



Finance Committee FINANCIAL STATEMENTS APPENDIX PACK

Date: WEDNESDAY, 8 NOVEMBER 2023
Time: 12.45 pm
Venue: COMMITTEE ROOMS, GUILDHALL

7. 2022-23 CITY'S CASH FINANCIAL STATEMENTS

Report of the Chamberlain.

For Decision
(Pages 3 - 440)

8. SUNDRY TRUSTS ANNUAL REPORT AND FINANCIAL STATEMENTS 2022/23

Report of the City Bridge Foundation & Charities Finance Director (representing the Chamberlain).

For Decision
(Pages 441 - 754)

9. CITY FUND AND PENSION FUNDS STATEMENT OF ACCOUNTS UPDATE

Report of the Chamberlain.

For Information
(Pages 755 - 1426)

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Agenda Item 7

Appendix 1 – City’s Cash consolidated - Comparison with Budget on a Committee Basis

2022/23 Budget v Outturn – City’s Cash Summary by Committee						
Net Expenditure (Income)	Budget Net £m	Outturn £m	Variation (Better)/Worse			
			Total £m	Local Risk £m	Central Risk	Support Services £m
Culture, Heritage & Libraries	0.4	0.7	0.3	0.2	0.1	0.0
Education Board	3.2	3.2	0.0	0.0	0.0	0.0
Finance	54.2	38.3	(15.9)	(0.5)	(12.3)	(3.1)
G. P. Committee of Aldermen	3.9	4.4	0.5	0.6	(0.2)	0.1
Guildhall School of Music and Drama	14.6	16.1	1.5	1.1	0.0	0.4
Markets	1.1	0.4	(0.7)	(1.1)	0.2	0.2
Open Spaces :-						
Open Spaces Directorate	0.0	0.0	0.0	0.1	0.0	(0.1)
Epping Forest and Commons	7.7	7.8	0.1	0.0	0.0	0.1
Hampstead, Queen's Park and Highgate	6.5	6.1	(0.4)	(0.9)	0.3	0.2
Bunhill Fields	0.2	0.3	0.1	0.1	0.0	0.0
West Ham Park	1.2	1.2	0.0	0.0	0.0	0.0
Policy and Resources	22.2	18.9	(3.3)	0.0	(3.4)	0.1
Property Investment Board	(47.0)	(41.7)	5.3	0.6	4.5	0.2
Schools :-						
City of London School	1.7	(0.8)	(2.5)	(2.5)	(0.1)	0.1
City of London Freeman's School	0.5	(0.3)	(1.3)	(1.3)	0.4	0.1
City of London School for Girls	0.9	0.9	(0.1)	(0.1)	0.0	0.1
City of London Junior School	0.1	0.2	0.1	0.1	0.0	0.0
Deficit (Surplus) from (to) reserves	71.4	55.7	(15.7)	(3.6)	(10.5)	(1.6)

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CITY'S CASH ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

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Annual Report

1. Introduction

The City is a key driver of the economy, generating over

£85bn

in economic output annually, or 4% of all UK GVA. Yet, the City only accounts for 0.001% of the UK's size.



City's Cash is not a legal entity; it 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 return that:

- Enables the City Corporation to provide services (detailed in section 6) that are of importance to the City and Greater London as well as nationally and internationally.
- 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 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
Auditor	Crowe U.K. LLP, 55 Ludgate Hill, London EC4M 7JW
Bank	Lloyds Bank PLC
Fund Managers	<p>Ares Management LLC</p> <p>Artemis Investment Management LLP</p> <p>Baillie Gifford & Co</p> <p>C WorldWide Fund Management SA</p> <p>Coller International Partners VII LP</p> <p>Crestview Partners LLC</p> <p>CQS</p> <p>Environmental Technologies Fund Manager LLP</p> <p>Exponent Private Equity LLP</p> <p>Frontier Capital</p> <p>IFM Global Infrastructure (UK) LP</p> <p>Lindsell Train Ltd</p> <p>M&G Investment Management Ltd</p> <p>LionTrust Ltd</p> <p>Natixis International Funds (Harris Associates)</p> <p>New Mountain Capital LLC</p> <p>Pyrford International PLC</p> <p>Ruffer LLP</p> <p>SL Capital Partners LLP (a subsidiary of Aberdeen Standard Life Investments group)</p> <p>Veritas Asset Management LLP</p> <p>Warburg Pincus LLC</p> <p>Wellington Management International</p> <p>YFM Equity Partners Ltd</p>

3. Other City of London Corporation Funds

This annual report and the financial statements only cover City's Cash. A second fund, City Fund, covers the City's activities as a local authority, police authority and port health authority. Its financial statements are published separately.

The City Corporation is also the sole trustee of Bridge House Estates (BHE), a long-standing charity which maintained the original London Bridge, funded by bridge taxes, rents and private bequests. BHE now maintains five bridges, Tower, London, Southwark, Millennium and Blackfriars. With effective management of the funds over the centuries, BHE's funding arm, City Bridge Trust, now distributes surplus income that is not required for the long-term management and protection of the five bridges.

The annual report and financial statements for BHE are also published separately.

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>.

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There were

587,000

workers in the City of London in 2021, or **1 in every 54 British workers.**

Financial and professional services account for **over half** of the City's workforce.



4. Corporate Strategy

The City of London Corporation's Corporate Plan provides the strategic framework for the delivery of our services. The [Corporate Plan 2018-23](#) is detailed below and a five year plan for 2024-29 is being developed.

Corporate Plan 2018-23 has three aims which will continue through 2024 to contribute to a flourishing society, support a thriving economy and shape outstanding environments - which in turn are broken down into 12 outcomes (shown below).



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.

Our Corporate Plan provides the 'golden thread' enabling us to align everything we do to one or more elements of the Plan. Our corporate strategies, service level business plans, team plans and staff appraisal forms link to the aims and outcomes we have identified.

