 209,999	0	0	0	2
260,000 - 269,999	0	0	1	1

Where there are no officers in a band, that band has not been included in the table.

To provide consistency with the disclosure in the City Fund Financial Statements, tables 2 and 3 set out information for 2018/19 and 2017/18 respectively in accordance with the Accounts and Audit Regulations 2015.

Table 2 - 2018/19 remuneration for those senior employees required to be disclosed individually

Post Title	Name	Notes	Proportion charged to City's Cash activities where less than 100%	Salary chargeable to City's Cash (including fees and allowances)	Bonus	Expenses	Benefits in kind	Compensation for loss of office	Total Remuneration excluding pension contributions 2018/19	Pension Contributions	Total Remuneration including Pension Contributions 2018/19
			%	£000	£000	£000	£000	£000	£000	£000	£000
Salary is £150,000 or more a year											
Town Clerk and Chief Executive	J. Barradell	*	40	101	5	-	49	-	155	22	177
Chamberlain	P. Kane	*	35	63	-	-	-	-	63	13	76
Principal of the Guildhall School of Music & Drama	L. Williams			171	-	-	-	-	171	36	207
Salary is between £50,000 and £150,000											
Comptroller & City Solicitor	-	*	25	39	2	-	-	-	41	8	49
City Surveyor	-	*	45	68	11	-	-	-	79	17	96
Head City of London School	-			125	-	-	92	-	217	24	241
Headmaster City of London Freeman's School	-			138	-	-	-	-	138	25	163
Headmistress City of London School for Girls	-			132	-	-	116	-	248	25	273
Remembrancer	-			144	-	-	-	-	144	30	174
Executive Director Mansion House and Old Bailey	-	*	70	122	2	-	-	-	124	26	150
Director of Markets & Consumer Protection (left 31/12/18)	-	*	45	40	1	-	-	-	41	9	50
Interim Director of Markets & Consumer Protection (started 01/01/19)	-	*	45	12	-	-	-	-	12	3	15
Director of Open Spaces	-	*	70	74	-	-	-	-	74	16	90
Total				1,229	21	-	257	-	1,507	254	1,761

Table 3 - 2017/18 remuneration for those senior employees required to be disclosed individually

Post Title	Name	Notes	Proportion charged to City's Cash activities where less than 100%	Salary chargeable to City's Cash (including fees and allowances)	Bonus	Expenses	Benefits in kind	Compensation for loss of office	Total Remuneration excluding pension contributions 2017/18	Pension Contributions	Total Remuneration including Pension Contributions 2017/18
			%	£000	£000	£000	£000	£000	£000	£000	£000
Salary is £150,000 or more a year											
Town Clerk and Chief Executive	J. Barradell	*	40	99	3	-	44	-	146	22	168
Chamberlain	P. Kane	*	35	61	-	-	-	-	61	13	74
Principal of the Guildhall School of Music & Drama	L. Williams			166	-	-	-	-	166	35	201
Salary is between £50,000 and £150,000											
Comptroller & City Solicitor	-	*	25	38	2	-	-	-	40	8	48
City Surveyor	-	*	45	67	1	-	-	-	68	14	82
Head City of London School (left 31/08/2017)	-			67	-	-	23	-	90	12	102
Acting Head City of London School (01/09/2017 to 31/12/2017)	-			40	-	-	-	-	40	7	47
Head City of London School (started 01/01/2018)	-			30	-	-	29	-	59	6	65
Headmaster City of London Freeman's School	-			133	-	-	-	-	133	25	158
Headmistress City of London School for Girls	-			126	-	-	63	-	189	23	212
Remembrancer	-			148	-	-	-	-	148	31	179
Private Secretary & Chief of Staff to the Lord Mayor (retired 31/01/2018)	-			96	3	-	-	-	99	21	120
Executive Director Mansion House and Old Bailey (started 01/09/2017)	-			95	-	-	-	-	95	20	115
Director of Markets & Consumer Protection	-	*	45	53	1	-	-	-	54	11	65
Director of Open Spaces	-	*	70	72	-	-	-	-	72	15	87
Total				1,291	10	-	159	-	1,460	263	1,723

* These officers provide services for the City of London Corporation's local authority and non-local authority activities. The remuneration included in tables 2 and 3 above relates to the proportion charged to City's Cash activities. The annualised salary for each of these officers is shown in table 4.

Table 4 - Annualised Salaries

Post Title	Annualised Salary 2018/19 £000	Annualised Salary 2017/18 £000
Town Clerk and Chief Executive	253	248
Chamberlain	181	174
Comptroller & City Solicitor	155	152
City Surveyor	151	149
Executive Director of Mansion House & Old Bailey (started 01/09/17)	174	95
Director of Markets & Consumer Protection (retired 31/12/19)	90	118
Interim Director of Markets & Consumer Protection (started 01/01/19)	27	-
Director of Open Spaces	106	103

The post of Executive Director of Mansion House & Old Bailey was created in September 2017 following the merging of Mansion House and the Central Criminal Court.

5. Tax Status

The City of London Corporation is a single legal entity and legislation treats it as a local authority for tax purposes. City Re Limited, a wholly-owned subsidiary of the City of London Corporation in its City's Cash capacity, conforms to the tax requirements for Guernsey companies. Barking Power Limited and Thames Power Limited are both subject to Corporation Tax although no tax was payable on activities for the period ended 31 March 2019.

6. Investment Properties and other tangible fixed assets Consolidated

Land and Buildings					
	Investment Properties (a) £m	Freehold (b) £m	Plant & Machinery £m	Assets Under Const'n £m	Total £m
Cost / Valuation					
At 1 April 2018	1,817.6	226.4	58.3	3.1	2,105.4
Additions	127.7	22.6	1.3	5.2	156.8
Revaluations	50.1	-	-	-	50.1
Disposals	(20.7)	-	-	-	(20.7)
Transfers	(0.1)	-	-	0.1	-
At 31 March 2019	1,974.6	249.0	59.6	8.4	2,291.6
Depreciation					
At 1 April 2018	-	(39.8)	(23.0)	-	(62.8)
Charge for the year	-	(6.0)	(2.2)	-	(8.2)
At 31 March 2019	-	(45.8)	(25.2)	-	(71.0)
Net book value					
At 31 March 2018	1,817.6	186.6	35.3	3.1	2,042.6
At 31 March 2019	1,974.6	203.2	34.4	8.4	2,220.6
Leased assets included above:					
Net book value					
At 31 March 2018	17.9	-	-	-	17.9
At 31 March 2019	17.9	-	-	-	17.9

Notes:

- a) External valuers value investment properties annually as at 31 March at market values determined in accordance with the RICS Valuation – Professional Standards (The Red Book).
- b) As detailed in accounting policies note g, all other tangible fixed assets are valued at historic cost less depreciation on a straight-line basis to write off their costs over their estimated useful lives and less any provision for impairment. Freehold land and buildings includes items acquired since April 2000 based on depreciated historic cost. Consequently, some of the significant City's Cash operational assets (e.g. Mansion House, Guildhall Complex, Schools and Markets) are included at nil cost as they were generally acquired well before April 2000 and their original acquisition costs are no longer available. Subsequent expenditure on these assets is capitalised in line with accounting policies.

7. Heritage assets

Heritage assets are those with historical, artistic, scientific, technological, geophysical or environmental qualities which are maintained principally for their contribution to knowledge and culture. They are mainly held in trust for future generations.

Arising from its status and history, within its City's Cash fund, the City holds numerous heritage assets primarily open spaces, art and sculpture, prints, drawings and statues.

