



Audit and Risk Management Committee

SUPPLEMENTARY AGENDA

Date: TUESDAY, 3 NOVEMBER 2020
Time: 2.00 pm
Venue: VIRTUAL PUBLIC MEETING (ACCESSIBLE REMOTELY)

SUPPLEMENTARY AGENDA

7. **CITY'S CASH FINANCIAL STATEMENTS 2019/20**
Report of the Chamberlain.

For Decision
(Pages 1 - 126)

8. **CITY'S CASH TRUST FUNDS AND SUNDRY TRUST FUNDS ANNUAL REPORT AND FINANCIAL STATEMENTS 2019/20**
Report of the Chamberlain.

N.B. To be read in conjunction with Agenda Item 7 Appendix 3: BDO LLP Audit Management Report.

For Decision
(Pages 127 - 132)

13. **UPDATE ON SMITHFIELD CANOPIES AND SUBSEQUENT REMEDIAL WORK**
Report of the City Surveyor.

N.B. THIS WILL BE THE FIRST REPORT DISCUSSED IN THE MEETING

For Information
(Pages 133 - 144)

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Committee(s): Audit and Risk Management Committee – For decision Finance Committee – For decision	Date(s): 3 November 2020 10 November 2020
Subject: City's Cash Financial Statements 2019/20	Public
Report of: The Chamberlain	For Decision
Report author: Steven Reynolds, Group Accountant	

Summary

The Annual Report and Financial Statements for City's Cash for the year ended 31 March 2020 are attached at Annex 2 for approval.

The external auditor, BDO LLP is intending to issue an unqualified audit opinion with the inclusion of an 'emphasis of matter' paragraph on the uncertainty relating to property valuations as a result of Covid-19. This is uncontentious and matches judgements we have made on the valuations ourselves. Their report, including recommendations, is attached at Annex 3.

The key points in the financial statements are:

- a net deficit of £2.6m which includes gains in fair value on property investments of £86.9m and a loss on non-property investments of £29.4m due to the impact of the Covid-19 on the financial markets (*these figures can be seen in the Consolidated Statement of Comprehensive Income on page 18*);
- total net assets of £2,675.5m, an increase of £5.7m (0.2%) since last year. The net asset position is after deducting the total pensions liability of £311.1m. This level of assets is necessary to generate the required level of income to fund City Cash services and to support the City's ambitious major projects programme (*the £5.7m is shown in the Consolidated Statement of Changes in Equity on page 20*);
- to support the City's capital programme a £125m bridging loan facility was acquired during 2018/19. This was repaid on 16 September 2019 and replaced by a long-term loan of £450m, of which £250m was received in September 2019 with City's Cash contractually committed to receive the balance of £200m in July 2021 (*page 41 and para 6*);
- financial commitments relating to City's Cash are disclosed in the notes to the financial statements and are summarised as follows:
 1. the potential contribution of £50m from City's Cash towards the Crossrail Project (*page 48, para 8*); and
 2. £2.50m relating to a works contract for the refurbishment of an investment property and £0.5m for tunnel lids at Smithfield Market (*page 48, para 9*); and
- Covid-19 arrived late in the year being reported and the financial impact was largely confined to the fair value loss on non-property investments as noted above.

However, whilst the value of investment properties increased, the valuer has recognised the impact of Covid-19 and reported valuations on the basis of 'material valuation uncertainty' (*accounting policy note g on tangible fixed assets, page 22*).

Recommendations

The Audit and Risk Management Committee is requested to:

- note that the external auditor BDO LLP intends to give an unqualified audit opinion;
- consider the contents of the Audit Management Report issued by BDO LLP; and
- recommend approval of the City's Cash Financial Statements for the year ended 31 March 2020 to the Finance Committee.

The Finance Committee is requested to:

- note that the external auditor BDO LLP intends to give an unqualified audit opinion;
- consider the contents of the Audit Management Report issued by BDO LLP; and
- approve delegated authority for the Chairman and Deputy Chairman of the Finance Committee to approve and sign the City's Cash Financial Statements on behalf of the Court of Common Council, taking account of any observations from the Audit and Risk Management Committee on 3 November.

Main Report

Current Position

1. The 2019/20 Annual Report and Financial Statements for City's Cash are attached at Annex 2 for approval.
2. The external auditor BDO LLP intends to give an unqualified opinion with the inclusion of an 'emphasis of matter' paragraph on the uncertainty relating to property valuations as a result of Covid-19. This is uncontroversial and matches judgements we have made on the valuations ourselves. Their report, including recommendations, is attached at Annex 3. We are pleased to report that no material accounting changes were required to the financial statements of either City's Cash or its consolidated subsidiaries and that no material misstatements were identified as reported on page 34. Whilst not material, there were three adjusted items which are listed on page 25, of which two were identified by BDO LLP and one by the City after the draft accounts were submitted. The report notes on pages 28 to 30 that there are some immaterial unadjusted items relating to the consolidated trusts. Ordinarily, even though immaterial, these would be adjusted in their individual financial statements and those of City's Cash but were not due to the late timing of these being identified.
3. The report from BDO LLP notes on page 33 that no significant deficiencies in internal control have been identified. However, the auditor has noted one control observation concerning related party transactions and the City has confirmed that it will review the process for requesting and reporting declarations during 2020/21.

4. The Audit Management Report will be distributed to all Members of the Court of Common Council for information. Representatives from BDO LLP will attend the Audit and Risk Management Committee to present their report and to clarify any points or issues.
5. The Audit Review Panel of the Chamberlain's and Bridgemasters' Accounts met on 23 October 2020 to review the processes adopted by BDO LLP and the Panel intends to certify that those processes were in accordance with the prescribed auditing standards.

New significant items in City's Cash Financial Statements for 2019/20

Loans (page 41)

6. In 2018/19 City's Cash entered into an unsecured bridging loan of £125m as part of an overall borrowing strategy designed to support a sustainable and affordable capital programme (disclosure note 16 on page 39 refers). In August 2019, the City issued debt totally £450m via private placement of which £250m was received in September 2019 and the City is contractually committed to receive the remaining £200m in July 2021. The bridging loan of £125m was repaid in full on 16 September 2019.

Other significant items in City's Cash disclosure notes (pages 21 to 55)

Impact of Covid-19

7. With Covid-19 arriving late in the year being reported, the financial impact is largely confined to a fair value loss of £29.4m on non-property investments. However, whilst the fair value of property investments increased by £86.9m, the valuer has recognised the impact of Covid-19 and reported valuations on the basis of 'material valuation uncertainty' (*accounting policy note g on tangible fixed assets, page 22*).

Financial Commitments (page 48)

8. Contribution to Crossrail - the potential contribution of £50m from City's Cash towards the Crossrail Project has been disclosed as a financial commitment in both the annual report and the notes to the financial statements. The reason for this treatment, rather than the inclusion of a long-term liability on the balance sheet, is that the arrangement with Crossrail is considered to be an executory contract (i.e. a contract made by two parties in which the terms are set to be fulfilled at a later date - both sides still have duties to perform before it becomes fully executed). The payment is subject to completion of the works and, due to these being delayed, the timing of the payment has yet to be agreed.
9. Contract commitments – there are contract commitments of £2.5m relating to a works for the refurbishment of an investment property and £0.5m for tunnel lids at Smithfield Market.

Subsequent Events (disclosure note 23 on page 54)

10. Vote to leave the European Union - 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 continues to be kept on this and other implications as events unfold with financial forecasts being refreshed when the picture becomes clearer.

11. Covid-19 – The City of London Corporation has considered the potential impact of the Covid-19 pandemic on the value of investment assets held, future income levels and liquidity and reports that it remains a going concern (*accounting policy note b, going concern, on page 21*). The City considers that it has sufficient resources to meet its needs and will continue to monitor the impact as the pandemic continues. Further details as to how the effects of the pandemic have been managed are provided in the subsequent events note on page 54.

Highlights from the Consolidated Statement of Comprehensive Income

Comparison with Previous Year

12. The Consolidated Statement of Comprehensive Income for the year ending 31 March 2020 shows a net deficit of £3.7m, £63.4m lower than in the previous year, as summarised in the following table. The operating deficit, before gains and losses in the fair value of investments, is £13.0m higher as shown:

	31/3/20 £m	31/3/19 £m	Variance £m
Operating deficit before gains in fair value of investments	(60.1)	(47.1)	(13.0)
Gain in fair value of property investments	86.9	50.1	36.8
(Loss)/Gain in fair value of non-property investments	(29.4)	53.5	(82.9)
Operating (deficit) /surplus	(2.6)	56.5	(59.1)
Profit on sale of fixed assets	2.6	3.4	(0.8)
Loan financing costs	(3.7)	(0.2)	(3.5)
(Deficit)/Surplus for the year	(3.7)	59.7	(63.4)

13. The unfavourable movement in the operating deficit (before gains in fair value of investments) for the year of £13.0m (from £47.1m in the prior year to £60.1m) is largely due to:

- net income relating to property investments reducing by £7.5m, from £47.2m in 2018/19 to £39.7m in 2019/20. This was mainly due to the commencement of amortisation of goodwill held on the purchase of Barking Power Ltd with £3.9m charged in 2019/20, along with the increased cost of works in 2019/20 to facilitate the Markets Consolidation Programme;
- net expenditure on Markets increasing by £5.4m largely due to the cost of works to facilitate the Markets Consolidation Programme;

- net expenditure on education increasing by £5.3m due to spend of £2.0m relating to the business case for the Centre for Music, an increase of £1.9m at GSMD, mostly due to filling various staff vacancies and new appointments to undertake fundraising and marketing, and a Culture Mile Learning Grant of £0.3m; partly offset by
- net expenditure on grants and other activities reducing by £4.3m, due to non-recurrent landlord works for the Museum of London Relocation Programme that were undertaken in 2018/19; and
- net pension scheme costs reducing by £3.4m, from £20.5m in 2018/19 to £17.1m in 2019/20. In 2018/19 there was a non-recurrent increase in losses on settlements and curtailments of £5.8m following 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 was applicable to all public sector pension schemes in which the City's Cash employees participate including the LGPS and the Teachers' Pension Scheme and resulted in an increase in the City's Cash pensions liability of £5.8m being recognised in 2018/19. The reduction is partly offset by an increase in pension service costs, which have increased by £2.9m from £20.9m in 2018/19 to £23.8m in 2019/20.

Movements in fair value of investments

14. As shown in the table, the gain in fair value from property investments increased by £36.8m, from a gain of £50.1m in 2018/19 to £86.9m, largely due to the inclusion of two new developments in 2019/20 totalling £36.9m. These developments were the Grafton Street Hotel Scheme (£36m) and Crowndean House (£0.9m).
15. The table also shows a loss in the fair value of non-property investments of £29.4m, a movement of £82.9m compared to the gain of £53.5m in 2018/19. This arose as January to March 2020 was a period of exceptional volatility for financial markets as the emergence of the Coronavirus (COVID-19) pandemic led to widespread economic and social disruption. In particular, financial markets undertook a large fall over this time which impacted on the fair value of non-property investments held by City's Cash. These investments have recovered significantly in value since the reporting date as financial markets have rallied. As at 30 September 2020, non-property investments are estimated to be valued at £889.1m, an increase of £131.6m compared to the value of £757.6m as at 31 March 2020.
16. After the operating deficit of £2.6m (2018/19: surplus of £56.5m) it can be seen in the table that there was a profit on disposal of fixed assets of £2.6m (2018/19: profit of £3.4m) and loan financing costs of £3.7m (2018/19: £0.2m). This increase is due to loan interest being payable for the whole of 2019/20, whereas it was only payable for part of the prior year from when the bridging loan finance was taken out in March 2019.

Comparison with Budget

17. The financial statements and the budget are not directly comparable due to differences in the way in which the two documents are constructed*. However, compared to a budgeted net deficit of £43.0m as detailed in Annex 1, the outturn on a like for like basis is a net deficit of £44.7m, an unfavourable movement of £1.7m.

* the budget includes the draw-down from non-property investments, whereas the Consolidated Statement of Comprehensive Income (CSoCI) does not as this is a transfer between investments and cash, however, the CSoCI includes the movements in fair value of investments but the budget does not account for such movements in the market value of assets. The budget also does not include accounting adjustments for holiday pay accruals and pension scheme actuarial gains or losses.

18. The budget and outturn are also analysed on a Committee basis in Annex 1.
19. The net £1.7m worse than budget position is largely due to additional costs on major project SRP's of £13.6m partly offset by several other smaller items including central contingences not being fully required (£5.0m), repairs and maintenance programmes slippage (£3.7m) and higher investment income (£2.0m).
20. In accordance with the City's budget management arrangements, requests for the carry forward of City's Cash local risk resources totalling £349k have been agreed by the Chamberlain in consultation with the Chairman and Deputy Chairman of the Resource Allocation Sub-Committee. In addition, £3.7m of projects and works programmes have slipped and/or been re-phased to 2020/21. These carry forwards and re-phased projects will increase the call on reserves in 2020/21.

Consolidated Statement of Financial Position

21. City's Cash net assets total £2,675.5m at 31 March 2020 compared to £2,669.8m a year earlier reflecting the £5.7m total gain recognised for the year as set out in the following table. This level of assets is necessary to generate the required level of income to fund City Cash services and to support the City's ambitious major projects programme.

Changes in Equity	31/3/20 £m	31/3/19 £m	Variance £m
(Deficit)/Surplus for the financial year	(3.7)	59.7	(63.4)
Unrealised gains/(losses):			
Loss on revaluation of non-property investments	(9.3)	(0.2)	(9.1)
Actuarial gain/(loss) on defined benefit pension schemes	18.7	(1.2)	19.9
Net increase in funds	5.7	58.3	(52.6)

Approval of the Financial Statements

22. It is recommended that the Finance Committee approve delegated authority for the Chairman and Deputy Chairman of the Finance Committee to approve and sign the financial statements on behalf of the Court of Common Council, taking account of any observations from the Audit and Risk Management Committee on 3 November.

Annexes

- Annex 1 – City's Cash – comparison of outturn with budget
- Annex 2 – Annual Report and Financial Statements of City's Cash
- Annex 3 – BDO LLP Audit Management Report (includes the audit of the City's trusts)

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Annex 1 - City's Cash comparison of outturn with budget

City's Cash Outturn 2019/20			
	Budget	Outturn	Variation Better/ (Worse)
	£m	£m	£m
1. Net expenditure on services	(102.0)	(91.7)	10.3
2. Supplementary revenue projects	(3.7)	(16.4)	(12.7)
3. Estate rent income	61.2	61.3	0.1
4. Non-property investment income (net)	1.2	2.0	0.8
5. Interest on balances	0.3	0.1	(0.2)
8. (Deficit) Surplus (from) to reserves	(43.0)	(44.7)	(1.7)

City's Cash - Comparison with Budget on a Committee Basis

2019/20 Budget v Outturn – City's Cash Summary by Committee					
Committee	Budget Net	Outturn	Variation Better / (Worse)		
			Total	Local Risk	Central Risk/ Support Services
	£m	£m	£m	£m	£m
Culture, Heritage & Libraries	(0.7)	(0.7)	-	-	-
Education Board	(3.0)	(2.9)	0.1	0.1	-
Finance	(27.6)	(22.2)	5.4	0.3	5.1
G.P Committee of Aldermen	(4.4)	(4.5)	(0.1)	(0.2)	0.1
Guildhall School of Music and Drama	(13.5)	(12.2)	1.3	1.3	-
Markets	(1.0)	(0.8)	0.2	0.4	(0.2)
Open Spaces :-					
Open Spaces Directorate	-	-	-	0.1	(0.1)
Epping Forest and Commons	(9.5)	(8.3)	1.2	0.9	0.3
Hampstead, Queen's Park and Highgate	(8.8)	(7.7)	1.1	1.0	0.1
Bunhill Fields	(0.3)	(0.3)	-	-	-
West Ham Park	(1.5)	(1.3)	0.2	0.1	0.1
Policy and Resources	(21.6)	(31.1)	(9.5)	(0.2)	(9.3)
Property Investment Board	53.2	51.7	(1.5)	-	(1.5)
Schools :-					
City of London School	(1.8)	(1.8)	-	-	-
City of London Freeman's School	(1.7)	(1.8)	(0.1)	(0.1)	-
City of London School for Girls	(0.8)	(0.8)	-	-	-
(Deficit) Surplus (from) to reserves	(43.0)	(44.7)	(1.7)	3.7	(5.4)



CITY'S CASH ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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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:

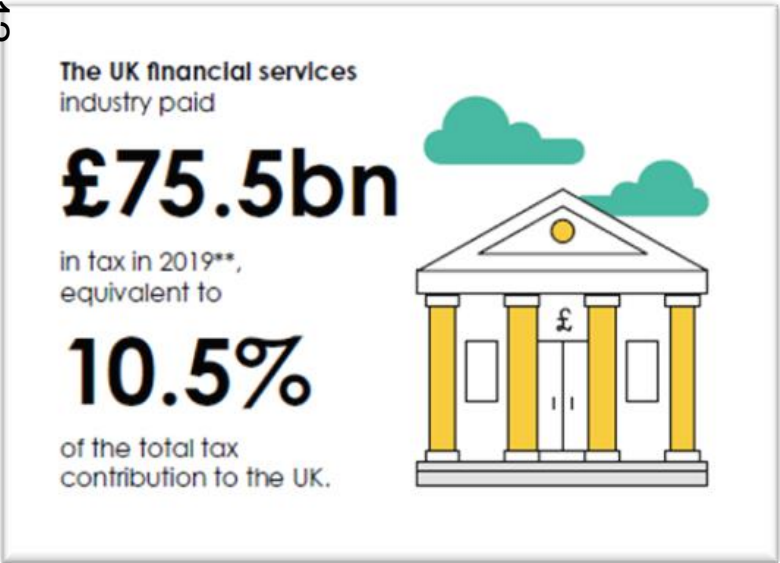
- Allows the City Corporation to use the income for the provision of services (detailed in section 6) that are of importance nationally and internationally as well as to the City and Greater London.
- Maintains the asset base so that income will be available to fund services for the benefit of future 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

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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 annual grants amounting to around £30m.

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: <https://www.cityoflondon.gov.uk/about-us/budgets-spending>.



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. 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 preventing 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; reductions in public sector spending and recovering from the impacts of COVID-19. We are also ensuring that we can support our residents, workers, visitors, partners and our own organisation to respond effectively to these disruptive changes.

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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/ecSDDisplay.aspx?NAME=Standing%20Orders&ID=645&RPID=0>.

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.

The Audit and Risk Management Committee oversees the City's internal audit process, regularly reviewing the City Corporation's Audit Plan. Internal audit work includes the systematic follow-up of significant audit recommendations; reporting on the effectiveness and timeliness of their implementation, in order to mitigate risks identified through internal audit reports.



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.
- 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

Expenditure £100.5m, income £80.1m, net expenditure £20.4m (2018/19: expenditure £92.4m, 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, 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.

The City of London Corporation's Education Board is responsible for reviewing the Education Strategy and making recommendations to committees and the Court of Common Council (the City Corporation's main decision-making body) as appropriate on the delivery of the City Corporation's vision and strategic objectives in this area. The Board has responsibility for distributing funds allocated to it for educational purposes. In addition, it is responsible for the City Corporation's role as an Academy school sponsor.