The City of London Corporation is the governing body of the Square Mile dedicated to a vibrant and thriving City, supporting a diverse and sustainable London within a globally successful UK. We aim to nurture a thriving, sustainable and connected city for all people who live, work and visit here. Some of our priorities and strategies that help deliver this ambition are:

- As a signatory to the **UN Global Compact**, the City of London Corporation supports the UN Sustainable Development Goals (SDGs). An **Ethical Policy Statement** sets out our commitment to treating people fairly, being transparent and honest, respecting human rights and the environment and complying with the law and regulation.
- The City of London Corporation aspires to be one of the most inclusive employers in the UK and an employer of choice. Its dedicated **Equality Diversity and Inclusion (EDI)** function covers workforce, service delivery, elected Member diversity, social mobility and other strategic EDI priorities. **The Social Mobility Strategy 2018-28:** aims to bridge and reduce 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.
- The new local plan, called **City Plan 2040**, and an **Infrastructure Strategy**, in development, will set out the City of London Corporation's vision, developed with stakeholder input, for how the Square Mile will develop and change up to 2040, and the utilities infrastructure it needs.
- **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.
- **Destination City:** drives the Square Mile's recovery from the pandemic, enhancing its vibrancy, revitalising its streets, reinvigorating its businesses, and boosting its attractiveness to talent.
- **Climate Action Strategy 2020-2027:** commits the City of London Corporation to net zero emissions in its operations by 2027 and encourages others across the Square Mile to follow its lead by 2040.

- **Competitiveness Strategy 2021-2025:** aims to strengthen the UK's competitiveness as the world's leading global hub for Finance and Professional Services (FPS) to support a thriving economy.
- **Helping start-up businesses and SMEs** in the City through our Small Business Research & Enterprise Centre. A SME Strategy, in development, will aim to further strengthen the SME ecosystem and connect small businesses and institutions working with SMEs across the City.
- **Engagement with Residents and stakeholders:** a concerted campaign to ensure that we can reach more of our residents more easily, irrespective of where they live, with 8 resident meetings held each year, and wider activities to promote resident engagement.
- A new **People Strategy** for the City of London Corporation, will ensure that it can attract, develop and retain dedicated, capable and dynamic people, who work to deliver its Corporate Plan outcomes.

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Governance Arrangements

Workforce

The City Corporation as a whole employs approximately 4,150 people in full and part-time positions across all its services. The make-up of the workforce is summarised below:

Gender:

Male: 49.08%
 Female: 50.92%

Declared disability:

Yes: 4.9%

Age:

Under 20: 0.65%
 21-30: 15.63%
 31-40: 23.73%
 41-50: 23.90%
 51-60: 26.56%
 61 and over: 9.53%

Ethnicity:

White: 60.3%
 BAME: 18.3%
 Not Known: 21.4%



Equality, diversity and inclusion

At the City Corporation, it is our vision to build and support strong, sustainable, and cohesive communities and develop a workforce that is diverse and representative of all sections of society. We will accomplish this by ensuring our policies, processes, service delivery and employment practices promote equality of opportunity, are inclusive and engender trust, not just because it will make our organisation stronger, but because it is the right thing to do.

In 2022, we launched the EDI Directorate to lead our corporate EDI function. In addition, the Policy and Resources Committee has oversight of the City of London Corporation's policies and practices in respect of equality, diversity, inclusion, and social mobility and other relevant legislation. This has been further supported through the establishment of the Equality, Diversity and Inclusion (EDI) Sub Committee.

Our EDI Sub-Committee and Policy & Resources Committee provide strategic direction on equality, diversity, and inclusion, and ensure compliance with the Public Sector Equality Duty contained in the Equality Act 2010. The City Corporation has increased its activity in the Equality, Diversity and Inclusion (EDI) over recent years, including setting up numerous staff networks and employee voice mechanisms for example, the Equality Representatives scheme. The City Corporation is committed to finding ways to ensure the organisation is inclusive and able to sustain a welcoming and safe environment where differences are celebrated and valued.

The quarterly update reports previously considered by the Corporate Services Committee, the EDI Sub-Committee, and the Policy & Resources Committee, along with further information on the City Corporation's Equality and Diversity strategy and objectives, and together with the Equality and Inclusion Annual Report, can be found on the website using the links below.

Corporate Services Committee –

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

Equality and Inclusion –

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

The City Corporation's budgets are managed by committees of the City 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 businesses) within the City of London. In determining appointments to committees, the Court of Aldermen and Court of Common Council will take into consideration our EDI policy mentioned above as well as 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:

<https://democracy.cityoflondon.gov.uk/ecSDDisplay.aspx?NAME=Standing%20Orders&ID=645&RPID=0> and the Financial Regulations are available at:

<https://democracy.cityoflondon.gov.uk/documents/s186795/APPENDIX%20B%20-%20Financial%20Regulations.pdf>.

Details of our committees are available at

<https://democracy.cityoflondon.gov.uk/mgListCommittees.aspx?bcr=1>.

Our risk management processes help us identify and manage the most significant risks to the organisation, by significant we mean those that could stop us achieving our strategic objectives or have a significant detrimental impact on the City of London Corporation. The Audit and Risk Management Committee monitors and oversees the City of London Corporation's risk management strategy and ensures that there is a satisfactory risk assurance framework in place. At an officer level, the Chief Officer Risk Management Group, a sub-committee of the Executive Leadership Board, meets every two months to review the City of London Corporation corporate and red departmental risk registers and ensure that the right risks and mitigations are being recorded and appropriately addressed. Cross-cutting corporate risk themes are also discussed at the City of London Senior Leadership Team meetings chaired by the Town Clerk and Chief Executive.