The City Corporation manages 11,000 acres of historic and natural green spaces across London and beyond, including Hampstead Heath and Epping Forest. Some of the sites have been owned and managed since as far back as 1870, protecting them from development and preserving them as a natural resource. They include important wildlife habitats, Sites of Special Scientific Interest, National Nature Reserves and outdoor space for sport, recreation and enjoyment for the public.

The art and sculpture collection is maintained as a collection of art treasures worthy of the capital and includes a range of paintings documenting London's

history. In addition, the City owns two heritage property assets, the Monument and Temple Bar, and two ancient copies of the Magna Carta.

For some of the heritage assets the cost of obtaining reliable valuations in order to recognise them on the Balance Sheet outweighs the benefit of such recognition to the users of the financial statements. Furthermore, many of the assets are irreplaceable and / or there is often no active market for their sale. For example, valuations are not readily available for the original acquisition of open spaces land and their associated buildings, Monument, Temple Bar or the copies of the Magna Carta.

Nevertheless, the City's art and sculpture treasures, which represent the vast majority of the heritage assets, and recently acquired open space land are recognised for inclusion on the Consolidated Statement of Financial Position at a value of £181.5m (2017/18: £181.4m) as shown in the table below. Due to policy, budgetary and legal constraints there have been no significant acquisitions or disposals in the last five years.

	2019 £m	2018 £m
Cost or valuation (a)		
At 1 April	181.4	182.1
Additions (b)	0.1	0.4
Impairment (c)	-	(1.2)
Transfer	-	0.1
Closing cost or valuation	181.5	181.4
Comprising:		
Art and sculptures (c)	180.7	180.6
Open spaces	0.8	0.8
Total heritage assets	181.5	181.4

Notes:

- a) The art works are included at cost or, where cost cannot be readily identified, on the basis of available information as a proxy for cost. Such information includes art market intelligence in relation to similar works, insurance

requirements and some individual valuations from independent experts. Sculptures were valued at replacement cost by independent experts Gurr Johns. Recent additions to forest land were recognised at cost.

- b) Additions during the year comprised the purchase of sculptures and paintings for Guildhall Art Gallery.
- c) During 2017/18, a painting in the City's art collection was identified as having been stolen by the Nazis during world war two. The City returned the painting to members of the original owner's family during the year and the painting's carrying value of £1.2m was treated as an impairment.

All expenditure on preservation and conservation is recognised in the Consolidated Statement of Comprehensive Income when it is incurred.

Catalogues are maintained for the heritage assets and most of them are available for public viewing. The statues and properties (the Monument and Temple Bar) can be seen and experienced from the public highway, treasures on display at the Guildhall Art Gallery can be visited by anyone free of charge and most of the other assets, sometimes held within restricted areas such as the Mansion House, can be viewed by publicly available organised tours or by appointment.

8. Non-property investment assets

Analysis of movement in non-property investment assets:

	2019 £m	2018 £m
Long-term non-property investments		
Total investments at 1 April	700.1	699.0
Add: additions to investments at cost	169.7	36.5
Less disposals at market value	(166.6)	(34.8)
Add net (loss) / gain on revaluation	(0.2)	0.3
Less realised investments	(3.4)	(16.9)
Gain in fair value	53.5	16.0
Investments at 31 March	753.1	700.1
Short-term non-property investments		
Total investments at 1 April	57.7	47.9
Change in short-term deposits and money market funds	-	6.5
Change in long term deposits	(4.0)	3.3
Investments at 31 March	53.7	57.7
Total investments as at 31 March are analysed between long-term and short-term investments as follows:		
Long-term	753.1	700.1
Short-term	53.7	57.7
Total investments at 31 March	806.8	757.8

9. Intangible assets

	Technology systems £m	Goodwill £m	Total £m
Cost / Valuation			
At 1 April 2018	1.5	-	1.5
Additions	0.1	24.5	24.6
At 31 March 2019	1.6	24.5	26.1
Depreciation			
At 1 April 2018	(1.4)	-	(1.4)
Charge for the year	-	-	-
At 31 March 2019	(1.4)	-	(1.4)
Net book value			
At 31 March 2018	0.1	-	0.1
At 31 March 2019	0.2	24.5	24.7

- Technology systems:
During 2014/15, the City Corporation invested in an updated Oracle Business Intelligence system. This is recognised in these financial statements as an intangible asset on the basis of amortised historic cost at a value of £0.1m (2017/18: £0.1m).

In 2018/19, an investment was made in the City Dynamics Customer Relationship Management computer system. This cost £0.1m and is recognised at the cost in these financial statements.

- Goodwill:
On 14 December 2018, Barking Power Limited and Thames Power Services Limited were purchased by The Mayor and Commonalty and Citizens of the City of London for a total sum of £130.5m. Goodwill of £24.5m is recognised as the excess of the cost of the acquisition over the net amount of their identified assets and liabilities. This will be amortised over the useful economic life of the assets. The estimated useful life of this goodwill will be determined once the future use of the site has been agreed in 2019/20.

10. Debtors

	2019 £m	2018 £m
Amounts falling due within one year		
Sundry debtors	12.8	14.6
School fees	4.4	3.6
Prepayments and accrued income	4.4	4.0
Rental debtors	2.1	1.1
VAT	1.1	0.5
Accrued interest	1.1	1.0
Current debtors	25.9	24.8
Amounts falling due after more than one year		
Rental debtors	8.1	8.9
Finance lease debtor	1.5	1.5
Long-term debtors	9.6	10.4
Total debtors	35.5	35.2

11. Nature and extent of Risks arising from Financial Instruments

The activities of City's Cash expose it to a variety of financial risks:

- Credit risk – the possibility that other parties might fail to pay amounts due.
- Liquidity risk – the possibility that there might not be enough funds available to meet commitments to make payments.
- Market risk – the possibility that financial loss might arise as a result of changes in factors that affect the overall performance of financial markets such as interest rates, stock market movements and foreign exchange rates.

The City of London Corporation has adopted CIPFA's Treasury Management in the Public Service: Code of Practice. City Cash's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risks to our financial strategy are managed by our central treasury team, under policies approved annually by the Court of Common Council in the Treasury Management Strategy Statement.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to customers. Deposits are only made with banks with a minimum Fitch (a leading credit rate agency) rating of long-term A and short-term F1 or are building societies with assets over £9bn (or which have a minimum credit rating score similar to that set for the banks). City's Cash also invests in Money Market Funds, which are subject to a minimum credit rating of AAA/mmf (Fitch) or equivalent. City's Cash also holds investments in two Short Dated Bond Funds. These financial instruments typically do not obtain their own standalone credit rating. Instead, the funds will invest in a wide variety of investment grade instruments, which the City Corporation actively monitors in terms of the fund's composition and credit quality of its underlying assets.

The creditworthiness of the counterparties on the City's Cash lending list is carefully monitored. The lending list is reviewed on a regular basis using advice from credit rating agencies and in-house judgements based partially on credit default swap rates. Security of the investments is the prime criteria when selecting investments with liquidity and yield being secondary and tertiary considerations. The lending limits attributable to HSBC, Barclays, Goldman Sachs International Bank, Royal Bank of Scotland and Santander UK were maintained at maximum lending limits of £100m each during 2018/19, and Lloyds Bank was fixed at £150m (Lloyds being the City of London Corporation's banker). The lending limit for the Nationwide Building Society was maintained at £120m. The maximum duration for such loans is fixed at three years. The lending limits for the Yorkshire, Coventry, Skipton and Leeds Building Societies were maintained at £20m each and the duration for such loans is fixed at 1 year. The list also contains three foreign banks with individual limits of £25m, being National Australia Bank, Australia and New Zealand Banking Group and Svenska Handelsbanken. The lending list also includes six highly rated money market funds (Aberdeen Sterling Liquidity Fund, CCLA, Deutsche Liquidity Fund, Federated Liquidity Fund, Standard Life Ignis Liquidity Funds, Invesco); three highly rated Ultra-Short Dated Bond Funds (Federated Sterling Cash Plus Fund, Standard Life Investments Short Duration Managed Liquidity Fund and Payden Sterling Reserve Fund); and two Short Dated Bond Funds (Legal & General Short Dated Sterling Corporate Bond

Index Fund and Royal London Investment Grade Short Dated Credit Fund). The City Corporation will also lend to other UK local authorities with a limit of £25m to any individual authority.