Markets

Expenditure £17.3m, income £11.6m, net expenditure £5.7m (2018/19: expenditure £11.9m, 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, which 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

Expenditure £23.7m, income £4.3m, net expenditure £19.4m (2018/19: expenditure £23.2m, 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

Expenditure £15.3m, income £1.0m, net expenditure £14.3m (2018/19: expenditure £14.0m, 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

Expenditure £7.4m, income £0.7m, net expenditure £6.7m (2018/19: expenditure £6.4m, 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 team 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

Expenditure £8.0m, income £nil, Net Expenditure £8.0m (2018/19: expenditure £8.0m, 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

Expenditure £8.2m, income £1.1m, net expenditure £7.1m (2018/19: expenditure £12.1m, 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

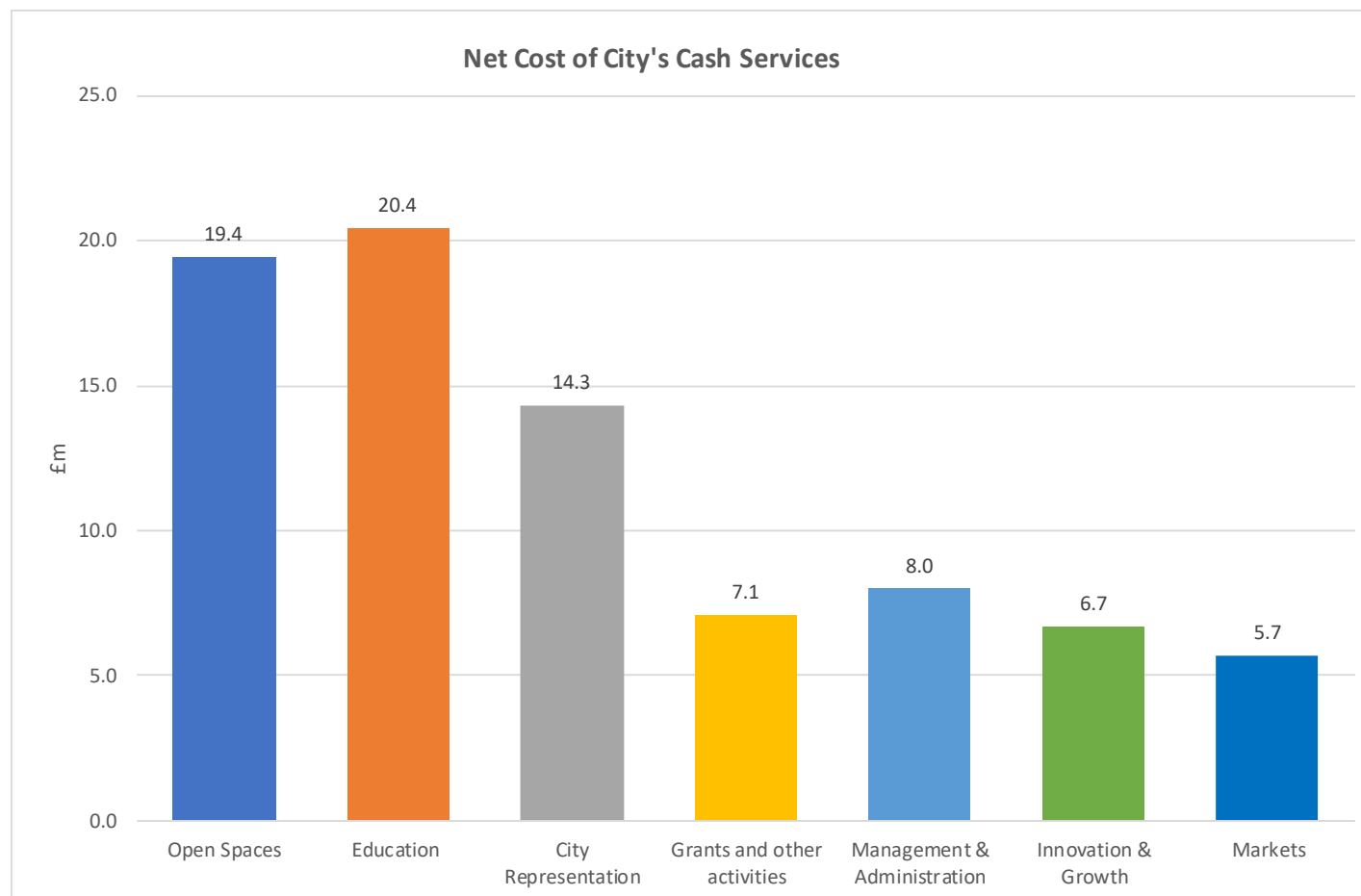
- Enjoying Green Spaces and the Natural Environment
- Inspiring London through Culture
- Education and Employment Support

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 2019/20 is shown opposite. These are largely funded from rental income from property investments and drawdown from the cumulative gains in fair value of non-property investments. The Consolidated Statement of Comprehensive Income shown on page 18 is summarised below. This records an operating deficit of £2.6m (2018/19: there was an operating surplus of £56.5m), which is £58.9m lower than the prior year comprising a number of movements which are explained on page 10. After the operating deficit, the Statement records profit from the sale of fixed assets of £2.6m (2018/19: £3.4m), loan financing costs of £3.7m (2018/19: £0.2m), a loss of £9.3m on the revaluation of listed investments (2018/19: a loss of £0.2m) and an actuarial gain of £18.7m on defined benefit pension schemes (2018/19: an actuarial loss of £1.2m), resulting in a total comprehensive income for the year of £5.7m (2018/19: £58.3m).



	2020 Income £m	2020 Expenditure £m	2020 Net income / (expenditure) £m	2019 Income £m	2019 Expenditure £m	2019 Net income / (expenditure) £m
Service / activity						
Education	80.1	100.5	(20.4)	77.3	92.4	(15.1)
Property Investment Estate	72.6	32.9	39.7	67.8	20.6	47.2
Non-Property Investments	3.7	4.8	(1.1)	3.1	4.9	(1.8)
Markets	11.6	17.3	(5.7)	11.6	11.9	(0.3)
Open Spaces	4.3	23.7	(19.4)	4.8	23.2	(18.4)
City Representation	1.0	15.3	(14.3)	0.9	14.0	(13.1)
Innovation & Growth	0.7	7.4	(6.7)	0.7	6.4	(5.7)
Grants and other activities	1.1	8.2	(7.1)	0.7	12.1	(11.4)
Management & Administration	-	8.0	(8.0)	-	8.0	(8.0)
Net Pension Scheme Costs	-	17.1	(17.1)	-	20.5	(20.5)
Operating deficit before gain / (loss) in fair value of investments*	175.1	235.2	(60.1)	166.9	214.0	(47.1)
Gain / (loss) in fair value of:						
property investments			86.9			50.1
non-property investments			(29.4)			53.5
Operating (deficit) / surplus*			(2.6)			56.5
Profit on sale of fixed assets			2.6			3.4
Loan financing costs			(3.7)			(0.2)
(Deficit) / surplus before taxation			(3.7)			59.7
Taxation			-			-
(Deficit) / surplus for the year			(3.7)			59.7
Other comprehensive income						
Loss on revaluation of listed investments			(9.3)			(0.2)
Actuarial gain / (loss) on defined benefit pension schemes			18.7			(1.2)
Total comprehensive income for the year			5.7			58.3

* 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 18). 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 £59.1m, from a surplus of £56.5m in 2018/19 to a deficit of £2.6m in 2019/20, is largely due to:

- A loss in the fair value of non-property investments of £29.4m, a movement of £82.9m compared to the gain of £53.5m in 2018/19. This arose as January to March 2020 was a period of exceptional volatility for financial markets as the emergence of the Coronavirus (COVID-19) pandemic led to widespread economic and social disruption. In particular, financial markets undertook a large fall over this time which impacted on the fair value of non-property investments held by City's Cash. These investments have recovered significantly in value since the reporting date as financial markets have rallied. As at 30 September 2020, non-property investments are estimated to be valued at £889.1m, an increase of £131.6m compared to the value of £757.6m as at 31 March 2020.

• Page 21

Net income relating to property investments reducing by £7.5m, from £47.2m in 2018/19 to £39.7m in 2019/20. This was mainly due to the commencement of amortisation of the goodwill held on the purchase of Barking Power Ltd with £3.9m charged in 2019/20, along with the increased cost of works in 2019/20 to facilitate the Markets Consolidation Programme.

- Net expenditure on Markets increasing by £5.4m from £0.3m in 2018/19 to £5.7m in 2019/20, largely due to the cost of works to facilitate the Markets Consolidation Programme.
- Net expenditure on education increasing by £5.3m from £15.1m in 2018/19 to £20.4m in 2019/20 largely due to spend of £2.0m on the business case for the Centre for Music, an increase of £1.9m at GSMD, mostly due to filling various staff vacancies and appointments to undertake fundraising and marketing, and a Culture Mile Learning Grant of £0.3m.

Partly offset by:

- The gain in fair value from property investments increasing by £36.8m, from a gain of £50.1m in 2018/19 to £86.9m, largely due to the inclusion of two

new developments in 2019/20 totalling £36.9m. These developments were the Grafton Street Hotel Scheme (£36m) and Crowndean House (£0.9m).

- Net expenditure on grants and other activities reducing by £4.3m due to non-recurrent landlord works for the Museum of London Relocation Programme that were undertaken in 2018/19.
- Net pension scheme costs reducing by £3.4m, from £20.5m in 2018/19 to £17.1m in 2019/20. In 2018/19 there was a non-recurrent increase in losses on settlements and curtailments of £5.8m following 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 was applicable to all public sector pension schemes in which City's Cash employees participate including the LGPS and the Teachers' Pension Scheme and resulted in an increase in the City's Cash pensions liability of £5.8m being recognised in 2018/19. This reduction is partly offset by an increase in pension service costs, which have increased by £2.9m from £20.9m in 2018/19 to £23.8m in 2019/20.

After the operating deficit of £2.6m (2018/19: surplus of £56.5m) it can be seen that there was a profit on disposal of fixed assets of £2.6m (2018/19: profit of £3.4m) and loan financing costs of £3.7m (2018/19: £0.2m). This increase is due to loan interest being payable for the whole of 2019/20, whereas it was only payable for part of the prior year from when the bridging loan finance was taken out in March 2019.

Overall, City's Cash reserves have increased by £5.7m from £2,669.8m to £2,674.7m (2018/19: increase in reserves of £58.3m).

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 46% (2018/19: 47%) which equates to £292.4m at 31 March 2020 (£291.8m at 31 March 2019).

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 £18.7m (2018/19: £20.9m) 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.

In making this assessment, the City has considered the potential impact of the Covid-19 pandemic on the value of investment assets held, future income levels and liquidity over the next 12-month period. The restrictions put in place in response to Covid-19 has disrupted the property market, which has made the valuation process more challenging. To reflect these circumstances our valuers have placed a "material valuation uncertainty" caveat to their valuations, which

states that their valuation carries a greater degree of judgement than would previously be the case due to the unprecedented circumstances being faced.

Financial projections have been considered over the short-term with the assumption that income levels will be below former expectations and that investments held are unlikely to generate a similar level of gains in line with previous financial years. However, the City of London Corporation is satisfied that City's Cash will have the necessary resources to meet its needs and for this reason it continues to adopt a going concern basis for the preparation of the financial statements.

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 are contractual commitments of £2.5m relating to a works contract for the refurbishment of an investment property and £0.5m for tunnel lids at Smithfield Market.

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.

The City has considered the potential impact of the Covid-19 pandemic on the value of investment assets held, future income levels and liquidity. As noted above with regard to going concern, the City of London Corporation considers that it has sufficient resources to meet its needs and it will continue to monitor impact as the pandemic continues. Further details as to how the effects of the

pandemic have been managed are provided in the subsequent events note, number 23, on page 54.

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:
 - Ashtead 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.

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 11 November 2020, 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
11 November 2020

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 2020 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).

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In our opinion, the financial statements:

- give a true and fair view of the state of City Cash's affairs as at 31 March 2020 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 Condon (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 2019 to 31 March 2020.

In our view the audit of the financial statements has been conducted in accordance with auditing procedures as stated on pages 15 to 16.

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 2020

	Notes	2020 £m	2019 £m
Income			
Education		80.1	77.3
Investments - property and managed funds	1	76.3	70.9
Markets		11.6	11.6
Open Spaces		4.3	4.8
City Representation		1.0	0.9
Innovation and Growth		0.7	0.7
Other activities		1.1	0.7
Total Income	1	175.1	166.9
Expenditure			
Education		100.5	92.4
Investments - management costs & property operating expenditure	2	37.7	25.5
Markets		17.3	11.9
Open Spaces		23.7	23.2
City Representation		15.3	14.0
Innovation and Growth		7.4	6.4
Grants and other activities		8.2	12.1
Management and Administration		8.0	8.0
Net pension scheme costs	18c	17.1	20.5
Total expenditure	2 to 4	235.2	214.0
Operating deficit before gain / (loss) in fair value of investments		(60.1)	(47.1)
Gain in fair value of property investments		86.9	50.1
Gain in fair value of non-property investments	8	(29.4)	53.5
Operating (deficit) / surplus		(2.6)	56.5
Profit on Sale of Fixed Assets		2.6	3.4
Loan financing costs	16	(3.7)	(0.2)
(Deficit) / surplus before taxation		(3.7)	59.7
Taxation	5	-	-
(Deficit) / surplus for the year		(3.7)	59.7
Other comprehensive income			
Loss on revaluation of listed investments	8	(9.3)	(0.2)
Actuarial gain / (loss) on defined benefit pension schemes	18c	18.7	(1.2)
Total comprehensive income for the year		5.7	58.3

All amounts relate to continuing operations. The notes on pages 29 to 55 form part of these financial statements.

Consolidated Statement of Financial Position at 31 March 2020

	Notes	2020 £m	2019 £m
Fixed Assets			
Investment properties	6	2,062.3	1,974.6
Tangible assets	6	249.1	246.0
Heritage assets	7	181.7	181.5
Non-property investments	8	697.1	753.1
Intangible assets	9	35.5	39.5
Total Fixed Assets		3,225.7	3,194.7
Current Assets			
Stocks – finished goods	12	0.5	0.5
Debtors	10	42.2	35.5
Non-property investments	8	133.5	53.7
Cash at bank and in hand		27.5	14.4
Total Current Assets		203.7	104.1
Creditors: amounts falling due within one year	13	(70.5)	(69.5)
Net Current Assets		133.2	34.6
Total Assets less Current Liabilities		3,358.9	3,229.3
Deferred income	14	(83.2)	(83.5)
Finance leases	15	(2.4)	(2.4)
Long-term loans	16	(248.9)	(125.0)
Provisions for liabilities	17	(37.8)	(35.9)
Net Assets excluding pension liability		2,986.6	2,982.5
Defined benefit pension scheme liability	18,19	(311.1)	(312.7)
Net Assets		2,675.5	2,669.8
Capital and Reserves			
Operational Capital Reserve		249.4	246.2
Heritage Assets Reserve		181.7	181.5
Income Generating Fund		2,794.6	2,767.0
Working Capital Fund		9.8	(87.2)
Loan Fund		(248.9)	(125.0)
Pension Reserve		(311.1)	(312.7)
Total Capital Employed	19	2,675.5	2,669.8

Approved for issue XX November 2020

Dr Peter Kane, Chamberlain of London



Consolidated Statement of Changes in Equity for the year ended 31 March 2020

	2020 £m	2019 £m
Capital Employed brought forward 1 April	2,669.8	2,611.5
Total comprehensive income	5.7	58.3
Capital Employed carried forward 31 March	2,675.5	2,669.8

Consolidated Statement of Cash Flows for the year ended 31 March 2020

	Notes	2020 £m	2019 £m
Cash flows from operating activities:			
Net cash used in operating activities	20a	(38.5)	(10.7)
Cash flows from investing activities:			
Dividends, interest and rents from investments		3.7	3.1
Cash taken from / (invested in) short term deposits		(79.8)	4.0
Proceeds from the sale of property, plant and equipment		6.9	24.2
Purchase of property, plant and equipment		(11.3)	(29.4)
Proceeds from sale of investments		84.8	170.0
Purchase of investment properties and other investments		(72.9)	(173.4)
Purchase of other businesses		-	(130.5)
Receipt of capital contributions - deferred to later years		-	18.5
Net cash used in investing activities		(68.6)	(113.5)
Cash flows from financing activities:	20b	120.2	124.8
Increase in cash in the year		13.1	0.6
Change in cash and cash equivalents in the reporting period		13.1	0.6
Cash and cash equivalents at the beginning of the reporting period		14.4	13.8
Cash and cash equivalents at end of year	20c	27.5	14.4

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.

In making this assessment, the City has considered the potential impact of the Covid-19 pandemic on the value of investment assets held, future income levels and liquidity over the next 12-month period. The restrictions put in place in response to Covid-19 has disrupted the property market, which has made the valuation process more challenging. To reflect these circumstances our valuers have placed a "material valuation uncertainty" caveat to their valuations, which states that their valuation carries a greater degree of judgement than would previously be the case due to the unprecedented circumstances being faced.

Financial projections have been considered over the short-term with the assumption that income levels will be below former expectations and that investments held are unlikely to generate a similar level of gains in line with previous financial years. However, the City of London Corporation is satisfied that City's Cash will have the necessary resources to meet its needs and for this reason it continues to adopt a going concern basis for the preparation of the financial statements.

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, government grants and third party contributions and donations for purposes other than capital expenditure (see note 1.e) 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. 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 portion of directly attributable transaction costs to be amortised in the reporting period.

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) **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:

Buildings and any other component elements within those buildings	10 to 50 years
Plant and machinery (including the following):	
Plant	10 to 20 years
Furniture and equipment	3 to 15 years
Vehicles	3 to 10 years

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.

g) **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. City's Cash Investment Property valuation of £2,062.3m as 31 March included £61.5m lease adjustments and a £8.4m rent smoothing adjustment. Gains or losses arising from changes in the fair value of investment property are included in the Consolidated Statement of Comprehensive Income. 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.

The outbreak of Covid-19, declared by the World Health Organisation as a global pandemic on 11 March 2020, has impacted global financial markets. Whilst real estate markets have continued to function, activity levels have been reduced. Less weight can therefore be attached to previous market evidence for comparison purposes to inform opinions of the value of our property portfolio. Valuers are required to take into account the conditions that existed as at the balance sheet date, and therefore valuations have been reported on the basis of 'material

valuation uncertainty' as per the RICS Red Book Global, which contains mandatory rules, best practice guidance and related commentary for all RICS members undertaking asset valuations.

In considering the specific portfolio of 161 assets which City's Cash holds, the valuers have not identified any assumptions impacting on a single or sub-group of those assets which were specifically sensitive to the impacts of the pandemic and which were relevant to the judgments applied as at 31 March 2020. However, the absence of sufficient transactional evidence and the macro-economic effect of the Covid-19 at that time was a cause for uncertainty. Since a 0.33% decrease in the valuations of the assets in the City's Cash portfolio would have given rise to a material change in the valuations presented on the balance sheet as at 31 March 2020 the Trustee considers that this matter should be drawn to the attention of the users of the financial statements.

It is however noted that, subsequent to the valuation date transactional evidence did become available in respect of Central London properties (which make up the majority of the City's Cash investment property portfolio). Accordingly, on 10 July 2020 RICS encouraged its members to relax the use of a material uncertainty clause in respect of this sector.

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h) **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.

i) **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 is 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.

j) **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.

k) **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.

l) **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.

m) 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.

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 is amortised over 10 years, which is the maximum useful economic life of these assets under FRS102.
- 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.

o) 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.

p) 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.

q) Loans

Loans to City's Cash are recognised in the Statement of Financial Position less loan transaction costs which are capitalised to the loan account. Using the amortised cost and effective interest method, loan transaction costs and interest are allocated to the Consolidated Statement of Comprehensive Income over the life of the loan.

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 CostsNon-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 2019 using the projected unit method and this set contributions for the period from 1 April 2019 to 31 March 2022. The next actuarial valuation of the Scheme will be carried out as at 31 March 2022 and will set contributions for the period from 1 April 2023 to 31 March 2026.

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 2020, the Scheme's deficit contribution rate at 31 March 2020 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.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less tax, with the exception of deferred tax assets that are recognised only to the extent that the Directors consider that it is more likely than not that there will be

suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

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 £14.5m. 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 42 to 46.

(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 £20.6m 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.

The outbreak of Covid-19 has impacted global financial markets. Whilst real estate markets have continued to function, activity levels have been reduced. Less weight can therefore be attached to previous market evidence for comparison purposes to inform opinions of the value of our property portfolio. Valuers are required to take into account the conditions that existed as at the balance sheet date, and therefore valuations have been reported on the basis of 'material valuation uncertainty' as per the RICS Red Book Global, which contains mandatory rules, best practice guidance and related commentary for all RICS members undertaking asset valuations. Further details are provided at accounting policy g.

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:

	2020 £m	2019 £m
Rentals, service charges and dilapidations income	72.6	67.8
Dividends from non-property investments and interest on fund balances	3.7	3.1
Total investment income	76.3	70.9

Note: rent receivable in 2019/20 in respect of operating leases was £61.3m (2018/19: £59.1m).

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:

	2020 £m	2019 £m
Property investment expenses	32.9	20.6
Non-property investments - management fees paid to fund managers	4.8	4.9
Total Investment Management Costs	37.7	25.5

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 £7.9m (2018/19: £8.2m).

Operating Lease Rentals

During the year of account City's Cash spent £0.8m on operating lease rentals in respect of premises (2018/19: £0.8m).