The Audit and Risk Management Committee also oversees the City's Internal Audit process, reviewing the findings of completed Audit work. The Internal Audit programme of work includes the systematic follow-up in respect of audit recommendations made; reporting on the effectiveness and timeliness of their implementation, in order to mitigate risks identified through Internal Audit reviews.

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 professional 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); 4 independent schools; sponsoring Academies across London; and the Guildhall School of Music & Drama (GSMD).

Education

Expenditure £118.5m, income £101.0m, net expenditure £17.5m (2021/22: £101.7m, income £86.2m, net expenditure £15.5m)



City's Cash operates four fee paying schools – City of London School, City of London School for Girls, City Junior School (all 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 academic bursaries, including matched 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 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 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 £47.3m, income £12.2m, net expenditure £35.1m (2021/22: expenditure £16.9m, income £11.0m, net expenditure £5.9m)



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 throughput 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. New Spitalfields Market is the largest horticultural market in the country, with a throughput of circa 850,000 tonnes of produce per annum.

A Strategic Review of the City's three wholesale markets began in 2018, and in 2022 the City Corporation approved the business case to move the three wholesale markets from their current locations to a single new site in Barking and Dagenham. In November 2022 a private bill was submitted to Parliament regarding the movement of Smithfield and Billingsgate Markets to the new site. This bill is being considered currently. Further work is being carried out regarding the movement of New Spitalfields Market.

Open Spaces (Natural Environment)

Expenditure £24.0m, income £8.0m, net expenditure £16.0m (2021/22: expenditure £24.1m, income £6.7m, net expenditure £17.4m)



The City Corporation is Trustee of 8 charities which manage and run open spaces across 11 London Boroughs and four District Councils. These charities, which include Hampstead Heath, Epping Forest, Highgate Wood, West Ham Park and Burnham Beeches, help shape outstanding environments by managing approximately 11,000 acres of historic, ecologically diverse open space. Every year millions of people visit our open spaces. Some of the sites have been owned and managed since as far back as 1870 and, through its role as Trustee and principal funder of each charity, the City Corporation continues to enhance, protect and conserve these assets. All of the asset and activities of these charities are consolidated within the City's Cash accounts by virtue of this relationship between each charity and the City Corporation as Trustee.

The 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 damage. The charities manage areas which 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 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.

Within these charities there are outstanding heritage spaces and buildings, such as Kenley Airfield and the Pergola on Hampstead Heath, for people to experience and enjoy. Keats House is also a charity of which the City Corporation is Trustee (included within these accounts in full through its relationship with the City

Corporation) and other assets like The Monument are managed by the City Corporation directly and funded through City's Cash. These assets 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 £16.4m, income £1.7m, net expenditure £14.7m (2021/22: expenditure £15.1m, income £1.2m, net expenditure £13.9m)

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, that usually amounts to around 90 days abroad each year, fosters trade and develops relationships at the highest levels of government and industry.



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 the Lord Mayor on matters important to the City, help with hosting visiting dignitaries and occasionally travel with the Lord Mayor 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 £7.9m, income £0.7m, net expenditure £7.2m (2021/22: expenditure £7.5m, income £0.5m, net expenditure £7.0m)

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, and champions action on key global trends and risks such as climate change. As an example, the team leads our ambitious Climate Action Strategy which aims to work closely with businesses and residents to reach net zero in the Square Mile by 2040.

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 partner. 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 £10.9m, income £nil, net expenditure £10.9m (2021/22: expenditure £8.8m, income £nil, net expenditure £8.8m)

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 £30.1m, income £0.7m, net expenditure £29.4m (2021/22: Expenditure £30.0m, income £0.5m, net expenditure £29.5m)



A number of grants are made from City's Cash each year, through the Central Grants Programme, promoting initiatives across a wide range of charitable causes in London.

The Central Grants Programme has four City's Cash funding themes:

- Stronger Communities
- Enjoying Green Spaces and the Natural Environment
- Inspiring London through Culture
- Education and employment support