The maximum exposure of City's Cash to credit risk in relation to its investments in banks, building societies, local authorities and money market funds cannot be assessed generally, as the risk of any institution failing to make interest payments or failing to repay the principal amount borrowed would be specific to each individual institution. No credit limits were exceeded during the reporting period and City's Cash does not expect any losses from non-performance by any counterparty in relation to outstanding deposits. As at 31 March 2019, City's Cash had £53.7m in money market funds and short-term cash investments with a maturity of less than 365 days (31 March 2018: £57.7m).

Outstanding debtors excluding those covered by the Bad Debt Provision	31 March 2019 £m	31 March 2018 £m
Less than three months	2.9	2.5
Three to six months	0.5	0.3
Six months to one year	0.1	0.1
Total	3.5	2.9

Liquidity risk

Liquidity risk represents the risk that City's Cash will not be able to meet its financial obligations as they fall due. Officers monitor cash flows and take steps to ensure that there are adequate cash resources to meet commitments.

Market risk (Interest rate risk)

City's Cash is exposed to significant risk in terms of its exposure to interest rate movements on its investments. Movements in interest rates have a complex impact on City's Cash. For instance, a rise in interest rates would have the following effects:

- investments at variable rates – the interest income credited to the Income and Expenditure Account will rise
- investments at fixed rates – the fair value of the assets will fall.

Interest rate risk is managed within the parameters of the City of London Corporation's 2018/19 Treasury Management Strategy Statement. Officers have due regard for the prospects for interest rates and the Treasury Management Strategy draws together a number of forecasts for both short term (Bank Rate) and longer-term interest rates. The Treasury Management Strategy also places an upper limit for total principal sums invested for over 364 days.

Currency Risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. City's Cash is exposed to currency risk on financial instruments that are denominated in any currency other than the functional currency of the fund (UK sterling). The following table summarises the position as at 31 March 2019 and uses data provided by the fund's custodian bank BNY Mellon.

Currency	Value £m	Change %	Value on increase £m	Value on decrease £m
GBP	372.3	0.00%	372.3	372.3
EUR	76.5	2.38%	78.3	74.7
USD	260.7	2.67%	267.7	253.7
Other	97.3	3.48%	100.7	93.9
Total non-property investments	806.8	-	819.0	794.6

Non-Property Investments (mainly pooled) and Private Equity Funds

These investments are actively managed by twelve main external fund managers who are charged with the responsibility to increase asset values, whilst maintaining market risk to acceptable levels. They achieve this mainly through diversification of stock portfolios across several geographical locations and various industrial sectors

and asset classes. The managers' investing practices are controlled by pre-defined levels of tolerance. The City of London Corporation's Financial Investment Board oversees the monitoring and performance of City's Cash non-property investments and is responsible for the appointment of fund managers.

Concentration risk is also controlled and monitored with a maximum proportion cap over the levels held in individual stocks as a set percentage of each manager's overall portfolio of stocks.

As part of each of the external fund managers' investing there is also a strict adherence to the principles of liquidity risk management to ensure cash flow requirements are met as and when they fall due.

All the investing policies and practices are reviewed regularly after thorough consideration of economic and market conditions, and overall care is taken to identify, manage and control exposure to the price movements of several categories of investments.

Sensitivity Analysis

Following analysis of historical data and expected investment return movement during the financial year, in consultation with the Fund's investment consultant Mercer, the City of London Corporation has determined that the movements in market price risk set out in the table below are reasonably possible for the 2018/19 reporting period.

The table shows summary statistics illustrating the distributions generated by Mercer's asset liability models for a 10-year period, beginning 31 March 2019. These assumptions represent their best view based on historic and forward-looking analysis. In general, volatilities of interest rates, inflation and asset class returns for long-term projections are calibrated to historical experience. Over shorter modelling horizons, volatility is also influenced by prevailing market implied volatility conditions. The percentages refer to Mercer's expectations for the annualised standard deviation of returns for each asset class over 10 years. Expected volatilities over different time horizons will vary from this.

The potential increase/decrease in the market prices of the fund's assets provide a range of possible net asset values available to meet the fund's liabilities.

Potential Market Movements

The potential movements for price risk based on the different asset classes are provided below. The table uses data provided by the fund's investment consultant Mercer.

Asset type	Change %
Global equities - developed markets (including UK)	17.1
Global equities - emerging markets	28.6
Global bonds	4.5
Multi-asset	7.6
Private equity	24.5
Total non-property investments	15.2

These percentages have been used to calculate the following potential increases / (decreases) in the value of investments.

Asset type	Value £m	Change %	Value on increase £m	Value on decrease £m
Global equities - developed markets (including UK)	597.5	17.1	699.7	495.3
Global equities - emerging markets	20.9	28.6	26.9	14.9
Global bonds	41.8	4.5	43.7	39.9
Multi-asset	70.6	7.6	76.0	65.2
Private equity	27.9	24.5	34.7	21.1
Short-term UK deposit and money market funds	48.1	-	48.1	48.1
Total non-property investments	806.8	15.16	929.1	684.5

12. Stocks of Finished Goods

A variety of purchased items are held in stock amounting to £0.5m (2017/18: £0.5m) to ensure responsive delivery of services, mainly relating to those provided at the City's open spaces, schools and ceremonial functions.

13. Creditors – amounts falling due within one year

	2019 £m	2018 £m
Sundry creditors	38.5	34.1
Rental income received in advance	17.3	14.5
Other receipts received in advance	10.3	10.2
VAT	3.4	0.2
Total current creditors	69.5	59.0

14. Deferred income

	2019 £m	2018 £m
Amounts falling due within one year	0.4	0.4
Amounts falling due after more than one year		
Due within two to five years	1.5	1.5
Due in more than five years	82.0	63.9
Long-term deferred income	83.5	65.4
Total deferred income	83.9	65.8

Premiums of £66.4m relating to seven operating leases were received between 2014/15 and 2017/18. One further operating lease premium totalling £18.5m was received in 2018/19. These premiums have been deferred in accordance with accounting policies note e) and are to be released over their lease terms.

15. Finance leases

City's Cash as Lessee

One investment property agreement has been classified as a finance lease. Payments will be made over the term of the lease to meet the costs of the long-term liability and the finance costs payable. The minimum lease payments in relation to the lease are:

Net Present Value of Minimum Lease Payments	2019 £m	2018 £m
Not later than one year	-	-
Later than one year and not later than five years	0.1	0.1
Later than five years	2.3	2.3
Total	2.4	2.4

City's Cash as Lessor

City's Cash has a gross investment in one finance lease relating to the minimum lease payment expected to be received over the remaining term of the lease. The minimum lease payments comprise settlement of the long-term debtor for the interest in the property acquired by the lessees and finance income that will be earned by City's Cash in future years whilst the debt remains outstanding. The gross investment is made up of the following amounts:

	2019 £m	2018 £m
Finance lease debtor (net present value of minimum lease payments) - non-current	1.5	1.5
Unearned finance income	2.2	2.2
Gross investment in lease	3.7	3.7

The gross investment in the lease and the minimum lease payments receivable will be received over the following periods:

	Gross Investment in Lease		Net Present Value of Minimum Lease	
	2019 £m	2018 £m	2019 £m	2018 £m
Later than one year and not later than five years	0.1	0.1	-	-
Later than five years	3.6	3.6	1.5	1.5
Total	3.7	3.7	1.5	1.5

The minimum lease payments receivable are calculated at the inception of the lease and do not take account of future events taking place after the lease was entered into, such as adjustments following rent reviews.