Auditor's remuneration

Remuneration to the external auditor, BDO LLP, for audit services relating to the year of account amounted to £146,000 (2018/19: £100,000 was payable to the auditors BDO LLP). No other fees were payable to BDO LLP for non-audit services during the year (2018/19: no other fees were payable to the auditors BDO 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 £3,187 (2018/19: £5,528) 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	2020 FTE	2019 FTE
Investment properties	18.7	18.7
Education	692.7	692.7
Markets	86.4	86.4
Open spaces	282.8	282.8
City representation	69.2	69.2
Grants and other activities	9.3	9.3
Support Services	214.8	214.8
Total	1,373.9	1,373.9

Employee remuneration	Gross Pay £m	National Insurance £m	Pensions £m	2020 £m	2019 £m
Investment Management	0.7	0.1	0.1	0.9	0.6
Education	42.1	4.1	7.9	54.1	50.5
Markets	3.3	0.3	0.6	4.2	4.2
Open spaces	10.7	1.0	2.1	13.8	13.7
City representation	3.5	0.4	0.7	4.6	4.2
Grants and other activities	0.6	0.1	-	0.7	0.7
Support Services	9.3	1.0	1.7	12.0	13.3
Total	70.2	7.0	13.1	90.3	87.2

Workforce

The City of London Corporation employs approximately 4,100 people in full and part-time positions across all its services. The make-up of the workforce is summarised below:

Gender:

Male: 51.39%
Female: 48.61%

Declared disability:

Yes: 3.31%

Age:

Under 20: 1.01%
21-30: 15.87%
31-40: 24.68%
41-50: 23.40%
51-60: 26.52%
61 and over: 8.52%

Ethnicity:

White: 67.72%
BAME: 16.65%
Not Known: 15.63%

Equality and inclusion

The City Corporation is committed to delivering excellent customer service. We recognise the different needs of our customers and actively work to minimise potential issues of exclusion and discrimination. We aspire to be a leader in equality and inclusion, serving a wide range of communities including our staff, residents, businesses and the workforce of the Square Mile. The City Corporation also aims to provide an inclusive, respectful and discrimination-free work environment for staff. We will use best practice in employment in accordance with legislation to ensure that employees feel respected and able to give their best. As far as possible, we would like our workforce to be broadly representative of all sections of society.

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 –

<https://democracy.cityoflondon.gov.uk/mgCommitteeDetails.aspx?ID=253>

Equality and Inclusion –

<https://www.cityoflondon.gov.uk/about-us/plans-policies/equality-inclusion>

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	
	2019/20	2018/19	2019/20	2018/19
60,000 - 69,999	97	95	98	85
70,000 - 79,999	30	17	43	47
80,000 - 89,999	11	10	23	15
90,000 - 99,999	6	2	6	10
100,000 - 109,999	1	0	3	3
110,000 - 119,999	2	2	12	8
120,000 - 129,999	1	1	4	4
130,000 - 139,999	3	3	1	0
140,000 - 149,999	1	2	1	1
150,000 - 159,999	1	0	1	1
160,000 - 169,999	1	1	0	1
170,000 - 179,999	1	2	2	2
180,000 - 189,999	0	0	1	2
190,000 - 199,999	0	0	1	0
200,000 - 209,999	0	0	1	0
230,000 - 239,999	0	0	1	0
260,000 - 269,999	0	0	0	1
270,000 - 279,999	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 2019/20 and 2018/19 respectively in accordance with the Accounts and Audit Regulations 2015.

Table 2 - 2019/20 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 2019/20	Pension Contributions	National Insurance Contributions	Total Remuneration including Pension Contributions 2019/20
			%	£000	£000	£000	£000	£000	£000	£000	£000	£000
Salary is £150,000 or more a year												
Town Clerk and Chief Executive	J. Barradell	*	40	103	5	-	42	-	150	23	14	187
Chamberlain	P. Kane	*	35	66	1	-	-	-	67	14	9	90
Executive Director Mansion House and Old Bailey	V. Annells	*	70	124	4	-	-	-	128	27	17	172
Principal of the Guildhall School of Music & Drama	L. Williams			179	-	-	-	-	179	38	24	241
Comptroller & City Solicitor	M. Cogher	*	25	42	2	-	-	-	44	9	6	59
City Surveyor	P. Wilkinson	*	45	69	11	-	-	-	80	17	10	107
Salary is between £50,000 and £150,000												
Head City of London School	-			131	-	-	110	-	241	31	17	289
Headmaster City of London Freeman's School	-			140	-	-	-	-	140	33	18	191
Headmistress City of London School for Girls (left 31/07/19)	-			44	-	-	31	-	75	8	6	89
Headmistress City of London School for Girls (started 01/09/19)	-			82	-	-	56	-	138	20	11	169
Remembrancer	-			146	-	-	-	-	146	31	19	196
Director of Markets & Consumer Protection	-	*	45	49	2	-	-	-	51	11	6	68
Director of Open Spaces	-	*	70	78	-	-	-	-	78	16	10	104
Total				1,253	25	-	239	-	1,517	278	167	1,962

Table 3 - 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	National Insurance Contributions	Total Remuneration including Pension Contributions 2018/19
			%	£000	£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	14	191
Chamberlain	P. Kane	*	35	63	-	-	-	-	63	13	8	84
Executive Director Mansion House and Old Bailey	V. Annells	*	70	122	2	-	-	-	124	26	16	166
Principal of the Guildhall School of Music & Drama	L. Williams			171	-	-	-	-	171	36	22	229
Comptroller & City Solicitor	M. Cogher	*	25	39	2	-	-	-	41	8	5	54
City Surveyor	P. Wilkinson	*	45	68	11	-	-	-	79	17	10	106
Salary is between £50,000 and £150,000												
Head City of London School	-			125	-	-	92	-	217	24	16	257
Headmaster City of London Freeman's School	-			138	-	-	-	-	138	25	17	180
Headmistress City of London School for Girls	-			132	-	-	116	-	248	25	17	290
Remembrancer	-			144	-	-	-	-	144	30	19	193
Director of Markets & Consumer Protection (left 31/12/18)	-	*	45	40	1	-	-	-	41	9	5	55
Interim Director of Markets & Consumer Protection (started 01/01/19)	-	*	45	12	-	-	-	-	12	3	1	16
Director of Open Spaces	-	*	70	74	-	-	-	-	74	16	9	99
Total				1,229	21	-	257	-	1,507	254	159	1,920

* 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 2019/20 £000	Annualised Salary 2018/19 £000
Town Clerk and Chief Executive	258	253
Chamberlain	190	181
Executive Director of Mansion House & Old Bailey	178	174
Comptroller & City Solicitor	168	155
City Surveyor	154	151
Director of Open Spaces	110	106
Director of Markets & Consumer Protection	110	90

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 year ended 31 March 2020.

6. Investment properties and other tangible fixed assets

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 2019	1,974.6	249.0	59.6	8.4	2,291.6
Additions	8.6	1.0	2.3	7.8	19.7
Revaluations	83.4	-	-	-	83.4
Disposals	(4.3)	-	-	-	(4.3)
Transfers	-	1.6	-	(1.7)	(0.1)
At 31 March 2020	2,062.3	251.6	61.9	14.5	2,390.3
Depreciation					
At 1 April 2019	-	(45.8)	(25.2)	-	(71.0)
Charge for the year		(5.4)	(2.5)	-	(7.9)
At 31 March 2020	-	(51.2)	(27.7)	-	(78.9)
Net book value					
At 31 March 2019	1,974.6	203.2	34.4	8.4	2,220.6
At 31 March 2020	2,062.3	200.4	34.2	14.5	2,311.4
Leased assets included above:					
Net book value					
At 31 March 2019	17.9	-	-	-	17.9
At 31 March 2020	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). The outbreak of Covid-19 has impacted global financial markets. Whilst real estate markets have continued to function, activity levels have been reduced. Less weight can therefore be attached to previous market evidence for comparison purposes to inform opinions of the value of our property portfolio. Valuers are required to take into account the conditions that existed as at the balance sheet date, and therefore valuations have been reported on the basis of 'material valuation uncertainty'. Further details are provided at accounting policies note g.
- 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 £181.7m (2018/19: £181.5m) 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.

	2020 £m	2019 £m
Cost or valuation (a)		
At 1 April	181.5	181.4
Additions (b)	0.2	0.1
Closing cost or valuation	181.7	181.5
Comprising:		
Art and sculptures	180.9	180.7
Open spaces	0.8	0.8
Total heritage assets	181.7	181.5

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.

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:

	2020 £m	2019 £m
Long-term non-property investments		
Total investments at 1 April	753.1	700.1
Add: additions to investments at cost	64.5	169.7
Less disposals at market value	(81.4)	(166.6)
Less loss on revaluation	(6.3)	(0.2)
Less realised investments	(3.4)	(3.4)
(Loss) / gain in fair value	(29.4)	53.5
Investments at 31 March	697.1	753.1
Short-term non-property investments		
Total investments at 1 April	53.7	57.7
Change in short-term deposits and money market funds*	84.1	-
Change in long term deposits	(4.3)	(4.0)
Investments at 31 March	133.5	53.7
Total investments as at 31 March are analysed between long-term and short-term investments as follows:		
Long-term	697.1	753.1
Short-term	133.5	53.7
Total investments at 31 March	830.6	806.8

* The £84.1m change in short-term deposits and money market funds in 2019/20 resulted largely from the issuance of new debt that took place during the year (see note 16 on page 41).

9. Intangible assets

	Technology systems £m	Goodwill £m	Total £m
Cost / Valuation			
At 1 April 2019	1.6	39.3	40.9
Additions / (disposals)	-	(0.2)	(0.2)
Transfers	0.1	-	0.1
At 31 March 2020	1.7	39.1	40.8
Depreciation			
At 1 April 2019	(1.4)	-	(1.4)
Charge for the year	-	-	-
At 31 March 2020	(1.4)	-	(1.4)
Amortisation			
At 1 April 2019	-	-	-
Charge for the year	-	(3.9)	(3.9)
At 31 March 2020	-	(3.9)	(3.9)
Net book value			
At 31 March 2019	0.2	39.3	39.5
At 31 March 2020	0.3	35.2	35.5

- 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 (2018/19: £0.1m).
- 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 £130.3m. Goodwill of £39.1m is recognised as the excess of the cost of the acquisition over the net amount of their identified assets and liabilities. This is amortised over 10 years, which is the maximum useful economic life of these assets under FRS102, at a rate of £3.9m per annum.

10. Debtors

	2020 £m	2019 £m
Amounts falling due within one year		
Sundry debtors	7.8	8.2
School fees	5.5	4.4
Prepayments and accrued income	7.3	4.4
Rental debtors	7.7	6.7
VAT	2.7	1.1
Accrued interest	2.3	1.1
Current debtors	33.3	25.9
Amounts falling due after more than one year		
Rental debtors	7.4	8.1
Finance lease debtor	1.5	1.5
Long-term debtors	8.9	9.6
Total debtors	42.2	35.5

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 2019/20, 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 £100m, being National Australia Bank, Australia and New Zealand Banking Group and Svenska Handelsbanken. The lending list also includes five highly rated money market funds (Aberdeen Sterling Liquidity Fund, CCLA, Deutsche Liquidity Fund, Federated Liquidity Fund, Invesco); three highly rated Ultra-Short Dated Bond Funds (Federated Sterling Cash Plus Fund, Aberdeen Standard 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 2020, City's Cash had £133.5m in money market funds and short-term cash investments with a maturity of less than 365 days (31 March 2019: £53.7m).

Outstanding debtors excluding those covered by the Bad Debt Provision	31 March 2020 £m	31 March 2019 £m
Less than three months	3.4	2.9
Three to six months	0.1	0.5
Six months to one year	0	0.1
Total	3.5	3.5

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 2019/20 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 2020 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	403.4	0.00%	403.4	403.4
EUR	257.9	2.29%	263.8	252.0
USD	62.7	2.41%	64.2	61.2
Other	106.6	0.00%	106.6	106.6
Total non-property investments	830.6	-	838.0	823.2

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 City of London Corporation'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 2019/20 reporting period.

The potential price changes disclosed below are consistent with a multi-year one-standard deviation movement in the value of the assets. The sensitivities are consistent with the assumptions contained in the investment advisor's most recent review. This analysis assumes that all other variables, in particular foreign currency exchange rates and interest rates, remain the same.

Potential Market Movements

The potential movements for price risk based on the different asset classes are provided below.

Asset type	Change %
Global equities - developed markets (including UK)	17.4
Global equities - emerging markets	29.1
Global bonds	4.0
Multi-asset	7.3
Private equity	25.8
Total non-property investments	12.9

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)	475.9	17.4	558.7	393.1
Global equities - emerging markets	19.0	29.1	24.5	13.5
Global bonds	34.0	4.0	35.4	32.6
Multi-asset	142.7	7.3	153.1	132.3
Private equity	26.8	25.8	33.7	19.9
Short-term UK deposit and money market funds	132.2	0.0	132.2	132.2
Total non-property investments	830.6	12.9	937.6	723.6

12. Stocks of Finished Goods

A variety of purchased items are held in stock amounting to £0.5m (2018/19: £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

	2020 £m	2019 £m
Sundry creditors	42.2	38.5
Rental income received in advance	18.1	17.3
Other receipts received in advance	8.3	10.3
VAT	1.9	3.4
Total current creditors	70.5	69.5

14. Deferred income

	2020 £m	2019 £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	81.7	82.0
Long-term deferred income	83.2	83.5
Total deferred income	83.6	83.9

Premiums of £84.9m relating to eight operating leases were received between 2014/15 and 2018/19. No operating lease premiums were received in 2019/20. 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	2020 £m	2019 £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:

	2020 £m	2019 £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	
	2020 £m	2019 £m	2020 £m	2019 £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

	2020 £m	2019 £m
Bridging loan	-	125.0
Long-term loan	248.9	-
Loan balance at 31 March	248.9	125.0

City's Cash entered into an unsecured bridging loan of £125m during 2018/19. This was acquired as part of an overall borrowing strategy designed to support a sustainable and affordable capital programme and the loan was initially obtained as a bridging facility.

In August 2019, the City Corporation issued debt totalling £450m via private placement, £250m of which was received in September 2019 and City's Cash is contractually committed to receive the remaining £200m in July 2021. Accordingly, the bridging loan was repaid in full on 16 September 2019.

The £250m debt has tenures of 25, 30 and 35 years whilst the deferred debt has tenures of 40 and 45 years. Interest payable is at a fixed rate for each tenure.

Interest paid in 2019/20 amounted to £3.7m. In addition, there were transaction costs of £1.1m which have been capitalised to the loan account and shall be amortised over the life of the loans.

17. Provisions

	City Re £m	Power Station £m	Total £m
Opening balance	2.9	33.0	35.9
Movement in year	(0.2)	2.1	1.9
Closing balance	2.7	35.1	37.8

City Re Limited has set aside £2.7m (2018/19: £2.9m) 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 £35.1m. This includes:

- £20.9m for 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.
- A deferred taxation liability of £14.2m has been recognised, as required under FRS102, offsetting the revaluation gain on land held by Barking Power Limited. This is calculated using the rate applicable to future profits (17%), and the revaluation amount less the base cost and indexation relevant to the land. The rate of corporation tax applicable to the company's future profits is 17%, in accordance with a tax rate of 17% in the Finance Bill 2016, which was enacted on 15 September 2016.

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 £311.1m (2019: £312.7m) is split between The City of London Pension Fund and the Teachers' Pension Scheme.

Pension scheme liabilities	2020 £m	2019 £m
The City of London Pension Fund	292.4	291.8
The Teachers' Pension Scheme	18.7	20.9
Total pension scheme liabilities	311.1	312.7

Accounting for The City of London Pension Fund under IAS19

The actuarial valuation of the defined benefit scheme was updated at 31 March 2019, 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 will be carried out as at 31 March 2022 and will set contributions for the period from 1 April 2023 to 31 March 2026.

The expected rate of return on the scheme's assets for the financial year ending 31 March 2020 was -4.0% p.a. (2019: 8.0% 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 2020, the actuarial deficit on City's Cash's share of the Scheme was £292.4m (2019: £291.8m). City's Cash's share of the market value of the Schemes' assets was £431.0m (2019: £455.6m).

The estimated amount of total employer contributions expected to be paid to the scheme by City's Cash during the year to 31 March 2021 is £14.3m (actual for year to 31 March 2020: £14.5m). 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.

(a) Major assumptions by the actuary

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

Assumptions as at 31 March - per annum	2020	2019	2018
RPI increases	2.7%	3.4%	3.3%
CPI increases	1.9%	2.4%	2.3%
Salary increases	2.9%	3.9%	3.8%
Pension increases	1.9%	2.4%	2.3%
Discount rate	2.4%	2.4%	2.6%

Life expectancy

The following table reflects the change in the mortality tables used for the 31 March 2019 valuation and allowance is made for the expected decline in future life expectancy.

Assumed life expectancy from age 65 years	Sex	2020	2019
Age 65 retiring today	Male	21.8	23.2
Age 65 retiring today	Female	24.4	24.6
Retiring in 20 years	Male	23.2	24.5
Retiring in 20 years	Female	25.8	26.1

(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	2020		2019		2018	
	CC £m	CoL £m	CC £m	CoL £m	CC £m	CoL £m
Fair value of fund assets (bid)	431.0	942.1	455.6	969.5	423.3	900.7
Funded liability present value	(721.3)	(1,568.0)	(745.0)	(1,585.1)	(699.2)	(1,487.6)
Net liability	(290.3)	(625.9)	(289.4)	(615.6)	(275.9)	(586.9)
Unfunded liability present value	(2.1)	(4.5)	(2.4)	(5.3)	(2.6)	(5.7)
Net liability on CSoFP	(292.4)	(630.4)	(291.8)	(620.9)	(278.5)	(592.6)

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 £311.1m (2018/19: £312.7m), which comprises the liability relating to the City of London Pension Fund of £292.4m as shown in the table above (2018/19: £291.8m) and a liability of £18.7m (2018/19: £20.9m) relating to the Teachers' Pension Scheme.

The net the City of London Pension Fund liability of £292.4m in the Consolidated Statement of Financial Position (2019: £291.8m) represents 46% (2019: 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

	2020 £m	2019 £m
Current service cost	(23.8)	(20.9)
Administration cost	(0.4)	(0.5)
Losses on settlements and curtailments	-	(5.9)
Employer contributions	14.0	13.7
Unfunded pension payments	0.2	0.2
Return on pension scheme assets	10.7	10.8
Interest on pension scheme liabilities	(17.4)	(17.7)
Net pension scheme costs *	(16.7)	(20.3)
Actual return less expected return on pension scheme assets	(24.0)	21.4
Experience losses	(37.3)	-
Changes in assumptions underlying the present value of liabilities	77.5	(14.4)
Actuarial gains recognised in the Consolidated Statement of Comprehensive Income **	16.2	7.0
Net charge to the Consolidated Statement of Comprehensive Income	(0.5)	(13.3)

* The total value shown in the Consolidated Statement of Comprehensive Income for net financing expenses attributable to pension schemes amounts is £17.0m (2018/19: net expenses of £20.5m), which comprises expenses relating to the City of London Pension Fund of £16.7m (2018/19: £20.3m), as shown in the table above, and expenses of £0.3m relating to the TPS (2018/19: £0.2m).