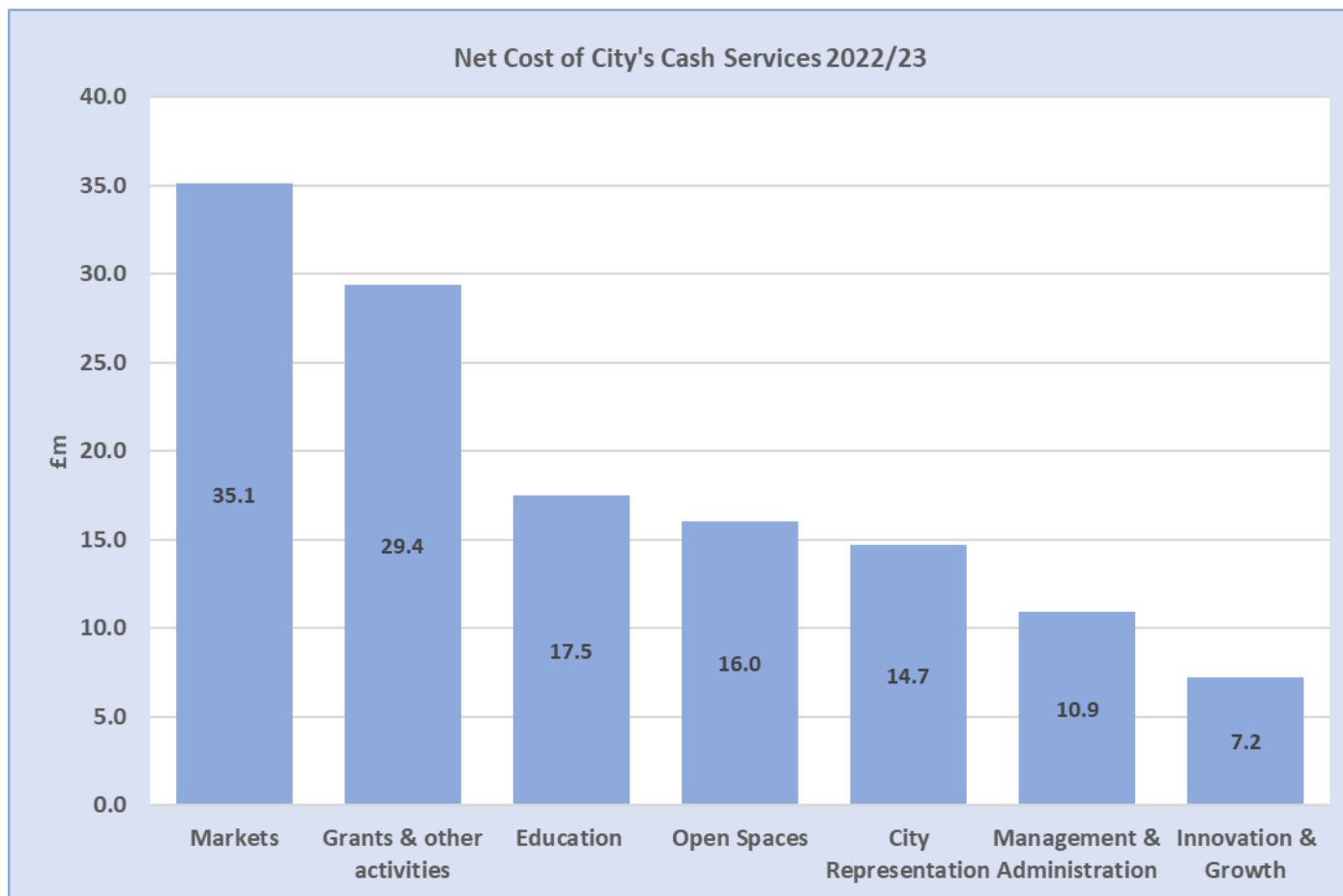
In addition, grants are made to emergency organisations to assist with the relief of national and international disasters. In 21/22 the City Corporation enacted a one-off Covid-19 recovery grant scheme to support businesses in the Square Mile to bounce back from the pandemic. This scheme totalled £10m and is largely the reason for the increased spend in this area in the prior year.

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 2022/23 is shown opposite. The Consolidated Statement of Comprehensive Income shown on page 19 is summarised overleaf. This records an operating deficit of £336.6m (2021/22: operating surplus of £95.6m), which is £432.2m lower than the previous year and is comprised of a number of movements which are explained on page 12. After the operating deficit, the Statement records gains from the sale of fixed assets of £8.9m (2021/22: gain from the sale of fixed assets of £35.9m), loan financing costs of £10.5m (2021/22: £9.2m), a decrease in the deferred taxation liability against Barking Power Limited of £9.8m (2021/22: an increase of £15.8m) and an actuarial gain of £310.2m on defined benefit pension schemes (2021/22: an actuarial gain of £109.5m).

Overall, there was comprehensive expenditure of £18.2m for the year (2021/22: comprehensive income of £216.0m).



	2023 Income	2023 (Expenditure)	2023 Net income / (expenditure)	2022 Income	2022 (Expenditure)	2022 Net income / (expenditure)
	£m	£m	£m	£m	£m	£m
Service / activity						
Education	101.0	(118.5)	(17.5)	86.2	(101.7)	(15.5)
Investments - property and managed funds	70.3	(37.0)	33.3	65.4	(29.6)	35.8
Markets	12.2	(47.3)	(35.1)	11.0	(16.9)	(5.9)
Open Spaces	8.0	(24.0)	(16.0)	6.7	(24.1)	(17.4)
City Representation	1.7	(16.4)	(14.7)	1.2	(15.1)	(13.9)
Innovation and Growth	0.7	(7.9)	(7.2)	0.5	(7.5)	(7.0)
Grants and other activities	0.7	(30.1)	(29.4)	0.5	(30.0)	(29.5)
Management and Administration	-	(10.9)	(10.9)	-	(8.8)	(8.8)
Net Pension Scheme Costs	-	(26.8)	(26.8)	-	(35.4)	(35.4)
Operating deficit before gain / (loss) in fair value of investments*	194.6	(318.9)	(124.3)	171.5	(269.1)	(97.6)
Gain / (loss) in fair value of:						
- property investments			(216.2)			124.2
- non-property investments			3.9			69.0
Operating surplus / (deficit)*			(336.6)			95.6
Profit on sale of fixed assets			8.9			35.9
Loan financing (costs)			(10.5)			(9.2)
Surplus / (deficit) before taxation			(338.2)			122.3
Taxation			-			-
Deferred taxation			9.8			(15.8)
Surplus / (deficit) for the year			(328.4)			106.5
Other comprehensive income						
Actuarial (loss) / gain on defined benefit pension schemes			310.2			109.5
Total comprehensive income / (expenditure)			(18.2)			216.0

* Volatility in operating surplus or deficit 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 19). This means that even relatively small movements in the markets from one year to the next can produce large volatility in the operating surplus or deficit in the Consolidated Statement of Comprehensive Income.