16. Loans

	2019 £m	2018 £m
Bridging loan	125.0	-
Loan balance at 31 March	125.0	-

City's Cash entered into an unsecured bridging loan of £125m during the year. Interest payable is variable (based on the LIBOR rate) and amounted to £19,000 in 2018/19. In addition, there were arrangement fees of £67,000, legal fees of £40,000 and consultancy fees of £100,000 associated with this loan. Total costs in 2018/19 were £226,000. The loan is repayable in full by December 2020.

17. Provisions

	City Re	Power Station	Total
Opening balance	2.1	-	2.1
Movement in year	0.8	18.2	19.0
Closing balance	2.9	18.2	21.1

City Re Limited has set aside £2.9m (2017/18: £2.1m) for the settlement of known insurance claims at the balance sheet date. The estimate is based on a case by case assessment of each claim and takes into account previous claims experience.

Barking Power Limited has set aside a total provision of £18.2m. This includes decommissioning expenses including the cost of power station demolition and decommissioning of the gas pipeline, cooling water system, overhead lines and other cessation expenses. The provision also includes an amount for further costs, but disclosure of information relating to the nature of the obligation would be expected to seriously prejudice the position of the company, so its nature is not disclosed.

18. Pensions

City of London Corporation defined benefit pension scheme

The City of London Corporation operates a funded defined benefit pension scheme, The City of London Pension Fund, for its staff employed on activities relating to its three funds (i.e. City Fund, City's Cash and Bridge House Estates).

The assets of the scheme are held in a specific trust separately from those of the City Corporation and contributions are paid to the scheme as agreed with the scheme's Trustees. As the proportion of the Pension Fund that relates to City's Cash is not separately identifiable, the share of pension contributions paid to the scheme by the Trust is calculated pro-rata to employer's contributions paid by each of the City of London Corporation contributors to the scheme.

Teachers' Pension Scheme (TPS)

In addition to City of London Corporation employees being able to participate in the City of London Pension Fund, teachers at the City of London Corporation's four private schools are eligible to participate in the Teachers' Pension Scheme.

The table below shows how the total pension deficit recorded on the Consolidated Statement of Financial Position of £312.7m (2018: £291.0m) is split between The City of London Pension Fund and the Teachers' Pension Scheme.

Pension scheme liabilities	2019 £m	2018 £m
The City of London Pension Fund	291.8	278.5
The Teachers' Pension Scheme	20.9	12.5
Total pension scheme liabilities	312.7	291.0

Accounting for The City of London Pension Fund under IAS19

The actuarial valuation of the defined benefit scheme was updated at 31 March 2017, by Barnett Waddingham, an independent qualified actuary in accordance with IAS19. As required by IAS19, the defined benefit liabilities have been measured using the projected unit method. The valuation has been completed under IFRS, in line with City Fund requirements, rather than FRS102, with the differences considered not to be materially incorrect. The next actuarial valuation of the Scheme was carried out as at 31 March 2019 and will set contributions for the period from 1 April 2020 to 31 March 2023.

The expected rate of return on the scheme's assets for the financial year ending 31 March 2019 was 8.0% p.a. (2018: 2.0% p.a.). This rate is based on the long-term future expected investment return for each asset class at the beginning of the period (i.e. as at 1 April 2019) for the year to 31 March 2020. The returns on gilts and other bonds are assumed to be the gilt yield and corporate bond yield respectively at the relevant date. The return on equities is then assumed to be a margin above gilt yields.

At 31 March 2019, the actuarial deficit on City's Cash's share of the Scheme was £291.8m (2018: £278.5m). City's Cash's share of the market value of the Schemes' assets was £455.6m (2018: £423.3m).

The estimated amount of total employer contributions expected to be paid to the scheme by City's Cash during the year to 31 March 2020 is £13.3m (actual for year to 31 March 2019: £13.9m). This figure is calculated pro-rata to total contributions that will be payable by the City of London Corporation in accordance with the Schedule of Contributions towards the scheme's deficit.

In December 2018 the Court of Appeal ruled that transitional protections put in place under reforms to both the Judges' and Firefighters' Pension Schemes discriminated against a group of members on the grounds of age. The ruling is applicable to all public sector pension schemes in which the City's Cash employees participate including the LGPS and the Teachers' Pension Scheme. The ruling has resulted in an increase in the City's Cash pensions liability of £5.8m being recognised in 2018/19.

(a) Major assumptions by the actuary

Financial

The financial assumptions used for the purposes of the IAS19 calculations are as follows:

Assumptions as at 31 March - per annum	2019	2018	2017
RPI increases	3.4%	3.3%	3.6%
CPI increases	2.4%	2.3%	2.6%
Salary increases	3.9%	3.8%	4.1%
Pension increases	2.4%	2.3%	2.6%
Discount rate	2.4%	2.6%	2.7%

Life expectancy

Assumed life expectancy from age 65 years	Sex	2019	2018
Age 65 retiring today	Male	23.2	23.9
Age 65 retiring today	Female	24.6	25.2
Retiring in 20 years	Male	24.5	25.3
Retiring in 20 years	Female	26.1	26.7

The table reflects the change in the mortality tables used for the 31 March 2016 valuation and allowance is made for future improvements in life expectancy.

(b) Amounts included in the Consolidated Statement of Financial Position

The amounts included in the City's Cash Consolidated Statement of Financial Position (CSoFP) arising from the City of London Corporation Pension Fund's

liabilities in respect of the defined benefit scheme for the current and previous two periods are as follows:

Net Pension Asset	2019		2018		2017	
	CC £m	CoL £m	CC £m	CoL £m	CC £m	CoL £m
Fair value of fund assets (bid)	455.6	969.5	423.3	900.7	413.1	878.9
Funded liability present value	(745.0)	(1,585.1)	(699.2)	(1,487.6)	(691.2)	(1,470.7)
Net liability	(289.4)	(615.6)	(275.9)	(586.9)	(278.1)	(591.8)
Unfunded liability present value	(2.4)	(5.3)	(2.6)	(5.7)	(2.9)	(6.1)
Net liability on CSoFP	(291.8)	(620.9)	(278.5)	(592.6)	(281.0)	(597.9)

Note: CC – City's Cash (consolidated), CoL – City of London (Corporation)

The total net pension fund liability shown on the Consolidated Statement of Financial Position is £312.7m (2017/18: £291.0m), which comprises the liability relating to the City of London Pension Fund of £291.8m as shown in the table above (2017/18: £278.5m) and a liability of £20.9m (2017/18: £12.5m) relating to the Teachers' Pension Scheme.

The net the City of London Pension Fund liability of £291.8m in the Consolidated Statement of Financial Position (2018: £278.5m) represents 47% (2018: 47%) of the total net balance sheet liability in the City of London Corporation Pension Fund Financial Statements.