** The total value shown in the Consolidated Statement of Comprehensive Income for actuarial gains is £18.7m (2018/19: losses of £1.2m), which comprises the actuarial gain relating to the City of London Pension Fund of £16.2m (2018/19: gain of £7.0m), as shown in the table above, and an actuarial gain of £2.5m (2018/19: loss of £8.2m) 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	2020		2019	
	£m	Per annum	£m	Per annum
Equities	255.9	59%	304.5	67%
Cash	7.2	2%	5.2	1%
Infrastructure	53.8	13%	25.3	6%
Absolute Return Portfolio	114.1	26%	120.6	26%
Total assets	431.0	100%	455.6	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	2020 £m	2019 £m
Opening defined benefit liability	(747.4)	(701.9)
Current service cost	(23.8)	(20.9)
Interest cost	(17.4)	(17.7)
Actuarial gains / (losses)	52.4	(14.4)
Losses on curtailments	(0.5)	(5.9)
Liabilities extinguished on settlements	1.0	-
Estimated benefits paid net of transfers in	17.0	18.0
Contributions by scheme participants	(4.9)	(4.8)
Unfunded pension payments	0.2	0.2
Closing defined benefit liability	(723.4)	(747.4)

(f) Movement in the scheme net liability

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

	2020 £m	2019 £m
Deficit at the beginning of the year	(291.8)	(278.5)
Current service cost	(23.8)	(20.9)
Net interest	(6.7)	(6.9)
Settlements and curtailments	(0.1)	(5.9)
Other finance expenses	(0.4)	(0.5)
Employers contributions	14.0	13.7
Unfunded pension payments	0.2	0.2
Actuarial gains	16.2	7.0
(Deficit) at the end of the year	(292.4)	(291.8)

(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	2020 £m	2019 £m
Opening fair value of scheme assets	455.6	423.3
Interest on assets	10.7	10.8
Return on assets less interest	(26.4)	21.4
Actuarial losses	(9.8)	-
Administration expenses	(0.4)	(0.5)
Contributions by employer including unfunded	14.2	13.9
Contributions by scheme participants	4.9	4.8
Estimated benefits paid net of transfers in and including unfunded	(17.2)	(18.1)
Settlement prices paid	(0.6)	-
Closing value of scheme assets at end of period	431.0	455.6

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

The following amounts for 2016-2020 have been recognised under the “Actuarial gains and losses on defined benefit pension scheme” heading within the Consolidated Statement of Changes in Equity:

	2020 £m	2019 £m	2018 £m	2017 £m	2016 £m
Present value of defined benefit liability	(723.4)	(747.4)	(701.8)	(694.1)	(581.4)
Fair value of scheme assets	431.0	455.6	423.3	413.1	349.7
Deficit in the scheme	(292.4)	(291.8)	(278.5)	(281.0)	(231.7)
Experience adjustments on scheme liabilities	(37.3)	-	-	11.4	0.2
Percentage of scheme liabilities	5.2%	0.0%	0.0%	1.6%	0.0%
Experience adjustments on scheme assets	(26.4)	21.4	(2.0)	57.5	(21.6)
Percentage of scheme assets	(6.1%)	4.7%	(0.5%)	13.9%	(5.7%)
Cumulative actuarial gains and losses	(56.8)	(73.0)	(80.0)	(98.0)	(53.4)

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	708.9	723.4	738.1
	Projected service cost	22.1	22.6	23.2
Adjustment to long-term salary increase	PV of total liability	724.6	723.4	722
	Projected service cost	22.7	22.6	22.6
Adjustment to pension increases and deferred	PV of total liability	736.8	723.4	710.1
	Projected service cost	23.2	22.6	22.1
		+ 1 year	None	- 1 year
Adjustment to mortality age rating assumption	PV of total liability	752.7	723.4	695.2
	Projected service cost	23.3	22.6	22.0

Note: PV – present value

(j) Projected pension expense for the year to 31 March 2021

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 2021 £m	Projected Year to 31 March 2020 £m
Service cost	22.6	24.4
Net interest on the defined liability	6.7	6.8
Administration expenses	0.4	0.4
Total expense	29.7	31.6
Employer contributions	14.3	14.5

19. Capital and Reserves

	Balance at 1 April 2019 £m	Additions / income £m	Disposals / expenditure £m	Depreciation £m	Unrealised Gains / (Losses) £m	Balance at 31 March 2020 £m
Operational Capital	246.2	11.1	-	(7.9)	-	249.4
Heritage Assets Reserve	181.5	0.2	-	-	-	181.7
Income Generating Fund						
Investment Properties	297.8	8.4	(4.3)	(3.9)	-	298.0
Non-Property Investments	753.1	64.5	(84.8)	-	(35.7)	697.1
Revaluation Reserve - Investment Properties	1,716.1	-	-	-	83.4	1,799.5
Income Generating Fund	2,767.0	72.9	(89.1)	(3.9)	47.7	2,794.6
Working Capital Fund	(87.2)	97.0	-	-	-	9.8
Loan Fund	(125.0)	(250.0)	126.1	-	-	(248.9)
Pension Reserve	(312.7)	-	(17.1)	-	18.7	(311.1)
Total Capital and Reserves	2,669.8	(68.8)	19.9	(11.8)	66.4	2,675.5

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 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 12) which are consolidated within City's Cash accounts. Total funds of the charities amounts to £54.4m (2018/19: £61.5m), comprising unrestricted funds of £28.0m (2018/19: £28.8m), restricted funds of £0.1m (2018/19: £0.1m) and endowment funds of £26.3m (2018/19: £32.6m). 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. Notes to the consolidated statement of cash flows

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

	2019/20 £m	2018/19 £m
Operating surplus for the reporting period	(2.6)	56.5
Adjustments for:		
Depreciation and amortisation charges	11.8	8.2
Net pension scheme costs	17.1	20.5
Losses on property investments	(86.9)	(50.1)
Losses / (gains) on non-property investments	29.4	(53.5)
Dividends, interest and rents from investments	(3.7)	(3.1)
Increase in debtors	(6.7)	(0.3)
(Decrease) / Increase in creditors falling due within one year	1.0	10.5
Release of deferred income	(0.3)	(0.4)
Increase in provision	2.4	1.0
Net cash used in operating activities	(38.5)	(10.7)

(b) Cash flows from financing activities

	2020 £m	2019 £m
New loans	248.9	125.0
Repayment of loans	(125.0)	-
Loan interest and transaction costs	(3.7)	(0.2)
Total	120.2	124.8

(c) Analysis of changes in net debt activities

	At 1 Apr 2019 £m	Cash flows £m	At 31 Mar 2020 £m
Cash and cash equivalents	14.4	13.1	27.5
Borrowings			
Debts due within one year	(125.0)	125.0	-
Debts due after one year	-	(248.9)	(248.9)
Finance Leases	(2.4)	-	(2.4)
Total net debt	(113.0)	(110.8)	(223.8)

21. Financial commitments

Material contractual capital commitments are as follows:

	Consolidated 2020 £m	2019 £m
Contracted for but not provided for contract commitments (a)	3.0	7.5
Total	3.0	7.5

Notes:

- The contract commitment of £3.0m relates to the refurbishment of an investment property and tunnel lids for Smithfield Market (2018/19: the £7.5m related to the refurbishment of an investment 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.

22. 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-Secretariat@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.

Disclosures relate to both 2019/20 and 2018/19 unless otherwise stated.

Related party	Connected party	2019/20 £000	2018/19 £000	Detail of transaction
Aberdeen Standard Investment	A Member of the City Corporation was an employee of Aberdeen Standard Investment	-	142	Management fees were paid to Aberdeen Standard Investment in 2018/19 for managing various long-term investment mandates on behalf of the City Corporation. No funds were managed on behalf of the City Corporation in 2019/20 and no fees were payable
Bridge House Estates	2018/19: City's Cash and Bridge House Estates (BHE) agreed the rent review in for the rental of the Southwark Bridge Arches at market rates. This was disclosed as the BHE charity was transacting with its trustee, the City Corporation.	N/A	N/A	
Centre for London	A Member was a trustee of the Centre for London (2018/19: a Member and a former Member were trustees of the Centre for London)	45	25	Sponsorship and funding received from City's Cash
Christ's Hospital	Three Members were nominated by the City Corporation to the Council of Christ's Hospital (2018/19: Five Members were Governors or Almoners of Christ's Hospital)	80	80	Payments made by City's Cash for a presentation place to secure the right to present one child to enter the school
City & Guilds London Institute	The City Corporation nominated four Members to the City & Guilds London Institute, which leases premises for which rent and service charges were receive	(194)	(87)	Rent and service charges received by City's Cash
City of London Academy Hackney	The City Corporation nominated three Members to the Board of Governors of the City of London Academy Hackney	268	289	Grant funding received from City's Cash
City of London Academy Highbury Grove	2018/19: A Member was a Governor at City of London Academy Highbury Grove	N/A	309	Grant funding received from City's Cash
City of London Academy Islington	The City Corporation nominated two Members to the Board of Governors of the City of London Academy Islington.	256	303	Grant funding received from City's Cash

Related party (continued)	Connected party (continued)	2019/20 £000	2018/19 £000	Detail of transaction (continued)
City of London Academy Shoreditch Park	2018/19: A Member was a Governor at City of London Academy Shoreditch Park	N/A	96	Grant funding received from City's Cash
City of London Academies Trust	The City Corporation nominated five Members to the Board of Governors of the City of London Academies Trust (2018/19: The City Corporation nominated five Members to the Board of Governors of the City of London Academies Trust and one other member declared membership)	365	733	Grant funding received from City's Cash
City of London Reserve Forces & Cadets Association	The City Corporation nominated three Members to the City of London Reserve Forces & Cadets Association	42	42	Grant funding received from City's Cash
City Re Limited and JLT Insurance Management (Guernsey) Limited	2018/19: Mr S Le Prevost served as a director of City Re Limited and of the insurance manager JLT Insurance Management (Guernsey) Limited during the period	N/A	52	Management fees paid by City's Cash
City Re Limited and JLT Insurance Management (Guernsey) Limited	2018/19: Mr S Le Prevost served as a director of City Re Limited and of the insurance manager JLT Insurance Management (Guernsey) Limited during the period	N/A	-	- There was a profit commission arrangement from City Re Limited to JLT Insurance Management (Guernsey) Limited. However, no payment was made in 2018/19 as a profit was not made
City University	Four Members were on the Court of the City University	11	-	- Fees paid by City's Cash
City University	Four Members were on the Court of the City University	(78)	-	- Rent and charges received by City's Cash
Co-Exist House	The City Corporation nominated one Member to the charity Co-Exist House	-	40	Grant funding received from City's Cash in 2018/19
Commonwealth Investment and Enterprise Council	2018/19: A Member was on the Commonwealth Investment and Enterprise Council	N/A	10	Received from City's Cash for work on strategic partnerships
Companies leasing market premises	A Member was a shareholder and / or managing director of companies leasing market premises for which rent and service charges were received	(287)	(776)	Rent and service charges received by City's Cash

Related party (continued)	Connected party (continued)	2019/20 £000	2018/19 £000	Detail of transaction (continued)
Companies leasing market premises	Another Member was a director of a company leasing market premises for which rent and service charges were received	(440)	(458)	Rent and service charges received by City's Cash
Companies leasing market premises	Another Member was a director of a company leasing market premises for which rent and service charges were received	(141)	(136)	Rent and service charges received by City's Cash
Companies leasing premises	A Member's spouse was a shareholder of a company which leases premises for which rent and service charges were received	(650)	(518)	Rent and service charges received by City's Cash
Cripplegate Foundation	A Member was a trustee of this organisation and another was a governor	48	-	Grant funding received from City's Cash
Crossrail Limited	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.	N/A	N/A	Contribution to Crossrail from City's Cash subject to the completion of the works
Gresham College Council	The City Corporation nominated four Members to the Gresham College Council. Another Member was a director of Gresham College Council in 2019/20	503	495	Grant funding received from City's Cash
Guild Church Council of St. Lawrence Jewry	The City Corporation nominated three Members to the Guild Church Council of St. Lawrence Jewry and three other Members declared places on the Council	99	85	Grant funding received from City's Cash
The Honourable The Irish Society	15 Members were part of the governance structure of The Honourable The Irish Society	11	25	Grant funding received from City's Cash

Related party (continued)	Connected party (continued)	2019/20 £000	2018/19 £000	Detail of transaction (continued)
London Councils	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	(1,403)	(780)	Payments received by City's Cash for the provision of premises and services
London Ltd	2018/19: A Member of the City Corporation was the director of London Ltd	N/A	25	Sponsorship received from City's Cash
Lord Mayor's Appeal Limited	Five Members were directors of the Lord Mayor's Appeal Limited	(34)	(29)	Payments received by City's Cash for services provided
Lord Mayor's Show Limited	Seven Members and a Chief Officer were directors of the Lord Mayor's Show Ltd (2018/19: five Members and two Chief Officers were directors of the Lord Mayor's Show Ltd)	25	19	Payments from City's Cash for participation fees
Lord Mayor's Show Limited	Seven Members and a Chief Officer were directors of the Lord Mayor's Show Ltd (2018/19: five Members and two Chief Officers were directors of the Lord Mayor's Show Ltd)	(136)	(10)	Payments received by City's Cash for services provided
Museum of London	Seven Members were appointed as Governors of the Museum of London (2018/19: six Members were appointed as Governors of the Museum of London)	221	149	Payments made by City's Cash
Nationwide Building Society	A Member of the City Corporation was employed by Nationwide Building Society, which leases premises for which rent and service charges were received	(374)	(117)	Rent and service charges received by City's Cash
Royal Humane Society	2018/19: An officer was a liaison officer to the Royal Humane Society, which leases premises for which rent and service charges were received	N/A	(13)	Rent and service charges received by City's Cash
TheCityUK	Two Members were also members of this organisation (2018/19: A Member was Director of TheCityUK and a further two Members were also members of this organisation)	500	500	Grant funding received from City's Cash

23. 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.

COVID-19 Pandemic

- On 23 March 2020, the Prime Minister of the United Kingdom announced a period of lockdown restrictions for the country to limit the spread of COVID-19. As a result of restrictions on travel and other measures which have been implemented, all staff in the City of London Corporation who were able to work at home were asked to do so, and many of our sites were shut to all but essential workers. The main exceptions were the Central Criminal Court, Markets and Port Health and Open Spaces including Cemetery and Crematorium functions, which continued to be staffed in person in the main. The restrictions also meant that the City Corporation was initially unable to undertake its decision-making processes in the usual fashion for approximately five weeks. During this period, some committees were consulted electronically or met virtually on an informal basis to consider items that required decisions, prior to formal decisions being taken under the urgency procedures.
- To allow for greater transparency and public scrutiny during this period, steps were taken to utilise the existing committee management software to allow for weekly reporting of urgent decisions taken, together with relevant background information.
- The introduction of the *Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020* resolved some of the more pressing issues by permitting formal decision-making meetings to be undertaken virtually and facilitating public scrutiny.

- From the end of April 2020, formal committee meetings have been carried out virtually. Formal decisions are taken by Members, and the public is able to observe these meetings through a livestream on YouTube, which is also recorded and accessible to view for approximately one year.
- Initially a decision was taken to postpone the appointment of committees at the beginning of municipal year and for all appointments to continue until April 2021. However, the first annual meeting of the Court of Common Council was conducted virtually on 16 July 2020, at which time the Court appointed its committees. Committee elections took place in the subsequent months to elect Chairmen, Deputy Chairmen and to appoint Members to the relevant sub-committees, consultative committees and working parties.
- In line with Government guidance, committee meetings continue to be held virtually.
- The COVID-19 outbreak has also led to legislation being passed to suspend all local government elections until May 2021. Whilst the provisions do not apply to the City elections, given the national position and the uncertainty about the length of time during which the restrictions and effects on normal activities might be in place, the date of next ordinary Common Council elections has been postponed from 18 March 2021 until 23 March 2022. Successful candidates will then serve a three-year term.
- An in-year re-budgeting exercise has been carried out to assist in repairing the damage to the City's budgets arising from the COVID-19 pandemic. This was seen as a vital step in ensuring that we put our finances on a sustainable footing for the medium term.
- Other areas affected in the 2020/21 financial year include the annual City-wide residents' meetings. The meetings scheduled for May were postponed and a single meeting will be held virtually in December 2020. Other activities have also been carried out by different means due to the continued social distancing requirements.

24. Approval of the financial statements

The City's Cash Accounts were approved for issue by the Chamberlain on XX November 2020. Events after the balance sheet date and up to XX November 2020 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.

A photograph of a long, covered walkway or pergola. The structure is supported by a series of white columns, each wrapped in a chain-link fence. The walkway is covered by a wooden roof with horizontal slats. Sunlight filters through the roof, creating a pattern of light and shadow on the ground. The walkway is flanked by dense, climbing vines and foliage, some of which are yellowed, suggesting autumn. The perspective is looking down the length of the walkway towards a distant end.

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.

Curtailements include:

- a) Termination of employees' services earlier than expected, for example as a result of discontinuing an activity.

- b) 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 City's Cash 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.

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:

- a) 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.
- b) 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:

- a) The City of London has a present obligation (legal or constructive) as a result of a past event.
- b) It is probable that a transfer of economic benefits will be required to settle the obligation.
- c) 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.





Report to the Audit and Risk Management Committee

CITY'S CASH

Audit Completion: year ended 31 March 2020

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We have pleasure in presenting our Audit Completion Report to the Audit Committee and Risk Management Committee (the “Committee”). This report is an integral part of our communication strategy with you, a strategy which is designed to ensure effective two way communication throughout the audit process with those charged with governance.

It summarises the results of completing the planned audit approach for the year ended 31 March 2020, specific audit findings and areas requiring further discussion and/or the attention of the Committee. At the completion stage of the audit it is essential that we engage with the Committee on the results of audit work on key risk areas, including significant estimates and judgements made by Management, critical accounting policies, any significant deficiencies in internal controls, and the presentation and disclosure in the financial statements.

We look forward to discussing these matters with you at the Audit Committee meeting on 3 November 2020, and to receiving your input.

In the meantime if you would like to discuss any aspects in advance of the meeting we would be happy to do so.

This report contains matters which should properly be considered by the Members as a whole. We expect that the Committee will refer such matters to the Members, together with any recommendations, as it considers appropriate.

We would also like to take this opportunity to thank the Management and staff for the co-operation and assistance provided during the audit.



Fiona Condron

27 October 2020

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed primarily for the purpose of expressing our opinion on the financial statements. This report has been prepared solely for the use of the Audit Committee and Those Charged with Governance and should not be shown to any other person without our express permission in writing. In preparing this report we do not accept or assume responsibility for any other purpose or to any other person. For more information on our respective responsibilities please see the appendices.



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OVERVIEW

Executive summary

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This summary provides an overview of the audit matters that we believe are important to the Committee in reviewing the results of the audit of the financial statements for City’s Cash and the individual Sundry Trusts for the year ended 31 March 2020.

It is also intended to promote effective communication and discussion and to ensure that the results of the audit appropriately incorporate input from those charged with governance.



Overview

Our audit work is substantially complete in respect of City’s Cash and is well advanced in respect of the Sundry Trusts and, subject to the successful resolution of outstanding matters (page 37), we anticipate issuing an unmodified audit opinion on all financial statements for the year ended 31 March 2020 in line with the agreed timetable.

Emphasis of Matter

We expect to issue two audit opinions with an emphasis of matter paragraph;

- City’s Cash - the enhanced disclosures relating to areas of estimation and uncertainty pertaining to the valuation of investment properties
- The City of London Education Trust - as this charity is due to be wound up, the financial statements are prepared on a basis other than going concern.

These opinions are not qualified, the enhanced disclosures within the respective financial statements detailed above have resulted in a reference in our audit opinion as an “Emphasis of Matter” given the potential impact on the financial statements.

Outstanding matters are listed on page 37 in the appendices.

There were no significant changes to the planned audit approach however due to the impact of COVID-19, we have raised an additional risk over going concern. No other additional significant audit risks have been identified.

No restrictions were placed on our work.

THE NUMBERS

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Final Materiality

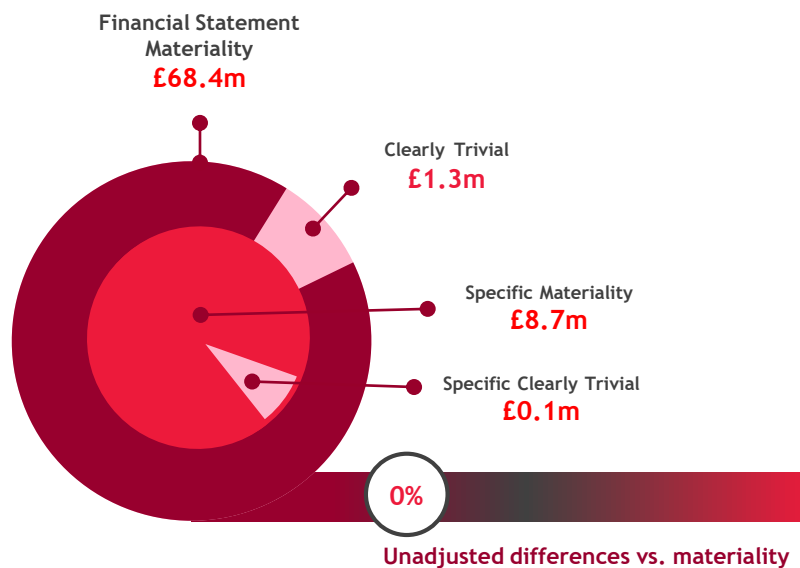
Financial Statement Materiality was determined based upon 2% of total assets and Specific Materiality was determined based upon 5% of total income.

There were no changes to final materiality and triviality from that reported in our planning report other than being updated for the actual results for the year ended 31 March 2020.

Unadjusted audit differences

We have not identified any unadjusted audit differences for City's Cash. Details of adjusted differences can be found on page 24.

We have identified a small number of audit differences within the Sundry Trust entities. Details of can be found on page 24.