The adverse movement in the operating position of £432.2m, from a surplus of £95.6m in 2021/22 to a deficit of £336.6m in 2022/23, is largely due to:

- The fair value from property investments reducing from a gain of £124.2m in 2021/22 to a loss of £216.2m in 2022/23, an adverse movement of £340.4m. This loss reflects inflationary pressures against the backdrop of faltering economic growth and continued concerns over the cost of high energy costs, following the ongoing war in Ukraine. There is a risk that continued volatility, coupled with changes in debt costs, will have a direct impact on pricing as yields continue to evolve. There remains evidence of wide bid spreads, price renegotiations and transactions taking a long time to complete, which all add to the market dynamics. Additionally, there was also a substantial loss in the value of land at Barking Power Station.
- An increase in net expenditure on education of £2.0m from £15.5m in 2021/22 to £17.5m in 2022/23. The rise in expenditure has been partially offset by increased income primarily due to the opening of the City Junior School in September 2022.
- Net expenditure on Markets increasing by £29.2m from £5.9m in 2021/22 to £35.1m in 2022/23 largely due to increased costs to facilitate the Markets Consolidation Programme.
- Net income relating to investments reducing by £2.5m, from £35.8m in 2021/22 to £33.3m in 2022/23, due to the ongoing redevelopment and refurbishment of investment properties across the portfolio, the continued move to turnover rents, and outstanding rent certificates. This has been offset by a reduction of £2.2m to the bad debt provision from £5.3m in 2021/22 to £3.1m in 2022/23 to reflect the decrease in outstanding debt compared to the prior year.
- A reduced gain in the fair value of non-property investments of £65.1m from £69.0m in 2021/22 to £3.9m in 2022/23. This decline in the value of the portfolio's investments has been directly impacted as a result of the Bank of England's tightening monetary policy in the latter part of the year

following the impact of the then Chancellor's mini-budget. Investment values have yet to recover following the downturn in financial markets but positive growth is anticipated during future periods.

- Net expenditure on Management and Administration increasing by £2.1m from £8.8m in 2021/22 to £10.9m in 2022/23 primarily due to increased support and governance costs.

Partly offset by:

- Net pension scheme costs decreasing by £8.6m, from £35.4m in 2021/22 to £26.8m in 2022/23. This is due to a decrease in service costs and a reduction in losses on settlements and curtailments due to a change in financial assumptions. Employers' contributions also decreased in year.
- A reduction in net expenditure on Open Spaces of £1.4m from £17.4m in 2021/22 to £16.0m in 2022/23, caused by a general increase in income from charges for use of facilities and licences, following a busy 2022 summer, in part due to good weather.

After the operating deficit of £336.6m (2021/22: surplus of £95.6m) there was a profit on the disposal of fixed assets of £8.9m (2021/22: profit of £35.9m), a reduction of £27.0m on the previous year. In addition, there were loan financing costs of £10.5m (2021/22: £9.2m), an increase of £1.3m on the previous year due to ongoing interest repayments as the full £449.0m loan the City Corporation has agreed to support the funding of the major capital projects it is undertaking was received in 2021/22.

Following the decrease in deferred taxation of £9.8m (2021/22: increase of £15.8m) relating to Barking Power Limited due to a fall in the value of the power station land and an actuarial gain on defined benefit pension schemes of £310.2m (2021/21: a gain of £109.5m), City's Cash reserves have decreased overall by £18.2m (2021/22: increase in reserves of £216.0m) from £2,845.4m to £2,827.2m.

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% (2021/22: 46%) which equates to £65.6m at 31 March 2023 (£349.0m at 31 March 2022).

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 Corporation 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 Corporation'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.

Going Concern

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

Financial Commitments

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

In addition, there are contractual commitments of £22.3m, this relates to £2.7m for the refurbishment of 213-215 Tottenham Court Road, £18.0m for the

decommissioning works at Barking Reach Power Station, and £1.6m for Smithfield Annexe refurbishment.

Events After the Reporting Date

There are no material events after the reporting date.

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-us/budgets-spending/statements-of-accounts> . 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 is remediating the site for future redevelopment. For this reason, the financial statements of Barking Power Limited and Thames Power Services Limited are prepared on a basis other than that of a going concern. However, the Directors of these two entities consider that no adjustments are required as a result of preparing the financial statements on a basis other than that of a going concern.

Disclosure of Information to the Auditor

At the date of approval of this report, the City 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 Corporation is responsible for preparing the Annual Report and Financial Statements for each financial year in accordance with applicable law and regulations. The City 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 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 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 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 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 XX November 2023, the financial statements of City's Cash were approved on behalf of the Court of Common Council.

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Henry Nicholas Almroth Colthurst
Chairman of Finance Committee

Guildhall, London
XX November 2023

Randall Keith Anderson
Deputy Chairman of Finance Committee

INDEPENDENT AUDITOR'S REPORT TO THE CITY OF LONDON CORPORATION

HOLD FOR AUDITOR REPORT



Consolidated Financial Statements

Consolidated Statement of Comprehensive Income for the year ended 31 March 2023

	Notes	2023 £m	2022 £m
Income			
Education		101.0	86.2
Investments - property and managed funds	1	70.3	65.4
Markets		12.2	11.0
Open Spaces		8.0	6.7
City Representation		1.7	1.2
Innovation and Growth		0.7	0.5
Grants and other activities		0.7	0.5
Total Income	1	194.6	171.5
Expenditure			
Education		(118.5)	(101.7)
Investments - property and managed funds	2	(37.0)	(29.6)
Markets		(47.3)	(16.9)
Open Spaces		(24.0)	(24.1)
City Representation		(16.4)	(15.1)
Innovation and Growth		(7.9)	(7.5)
Grants and other activities		(30.1)	(30.0)
Management and Administration		(10.9)	(8.8)
Net pension scheme costs	18c	(26.8)	(35.4)
Total expenditure	2 to 4	(318.9)	(269.1)
Operating deficit before gain / (loss) in fair value of investments		(124.3)	(97.6)
Gain / (loss) in fair value of property investments	6	(216.2)	124.2
Gain / (loss) in fair value of non-property investments	8	3.9	69.0
Operating surplus / (deficit)		(336.6)	95.6
Profit / (loss) on Sale of Fixed Assets		8.9	35.9
Loan financing costs	16	(10.5)	(9.2)
Surplus / (deficit) before taxation		(338.2)	122.3
Taxation	5	-	-
Deferred taxation	17	9.8	(15.8)
Surplus / (deficit) for the year		(328.4)	106.5
Other comprehensive income			
Actuarial gain / (loss) on defined benefit pension schemes	18c	310.2	109.5
Total comprehensive income / (expenditure) for the year		(18.2)	216.0

All amounts relate to continuing operations. The notes on pages 30 to 56 form part of these financial statements.