(c) Amounts recognised in the Consolidated Statement of Comprehensive Income

	2019 £m	2018 £m
Current service cost	(20.9)	(20.6)
Administration cost	(0.5)	(0.3)
Gains / (losses) on settlements and curtailments	(5.9)	(0.1)
Employer contributions	13.7	12.7
Unfunded pension payments	0.2	0.2
Return on pension scheme assets	10.8	11.2
Interest on pension scheme liabilities	(17.7)	(18.6)
Net pension scheme costs *	(20.3)	(15.5)
Actual return less expected return on pension scheme assets	21.4	(2.0)
Changes in assumptions underlying the present value of liabilities	(14.4)	20.0
Actuarial gains recognised in the Consolidated Statement of Comprehensive Income **	7.0	18.0
Net charge to the Consolidated Statement of Comprehensive Income	(13.3)	2.5

* The total value shown in the Consolidated Statement of Comprehensive Income for net financing expenses attributable to pension schemes amounts is £20.5m (2017/18: net expenses of £15.7m), which comprises expenses relating to the City of London Pension Fund of £20.3m (2017/18: £15.5m), as shown in the table above, and expenses of £0.2m relating to the TPS (2017/18: £0.2m).

** The total value shown in the Consolidated Statement of Comprehensive Income for actuarial losses is £1.2m (2017/18: gains of £18.9m), which comprises the actuarial gain relating to the City of London Pension Fund of £7.0m (2017/18: gain of £18.0m), as shown in the table above, and an actuarial loss of £8.2m (2017/18: gain of £0.9m) relating to the Teachers' Pension Scheme.

(d) Asset allocation

The allocation of the scheme's assets at 31 March is as follows:

Employer asset share - bid value	2019		2018	
	£m	Per annum	£m	Per annum
Equities	304.5	67%	277.2	65%
Cash	5.2	1%	2.5	1%
Infrastructure	25.3	6%	24.8	6%
Absolute Return Portfolio	120.6	26%	118.8	28%
Total assets	455.6	100%	423.3	100%

(e) Movement in the present value of scheme liabilities

Changes in the present value of the scheme liabilities over the year are as follows:

Reconciliation of opening and closing balances of the present value of the defined benefit liability	2019 £m	2018 £m
Opening defined benefit liability	(701.9)	(694.2)
Current service cost	(20.9)	(20.6)
Interest cost	(17.7)	(18.6)
Actuarial (losses) / gains	(14.4)	20.0
(Losses) on curtailments	(5.9)	(0.2)
Liabilities (assumed)/extinguished on settlements	-	0.4
Estimated benefits paid net of transfers in	18.0	15.6
Contributions by scheme participants	(4.8)	(4.5)
Unfunded pension payments	0.2	0.2
Closing defined benefit liability	(747.4)	(701.9)

(f) Movement in the scheme net liability

The net movement in the scheme liabilities over the year are as follows:

	2019 £m	2018 £m
(Deficit) at the beginning of the year	(278.5)	(281.0)
Current service cost	(20.9)	(20.6)
Net interest	(6.9)	(7.4)
Settlements and curtailments	(5.9)	(0.1)
Other finance income (expense)	(0.5)	(0.3)
Employers contributions	13.7	12.7
Unfunded pension payments	0.2	0.2
Actuarial gains / (losses)	7.0	18.0
(Deficit) at the end of the year	(291.8)	(278.5)

(g) Movement in the present value of scheme assets

Changes in the fair value of the scheme assets over the year are as follows:

Reconciliation of opening and closing balances of the fair value of scheme assets	2019 £m	2018 £m
Opening fair value of scheme assets	423.3	413.0
Interest on assets	10.8	11.2
Return on assets less interest	21.4	(2.0)
Actuarial gains / (losses)	-	-
Administration expenses	(0.5)	(0.3)
Contributions by employer including unfunded	13.9	12.9
Contributions by scheme participants	4.8	4.5
Estimated benefits paid net of transfers in and including unfunded	(18.1)	(15.8)
Settlement prices (paid)	-	(0.2)
Closing value of scheme assets at end of period	455.6	423.3

(h) Historical information – Amounts for the current and previous periods

The following amounts for 2015-2019 have been recognised under the “Actuarial gains and losses on defined benefit pension scheme” heading within the Consolidated Statement of Changes in Equity:

	2019 £m	2018 £m	2017 £m	2016 £m	2015 £m
Present value of defined benefit liability	(747.4)	(701.8)	(694.1)	(581.4)	(603.1)
Fair value of scheme assets	455.6	423.3	413.1	349.7	362.8
Deficit in the scheme	(291.8)	(278.5)	(281.0)	(231.7)	(240.3)
Experience adjustments on scheme liabilities	-	-	11.4	0.2	(0.1)
Percentage of scheme liabilities	0.0%	0.0%	1.6%	0.0%	0.0%
Experience adjustments on scheme assets	21.4	(2.0)	57.5	(21.6)	19.9
Percentage of scheme assets	4.7%	(0.5%)	13.9%	(5.7%)	4.6%
Cumulative actuarial gains and losses	(73.0)	(80.0)	(98.0)	(53.4)	(77.1)

The cumulative gains and losses in the table above start from 1 April 2005.

i) Sensitivity analysis

Below is listed the impact on the Scheme liabilities of changing key assumptions whilst holding other assumptions constant.

		£m	£m	£m
		0.1%	0.0%	(0.1%)
Adjustment to discount rate	PV of total liability	734	747.4	761.2
	Projected service cost	21.9	22.4	22.9
Adjustment to long-term salary increase	PV of total liability	749	747.4	746
	Projected service cost	22.4	22.4	22.4
Adjustment to pension increases and deferred	PV of total liability	759.7	747.4	735.5
	Projected service cost	22.9	22.4	21.9
		+ 1 year	None	- 1 year
Adjustment to mortality age rating assumption	PV of total liability	775.5	747.4	720.5
	Projected service cost	23.1	22.4	21.7

Note: PV – present value

(j) Projected pension expense for the year to 31 March 2019

No allowance has been made for the costs of any early retirements or augmentations which may occur over the year and whose additional capitalised costs would be included in the liabilities. As it is only an estimate, actual experience over the year may differ. No balance sheet projections have been provided on the basis that they will depend upon market conditions and the asset value of the scheme at the end of the following year.

	Projected Year to 31 March 2020 £m	Actual Year to 31 March 2019 £m
Service cost	22.4	26.8
Net interest on the defined liability	6.8	6.9
Administration expenses	0.5	0.5
Total expense	29.7	34.2
Employer contributions	13.3	13.9

19. Capital and Reserves

	Balance at 1 April 2018 £m	Additions £m	Disposals / expenditure £m	Depreciation £m	Unrealised Gains / (Losses) £m	Transfers £m	Balance at 31 March 2019 £m
Operational Capital	225.1	29.2	-	(8.2)	-	0.1	246.2
Heritage Assets Reserve	181.4	0.1	-	-	-	-	181.5
Income Generating Fund							
Investment Properties	151.6	152.2	(20.7)	-	-	(0.1)	283.0
Non-Property Investments	700.1	169.7	(170.0)	-	53.3	-	753.1
Revaluation Reserve - Investment Properties	1,666.0	-	-	-	50.1	-	1,716.1
Income Generating Fund	2,517.7	321.9	(190.7)	-	103.4	(0.1)	2,752.2
Working Capital Fund	(21.7)	-	(50.7)	-	-	-	(72.4)
Loan Application Fund	-	-	(125.0)	-	-	-	(125.0)
Pension Reserve	(291.0)	-	(20.5)	-	(1.2)	-	(312.7)
Total Capital and Reserves	2,611.5	351.2	(386.9)	(8.2)	102.2	-	2,669.8