OTHER MATTERS

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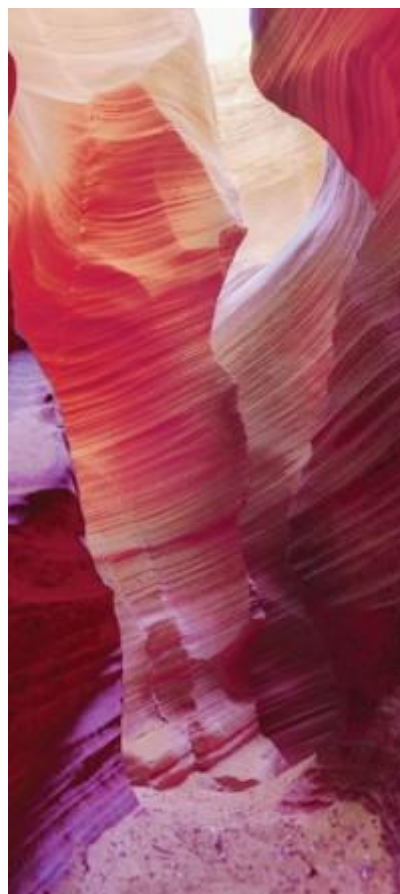
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Financial reporting

- We have not identified any non-compliance with accounting policies or applicable accounting framework.
- No significant accounting policy changes have been identified impacting the current year.
- The draft Annual Report for City's Cash and Trustees' Reports for the Sundry Trusts has been reviewed and the resulting comments have been considered by the management team and incorporated into subsequent drafts. Comments on significant disclosures are considered on page 22 of this report.



Other matters that require discussion or confirmation

- Confirmation on fraud, contingent liabilities and subsequent events.
- Letter of Representation (see page 47).
- Completion of post balance sheet event review up to point of signing the financial statements.

Independence

- We confirm that the firm and its partners and staff involved in the audit remain independent of City's Cash and the Sundry Trusts in accordance with the FRC's Ethical Standard.

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OVERVIEW - SIGNIFICANT RISKS

As identified in our audit planning report dated 17 March 2020, we assessed the following matters as being the most significant risks of material misstatement in the financial statements. These include those risks which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit and the directing of the efforts of the engagement team.

Significant Audit Risk	Entities covered	Significant Management Judgement Involved	Use of Experts Required	Error Identified	Control Findings to be reported in Completion report	Specific Letter of Representation Point	Discussion points for Audit Committee
1. Management Override of Controls	All	Yes	No	No	No	No	No
2. Fraud in Income Recognition	All	Yes	No	No	No	Yes	No
3. Investment Property Valuation	CC	Yes	Yes	No	No	Yes	Yes - Material Uncertainty
4. Pension Liability Valuation	CC	Yes	Yes	No	No	Yes	No



MANAGEMENT OVERRIDE OF CONTROLS

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ISA (UK) 240 presumes that management is in a unique position to perpetrate fraud.

Significant management judgement

Use of experts

Unadjusted error

Adjusted error

Additional disclosure required

Control Finding

Letter of Representation point

Risk description

ISA (UK) 240 - The auditor's responsibilities relating to fraud in an audit of financial statements requires us to presume that the risk of management override of controls is present and significant in all entities.

Details

- We have worked closely with our IT team to gain an understanding of the financial systems in place and assess controls for potential scope for management override including the use of automated journals and administrator access accounts.
- We have used data analytics tools to inspect journals processed throughout the year and as part of the financial reporting closing process for any unusual transactions.
- We have also conducted a specific review of journals posted during the work from home period at the end of March, as well as journals posted by admin users.
- We have assessed and corroborated significant management estimates and judgements in following key areas:
 - Allocation of costs
 - Valuation of investment properties and financial investments - see pages 11 and 16 for further detail
 - Estimation and allocation of the pension scheme liability
 - Going concern assumptions - see page 21 for further detail

Details (continued)

- We have performed a detail review of the cost allocation model including understanding the methods used to allocate costs between funds within the Corporation and testing of this allocation to ensure accuracy of the expenditure charged to City's Cash.

Results and conclusion

- Our audit work on journals at this stage remains ongoing however our work so far has not identified any instances of inappropriate management override.
- We have not noted any management bias in accounting estimates. Our detailed conclusions on significant estimates are set out within this report.
- We have identified no significant or unusual transactions that may be indicative of fraud in relation to management override of controls.
- We have not identified any issues with the allocation of costs.

FRAUD IN INCOME RECOGNITION

ISA (UK) 240 presumes that income recognition presents a fraud risk.

Significant management judgement

Use of experts

Unadjusted error

Adjusted error

Additional disclosure required

Control Finding

Letter of Representation point

Risk description

- Under auditing standards there is a presumption that there is a risk of fraud in income recognition.
- For City's Cash, we consider there to be a significant risk in respect of the completeness of investment property income and education income (including tuition fees, grants, donations and charges for the use of facilities), due to the cut off risk around the year end. Together these account for approximately 89% of total income.
- The Sundry Trusts we consider there to be a significant risk in respect of the completeness of the contribution from City's Cash, grants, donations and legacies, fees and charges (including admissions), rental income and investment income. For grants, donations and legacies we also consider there to be a risk that any relevant restrictions are not correctly identified.

Details

We have carried out audit procedures to gain an understanding of the internal control environment for the significant income streams, including how this operates to prevent loss of income and have ensured that income is recognised in the correct accounting period.

Our audit procedures included substantive testing on the material income streams and cut off testing to ensure income is recognised in the correct period and appropriately classified as restricted (charity entities only) such as;

Details (continued)

- Tested a sample of fees and charges to ensure that income has been recorded in the correct period and that all income that should have been recorded has been;
- We have agreed a sample of rental income to invoice and lease agreements. Where rental periods cross year-end, we have checked the split between years is correct.
- Rental information from the property management system has been reconciled to total rental revenue recognised.
- We selected a sample of properties from the property management system and agreed these to the general ledger and supporting leases to ensure completeness.
- We have performed cut-off testing for all revenue streams by reviewing transactions around the year-end date.

FRAUD IN INCOME RECOGNITION (CONTINUED)

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ISA (UK) 240 presumes that income recognition presents a fraud risk.

Significant management judgement

Use of experts

Unadjusted error

Adjusted error

Additional disclosure required

Control Finding

Letter of Representation point

Results and conclusion cont.

Investment Property Income

- We traced a sample of rental income amounts through to lease agreements. We also obtained a report from the tenant system and developed an expectation of the rental income for the year and compared this to the general ledger.
- Our testing was completed satisfactorily.

Education income (including tuition fees, grants, donations and charges for the use of facilities)

- We obtained details of student fees and pupil numbers and performed substantive analytical procedures to develop an expectation of education income which was then compared to actual results.
- We also traced a sample of individual pupil fees to supporting documentation.
- No issues noted from our work on education income.

Market income

- We traced a sample of market income through to supporting documentation. No issues were noted.

Other Income

- We traced a sample of other income through to supporting documentation. No issues were noted.

Results and conclusion (continued)

Grants, donations and legacies (including contributions from City's Cash)

- No issues noted from our sample testing performed

Fees and charges (including admissions)

- No issues noted from our sample testing performed

INVESTMENT PROPERTY VALUATION

There is a risk over the valuation of investment properties where valuations are based on significant assumptions.

Significant management judgement

Use of experts

Unadjusted error

Adjusted error

Additional disclosure required

Control Finding

Letter of Representation point

Risk description

- City's Cash holds an extensive portfolio of investment properties, which are reported at fair value at the balance sheet date.
- The Corporation has appointed two valuers relevant to City's Cash, who perform a year-end valuation based on data provided by the Surveyors Team at the Corporation.
- Due to the significant value of the investment properties and the high degree of estimation uncertainty, there is a risk over the valuation of these assets where valuations are based on assumptions, or where updated valuations have not been provided at the year-end.
- It is also noted that the impact of Covid-19 increased the level of uncertainty around property valuations around the year end.

Details

As part of our audit work, we have performed procedures including the following:

- Assessed the qualifications and competence of the valuers used
- Reviewed the instructions provided to the valuers and reviewed the valuers; skills to determine whether we can rely on management's expert
- Verified a sample of data provided to the valuers (such as rental income) to use as inputs within the valuation process

- Confirmed that the basis of valuation for each asset is appropriate based on their usage
- Reviewed assumptions used by the valuers and movements in values relative to market indices, and challenged valuations lying outside our expectations with the corresponding valuer.
- Consulted extensively with both our Real Estate and BDO Valuation teams regarding the reasonableness of the assumptions and benchmarks used for specific properties where a higher degree of judgement has been applied (for example more unique properties or developments)
- Held meetings with the Surveyors Team and Valuers during the valuation process
- Compared movements in the valuation of assets year-on-year and investigated unusual movements.

Results and conclusion

- Our review of the instructions to the valuers and the valuers' skills and expertise did not identify any issues. We agreed that the basis of valuation for each property valued is appropriate.
- No issues were identified as a result of our work around the accuracy and completeness of the data provided by the Corporation to the valuers.
- Investment properties are valued by reference to highest and best use market value using an income based approach. Investment properties increased in value by £87.4m to £2,052.3m (4%) in 2019/20 driven primarily by the revaluation increment of £83.4m.

INVESTMENT PROPERTY VALUATION (CONTINUED)

There is a risk over the valuation of investment properties where valuations are based on significant assumptions.

Significant management judgement
Use of experts
Unadjusted error
Adjusted error
Additional disclosure required
Control Finding
Letter of Representation point

Results and conclusion cont.

- We set yield expectations for the portfolio based on year-end market trends and property type (such as office, retail or industrial). These expectations also included consideration of a property's location and security of future income. We then compared the yields to our expectations, discussing properties outside of these further with the valuers.
- We consulted extensively with our Real Estate and Valuation teams, who confirmed that our base expectations and methodology were suitable for the portfolio of City's Cash.
- We note that due to the ongoing impact of Covid-19 as at the 31 March 2020, the valuers have included within their valuation reports, a "Material Valuation Uncertainty" clause in line with the guidance set out in the RICS Red Book Global. Due to a lack of comparable transactions around the year end they note that *"less certainty, and a higher degree of caution, should be attached to the valuations that would normally be the case."*
- Management are reviewing our suggestion to include reference to this uncertainty within the notes to the financial statements. We recommended some enhanced disclosure relating to the more specific considerations regarding the uncertainty in the context of the portfolio. Furthermore, given the potential significance of this uncertainty in the context of the assets of City's Cash, our audit opinion draws reference to this uncertainty by way of an "Emphasis of Matter".
- We have noted no other issues during the course of our testing.

PENSION LIABILITY VALUATION

There is a risk the membership data and cash flows used by the actuary in the roll-forward valuation may not be correct, or the valuation uses inappropriate assumptions to value the liability.

Significant management judgement
Use of experts
Unadjusted error
Adjusted error
Additional disclosure required
Control Finding
Letter of Representation point

Risk description

The LGPS pension fund is required to report the pension liability for estimated promised future benefits for the whole fund.

The Corporation's share of the net liability, including its share of the assets held in the pension fund, is allocated across the funds in proportion to the payroll cost for each fund. The City Fund also reports the pension liability for the City Police pension scheme. This is an unfunded scheme.

An actuarial estimate of the liability is calculated by an independent firm of actuaries.

The estimate will be based on the submission of membership data from the 2019 triennial valuation exercise for the LGPS and the 2017 triennial valuation for the police pension, updated at 31 March 2020 for factors such as mortality rates and expected pay rises along with other assumptions around inflation when calculating the liability.

There is a risk the valuation is not based on appropriate membership data where there are significant changes or uses inappropriate assumptions to value the liability

The proportion of the Pension Fund that relates to City's Cash is not separately identifiable and therefore 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 Corporation contributors to the scheme. The risk is therefore also focussed on the accuracy of this calculation.

Details

Our audit procedures undertaken as part of the Pension Fund audit and reviewed for the purposes of the City's Cash audit included the following:

- Assessed the qualifications and competence of the actuary through the use of PwC consulting actuary (auditor's expert);
- Reviewed the reasonableness of the assumptions used by Barnett Waddingham (management's expert) for the calculation of the liability against other local government and police pension actuaries' assumptions and other observable data using the benchmark range of acceptable assumptions provided by PwC consulting actuary (auditor's expert);
- Reviewed the controls for providing accurate membership data to the actuary;
- Checked the accuracy and completeness of the data set submitted to the actuary for the 2019 triennial valuation of the LGPS;
- Checked whether any significant changes in membership data had been communicated to the actuary;
- Discussed with the actuary the continuing impact of GMP equalisation and the McCloud judgement regarding age discrimination on the pension fund liability and impact on employer fund;
- Checked the accuracy of the calculations relating to the allocation of the share of the net assets across the funds in proportion to the employer's contribution's paid to the scheme; and
- Reviewed the reasonableness of the relevant disclosures in City's Cash relating to the basis of apportioning the net pension liability of the Corporation.

PENSION LIABILITY VALUATION (CONTINUED)

There is a risk the membership data and cash flows used by the actuary in the roll-forward valuation may not be correct, or the valuation uses inappropriate assumptions to value the liability.

Significant management judgement

Use of experts

Unadjusted error

Adjusted error

Additional disclosure required

Control Finding

Letter of Representation point

Results and conclusion

- We have agreed the disclosures to the information provided by the actuary
- We have taken assurance from the work undertaken on the Pension Fund audit regarding the review of the controls to ensure data provided to the actuary is complete and accurate.
- The allocation of the Corporation's share of LGPS assets and liabilities as 46% in City's Cash is reasonable based on the proportion of payroll costs for each Fund.
- A full assessment of the pension scheme assumptions is set out in the BDO report to the Committee on the City Fund. These are also set out in the representation letter.

OVERVIEW - OTHER RISKS

Other audit risks

As either identified in our audit planning report dated 17 March 2020 or reflecting the subsequent Covid-19 pandemic, we assessed the following matters as being normal risks of material misstatement in the financial statements but areas of audit focus.

Audit Risk	Entities covered	Significant Management Judgement Involved	Use of Experts Required	Error Identified	Control Findings to be reported in Completion report	Specific Letter of Representation Point	Discussion points for Audit Committee
4. Investment Valuations	CC	No	Yes	Yes	No	Yes	No
5. Related Party Transactions	All	No	No	Yes	Yes	Yes	No
6. Decommissioning Provision	CC	Yes	Yes	No	No	No	No
7. Going Concern Impact of Covid-19	All	No	No	No	No	Yes	No

 Areas requiring your attention

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INVESTMENT VALUATIONS

There is a risk that investment valuations may not be corrected reported at year end.

Significant management judgement

Use of experts

Unadjusted error

Adjusted error

Additional disclosure required

Control Finding

Letter of Representation point

Risk description

- The investment portfolio within City's Cash includes unquoted infrastructure, private equity holdings and pooled investment vehicles (held through unit trusts). The unquoted infrastructure funds and private equity funds are valued by the General Partner or fund manager using valuations obtained from the underlying partnerships and investments. The valuation of other funds are provided by individual fund managers and reported on a monthly basis.
- Valuations for private equity are provided at dates that are not coterminous with the year end for City's Cash and need to be updated to reflect cash transactions (additional contributions or distributions received) up to 31 March. There is a risk that private equity investments valuations may not be appropriately adjusted to include additional contributions or distributions at the year end.
- There is a risk that investments may not be appropriately valued and correctly recorded in the financial statements

Details

Our audit procedures included the following:

- For unquoted infrastructure and private equity investments, we obtained direct confirmation of investment valuations from the General Partner or fund manager and obtained copies, where applicable, of the audited report on internal controls / audited financial statements of the underlying partnerships (and member allocations). We also considered if appropriate adjustments had been made to the valuations in respect of additional contributions to and distributions from the funds;
- For pooled investments, we obtained direct confirmation of investment valuations from the fund managers and agreed independent valuations, where available, provided by the custodian;
- Obtained independent assurance reports over the controls operated by both the fund managers and custodian for valuations and existence of underlying investments in the funds; and
- Agreed the allocation of amounts for each fund where there is pooling of investments across the funds.

INVESTMENT VALUATIONS (CONTINUED)

There is a risk that investment valuations may not be corrected reported at year end.

Significant management judgement

Use of experts

Unadjusted error

Adjusted error

Additional disclosure required

Control Finding

Letter of Representation point

Results and conclusion

We have agreed investments to confirmations received from investment managers.

We have confirmed a sample of listed investment balances to external published sources. We have also performed testing over purchases and sales of Investments.

Our testing of the private equity and other non listed elements of the portfolio identified that some investments were included in the initial workings provided to us based on the 31 December 2019 valuation, rather than as at 31 March 2020. This has subsequently been corrected by management in the final accounts (decreasing the value of investments by £2.9 million).

Our review of the control environment of the investment managers noted that 3 fund managers received qualified audit reports on internal controls (Lindsell Train, Majedie and Aviva). The value of investments held by these fund managers across the City of London Corporation at the year end was £205 million.

We recommend that the Financial Investment Board takes this into account when reviewing the performance of the individual fund managers.

Results and conclusion

We are satisfied that the overall valuation of financial investments is materially correct.

RELATED PARTY TRANSACTIONS

There is a risk that related party disclosures are not complete and accurate.

Significant management judgement

Use of experts

Unadjusted error

Adjusted error

Additional disclosure required

Control Finding

Letter of Representation point

Risk description

- Whilst you are responsible for the completeness of the disclosure of related party transactions in the financial statements, we are also required to consider related party transactions in the context of fraud as they may present greater risk for management override or concealment or fraud. Our audit approach includes the consideration of related party transactions throughout the audit including making enquiries of management and the Audit and Risk Management Committee.
- There is a risk that related party disclosures are not complete and accurate, and disclosed in accordance with FRS102 as required for City's Cash.

Details

As part of our audit work, we have completed the following:

- Gained an understanding of the controls and processes around the identification and disclosure of related party transactions.
- Obtained and reviewed related party declarations for all members, and cross-referenced these to Companies House and Charity Commission searches for completeness.
- Performed a search of the complete payables and receivables listings for City's Cash for identified potential related parties.

Results and conclusion

- During our review of declarations, it was noted that a number of declarations have not been completed accurately nor completely, with the member either leaving sections blank, or omitting to sign the forms. In a number of cases, subsequent online searches identified additional potential related parties which had not been declared on the forms. A control point has been raised regarding this matter.
- Four errors were noted during our review of the related parties disclosure, where transactions have either not been disclosed, or disclosed incorrectly. This has been updated in the latest draft accounts.
- No additional issues have been noted, however we await the receipt of the remaining declarations to enable us to complete our testing. If these are not received we will need to complete additional procedures to ensure completeness of related parties.

DECOMMISSIONING PROVISION

There is a risk that the site remediation costs will not be calculated on a reasonable basis and not disclosed correctly.

Significant management judgement

Use of experts

Unadjusted error

Adjusted error

Additional disclosure required

Control Finding

Letter of Representation point

Risk description

Barking Power, a subsidiary of City's Cash, is responsible for the rehabilitation of the current site. The decommissioning provision is in place to capture the costs associated with this rehabilitation. There is a risk that the costs of restructuring will not be calculated on a reasonable basis or disclosed correctly.

The provision has increased by £2.9m in the current year (representing an increase in the provision estimate of £5.3m offset by amounts utilised of £2.4m). There are significant estimates and assumptions which are incorporated into the assessment of the quantum of total site remediation costs including contingency costs and contractor risks. The judgmental nature of these estimates is considered to be the main contributor to the risk in relation to these balances.

Management engage third party experts to assist with the assessment of the costs to restore the site however additional top-side adjustments are recorded by management to increase the provision in excess of the figure provided by experts.

Description	Cost (£m)
Gross cost per G&T report	32.8
Less: Items not in compliance with UK GAAP	(17.9)
Net site remediation costs per G&T	14.9
Risk contingency	5.0
Other costs	2.4
CoL margin	1.1
Less: Utilised or spent	(2.4)
Provision as at balance sheet date	20.9

Details

We have undertaken the following audit procedures in this area:

- Obtained and reviewed the report produced by management's third party experts (Gardiner & Theobald (G&T));
- Evaluated whether management's expert has the necessary competence, capabilities, and objectivity for the purposes of accurately analysing the costs associated with decommissioning.
- Used professional scepticism on each category of cost built into the provision to determine if costs; were a present obligation due to past usage of the facility, were probable (more likely than not), and could be measured reliably;

DECOMMISSIONING PROVISION (CONTINUED)

There is a risk that the costs of restructuring will not be calculated on a reasonable basis and not disclosed correctly.

Significant management judgement

Use of experts

Unadjusted error

Adjusted error

Additional disclosure required

Control Finding

Letter of Representation point

Details continued

- Reconciled the overall provision balance to the figures within management's expert's report and understood the basis for additional items; and
- Challenged the costs provided for by management, tying figures back to independent expert reports (where applicable), testing reasonability of assumptions by using judgement, and performing recalculation of key calculations.