Consolidated Statement of Financial Position at 31 March 2023

	Notes	2023 £m	2022 £m
Fixed Assets			
Investment properties	6	1,917.7	2,112.9
Tangible assets	6	329.7	296.2
Heritage assets	7	182.0	181.8
Non-property investments	8	977.2	990.6
Intangible assets	9	23.5	27.4
Long term debtors	10	7.4	7.7
Total Fixed Assets		3,437.5	3,616.6
Current Assets			
Stocks – finished goods	12	0.4	0.4
Short term Debtors	10	40.3	45.0
Non-property investments	8	60.7	184.1
Cash at bank and in hand		28.8	20.1
Total Current Assets		130.2	249.6
Debtors: amounts falling due within one year	13	(89.9)	(80.9)
Net Current Assets		40.3	168.7
Total Assets less Current Liabilities		3,477.8	3,785.3
Deferred income	14	(82.0)	(82.4)
Finance leases	15	(2.4)	(2.4)
Long-term loans	16	(449.0)	(449.0)
Provisions for liabilities	17	(51.6)	(57.1)
Net Assets excluding pension liability		2,892.8	3,194.4
Defined benefit pension scheme liability	18,19	(65.6)	(349.0)
Net Assets		2,827.2	2,845.4
Capital and Reserves			
Operational Capital Reserve		329.7	296.3
Heritage Assets Reserve		182.0	181.8
Income Generating Fund		2,979.0	3,314.9
Working Capital Fund		(148.9)	(149.6)
Loan Fund		(449.0)	(449.0)
Pension Reserve		(65.6)	(349.0)
Total Capital Employed	19	2,827.2	2,845.4

Approved for issue XX November 2023

Caroline Al-Beyerty, Chamberlain and Chief
Financial Officer

Consolidated Statement of Changes in Equity for the year ended 31 March 2023

	2023 £m	2022 £m
Capital Employed brought forward 1 April	2,845.4	2,629.4
Total comprehensive income	(18.2)	216.0
Capital Employed carried forward 31 March	2,827.2	2,845.4

Consolidated Statement of Cash Flows for the year ended 31 March 2023

	Notes	2023 £m	2022 £m
Cash flows from operating activities:			
Net cash used in operating activities	20a	(73.3)	(103.1)
Cash flows from investing activities:			
Net dividends, interest and rents from investments		70.3	65.4
Cash taken from / (invested in) short term deposits		127.7	(168.2)
Proceeds from the sale of property, plant and equipment		8.9	58.3
Purchase of property, plant and equipment		(41.7)	(29.2)
Proceeds from sale of investments		153.6	113.8
Purchase of investment properties and other investments		(226.2)	(124.1)
Net cash used in investing activities		92.5	(84.0)
Cash flows from financing activities:	20b	(10.5)	190.9
Increase/(Decrease) in cash in the year		8.7	3.8
Change in cash and cash equivalents in the reporting period		8.7	3.8
Cash and cash equivalents at the beginning of the reporting period		20.1	16.3
Cash and cash equivalents at end of year	20c	28.8	20.1



Statement of Significant Accounting Policies

The significant 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 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.

This Statement of Accounts is prepared for the City of London Corporation ("the City Corporation") only to the extent that it includes the economic activities such as education activities (operating 4 fee paying schools and The Guildhall School of Music & Drama); the operation of 2 wholesale food markets; managing and operating a number of open spaces across 11 London boroughs and 4 district councils; City of London representation; Innovation and growth activities; management and administration activities; Grant making activities. Accordingly, the reporting entity, for the purpose of these accounts, is City's Cash which is a part of the City Corporation but is not in itself a legal entity. This means the legal party to transactions and balances relating to City's Cash is the City Corporation.

Assets, liabilities and transactions of the City Corporation are allocated to City's Cash and recognised in these financial statements where they relate to City's Cash's economic activities mentioned above. The basis of allocation of assets, liabilities and transactions to City's Cash (including income and expenditure) has been made on a consistent basis for many years and that basis is reported and explained in more detail within this statement of significant accounting policies, including accounting policy (z) Critical Accounting Judgements and Estimates, and within the notes to the consolidated financial statements where appropriate. The basis of allocations is periodically reviewed to confirmed that this basis of allocating shared income and expenditure, and assets and liabilities, remain appropriate. The method of allocation applied to major classes of assets and liabilities, and income and expenditure, are explained within the separate accounting policies below.

b) **Going Concern**

In the opinion of the City Corporation, City's Cash is a going concern 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 (circa 4-5 years) 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. City's Cash activities are discretionary therefore provide flexibility to alter activities in line with resources available.

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 of the City Corporation whose principal activity is to provide re-insurance protection and is included as part of management and administration activities in City's Cash; trust funds in respect of seven open spaces, the Sir Thomas Gresham Charity, Keats House; and Barking Power Limited and Thames Power Services Limited. The latter two companies represent a power station that is located on a site which the City Corporation intends to remediate and decontaminate for future redevelopment and is part of City's Cash innovation and growth activities. In the case of charities and trusts, the rationale for consolidation is that the City Corporation is the sole 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**

City's Cash financial statements include only those activities of the Corporation relating to its services as set out paragraph (a). The majority of City's Cash's income generated from services relates specifically to City's Cash's defined activities. Similarly, some expenditure incurred relates to defined City's Cash activities. However, the Corporation also incurs central running costs for staff and overheads for all Funds and an appropriate allocation of these costs is charged to each fund. The principal basis of allocating these costs include an estimation of time spent by staff on the activities of each fund and the other running costs and overheads are allocated by reference to the floor space used by staff supporting the activities of each Fund.