Notes to capital and reserves:

- Operational Capital – reflects the operational assets from the Statement of Financial Position.
- Heritage Asset Reserve – reflects the heritage assets from the Statement of Financial Position.
- Income Generating Fund – comprises the asset values of investment properties and non-property investment assets, which generate the income to fund City's Cash activities and services.
- Working Capital Fund – reflects the net current assets, long-term debtors and provisions for liabilities and finance leases from the Statement of Financial Position.
- Loan Application Fund – reflects the long-term loans from the Statement of Financial Position.
- The City of London Corporation manages and funds ten registered charities (listed on page 11) which are consolidated within City's Cash accounts. Total funds of the charities amounts to £61.513m (2017/18: £61.833m), comprising unrestricted funds of £28.842m (2017/18: £29.013m), restricted funds of £0.129m (2017/18: £0.110m) and endowment funds of £32.542m (2017/18: £32.710m). Restricted and endowed funds include income that is subject to specific restrictions imposed by the donor. Further details can be found in the separately published accounts of each charity, which are filed with the Charity Commission and can be viewed at: <https://www.gov.uk/government/organisations/charity-commission>.

20. Reconciliation of operating surplus to net cash flow provided by / (used in) operating activities

	2018/19 £m	2017/18 £m
Operating surplus for the reporting period	56.5	66.0
Adjustments for:		
Depreciation charges	8.2	8.2
Net pension scheme costs	20.5	15.7
(Gains)/losses on non-property investments	(53.5)	(16.0)
(Gains)/losses on property investments	(50.1)	(81.0)
Dividends, interest and rents from investments	(3.1)	(2.8)
(Increase)/decrease in debtors	(0.3)	(2.8)
Increase/(decrease) in creditors falling due within one year	10.5	(0.8)
Release of deferred income	(0.4)	0.4
Increase/(decrease) in provision	19.0	0.2
Net cash provided by / (used in) operating activities	7.3	(12.9)

21. Business Purchases

On 14 December 2018, City's Cash acquired 100% of the share capital of Barking Power Limited (company registration number 02354681) and Thames Power Services Limited (company registration number 02624730) for a total consideration of £130.5m (including stamp duty of £0.649m).

These companies represent one power station which is not operational but which is located on a site that the City of London Corporation intends to remediate and decontaminate for future redevelopment.

The goodwill of £24.5m arising from the acquisition is attributable to the strong market value of the site compared to the book value. The estimated useful life of this goodwill will be determined once the future use of the site has been agreed in 2019/20.

The following table sets out the assets and liabilities that were recognised at the acquisition date.

	2018/19 Fair Value £m
Land	122.1
Property, plant and equipment (power station)	1.6
Debtors	0.3
Cash	0.5
Creditors	(0.5)
Provisions for liabilities	(18.0)
Total net assets	106.0
Goodwill	24.5
Total consideration	130.5

For the period from acquisition to 31 March 2019, Barking Power Limited and Thames Power Services incurred net costs of £0.4m which have been entered in the Consolidated Statement of Comprehensive Income of City's Cash.

22. Financial commitments

Material (in excess of £3m) contractual capital commitments are as follows:

	Consolidated	
	2019 £m	2018 £m
Contracted for but not provided for contract commitments (a)	7.5	18.9
Total	7.5	18.9

Notes:

- The contract commitment of £7.5m relates to a works contract for the refurbishment of an investment property (2017/18: the £18.9m related to the purchase of the freehold of an operational property).
- City's Cash has no material commitments under operating leases.
- The City of London Corporation has agreed a £50.0m contribution to Crossrail from City's Cash subject to the completion of the works. Due to the delays to the Crossrail programme the revised timing of the payment has yet to be

agreed. The agreement with Crossrail is an executory contract and therefore outside the scope of FRS102.

23. Related party transactions

All Members of the Committees governing City's Cash are appointed by the City of London Corporation to act on its behalf. The City of London Corporation also employs all staff. The costs of those staff employed directly on City's Cash activities are allocated to those activities accordingly.

The City of London Corporation provides support services for the activities undertaken by each of its funds. These support services include management, surveying, financial, banking, legal and administrative services. Where possible support service costs are allocated directly to the funds concerned. For those costs that cannot be directly allocated, apportionments are made between the City Corporation's funds on the basis of time spent. Premises costs are apportioned on the basis of areas occupied by services.

With regard to banking services, the City of London Corporation allocates all transactions to City's Cash at cost and credits or charges interest at a commercial rate.

The City of London Corporation also provides the above services to a number of charities. The cost of these services is borne by City's Cash in relation to most of these charities. A list of charities managed by the City of London Corporation is available on request from the Chamberlain by email: CHB-Secriat@cityoflondon.gov.uk.

City's Cash initially bears the full costs of corporate capital projects with the City's other funds, City Fund and Bridge House Estates, reimbursing their shares of expenditure in the years in which costs are accrued. Transactions are undertaken by City's Cash on a normal commercial basis in compliance with the City's procedures irrespective of any possible interests.

As a matter of policy and procedure, the City of London Corporation ensures that Members and officers do not exercise control over decisions in which they have an interest.

Standing Orders

The City of London has adopted the following Standing Order in relation to declarations of personal and beneficial interests:

"If a matter for decision is under consideration by the Court, or any Committee thereof, in which a Member has a personal interest, he must declare the existence and nature of his interest in accordance with the Code of Conduct."

Disclosure

Members are required to disclose their interests and these can be viewed online at: <http://democracy.cityoflondon.gov.uk/mgMemberIndex.aspx?bcr=1>.

Members and Chief Officers have been requested to disclose related party transactions of £10,000 or more, including instances where their close family has made transactions with the City of London.

During 2018/19 the following transactions (rounded to the nearest thousand) were disclosed:

- A Member was the Director of London Ltd, which received £25,000 in sponsorship from City's Cash.
- A Member was a Governor at City of London Academy Highbury Grove, which received grant funding of £309,000.
- A Member was a Governor at City of London Academy Shoreditch Park, which received grant funding of £96,000.
- A Member was a shareholder and / or managing director of companies leasing market premises for which £776,000 was received in rent and service charges.
- Five Members and two Chief Officers were directors of the Lord Mayor's Show Ltd. The company paid City's Cash £10,000 for services and City's Cash paid the company £19,000 for participation fees.