Results and conclusion

Based on the work performed, we have concluded the following:

- Management have engaged an appropriately competent and objective expert to assist in the calculation of the balance
- Amounts included within the provision for site restoration costs only include those items which have arisen as a result of past events and therefore meet the criteria for provisions under FRS 102
- Management have included additional amounts for risk contingency and other costs. The G&T report only includes 'tangible' costs such as physical demolitions and contractor costs. The other costs represents legal and consultancy costs and are considered appropriate. The risk contingency has increased significantly since the prior year. We have obtained underlying support for this balance (detailed assessment and quantification of risks). It is considered to be appropriate albeit at the prudent end of the range.

We therefore believe that the provision is appropriately stated as at 31 March 2020.

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GOING CONCERN - IMPACT OF COVID-19

In an uncertain environment where business continuity plans have been activated, forecasting future cash flows with any degree of certainty is challenging.

Significant management judgement

Use of experts

Unadjusted error

Adjusted error

Additional disclosure required

Control Finding

Letter of Representation point

Risk description

It is the Trustee's responsibility to make an assessment of the entities ability to continue as a Going Concern to support the basis of preparation for the financial statements. This is a requirement of both Charities Act 2011 and accounting standards.

This assessment should be supported by detailed cash flow forecasts with clear details of the key underlying assumptions, consideration of available finance throughout the forecast period, and a consideration of the forecast's sensitivity to reasonably possible variations in those assumptions along with any other relevant factors.

The 2019 Novel Coronavirus infection ('coronavirus') or 'COVID-19' outbreak poses a serious public health threat. It has interrupted the movement of people and goods throughout the world, and many levels of government are instituting restrictions on individuals and businesses. The resulting impact on financial reporting will be significant.

Details

For all entities, we have obtained an understanding of the business model, objectives, strategies and related business risk, the measurement and review of the entity's financial performance including forecasting and budgeting processes and the entity's risk assessment process. We have reviewed;

- The 2021 City of London Corporation budget and medium term plan for City's Cash.
- The Trustee's plans for future actions in relation to the going concern assessment including whether such plans are feasible in the circumstances.
- We have considered managements response to Covid-19 and the assumptions that underpin this response.
- We have considered the impact of financial covenants and headroom on those covenants.
- The adequacy and appropriateness of disclosures in the financial statements regarding the going concern assessment and any material uncertainties that may exist.

Results and conclusion

We concur with management and the Trustee, that while there is uncertainty in relation to the impact of COVID-19 on City's Cash and the Sundry Trusts, this does not pose a material uncertainty and hence there is no impact on our audit opinion. We are content that there is adequate disclosure in the financial statements relating to going concern.

ESTIMATES

Key Estimates

Defined Benefit Pension Scheme

See Page 13

The LGPS pension fund is required to report the pension liability for estimated promised future benefits for the whole fund. The Corporation's share of the net liability, including its share of the assets held in the pension fund, is allocated across the funds in proportion to the payroll cost for each fund.

As at 31 March 2020 the allocation of the total Corporation's defined benefit pension for City's Cash decreased to 46% (2019, 47%).

The fund position at the year end is based on a complex calculation with the assumptions having a significant impact on the value of the reported surplus/deficit.

Fair Value of investment properties

The fair value of investment property is determined by the valuers to be the estimated amount for which a property should exchange on the date of the valuation in an arm's length transaction.

See page 11

Going concern

Management and the Trustee are required to consider at least the 12 month period from date of sign off in assessing the going concern assumption

See page 21

Investment Valuations

Inappropriate assumptions may be used to value investments

See page 16

Amortisation of Goodwill

Goodwill of £39.3m was generated as part of the purchase of Barking Power Limited and Thames Power Service Limited in FY 2018/2019. Goodwill is required to be amortised over its useful life. Goodwill is amortised over the maximum allowable period under FRS102, 10 years.

Management have currently been unable to confirm the eventual use of the Barking site due to ongoing planning and other considerations. We noted during review of the Policy and Resources Committee minutes Members demonstrate continued support for consolidating the markets on this site.

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MATTERS REQUIRING ADDITIONAL CONSIDERATION

Fraud

Whilst the Trustee has ultimate responsibility for prevention and detection of fraud, we are required to obtain reasonable assurance that the financial statements are free from material misstatement, including those arising as a result of fraud. Our audit procedures did not identify any fraud. We will seek confirmation from you whether you are aware of any known, suspected or alleged frauds since we last enquired when presenting the audit plan on 17 March 2020.

Related parties

Whilst you are responsible for the completeness of the disclosure of related party transactions in the financial statements, we are also required to consider related party transactions in the context of fraud as they may present greater risk for management override or concealment or fraud.

We identified the following significant matters in connection to related parties

- A number of declarations have been returned by members either incomplete or unsigned. This is likely to hinder management in the preparation of a complete and accurate related party disclosure.

Laws and regulations

The most significant general legislation for your entities are Charities Acts, VAT legislation, Employment Taxes, Health and Safety and the Bribery Act 2010. We made enquiries of management and reviewed correspondence with the relevant authorities.

We did not identify any non-compliance with laws and regulations that could have a material impact on the financial statements.

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OVERVIEW: AUDIT DIFFERENCES AND DISCLOSURES

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Unadjusted audit differences:

We are required to bring to your attention unadjusted differences and we request that you correct them.

No unadjusted audit differences have been identified by our audit work for City's Cash.

A small number of unadjusted differences have been identified in the Sundry Trust entities. See pages 27-30 for more detail.

Unadjusted financial reporting matters

We are required to bring to your attention financial reporting disclosure omissions and improvements that the Audit Committee is required to consider.

At this stage we are working with management to finalise financial reporting matters. We will provide a verbal update at the meeting.

Adjusted audit differences

A small number of audit adjustment have been posted through the accounts by the finance team subsequent to the draft accounts presented for audit.

Details of the adjusted audit differences can be found on pages 24-26.

Adjusted financial reporting matters

At this stage we are working with management to finalise financial reporting matters. We will provide a verbal update at the meeting.

See page 31 for more detail.



ADJUSTED AUDIT DIFFERENCES: SUMMARY

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There were 3 differences identified during the audit, 1 by Management and 2 by our audit work that were adjusted by Management after providing us with the first draft accounts. This decreased draft net expenditure by £0.8m and increased draft net assets of by £0.8m. In addition to this, 1 further audit adjustment of £2.9m (see slide 17) was identified by our audit work and corrected by management prior to producing the first draft accounts.

ADJUSTED AUDIT DIFFERENCES: CITY'S CASH

Details for the current year

Adjusted audit differences	Income and expenditure		Balance sheet	
	£'000	£'000	£'000	£'000
Adjustment 1: To correctly accrue for loan interest for the last 19 days of the financial year				
DR Interest expense	310			
CR Accruals				(310)
Adjustment 2: To correctly recognise loan arrangement fees and amortise over the life of the loan rather than expense				
DR Borrowings			1,084	
CR Expenditure		(1,084)		
Adjustment 3: To reverse a manual adjustment for insurance premiums paid in advance and recharged to other entities				
DR Prepayments			2,088	
CR Creditors				(2,088)
Total Adjusted audit differences	310	(1,084)	3,172	(2,398)

ADJUSTED AUDIT DIFFERENCES: SIR THOMAS GRESHAM CHARITY

Details for the current year

	Income and expenditure			Balance sheet	
	£000	£000	£000	£000	£000
	Dr	Cr	Dr	Cr	
Unadjusted audit differences	£000	Dr	Cr	Dr	Cr
Net expenditure for the year before adjustments	(2)				
Adjustment 1: Council tax incorrectly charged					
Dr Other creditors				0.5	
Cr Expenses			(0.5)		
Net expenditure for the year if adjustments accounted for	(1.5)				

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UNADJUSTED AUDIT DIFFERENCES: WEST HAM PARK

Details for the current year

	Income and expenditure			Balance sheet	
	£000	£000	£000	£000	£000
	Dr	Cr		Dr	Cr
Unadjusted audit differences	£000	Dr	Cr	Dr	Cr
Net expenditure for the year before adjustments	(10)				
Adjustment 1: Incorrect recognition of accrual					
DR Accruals				5	
CR Expenditure		(5)			
Net expenditure for the year if adjustments accounted for	(5)				

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UNADJUSTED AUDIT DIFFERENCES: SIR THOMAS GRESHAM CHARITY

Details for the current year

	Income and expenditure			Balance sheet	
	£000	£000	£000	£000	£000
	Dr	Cr	Dr	Cr	
Unadjusted audit differences					
Net expenditure for the year before adjustments	(2)				
Adjustment 1: Leased asset amortised over incorrect period					
Dr Reserves			0.6		
Cr Leased Asset				(0.6)	
Net expenditure for the year if adjustments accounted for	(2)				

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UNADJUSTED AUDIT DIFFERENCES: WEST WICKHAM COMMON AND SPRING PARK COULSDON & OTHER COMMONS

Details for the current year

	Income and expenditure			Balance sheet	
	£000	£000 Dr	£000 Cr	£000 Dr	£000 Cr
Unadjusted audit differences	£000				
Net expenditure for the year before adjustments	(9)				
Adjustment 1: Debtor no longer deemed recoverable					
DR Bad debt provision		34			
CR Debtors					(34)
Adjustment 2: Incorrect expense recognition					
DR Creditors				1.2	
CR Expenditure			(1.2)		
Net expenditure for the year if adjustments accounted for	(41.8)				

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ADJUSTED DISCLOSURE OMISSIONS AND IMPROVEMENTS

Disclosure omissions and improvements

We are required to bring to your attention other financial reporting matters that the Audit & Risk Management Committee is required to consider.

We have made various suggestions to enhance the report and financial statements with the primary focus of these comments relating to additional disclosures relating to Covid-19 and the material uncertainty relating to investment properties.

Our comments have been taken into consideration by management and are being considered for inclusion in subsequent drafts of the annual report.



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ADDITIONAL MATTERS

Details for the current year

We have comments on the following additional matters:

	Significant matter	Comment
1	Significant difficulties encountered during the audit.	No exceptions to note.
2	Significant matters that arose during the audit that were discussed or were subject to correspondence with management	We encountered some challenges with regards to obtaining hard copy supporting documentation and timeliness in our audit work due to remote working as a result of COVID-19 government lockdown.
3	Serious incident reporting	One Serious Incident Report has been submitted to the Charity Commission in the year in relation to the City of London Almshouses
4	Written representations which we seek.	We enclose a copy of our draft representation letter
5	Any fraud or suspected fraud issues.	No exceptions to note.
6	Any suspected non-compliance with laws or regulations	No exceptions to note.
7	Any misstatements in opening balances that exist in the current period financial statements	No exceptions to note.
8	Significant matters in connection with related parties.	See page 18 for detailed findings regarding related parties.
9	Any other significant matters arising relevant to the oversight of the financial reporting process	No matters noted.

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CONTROL ENVIRONMENT: OBSERVATIONS NOTED

We are required to report to you, in writing, significant deficiencies in internal control that we have identified during the audit. These matters are limited to those which we have concluded are of sufficient importance to merit being reported to the Audit Committee.

We have not identified any significant deficiencies in internal control. One control observation is noted below.

As the purpose of the audit is for us to express an opinion on the financial statements, you will appreciate that our audit cannot necessarily be expected to disclose all matters that may be of interest to you and, as a result, the matters reported may not be the only ones which exist.

As part of our work, we considered internal control relevant to the preparation of the financial statements such that we were able to design appropriate audit procedures. This work was not for the purpose of expressing an opinion on the effectiveness of internal control.

Area	Observation	Implication	Recommendation	Management response
Related Party Transactions	During testing, it was noted that a number of related party declarations have been returned by members with sections missing. When performing our own checks, we have noted that these members do have potential related parties that they have not disclosed.	Not receiving complete declarations may lead to management not identifying related party transactions during the accounts preparation process, and may also influence financial decisions during the year if a related party is not included on a register of interest.	We recommend that the importance of the declarations is reinforced to all members, through training if necessary. These declarations should then be reviewed when returned to ensure all information is complete before they are then subject to our review and consideration.	We confirm that we will be reviewing the processes for related party transactions during the year.

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AUDIT REPORT OVERVIEW

Opinion on financial statements

We anticipate issuing an unmodified opinion on all financial statements.

Emphasis of Matter

We anticipate issuing two audit opinions with an emphasis of matter paragraph;

- City’s Cash - the enhanced disclosures relating to areas of estimation and uncertainty pertaining to the valuation of investment properties
- The City of London Education Trust - as this charity is due to be wound up the financial statements are prepared on a basis other than going concern.

These opinions are not qualified, the enhanced disclosures within the respective financial statements detailed above have resulted in a reference in our audit opinion as an “Emphasis of Matter” given the potential impact on the financial statements.

Comments on the Annual Report and statutory other information

We have identified no material misstatements in the statutory other information accompanying the financial statements.

Other information

We have reviewed the other information accompanying the financial statements in the annual report. We have not identified any material misstatements that would need to be referred to in our report.

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INDEPENDENCE

Under ISAs (UK) and the FRC’s Ethical Standard we are required, as auditors, to confirm our independence.

Under ISAs (UK) and the FRC’s Ethical Standard, we are required as auditors to confirm our independence.

We have embedded the requirements of the Standards in our methodologies, tools and internal training programmes. Our internal procedures require that audit engagement partners are made aware of any matters which may reasonably be thought to bear on the integrity, objectivity or independence of the firm, the members of the engagement team or others who are in a position to influence the outcome of the engagement. This document considers such matters in the context of our audit for the year ended 31 March 2020.

Details of services, other than audit, provided by us to City’s Cash and the Sundry Trusts during the period and up to the date of this report were provided in our planning report. We understand that the provision of these services was approved by the Audit Committee in advance in accordance with the Charity’s policy on this matter.

Details of rotation arrangements for key members of the audit team and others involved in the engagement were provided in our planning report.

We have not identified any other relationships or threats that may reasonably be thought to bear on our objectivity and independence.

We confirm that the firm, the engagement team and other partners, directors, senior managers and managers conducting the audit comply with relevant ethical requirements including the FRC’s Ethical Standard or the IESBA Code of Ethics as appropriate and are independent of City’s Cash and the Sundry Trusts.

We also confirm that we have obtained confirmation of independence from non BDO auditors and external audit experts involved in the audit comply with relevant ethical requirements including the FRC’s Ethical Standard and are independent of City’s Cash and the Sundry Trusts.

Should you have any comments or queries regarding any independence matters we would welcome their discussion in more detail.

FEES

Fees summary for year ended 31 March 2020

	£
City's Cash Financial Statements	146,000
Total non-audit services	-
Total fees	146,000



OUTSTANDING MATTERS

We have substantially completed our audit work in respect of the financial statements for the year ended 31 March 2020.

The following matters are outstanding at the date of this report and could impact our audit opinion. We will update you on their current status at the Committee meeting at which this report is considered:

City's Cash

- A number of related party declarations are currently outstanding from members.
- Two confirmations remain outstanding for the Private Placement
- CoL legal review of the Private Placement agreement to ensure basic instrument and no embedded derivatives
- A small number of outstanding information requests with management
- Review of amended financial statements
- Subsequent events review to date of signing the financial statements
- Receipt of signed letter of representation for all entities

Sundry Trusts

- Our work on the Trusts is substantially progressed, however, our audit work remains ongoing. There is some information outstanding with management and there is likely to be further information requests and questions from the audit team to order to conclude on all areas of work.
- Review of amended financial statements
- Subsequent events review to date of signing the financial statements
- Receipt of signed letters of representation for all entities

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TRUSTEE'S RESPONSIBILITIES EXPLAINED

The Trustee's Responsibilities and Reporting

The Members are responsible for preparing and filing an Annual Report and financial statements which show a true and fair view, comply with the Charities SOPR, prepared in accordance with UK GAAP.

Our audit of the financial statements does not relieve Management nor those charged with governance of their responsibilities for the preparation of the financial statements.

Further information regarding these responsibilities is provided in the engagement letter.

Trustee responsibilities	What this means
<ul style="list-style-type: none">Maintain adequate accounting records and maintain an appropriate system of internal control.Prepare the annual report and the financial statements which give a true and fair view and which are prepared in accordance with UK Generally Accepted Accounting PracticeSafeguard the assets of the organisation and take reasonable steps for the prevention and detection of fraud and other irregularities.	Further information regarding these responsibilities is provided in the engagement. We are happy to explain these in more detail to you.
<p>To make available to us, as and when required, all accounting records and related financial information.</p> <p>To provide us with Committee papers on key issues including but not limited to:</p> <ul style="list-style-type: none">Review of business risksGoing concern assessmentsImpairment reviewsAny key judgments and estimates.	<p>This includes information required from subsidiary entities incorporated in the UK and officers, employees or auditors of those subsidiary entities.</p>
<p>Having made enquiries state in the Trustee's report that:</p> <ul style="list-style-type: none">So far as Members (on behalf of the Trustee) are aware, there is no relevant audit information of which the auditors are unawareMembers have taken all reasonable steps they ought to have taken on behalf of the Trustee in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.	<p>In addition to answering our queries, this requires proactive behaviour in order to make us aware of any relevant information. Relevant information is very broad and includes any information needed in connection with our report.</p>

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Our responsibilities and reporting

We are responsible for performing our audit under International Standards on Auditing (UK) to form and express an opinion on your financial statements. We report our opinion on the financial statements to the members.

We report only those matters which come to our attention during the conduct of our normal audit procedures which are designed primarily for the purpose of expressing our opinion on the financial statements.

We are also required to report on the consistency of the Annual report with the Financial Statements and our knowledge of the organisation and their environment obtained in the course of the audit and whether they have been prepared in accordance with the requirements of FRS102 and the Charities SORP.

What we don’t report

Our audit is not designed to identify all matters that may be relevant to the board and cannot be expected to identify all matters that may be of interest to you and, as a result, the matters reported may not be the only ones which exist.

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FRAUD RISK

Respective responsibilities

In accordance with the International Standards on Auditing (UK) we are required to discuss with you the possibility of material misstatement, due to fraud or error. Below is a summary of the respective responsibilities of the Members, management, and the Auditor with regards to fraud:

Trustees' Responsibility

- To evaluate management’s identification of fraud risk, and implementation of anti-fraud measures; and
- To investigate any alleged or suspected instances of fraud brought to their attention.

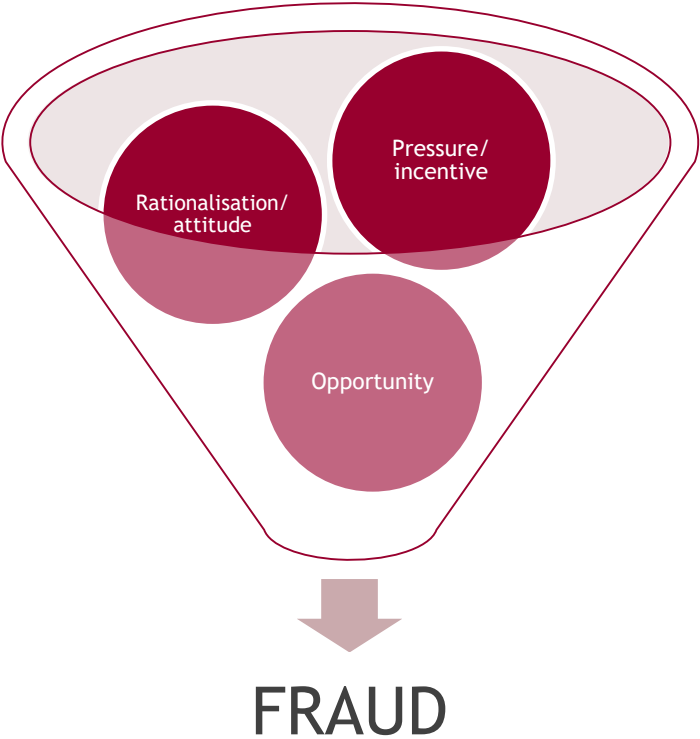
Management’s Responsibility

- To design and implement systems and controls that enables the organisation to prevent and detect fraud;
- To ensure that the organisation's culture promotes ethical behaviour; and
- To perform a risk assessment that specifically includes the risk of fraud, and consideration of whether having a whistleblowing policy in place.

Auditor’s Responsibility

- To evaluate and obtain sufficient appropriate audit evidence regarding the assessed risk of material misstatement due to fraud;
- To identify and assess the risks of material misstatement of the financial statements due to fraud; and
- To report fraud to an appropriate authority outside the entity where there is a suspected or actual instance suggesting dishonesty or fraud.

The auditor would also report to those charged with governance subject to “tipping-off” provisions under anti-money laundering legislation.



We will continue to consider fraud throughout the audit process and will discuss with the Audit & Risk Management Committee. We will liaise with management to determine any actual, suspected or alleged fraud known to them. We will discuss with management any knowledge they have of suspected or alleged fraud.

We will consider management’s process for identifying and responding to the risks of fraud, including the nature, extent and frequency of such assessments. We ask that Members advise us if they do not concur with the assessment made by management in your management representation letter to us.