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. This is usually at the point the purchaser has signed for the delivery of the goods.
- Revenue from education is recognised in the Statement of Comprehensive Income when City's Cash is entitled to the income, which is the period in which the student is studying. Tuition fees received in advance of the financial year are deferred in the Statement of Financial Position. Where the amount of the tuition fee is reduced by a discount, income receivable is shown net of the discount. Non-refundable payment such as application fee and registration fees are recognised when received.

Rental income is recognised on a receivable basis and at the date stated on the lease terms. Rent received in advance of the financial year are deferred in the Statement of Financial Position.

Investment income and income from other provision of services is recognised on the Statement of Comprehensive Income on a receivable basis.

- 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 - Income) 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.

e) **Deferred Income**

Lease premiums relating to operating leases are treated as deferred income and released to revenue over the life of the lease (see note n: Leases).

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 was £1,917.7m at 31 March 2023 (2021/22: £2,112.9m). Gains or losses arising from changes in the fair value of investment property are included in the Consolidated Statement of Comprehensive Income.

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.

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) Heritage Assets

City's Cash heritage assets largely comprise art and sculpture treasures are accounted for 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.

k) Financial Assets and Liabilities

Financial instruments are classified as either 'basic' or 'other' in accordance with Chapter 11 of FRS102. Basic financial instruments included cash, debtors and creditors, and investment in non-derivative financial instruments, any other financial instrument other than those list are classified as 'other'. All financial instruments held by City's Cash are basic financial instruments.

l) 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 consist of

private equity and infrastructure funds. Private equity funds are valued based on comparable valuation of similar companies in accordance with international private equity valuation guidelines, and infrastructure funds are valued based on discounted cashflows applied to equity and debt instruments.

Short term non-property investments are investment held with maturity dates less than one year and are mainly held as part of the portfolio strategy i.e. the fund manager usually holds a level of cash as a part of their short-term strategy. They are not held as short-term commitments i.e. they are not normally held for any pending trades and are not held as a part of the long term holding timeline.

In respect of short term investments and cash, whilst each fund, including City's Cash, maintains a cash book for its own cash transactions and balances, the cash balances are pooled across the City Corporation for treasury management purposes. Cash balances either held in the City Corporation's bank accounts or invested are allocated to City's Cash in proportion to its cash book share of cash balances and short term investments. Investment income on cash balances and investments are allocated to the City's Cash based on the share of the City's Cash cash book of the total cash balances and investments.

Non-property investment assets have been accounted for at 'fair value through the statement of comprehensive income'.

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.

m) **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. The purchase goodwill is gain from the land value of the power station sites, which has unlimited useful economic life, FRS102 requires this kind of

goodwill to be amortised over 10 years, which is the maximum useful economic life of these assets under the standard.

- 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.

n) **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.

Grants of long leases

The City Corporation in some instances grants leases of land and buildings in excess of 100 years. On inception of the lease an assessment is made whether the lease is in substance for the use of the premises for the majority of its useful life, in which case the lease is classified as a finance lease, or a right to occupy land (commonly where the site is redeveloped) in which case the lease is classified as an operating lease.

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.

Where rent concessions have been granted because of the Covid-19 pandemic, these have included the forgiveness of a portion of or all lease payments for an

agreed period (i.e. a temporary rent reduction or rent holiday). These concessions have been recognised over the periods that the charge relate to, in accordance with amendments to FRS102 issued in October 2020.

o) 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.

p) Loans

Loans to City's Cash are recognised in the Statement of Financial Position initially at fair value 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.

q) 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.

r) **Cash and cash equivalent**

Cash and cash equivalent comprises funds repayable to the City Corporation without penalty on notice within 24 hours, less cheques and BACS payments issued but not presented, and investments with maturity of three months or less.

s) **Stocks of Finished Goods**

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

Pension Costs

Non-Teaching Staff

The City 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 Corporation employee members engaged on City's Cash is not separately identifiable, a share of the total Pension Fund net deficit has been allocated to City's Cash based on a three year average of the percentage of 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.

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 apportioned net defined benefit cost along with a share of scheme assets and scheme liabilities.

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.

As it is not possible to identify the assets and liabilities at individual employer level, this scheme has been accounted for as a defined contribution scheme where employee and employer contributions are accounted for only.

u) **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.

v) **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.

37 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.

x) **Overheads**

The costs of support service overheads, except for expenditure on corporate and democratic activities, are generally apportioned between all services on the basis of employee time spent. Similarly, except for vacant properties, the costs of support service buildings are allocated based on space occupied by each service.

y) **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.

z) **Critical Accounting Judgements and estimates**

In applying accounting policies, the Corporation has to make certain judgements and estimates about complex transactions or those involving uncertainty about future events. 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. The judgements and estimates 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 several factors such as 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 has been engaged to provide the City Corporation with expert advice about the assumptions to be applied. The total Pension Fund net deficit has been allocated to City's Cash based on a three year average of the percentage of employer's pension contributions paid into the Fund by City's Cash as a proportion of total employer's contributions paid.

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 £10.6m. 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 44 to 48.

(ii) Valuation of Investment Properties

The carrying values of investment properties are primarily dependent on judgements of such variables as the state of the markets, location, condition of the properties/assets, indices etc. Valuation for investment properties is calculated in

accordance with "RICS Valuation – Global Standards 2020" together with the UK National Supplement (the "RICS Red Book"). The valuations apply market capitalisation rate to future rental cash flow with reference to data from comparable market transactions with assessment of the security of income. Valuers are required to consider the conditions that existed as at the balance sheet date.