- Five Members were Governors or Almoners of Christ's Hospital which was paid £80,000 (2017/18: £80,000) for a presentation place to secure the right to present one child to enter the school.
- 15 Members were part of the governance structure of The Honourable The Irish Society, which received £25,000 in grant funding.
- A Member was employed by a bank. City's Cash received £117,000 in rent and service charges from this company.
- The City Corporation nominated five Members to the Board of Governors of the City of London Academies Trust and one other member declared membership. Grants totalling £733,000 were made to the Trust.
- A Member's spouse was a shareholder of a company which paid City's Cash £518,000 in rent and service charges.
- A Member and a former member were trustees of the Centre for London, which received £25,000 in sponsorship from City's Cash.
- A Member was on the Commonwealth Investment and Enterprise Council, which received £10,000 for work on strategic partnerships.
- Six Members were appointed as Governors of the Museum of London. City's Cash paid £149,000 to the Museum, mostly in relation to surveys for the proposed move to Smithfield Market.
- A Member was Director of TheCityUK and a further two Members were members of this organisation, which received grants totalling £500,000 from City's Cash.
- A Member was a liaison officer to the Royal Humane Society, which paid City's Cash £13,000 in rent and service charges.
- A Member was a director of Crossrail Limited. The City of London Corporation has agreed a £50m contribution to Crossrail from City's Cash subject to the completion of the works. Due to the delays to the Crossrail programme the revised timing of the payment has yet to be agreed. The agreement with Crossrail is an executory contract and therefore outside the scope of FRS102.
- The City Corporation nominated three Members to the Guild Church Council of St. Lawrence Jewry and two other Members declared places on the Council. The church received a grant of £85,000 from the City Corporation.
- The City Corporation nominated four Members to the City & Guilds London Institute. £87,000 was received from this organisation for rent and service charges.
- The City Corporation nominated one Member to the charity Co-Exist House. A grant of £40,000 was made to this organisation.
- The City Corporation nominated three Members to the Board of Governors of the City of London Academy Hackney. Grants totalling £289,000 were paid to the School.
- The City Corporation nominated four Members to the various committees of London Councils and another Member declared that he had an independent place on a number of Committees. £780,000 was received by City's Cash for the provision of premises and services.
- The City Corporation nominated two Members to the Board of Governors of the City of London Academy Islington. Grants totalling £303,000 were paid to the School.
- The City Corporation nominated four Members to the Gresham College Council, which received grants of £495,000 from City's Cash.
- The City Corporation nominated three Members to the City of London Reserve Forces & Cadets Association, which received a grant of £42,000.
- In addition, City's Cash and Bridge House Estates (BHE) agreed the rent review in 2018/19 for the rental of the Southwark Bridge Arches at market rates. This is disclosed as the BHE charity is transacting with its trustee, the City Corporation.
- Mr. S. LePrevost served as a director of City Re Limited and of the insurance manager JLT Insurance Management (Guernsey) Limited during the period. Management fees paid in respect of the financial year totalled £51,975. No profit commission was payable in 2018/19 as a profit was not made.

During 2017/18 the following transactions (rounded to the nearest thousand) were disclosed:

- A Member was employed by Aberdeen Standard Investment, who manage various long-term investment mandates on behalf of the City Corporation. Management fees paid by City's Cash totalled £265,000.
- A Member declared that a member of their family worked for Bishop & Sewell, which was paid £29,000 by City's Cash for auditing and transparency advice.
- A Member was a commissioner on the Institute for Public Policy Research commission on economic justice, which received a grant from City's Cash of £75,000.

- A Member was a Director of the Museum of London Archaeology Service which received £19,000 for services.
- A Member was a Director of Centre for London Ltd, which received £25,000 sponsorship from City's Cash.
- The City Corporation nominated six Members to the various committees of London Councils and another Member declared that he had an independent place on a number of Committees. £1,265,000 was received by City's Cash for the provision of premises and services.
- The City Corporation nominated five Members to the Board of Governors of the City of London Academies Trust. Grants totalling £928,186 were made to the Trust.
- The City Corporation nominated three Members to the Board of Governors of the City of London Academy Islington. Grants totalling £150,000 were paid to the Academy.
- Five Members and two Chief Officers were directors of the Lord Mayor's Show Ltd. The company paid City's Cash £48,000 for services and City's Cash paid the company £96,000 for participation fees and hostile vehicle mitigation costs.
- The City Corporation nominated four Members to the Board of Governors of the City of London Academy Hackney. Grants totalling £150,000 were paid to the Academy.
- The City Corporation nominated three Members to the Board of Governors of the City of London Academy Islington. Grants totalling £150,000 were paid to the Academy.
- A Member was a shareholder and managing director of a company leasing market premises for which £69,000 was received in rent and service charges.
- One Member declared an interest in PWC LLP which was paid £19,000 for consultancy services.
- Another Member was also a director of a company leasing market premises for which £248,000 was received in rent and service charges.
- The City Corporation nominated three Members to the Guild Church Council of St. Lawrence Jewry and three other Members declared places on the Council. The church received a grant of £85,000 from the City Corporation.
- The City Corporation nominated six Members to the Gresham College Council which received grants of £399,000 from City's Cash and paid £16,000 to City's Cash for hire of facilities.
- A Member declared that the City's Cash auditors, Moore Stephens, also audit the livery company of which he was a Court member. Moore Stephens received £91,000 for the audit of City's Cash.
- Five Members and one Chief Officer were Trustees of City Arts Trust Ltd, which paid £59,000 to City's Cash for premises costs and event fees.
- Five Members were Governors or Almoners of Christ's Hospital, which was paid £48,000 for a presentation place to secure the right to present one child to enter the school.
- Two Members were on the Board of the Housing and Finance Institute for which City's Cash provided £40,000 as a founding member.
- Four Members were Trustees of Crossrail Art Foundation, which received £849,000 from City's Cash as match-funding of the Crossrail Arts Strategy.
- Fifteen Members were part of the governance structure for The Honourable The Irish Society, which received £25,000 in grant funding.
- A Member was Director of TheCityUK, which received grants totalling £500,000 from City's Cash.
- Six Members were appointed as Governors of the Museum of London. City's Cash paid £93,000 to the Museum for the funding of a number of initiatives and received £39,000 from the Museum for the provision of services.
- Mr. S. LePrevost served as a director of City Re Limited and of the insurance manager, JLT Insurance Management (Guernsey) Limited during the period. Management fees paid in respect of the financial year totalled £51,975. Profit commission calculated at 1.5% of City Re Limited's profit before tax in the financial period was also payable to the company manager JLT Insurance Management (Guernsey) Limited. An amount of £3,779 was payable as at 31 March.

24. Subsequent events

- **Vote to leave the European Union**

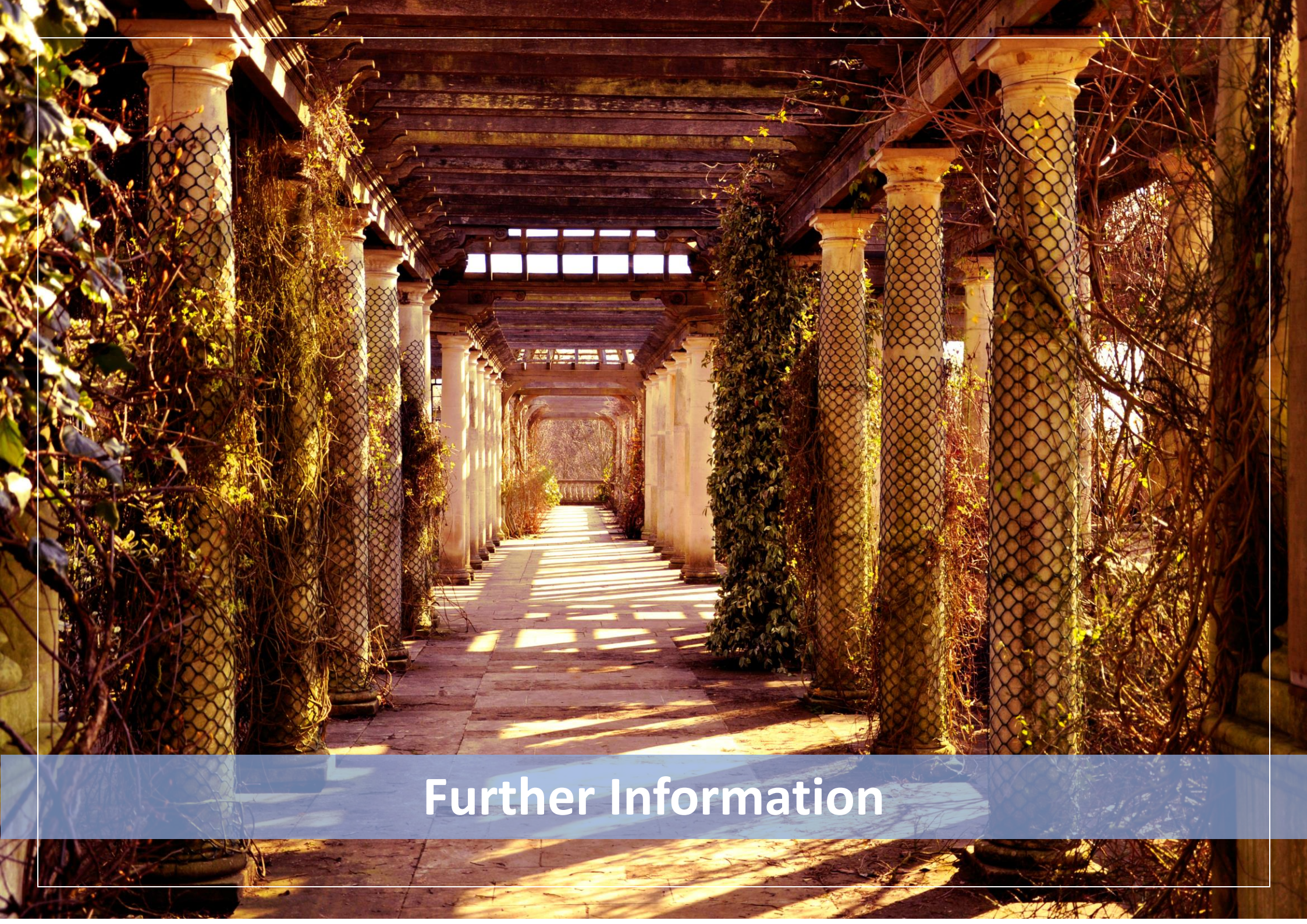
There are risks to City's Cash from the vote to leave the European Union. In particular, the future levels of demand for office accommodation in the City and surrounding areas and the consequential impacts on rent incomes. A close watching brief will be kept on this and other implications as events unfold with financial forecasts being refreshed if and when the picture becomes clearer.