The key questions we are required to ask the Members are as follows:

- Are you aware of any instances of actual, suspected or alleged fraud?;
- What are your processes for identifying and responding to the risk of fraud?; and
- What communication is made with the Audit & Risk Management Committee with regards to processes for identifying and responding to the risk of fraud?

COMMUNICATION WITH YOU

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Those Charged with Governance (TCWG)

References in this report to Those Charged With Governance are to the Audit and Risk Management Committee acting on behalf of the Trustee. For the purposes of our communication with those charged with governance you have agreed we will communicate primarily with the Audit and Risk Management Committee.

Communication, meetings and feedback

We request feedback from you on our planning and completion report to promote two way communication throughout the audit process and to ensure that all risks are identified and considered; and at completion that the results of the audit are appropriately considered.

We have met with management throughout the audit process. We have issued regular updates driving the audit process with clear and timely communication, bringing in the right resource and experience to ensure efficient and timely resolution of issues.

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BDO is totally committed to audit quality

It is a standing item on the agenda of BDO’s Leadership Team who, in conjunction with the Audit Stream Executive (which works to implement strategy and deliver on the audit stream’s objectives), monitor the actions required to maintain a high level of audit quality within the audit stream and address findings from external and internal inspections.

BDO welcomes feedback from external bodies and is committed to implementing a necessary actions to address their findings.

We recognise the importance of continually seeking to improve audit quality and enhancing certain areas. Alongside reviews from a number of external reviewers, the AQR (the Financial Reporting Council’s Audit Quality Review team), QAD (the ICAEW Quality Assurance Department) and the PCAOB (Public Charity Accounting Oversight Board who oversee the audits of US companies), the firm undertakes a thorough annual internal Audit Quality Assurance Review and as member firm of the BDO International network we are also subject to a quality review visit every three years.

We have also implemented additional quality control review processes for all listed and public interest audits.

More details can be found in our Transparency Report at www.bdo.co.uk

MATERIALITY: ALL ENTITIES

The basis for setting materiality for the funds is set out in the Executive Summary. Overall financial statement materiality has been assessed against a benchmark of assets held by each entity. A lower, specific materiality, has been set with reference to income and expenditure in the performance statement.

	2019/20			
	Materiality	CT	Specific materiality	Specific CT
City's Cash	£68.4m	£1.3m	£8.7m	£0.1m

The basis for setting materiality for the sundry trusts, is expenditure for all Trusts whose deficits are funded by City of London Corporation and gross assets for all other Trusts/entities.

A lower specific materiality has been set for those entities whose items of income and expenditure are significantly lower than the asset base.

The Audit and Risk Committee approved a de-minimis reporting level of £1,000 at the planning stage however our audit procedures have considered any items at the lower levels of clearly trivial (as set out below) both individually and in aggregate.

	2019/20			
	Materiality £	CT £	Specific materiality £	Specific CT £
Consolidated Entities				
Ashtead Common Preservation of the common at Ashtead	11,000	1,000	-	-
Burnham Beeches Preservation of the open space known as Burnham Beeches	27,000	1,000	-	-
Epping Forest Preservation of Epping Forest in perpetuity	136,000	2,700	357,000	7,000
Hampstead Heath (consolidated) Preservation of Hampstead Heath for the recreation and enjoyment of the public	938,000	18,750	492,500	30
Hampstead Heath Trust To meet a proportion of the maintenance cost of Hampstead Heath	401,000	8,000	406,500	8,100
Highgate Wood & Queens Park Kilburn Preservation of Hampstead Heath for the recreation and enjoyment of the public	30,500	1,000	-	-

MATERIALITY: ALL ENTITIES

	2019/20			
	Materiality £	CT £	Specific materiality £	Specific CT £
West Ham Park To maintain and preserve the Open Space known as West Ham Park	32,500	1,000	-	-
West Wickham Common and Spring Park Coulsdon & Other Commons Preservation of West Wickham Common and Spring Park Coulsdon & Other Commons	25,000	1,000	-	-
Keats House Maintenance of Keats House	7,500	1,000	-	-
Sir Thomas Gresham Charity To provide a programme of public lectures	1,000	1,000	-	-
Sundry Trusts				
Charities Administered ICW the City of London Freeman's School Promotion of education through prizes	3,400	1,000	-	-
City Educational Trust Fund Advancement of education through grants	62,750	1,250	4,350	1,000
City of London Almshouses Almshouses for poor or aged people	62,200	1,200	13,200	1,000
City of London Corporation Combined Education Charity Advancing education by the provision of grants and financial assistance	18,000	1,000	-	-
City of London Corporation Relief of Poverty Charity Relief of poverty for widows, widowers or children of a Freeman of the City of London	9,500	1,000	-	-
City of London Freeman's School Bursary Fund Promotion of education through bursaries	17,000	1,000	-	-

MATERIALITY: ALL ENTITIES

	2019/20			
	Materiality	CT	Specific materiality	Specific CT
	£	£	£	£
City of London School Bursary Fund Promotion of education through bursaries, scholarships and prizes	64,000	1,250	-	-
City of London School Education Trust Advancing education	1,000	1,000	-	-
City of London School for Girls Bursary Fund Promotion of education through bursaries, scholarships and prizes	77,650	1,550	44,750	1,000
Corporation of London Charities Pool Investments pool for Sundry Trusts	350,000	7,000	69,650	1,350
Emmanuel Hospital Payment of pensions and financial assistance to poor persons	52,350	1,000	-	-
Guildhall Library Centenary Fund Provision of education and training in library, archives, museum, and gallery services	1,000	1,000	-	-
King George's Field Open space for sports, games and recreation	1,000	1,000	-	-
Samuel Wilson's Loan Trust Granting of low interest loans to young people who have or are about to set up in business	44,650	1,000	4,200	1,000
Sir William Coxen Trust Fund Granting of assistance to eligible charitable trusts in the form of donations	43,650	1,000	-	-
Vickers Dunfee Memorial Benevolent Fund Financial assistance to distressed past and present members of the City of London Special Constabulary and their dependents	11,500	1,000	-	-

LETTER OF REPRESENTATION

TO BE TYPED ON YOUR HEADED NOTEPAPER

BDO LLP
2 City Place
Beehive Ring Road
Gatwick
West Sussex, RH6 0PA

Dear Sirs

Financial Statements of City's Cash for the year ended 31 March 2020

We confirm that the following representations given to you in connection with your audit of City's Cash and its subsidiaries (together "the financial statements") for the year ended 31 March 2020 are made to the best of our knowledge and belief, and after having made appropriate enquiries of the City of London Corporation and officials of City's Cash and other group entities as appropriate.

We have fulfilled our responsibilities as the City of London Corporation for the preparation and presentation of the group and City's Cash financial statements as set out in the terms of the audit engagement letter, and in particular that the financial statements give a true and fair view of the financial position of the group and City's Cash as at 31 March 2020 and of the results of the group's and City's Cash operations and cash flows for the year then ended in accordance with the applicable financial reporting framework and for making accurate representations to you.

We have provided you with unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence. In addition, all the accounting records of the City's Cash have been made available to you for the purpose of your audit and all the transactions undertaken by City's Cash have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of all management and trustees' any other key City of London Corporation committee meetings have been made available to you.

Going concern

We have made an assessment of the group's and City's Cash's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements were approved for release. As a result of our assessment we consider that the group and City's Cash are able to continue to operate as a going concern and that it is appropriate to prepare the financial statements on a going concern basis.

In making our assessment, we considered the financial impact of Covid-19. We have appropriately disclosed the inherent uncertainty in our operating environment and its impact on our going concern assessment in our financial statements and narrative reports.

Having performed our assessment we were able to conclude that the charity is able to continue to operate as a going concern and that it is appropriate to prepare the financial statements on a going concern basis.

In making our assessment we did not consider there to be any material uncertainty relating to events or conditions that individually or collectively may cast significant doubt on the group's and City's Cash's ability to continue as a going concern.

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LETTER OF REPRESENTATION

Laws and regulation

In relation to those laws and regulations which provide the legal framework within which our business is conducted and which are central to our ability to conduct our business, we have disclosed to you all instances of possible non-compliance of which we are aware and all actual or contingent consequences arising from such instances of non-compliance.

Post balance sheet events

Other than those disclosed in note 23, there have been no events since the balance sheet date which either require changes to be made to the figures included in the financial statements or to be disclosed by way of a note. Should any material events of this type occur, we will advise you accordingly.

Fraud and error

We are responsible for adopting sound accounting policies, designing, implementing and maintaining internal control, to, among other things, help assure the preparation of the financial statements in conformity with generally accepted accounting principles and preventing and detecting fraud and error.

We have considered the risk that the financial statements may be materially misstated due to fraud and have identified no significant risks.

To the best of our knowledge we are not aware of any fraud or suspected fraud involving management or employees. Additionally, we are not aware of any fraud or suspected fraud involving any other party that could materially affect the financial statements.

To the best of our knowledge we are not aware of any allegations of fraud or suspected fraud affecting the financial statements that have been communicated by employees, former employees, analysts, regulators or any other party.

Misstatements

We attach a schedule showing uncorrected misstatements that you identified, which we acknowledge that you request we correct. Where appropriate we have explained our reasons for not correcting such misstatements below.

In our opinion, the effects of not correcting such identified misstatements are, both individually and in the aggregate, immaterial to the financial statements as a whole.

Related party transactions

We have disclosed to you the identity of all related parties and all the related party relationships and transactions of which we are aware. We have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the applicable accounting framework.

Other than as disclosed in note 22 to the financial statements, there were no loans, transactions or arrangements between the group and the members of the corporation or their connected persons at any time in the year which were required to be disclosed.

In the opinion of the City of London Corporation City's Cash has no controlling party.

Carrying value and classification of assets and liabilities

We have no plans or intentions that may materially affect the carrying value or classification of assets or liabilities reflected in the financial statements.

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LETTER OF REPRESENTATION

Accounting estimates

1. Pension fund assumptions

We confirm that the actuarial assumptions underlying the valuation of the Local Government Pension Scheme (LGPS) as applied by the scheme actuary, are reasonable and consistent with our knowledge of the business. These assumptions include:

- Rate of inflation (CPI): 1.9%
- Rate of inflation (RPI): 2.7%
- Rate of increase in salaries: 2.9%
- Rate of increase in pensions: 1.9%
- Rate of discounting scheme liabilities: 2.35%

We also confirm that the actuary has applied up-to-date mortality tables for life expectancy of scheme members in calculating scheme liabilities.

2. Valuation of investment properties

The property investment portfolio has been valued by Cushman and Wakefield and Savills in accordance with the RICS Global Standards 2020 as at 31 March 2020, based on tenancy and rental information that was correct at that date. We acknowledge the material uncertainty that accompanied the valuations from Cushman and Savills, and confirm the disclosures given in the financial statements are sufficient to bring a readers attention to this. *(To be confirmed once disclosures are made within the financial statements)*

3. Valuation of private equity investments

We confirm that private equity investments are valued based on the latest available information from the individual private investment fund managers as at 31 March 2020 and therefore represent fair value of the funds as at the balance sheet date.

4. Amortisation of Goodwill

We confirm that goodwill arising from the acquisition of Barking Power Limited and Thames Power Service Limited which is being written off over 10 years, currently represents our best estimate of its useful life, taking into account the ongoing discussions regarding the future of the site.

We confirm that no subsequent event requires adjustment to the accounting estimates and disclosures included in the financial statements.

Litigation and claims

We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements and these have been accounted for and disclosed in accordance with the requirements of accounting standards.

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Confirmation

We confirm that the above representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, of inspection of supporting documentation) sufficient to satisfy ourselves that we can properly make each of the above representations to you.

We confirm that the financial statements are free of material misstatements, including omissions.

We acknowledge our legal responsibilities regarding disclosure of information to you as auditors and confirm that so far as we are aware, there is no relevant audit information needed by you in connection with preparing your audit report of which you are unaware. Each trustee has taken all the steps that they ought to have taken as a member in order to make themselves aware of any relevant audit information and to establish that you are aware of that information.

Yours faithfully

Peter Kane

(Signed on behalf of the Trustee)

Date:

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FOR MORE INFORMATION:**Fiona Condron**

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m: +44(0)7979 706 565
e: fiona.condron@bdo.co.uk

The matters raised in our report prepared in connection with the audit are those we believe should be brought to your attention. They do not purport to be a complete record of all matters arising. This report is prepared solely for the use of the Charity and may not be quoted nor copied without our prior written consent. No responsibility to any third party is accepted.

BDO is an award winning UK member firm of BDO International, the world's fifth largest accountancy network, with more than 1,500 offices in over 160 countries.

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Committee(s): Audit and Risk Management Committee Finance Committee	Date(s): 3 November 2020 10 November 2020
Subject: City's Cash Trust Funds and Sundry Trust Funds Annual Reports and Financial Statements 2019/20	Public
Report of: The Chamberlain	For Decision
Report author: Steven Reynolds, Group Accountant	

Summary

This report seeks approval for:

- the Annual Reports and Financial Statements for the City's Cash Trust Funds (not City's Cash itself which will be covered under a separate report) for the year ended 31 March 2020, these are listed at Annex 1; and
- the Annual Reports and Financial Statements for the Sundry Trust Funds for the year ended 31 March 2020, these are listed at Annex 2.

The external auditor, BDO LLP is intending to issue an unqualified audit opinion and their report, including recommendations, is attached at Annex 3. The City of London Education Trust is due to be wound up and accordingly the financial statements have not been prepared on a going concern basis. To recognise this position the audit opinion includes an "emphasis of matter", although it should be noted that the opinion remains unqualified.

The financial statements of City's Cash Trust Funds and the Sundry Trusts for the year ended 31 March 2020 have been prepared in accordance with the Charities Statement of Recommended Practice (SORP) in accordance with the Financial Reporting Standard 102 (FRS 102).

The City's Cash Trust Funds held total funds of £54.4m as at 31 March 2020, which is £7.1m (11.5%) less than a year earlier (*paragraphs 7 to 10*).

The Sundry Trust Funds held total funds of £23.0m as at 31 March 2020, which is £3.5m (13.2%) less than a year earlier (*paragraph 11*).

The reduction in funds noted above, amounting to £10.6m, is largely due to the fall in the value of investments as a result of the impact of the Covid-19 on the financial markets during February and March 2020.

Recommendations

The Audit and Risk Management Committee is requested to:

- note that the external auditor BDO LLP intends to give an unqualified audit opinion;

- consider the contents of the Audit Management Report issued by BDO LLP; and
- recommend approval of the Annual Reports and Financial Statements for the City's Cash Trust Funds and the Annual Reports and Financial Statements for the Sundry Trust Funds for the year ended 31 March 2020 to the Finance Committee.

The Finance Committee is requested to:

- note that the external auditor BDO LLP intends to give an unqualified audit opinion;
- consider the contents of the Audit Management Report issued by BDO LLP; and
- delegate approval of the Annual Reports and Financial Statements for the City's Cash Trust Funds and the Annual Reports and Financial Statements for the Sundry Trust Funds for the year ended 31 March 2020 to the Chairman and Deputy Chairman, taking account of any observations from the Audit and Risk Management Committee on 3 November.

Main Report

Current Position

1. The 2019/20 Annual Report and Financial Statements for City's Cash Trust Funds (not City's Cash itself which will be covered under a separate report) and the Sundry Trust Funds are listed at Annexes 1 and 2 respectively.
2. The external auditor BDO LLP intends to give an unqualified opinion on the Annual Reports and Financial Statements of the City's Cash Trust Funds and the Sundry Trust Funds and has issued the draft Audit Management Report set out in Annex 3. We are pleased to report that no accounting changes were required to the financial statements of the Sundry Trusts. However, some immaterial unadjusted items relating to the consolidated City's Cash Trust Funds were identified and set out on page 25 and pages 28-30. Ordinarily, even though immaterial, these would be adjusted in their individual financial statements and those of City's Cash but were not due to the late timing of these being identified.
3. Regarding the City of London Education Trust, this charity is due to be wound up and accordingly the financial statements have not been prepared on a going concern basis. To recognise this position and the enhanced disclosures within the financial statements, the audit opinion includes an "emphasis of matter", although it should be noted that the opinion remains unqualified.
4. The report from BDO LLP notes on page 34 that no significant or other deficiencies in internal control have been identified.
5. The Audit Management Report will be distributed to all Members of the Court of Common Council for information. Representatives from BDO LLP will attend the Audit and Risk Management Committee to present their report and to clarify any points or issues.
6. The Audit Review Panel of the Chamberlain's and Bridgemasters' Accounts met on 23 October 2020 to review the processes adopted by BDO LLP and the Panel

intends to certify that those processes were in accordance with the prescribed auditing standards.

City's Cash Trust Funds

7. The City's Cash Trust Funds comprise eight open space charitable funds, the Sir Thomas Gresham Trust Fund and Keats House as listed in Annex 1.
8. These Trusts ended the year with net outgoing resources of £0.8m (2018/19: net outgoing resources of £0.1m) which comprised the following:
 - Incoming resources of £23.2m:
 - funding from the City of London totalling £17.4m (2018/19: £16.5m) and;
 - income of £5.8m (2018/19: £6.7m) from investments and charitable and voluntary sources;
 - Resources expended of £24.0m:
 - charitable expenditure of £23.8m (2018/19: £23.1m) on the running of the open spaces, Gresham Almshouses and Keats House; and
 - support services costs of £0.2m (2018/19: £0.2m).
9. Managed investments, held mainly by Hampstead Heath, suffered an unrealised net loss in market value of £6.3m (19.5%) (2018/19: net loss of £0.2m (0.4%)), reducing them to £26.1m. The valuations are linked to the UK stock market, which experienced a significant fall during February and March 2020 as a result of the Coronavirus (COVID-19) pandemic.
10. At 31 March 2020, City's Cash Trust Funds held total reserves of £54.4m (2018/19: £61.5m) which represents a decrease of £7.1m compared to a year earlier. Again, this fall reflects the reduction in value of invested funds due to the impact of Covid-19 in February and March 2020.

Sundry Trust Funds

11. The Sundry Trust Funds comprise the separate charitable funds listed at Annex 2. Excluding the Charities Pool (which is an investment vehicle for the other charities), the remaining 15 Trusts:
 - received income of £2.4m (2018/19: £2.4m) of which £0.9m was from investments (2018/19: £0.9m);
 - incurred charitable expenditure of £1.6m (2018/19: £1.7m) including:
 - £1.3m (2018/19: £1.3m) comprising 315 grants and 65 bursaries paid to individuals or organisations (2018/19: 295 grants and 62 bursaries); and
 - £0.3m towards the running costs of the City of London Almshouses (2018/19: £0.4m);

- incurred governance and administration costs of £0.1m mainly due to fund manager costs (2018/19: £0m);
- had unrealised losses of £4.2m (19.5%) from managed investments (2018/19: £0.3m losses (0.2%)) reducing them to £18.4m; The valuations are linked to the UK stock market, which experienced a significant fall during February and March 2020 as a result of the Coronavirus (COVID-19) pandemic; and
- held total funds of £23.0m as at 31 March 2020 (2018/19: £26.5m), a decrease of £3.5m (13.2%) from a year earlier. Again, this fall reflects the reduction in value of invested funds due to the impact of Covid-19 in February and March 2020.

Approval of the Financial Statements

12. It is recommended that the Finance Committee approve delegated authority for the Chairman and Deputy Chairman of the Finance Committee to approve and sign the financial statements on behalf of the Court of Common Council, taking account of any observations from the Audit and Risk Management Committee on 3 November.

Annexes

- Annex 1 – List of City's Cash Trust Funds
- Annex 2 – List of Sundry Trusts
- Annex 3 – BDO Audit Management Report

Steven Reynolds

Group Accountant

Chamberlain's Department

T: 07949126770

E: steven.reynolds@cityoflondon.gov.uk

CITY'S CASH TRUST FUNDS

Open Spaces

Ashtead Common

Burnham Beeches

Epping Forest

Hampstead Heath

Hampstead Heath Trust (subsidiary of above)

Highgate wood and Queen's Park Kilburn

West Ham Park

West Wickham Common and Spring Park Wood, Coulsdon and Other Commons

Other

Sir Thomas Gresham Charity

Keats House

SUNDRY TRUSTS

Investments

Corporation of London Charities Pool

Open Spaces

King George's Field

Books and Libraries

Guildhall Library Centenary Fund

Education

City Educational Trust Fund

The City of London Corporation Combined Relief of Poverty Charity

City of London School Education Trust

Charities Administered ICW The City of London Freeman's School

City of London School Bursary Fund

City of London School for Girls Bursary Fund

City of London Freeman's School Bursary Fund

The City of London Corporation Combined Education Charity

Other trusts and funds

Emanuel Hospital

Sir William Coxen Trust Fund

Wilson's Loan Trust

Vickers Dunfee Memorial Benevolent Fund

City of London Almshouses

Committee(s)	Dated:
Audit and Risk Management Committee	3 November 2020
Subject: Update on Smithfield Canopies and Subsequent Remedial Work	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	1 & 12
Does this proposal require extra revenue and/or capital spending?	N
Report of: the City Surveyor	For Information
Report author: Jessica Lees	

Summary

Following the recent canopy collapse at London Central Market's East Poultry Avenue and two glass panes shattering from the glass canopy on the south elevation to the West Market a review of the current risk attached to the building condition at all three markets - London Central Market (LCM), Billingsgate and New Spitalfields has been reviewed, urgent remedial work and medium-term actions identified.