- **Loans**

The £125m loan facility (note 16) was acquired as part of an overall borrowing strategy designed to support a sustainable and affordable capital programme. The loan was initially obtained as a bridging facility and accordingly was repaid in full on 16 September 2019 and replaced with £250m longer term market debt in line with the original borrowing strategy.

25. Approval of the financial statements

The City's Cash Accounts were approved for issue by the Chamberlain on 12 November 2019. Events after the balance sheet date and up to 12 November 2019 have been considered in respect of a material effect on the financial statements. Events taking place after this date are not reflected in the financial statements or notes.



Further Information

Bridge House Estates – The City of London is the sole trustee of Bridge House Estates which reaches out across London in many important and diverse ways. This includes its grant-making operation, City Bridge Trust, but the core business of the Estates, for many centuries, has been looking after its bridges. Bridge House Estates in some cases built, and now maintains, five of the bridges that cross the Thames into the City of London – London Bridge, Blackfriars Bridge, Southwark Bridge, Tower Bridge and the Millennium Footbridge. The maintenance and replacement of these bridges remains the prime objective of this ancient charity.

City Fund – This Fund meets the cost of the City of London's local authority, police authority and port health authority activities. The Fund generates rental and interest income to help finance these activities. In addition, in common with other local authorities, it receives grants from central government, a share of business rates income and the proceeds of the local council tax.

Creditors – Individuals or organisations to which City's Cash owes money at the end of the financial year.

Current asset – An asset which will be consumed or cease to have value within the next accounting period; examples are stock and debtors.

Current liability – An amount which will become payable or could be called in within the next accounting period; examples are creditors and cash overdrawn. Current service cost (pensions) The increase in the present value of a defined benefit scheme's liabilities expected to arise from employee service in the current period.

Curtailement (pensions) – For a defined benefit scheme, an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service.

Curtailments include:

- termination of employees' services earlier than expected, for example as a result of discontinuing an activity, and

- termination of, or amendment to, the terms of a defined benefit scheme so that some or all future service by current employees will no longer qualify for benefits or will qualify only for reduced benefits.

Debtors – Individuals or organisations that owe the City Fund money at the end of the financial year.

Deferred income – Money received for goods / services which have not yet been delivered.

Defined benefit scheme – A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded.

Defined contribution scheme – A pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or as a percentage of pay and has no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Depreciation – The loss in value of an asset due to age, wear and tear, deterioration or obsolescence.

Expected rate of return on pensions assets – For a funded defined benefit scheme, the average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

Experience gains or losses – In pensions accounting, the element of actuarial gains and losses that relates to differences between the actual events as they have turned out and the assumptions that were made as at the date of the earlier actuarial valuation.

Fair value – Fair value is generally defined as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's-length transaction.

Finance lease – A contract or part of a contract that conveys the right to control the use of an asset for a period of time in exchange for consideration.

Goodwill – The excess of the cost of an acquisition of a company over the net amount of its the identified assets and liabilities.

Heritage assets – A tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

Impairment – A reduction in the value of an asset below its carrying amount on the balance sheet.

Income Generating Fund – comprises the asset values of investment properties and non-property investment assets, which generate the income to fund City's Cash activities and services.

Intangible assets – A non-physical item where access to future economic benefits is controlled by the local authority. An example is computer software.

Pensions interest cost – For a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

Investment properties – Interest in land or buildings that are held for investment potential.

Local Government Pension Scheme (LGPS) – this is one of the largest pension schemes in the UK. The City of London Corporation's defined benefit pension scheme for non-teaching staff is part of the LGPS.

National Non-Domestic Rate (NNDR) – A flat rate in the pound set by the Government and levied on businesses who occupy offices and buildings within the City. The income is collected by the City of London and is passed on to Central Government and the Greater London Authority (GLA).

Net current replacement cost – The cost of replacing a particular asset in its existing condition and in its existing use.

Net realisable value – The open market value of an asset in its existing use (or open market value in the case of non-operational assets) less the expenses to be incurred in realising the asset.

Operational Capital Fund – Reflects the Statement of financial position for operational assets.

Past service cost (pensions) – For a defined benefit scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

Projected unit method – An accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings. An accrued benefits valuation method is a valuation method in which the scheme liabilities at the valuation date relate to:

- the benefits for pensioners and deferred pensioners (i.e. individuals who have ceased to be active members but are entitled to benefits payable at a later date) and their dependants, allowing where appropriate for future increases; and
- the accrued benefits for members in service on the valuation date. The accrued benefits are the benefits for service up to a given point in time, whether vested rights or not. Guidance on the projected unit method is given in the Guidance Note GN26 issued by the Faculty and Institute of Actuaries.

Provision – An amount set aside in the accounts for liabilities of uncertain timing or amount that have been incurred. Provisions are made when:

- the City of London has a present obligation (legal or constructive) as a result of a past event;
- it is probable that a transfer of economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

Revaluation Reserve – Represents increases in valuations of assets since 1 April less amounts written off due to the 'additional depreciation' (including impairment due to consumption of economic benefit) arising because property, plant and equipment are carried at a revalued amount rather than historic cost. It can also include reductions in values to investment properties where the reductions are not considered to be permanent.

Revenue expenditure – The day to day running costs relating to the accounting period irrespective of whether or not the amounts due have been paid. Examples are salaries, wages, repairs, maintenance and supplies.

Scheme liabilities – The liabilities of a defined benefits pension scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

Working Capital Fund – Reflects the Statement of Financial Position for net current assets, long-term debtors and provisions for liabilities and finance leases.