The review has found that although a number of cyclical projects both fabric and mechanical & electrical have taken place over the last 10 years, projects from the LCM's Poultry Market were removed from the forward maintenance plan in 2013/14 to form a capital project on Major Historical Repairs. There is also a percentage of projects that remain within the forward maintenance plans for all three markets which have been deferred due either being capital size projects, or have not met the short listing criteria for the Cyclical Works Programme and have therefore been deferred to allow the City to get the most out of its assets.

Recommendation

Members are asked to note the content of this report.

Main Report

1. Background

- 1.1** Recent incidents at LCM; the collapse of part of the East Poultry Market canopy and two incidents with glass shattering from the glass canopy has prompted a review of the maintenance for primarily LCM but also Billingsgate and New Spitalfields Markets.
- 1.2** This report advises on the current position of the forward cyclical maintenance plans (FMP), the background and immediate action taken to address East Poultry Avenue and the glass canopy plus any future medium-term actions.

2. Forward Maintenance Plans

2.1 Forward maintenance plans for each market set out 20-year cyclical works, covering building fabric, mechanical, electrical and plumbing (MEP) services.

2.2 Cyclical work programme (CWP) projects for London Central Market are reviewed each year, Capital sized projects are removed to be put forward in the Capital Bid process and the remaining are reviewed by the CWP Peer Group who utilise a scoring matrix to select projects within the budget allocated for that particular fund to be included in the bid for funds process.

2.3 With regards to Billingsgate and New Spitalfields, cyclical projects are financially 'ring-fenced' and recoverable from the tenants under the service charge. As a result, any cyclical projects are subject to affordability through the service charge.

2.4 The CWP position for 2020/21 is:

London Central Market (Smithfield)

- Agreed funding – 7 projects, estimated total of £430k. Main works include roof works, BMS replacement, water storage tanks, AHU replacement, and chilled water pipework replacement.
- Reserve List (to be called upon if funds allow) – 13 projects, estimated total £615k. Main works cover stone-work restoration, roller shutter replacement and luminaries replacement.
- Deferred - 12 projects, estimated total of £295k. Main works include brickwork overhaul and stone cleaning, trace heating replacement.
- Capital size – 10 projects, estimated total of £2m. Main works are ductwork clean, condenser pipework replacement, heating pipework replacement, electrical replacement and sprinkler works. Two capital bids have been submitted for 2021/22; sprinkler works and condenser pipework replacement with estimated total of £1.1m.

New Spitalfields Market

- Deferred - 37 projects, estimated total of £528k. Main works include glazing and window replacement, PA replacement, internal refurbishments.

Billingsgate Market

- Deferred – 37 projects, estimated total of £1.3m. Main works include cladding panel replacement, decoration works, car park resurfacing and replacement lighting.

3. Specifically in relation to East Poultry Avenue;

3.1 A number of cyclical works projects for the Poultry Market at LCM, including the East Poultry Avenue Canopy were due in 2012/13, however in 2013/14 they were removed from the forward maintenance plan for the LCM as a Major Repairs project was set up to address the majority of the agreed Historic Repairs. The project was suspended, and the budget transferred to Capital Buildings Committee due to the proposed strategy by the Museum of London

to annex the Poultry Market noting that further negotiation would be required with the Smithfield Market Tenant Association to avoid legal proceedings and the associated costs would likely to remain unrecoverable due to service charge caps. Only works relating to the Museum of London are being progressed.

3.2 Historically various condition surveys were undertaken in 2012, 2016 and 2017;

- A facade survey to stonework above each of the vehicle bays (below the canopies) was carried out in 2012 by stone restoration specialists Szeremely. The report categorised three types of works – type 1 which were serious/essential defects which require immediate remedial works, type 2 – non urgent works and then type 3 which were basic and just cosmetic. Type 1 were few and far between and urgent remedial works were carried out and completed.
- A structural survey, including BIM modelling was carried out by Plowman Craven in 2016 to the Poultry Market building only. The report noted that condition was poor relating to lack of maintenance. There was evidence of movement but no substantial remedials raised within the report. Work was approved to be carried out to the dome structure and the remainder of the works was included in the Major Historical Works programme which was suspended due to the Museum of London project.
- A facade survey was carried out in 2017 by Chamberlains Consulting to all three buildings at LCM, the outline findings was that there were no visual substantial defects.

3.3 Following the collapse of three sections of gutter and canopy on the north east side of East Poultry Avenue on 15 August 2020, the remaining structures were inspected by AKT II (structural engineers) which identified that the remaining concrete gutters and canopy needed to be deconstructed and removed before East Poultry Avenue was to re-open.

3.4 Demolition specialists Keltbray were appointed by the City to carry out this deconstruction exercise.

3.5 Following completion of the deconstruction works, AKT II are now carrying out further investigation and surveys of the remaining roof structures and coverings in both East Poultry Avenue and West Poultry Avenue to assess their structural stability and to identify any further remedial works.

4. In relation to London Central Market Glass Canopy;

4.1 The glass canopy around West and East Markets was installed in the 1990's. There have been reported failures of the glass panels since construction, specifically in 2016 and 2017 with recent failures occurring on 5 October, 19 October and 24 October 2020.

4.2 Following the two failures in 2016 and 2017 a working group was created by Markets internal operations team. The group's aim was to try and identify a

reason as to why these sudden failures occurred in toughened panes of the glass canopies and find solution options. The following list of possible causes were examined:

- **Thermal stress/ Fixing related breakage** - dates of incidents were mapped with weather conditions and ambient outdoor temperatures and no pattern could be found. The planar bolts grommets on the pane that broke were in place in place and felt adequate to allow for seasonal expansion and contraction.
- **Physical Damage** - Birds dropping stones, etc - there was no evidence of nesting around the market at the time of the 2017 incident and market representatives did not feel that this was the most likely cause.
- **Vibration** - The 2017 and previous canopy incidents, occurred near the junction of East Poultry Avenue/ Charterhouse Street. At the time there was a lot of Crossrail work taking place and increased traffic in the area. A vibration survey was commissioned but the results indicated that this was not the cause.
- **Nickel sulphite impurities** - Nickel sulphite impurities were considered to be the most likely reason for the sudden uncontrolled failure of the panes. However, all the glass had been swept up and removed from site so could not be sent to a lab for analysis. It was decided that should another break the Market's staff would bag the squares of glass and send for analysis.

4.3 As there is a legal requirement to provide a canopy the option of removal without replacement is not possible. Replacement of the canopy was investigated, the planning department was consulted and advised that any replacement canopy would have to be sympathetic to the listed historic market and therefore, it was considered that any replacement was likely to be an expensive option. With draft proposals for the Culture Mile that placed a question mark on LCM's future, it was felt unlikely that funding would be provided for a complete replacement solution so attention turned to what could be done to control the risks from any future pane failures.

4.4 The working group identified two control measures:

- **Protective film** - the Markets team approached the Glass and Glazing Federation who offered a new technique of filming the panes which involved securing the film within the fixings, so it would act as a bag should a pane break.
- **Wire mesh** - as the panes shattered into small squares of glass the risk of serious injury to someone standing below was considered low. However, shock, cuts and possible bruising were anticipated outcomes and considered poor PR. Thought was given to fine mesh netting of the canopy.

4.5 On 5 October 2020 the Markets maintenance team reported that a pane of glass unexpectedly shattered and fell from the glass canopy on the south elevation of West Market. Based upon likelihood of a recurrence in the future and the view that the market remains operational for another 8 to 10 years it was advised that safety measures should be implemented to mitigate the risk.

4.6 The two main control measures identified in 2017 have been reviewed by the Markets team, H&S and FM. A film coating was ruled out as this had only been tested on vertical not horizontal glass, could put unnecessary pressure on the

design/ fixtures and likely that further panes would fail whilst installing; as a result it was agreed that the best solution is to proceed with the wire mesh as the most effective and quickest measure.

- 4.7** Unfortunately, whilst arranging the wire mesh solution, another two panels have shattered on the 19 and 24 October 2020. This has called for an urgent mitigation of this risk and therefore the City Surveyor has instructed Engie who are currently onsite completing work to the Dome at the Poultry Market to design and install a wire mesh/netting to the underside of the canopy. The brief is to ensure safe attachment, loading and a clear methodology on future inspections and clearance measures if another panel were to fail.
- 4.8** Following the third failure, the footpath to the south elevation of the West Market, the location of the three recent failures, has been cordoned off as a safety precaution pending installation of the wire mesh. This closure has resulted in a 25% reduction in operational space for the Market. Engie has reported a three week lead time for the manufacture of the wire mesh, therefore the City Surveyor has submitted a proposal for Market consideration to install a crash deck to run the length of this elevation so that the footpath and vehicle bays can safely be reopened in the interim.
- 4.9** BRE have been approached to assist with the glass analysis of the most recent failure to determine whether nickel sulphite impurities are present within the glass; we will be receiving a cost proposal for this shortly.

5. Future (medium term) approach

- 5.1** Based upon the recent incidents and a review of the current position of the forward maintenance plans a future medium-term (8 to 10 years) approach is required to be implemented. To achieve this the following measures are to be put in place;
- **Poultry Market Condition Survey** - Arup have been instructed to carry out an updated condition survey of the Poultry Market only. The draft scope which is currently being reviewed by the City covers both the building structure and services provided to this building.
 - **Full condition surveys (all sites, excluding Poultry Market at LCM)** - In addition to the Arup survey for the Poultry Market, all 3 markets require a full condition survey. There is opportunity to create a synergy with the Poultry Market survey which will be explored.
 - **Mechanical and Electrical review** – The Technical Advisory team within the City Surveyors Operations Group have been instructed to carry out a review of all M&E across the 3 market sites with the objective to review and draw up a 10 year forward maintenance plan for mechanical and electrical assets.. This work will be in conjunction with the full condition surveys to provide a complete a comprehensive forward maintenance plan in the context of a 8 to 10 year shelf life for the current Markets operation.

- **Smithfield Commercial Units** – The FM team are assisting the Asset Management team to review and formulate a focussed forward maintenance plan for the Smithfield Commercial units to assist with service charge recovery.

6. Corporate & Strategic Implications

6.1 Strategic asset management: We will develop asset management strategies that align Corporate Property Strategy, Investment Property Strategy and risks. We will ensure that we unlock the potential of our property assets in a way that supports the efficient delivery of the Corporate Plan and Service Departments' objectives.

6.2 Property assets and facilities management: We will ensure buildings are fit for purpose, sustainable, safe and secure, providing access for all, meeting service needs and community expectations and delivering value for money through enhancing our efficiencies; this includes asset management plans, facilities management including hard (planned and reactive maintenance) and soft services (cleaning, security, etc), cyclical projects and minor improvements and delivery of major capital projects for refurbishments and new builds.

7. Conclusion

7.1 From the review it is paramount that a clear strategy is required for the medium-term maintenance and upkeep of the markets. The condition surveys with associated cost estimates for each Market will create a 10-year planned and forward maintenance schedule for each market. This will provide key information with regards to service charge contributions and for the City to make an informed decisions with regard to funding levels required to keep sites operational until completion of the Market Consolidation Project.

7.2 The recent canopy failure on East Poultry Avenue has also identified the urgency to review and progress the immediate/ urgent repairs/ remedial works identified by the Major Historical Project at Poultry Market to ensure safety and business as usual.

Appendices:

- Appendix 1 – Smithfield Market Canopies – Remedial Works
- Appendix 2 – Members Briefing

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Appendix 1

City of London Audit and Risk Management Committee

Smithfield Market Canopies – Remedial Works

1. Safety Netting/Mesh:

- Order confirmed with Engie and works will be delivered by their Sub-Contractor A&D Safety Netting. The meshing installation will be via a cherry picker
- Total cost of the works is c.£34k + VAT
- Works programme is:
 - 3-week lead in period for the procurement of materials
 - Works starting on site (likely on the Southern elevation) around 19th November
 - Approx. 2-3 weeks on-site period with works fully complete by 11th December, possibly before
- Works will be completed outside of market operating hours and can be completed at weekends where if and where required
- Meshing itself will be placed under all elevations with glazed canopies – in essence this is 5 elevations across 2 main buildings
- Meshing will need to be fixed in to the main structure of the building at high level. We are in discussions with Planning and will be required to obtain retrospective listed building consent. This however won't delay progress of works due to the Health & Safety risk presented
- Safety netting is constructed from polypropylene and will have 100mm mesh with a 12mm Polysteel border rope, also laid with will be debris netting which will allow for the glass sizes pieces circa 5mm diameter. A couple of notes about the netting from Engie;
 - Safety netting will withstand loads for glass panels. They are designed to catch people/objects are can take up to 3 people in one area (rescue purposes only)
 - Purpose Safety nets are designed to provide a soft landing and will stretch when a person (or object) impacts the net meshes. The net will deform under impact to absorb the energy of the falling person, through the mesh knots slipping and tightening (knotted nets) or net meshes (knotless nets) deflecting through plastic deformation. The amount the loaded net stretches will depend upon a number of factors, such as the height of the fall, the weight of the faller (plus any materials) and the position of impact in the net. For these reasons, it is not possible to predict the performance of the net should it be subjected to additional loadings in the future. BS EN 1263-1 stipulates that nets should be checked by a competent person after loading. This is generally considered to be the manufacturer (not the installing company) and due to the logistics of this, recommends that safety nets should only be loaded once

2. Crash Deck Scaffolding:

- A crash deck design and quote has been received from SKANSKA and Benchmark 28/10/2020.
- The quote is for three crash decks to be provided beneath the South glass canopy to the West Meat Market for a hire period of 6 weeks at a cost of just over £70K. From week 7 onwards there is an additional weekly hire charge of over £1,100.
- Although the design is suitable from a health and safety perspective and in line with TG20 scaffolding guidance, we have contacted Benchmark and SKANSKA with some suggestions

about how the design could possibly be changed to reduce costs and also proposed that the rent period should be cut to 5 weeks. They plan to consult their scaffold engineers on my suggestions and get back to me tomorrow.

- The works will commence w/c 2 Nov and will take 5 days to erect.

3. Laboratory Testing of Glass

- The Building Research Establishment (BRE) and Sandberg have been contacted to undertake a detailed analysis of the fail glass units. We are awaiting quotes and expect this work to take c.2 weeks.
- To note, there was a failure of glass canopy panel in June 2003 that was subject to a BRE report; we are in the process of trying to locate the technical report. We are aware at that time there had been a total of 4 glass canopy failures somewhere around that time although reference back to Committee meeting minutes makes no reference of the failure.

Appendix 2:

City of London Audit and Risk Management Committee

Members Briefing November

Summary

On Saturday 15th August 2020 at 11.50pm three sections of concrete gutter and canopy on part of the east side of East Poultry Avenue (EPA) collapsed onto the pavement below. The whole of EPA was closed to pedestrians and vehicles within 15 minutes of the collapse with temporary barriers and on Monday 17th permanent Heras fencing was installed.

The Museum of London project structural engineers (AKTII) attended site and provided a report based on limited inspections and site surveys which identified the remaining sections of concrete gutter and canopy on the east side of EPA needed to be deconstructed and removed before further assessment of the remaining roof and supporting structures on EPA could be carried out.

Their initial assessment and subsequent detailed report confirmed that the metal tie rods holding the gutter to the underside of the canopy had corroded and failed. The force of gutter collapse had 'unbalanced' the structural loading of the canopy pulling it down at the same time.

In addition, the AKTII also identified that the same gutter detail was present on the west face of West Poultry Avenue (WPA) and recommended that this also be deconstructed and removed sooner than later – this was to be removed as part of the Museum project in due course.

Based on these recommendations, the City appointed demolition specialists Keltbray to undertake the deconstruction of the concrete gutter and canopy on EPA immediately as this posed a live H&S concern. The gutter on WPA was of less concern of any immediate collapse and a programme for its deconstruction was agreed with works commencing on 27th October.

Works to deconstruct the canopy and gutter on EPA commenced on Monday 7th September and completed on Friday 18th September removing the immediate H&S concern and the footpath on the western side of EPA was then opened to the public and traders.

Following completion of the EPA deconstruction works, AKT II have carried out further detailed investigations and surveys of the remaining roof structures and coverings over East Poultry Avenue, along with a further assessment of the gutter in West Poultry Avenue. The result of which has identified a requirement for further remedial works to the trusses and purlins spanning EPA and also the western facade of the West Meat Market where the loss of the canopy has exposed metal beams and waterproofing details. The Museums historical Architect, Julian Harrup Architects, have been appointed to prepare the necessary waterproofing details and make the retrospective Listed Building Application.

The City is now working with the Museum's General Market's main contractor, PAYE to agree a price and programme to undertake the fabric repairs and waterproofing to the West Meat Market elevation.

Keltbray are being mobilised undertake the remedial work to the beams and purlins on EPA starting on 9 November and completing on 30 November.

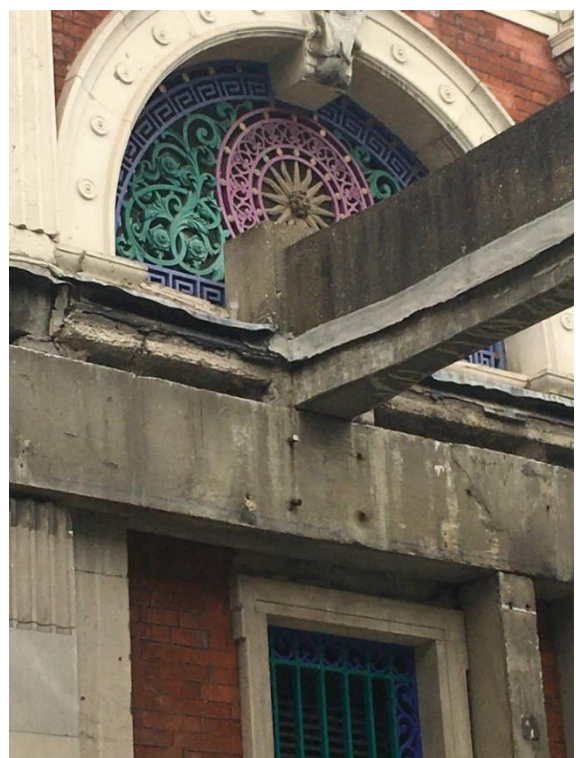
East Poultry Avenue -scope of works and programme

Description	Programme date[s] – all 2020.	Status
Three sections of concrete gutter and canopy on EPA (E) collapsed canopy and gutter	15 August	Occurred
Removal of remaining section of collapsed canopy and gutter and removal of debris	18 September	Completed
Inspections and reopening of footway on west side of EPA	28 September	Completed
AKTII prepare detailed scope for structural / concrete repairs to Beams and Purlins	23 October	Completed
Julian Harrup Architects (JHA) to prepare detailed scope for wall and fabric repairs to West Smithfield meat market and make retrospective Listed Building application	19 October	Completed
AKTII Scope of works with Keltbray for pricing/ appointment to start works	9 November	Underway
JHA Scope of works with PAYE for pricing / appointment to start works	9 November	Underway
Completion of works to make good / repair Beams and Purlins and re-opening of vehicular carriageway	30 November	Underway
Completion of works to fabric repairs to West Smithfield Meat Market elevation and re-opening of pedestrian footpath.	7 December	Underway

West Poultry Avenue- scope of works and programme

Description	Programme date[s] – all 2020.	Status
AKTII report recommending the deconstruction of the gutter and associated structure on WPA (West Elevation).	15 August	Completed
Obtain all necessary licences and structure loading sign offs from CoL Highways and RAMS approvals	23 October	Completed

Commencement of works to remove the gutter and associated structure and vertical louvred sides	28 October	Underway
Completion of works to remove the gutter and associated structure and vertical louvres sides	20 November	Underway
AKTII prepare detailed scope for structural / concrete repairs to Beams and Purlins	7 December	
Keltbray Completion of works to make good / repair Beams and Purlins.	31 December	



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