(iii) Short term investments and cash and cash equivalents

Whilst each fund maintains a cash book for its own cash transactions and balances, the cash and cash equivalent balances are pooled across the Corporation for treasury management purposes. The balances held in the City Corporation's bank accounts or invested in money market funds, deposits and investments from surplus cash are allocated to City's Cash in proportion to its cash book share of cash and cash equivalent balances and short-term investments. Investment income on these balances is allocated to City's Cash based on its share of the total cash and cash equivalent balances and investments.

(iv) Other assets and liabilities

Where the Corporation incurs central running costs for staff and overheads for all Funds and an appropriate allocation of these costs is charged to each Fund, a corresponding asset or liability is recognised on the same basis by City's Cash.



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:

	2023 £m	2022 £m
Rentals, service charges and dilapidations income	65.1	61.3
Dividends from non-property investments and interest on fund balances	5.2	4.1
Total investment income	70.3	65.4

Note: rent receivable in 2022/23 in respect of operating leases was £50.9m (2021/22: £50.4m).

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.

Other Income

Other income from government grants was primarily comprised of a National Counter Terrorism Security Office discount.

2. Expenditure

Investment Management Costs

Expenses relating to property and non-property investments comprise:

	2023 £m	2022 £m
Property investment expenses	31.5	23.3
Non-property investments - management fees paid to fund managers	5.5	6.3
Total Investment Management Costs	37.0	29.6

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 £7.5m (2021/22: £7.4m).

Operating Lease Rentals

During the year of account City's Cash spent £1.0m on operating lease rentals in respect of premises (2021/22: £0.9m).

Auditor's remuneration

Remuneration to the external auditor, Crowe U.K. LLP, for audit services relating to the year of account for the City's Cash consolidated financial statements including the audit of the individual charities consolidated within City's Cash but excluding the audit Barking Power Ltd and Thames Power Services Ltd (whose audit fees are disclosed separately in those financial statements) amounted to £156,300 (2021/22: £137,000). No other fees were payable to Crowe U.K. LLP for non-audit services during the year (2021/22: no other fees were payable).

Members' expenses

In November 2021, the Court of Common Council introduced an annual, flat rate allowance for Members, which is based on the City Corporation's rate for inner-

London Weighting paid to its staff. The allowance is optional and is intended to recompense Members for the duties they undertake on behalf of the City Corporation, while also enabling those who choose not to claim from the scheme to maintain their status as volunteers. During the year, circa £340,000 in remuneration from City's Cash was claimed for Members undertaking their duties (2021/22: 80,000). The increase reflects a full year of expenses claimed on the scheme compared to the inaugural year.

Members may also 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 Corporation. These costs totalled £44,559 (2021/22: £8,664) across all of the City's activities.

3. Staff numbers and costs

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

Number of employee full time equivalents	2023 FTE	2022 FTE
Investment properties	15.5	15.0
Education	845.5	800.9
Markets	89.0	88.3
Open spaces	275.8	280.2
City representation	69.2	70.0
Grants and other activities	39.1	41.7
Support Services	195.3	203.6
Total	1,529.4	1,499.7

Employee remuneration	Gross Pay £m	National Insurance £m	Pensions £m	2023 £m	2022 £m
Investment Management	0.8	0.1	0.2	1.1	1.1
Education	47.7	5.1	9.7	62.5	58.2
Markets	3.3	0.3	0.6	4.1	4.2
Open spaces	9.5	0.9	1.7	12.1	12.4
City representation	3.7	0.4	0.7	4.8	4.1
Grants and other activities	2.4	0.3	0.4	3.1	3.0
Support Services	10.4	1.1	1.8	13.2	12.7
Total	77.6	8.2	15.0	100.8	95.7

4. Remuneration of senior employees

The number of staff earning more than £50,000 in aggregate in bands of £10,000 is set out in table 1 overleaf. The City Corporation considers its key management personnel to comprise of the Members of the City of London Corporation and senior officers excluding Chief Officers. Their remuneration are details in Table 2.

Table 1 - Remuneration in Bands				
Salary Range	Wholly charged to City's Cash		Partially Charged to City's Cash	
	2023	2022	2023	2022
£				
50,000 - 59,999	73	113	237	223
60,000 - 69,999	52	111	142	128
70,000 - 79,999	88	38	70	58
80,000 - 89,999	95	14	28	26
90,000 - 99,999	19	8	14	17
100,000 - 109,999	12	2	9	7
110,000 - 119,999	6	0	7	6
120,000 - 129,999	5	1	6	5
130,000 - 139,999	2	2	5	0
140,000 - 149,999	0	0	1	1
150,000 - 159,999	0	0	0	0
160,000 - 169,999	0	1	1	0
170,000 - 179,999	0	0	1	0
180,000 - 189,999	0	1	1	0
190,000 - 199,999	0	0	1	0
200,000 - 209,999	0	0	0	0
230,000 - 239,999	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 voluntary information for 2022/23 and 2021/22 respectively in accordance with the Accounts and Audit Regulations 2015, applicable to the City Corporation.

Table 2 - 2022/23 remuneration for those senior employees which we disclose 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 2022/23	Pension Contributions	National Insurance Contributions	Total Remuneration including Pension Contributions 2022/23
			%	£0	£0	£0	£0	£0	£0	£0	£0	£0
Salary is £150,000 or more a year												
Town Clerk and Chief Executive (left Dec 22)	J. Barradell	*	40	91	-	-	31	55	177	17	19	213
Chamberlain	C. Al-Beyerty	*	35	62	-	-	-	-	62	13	9	84
Comptroller & City Solicitor	M. Cogher	*	25	50	-	-	-	-	50	11	7	68
City Surveyor	P. Wilkinson	*	45	90	-	-	-	-	90	19	13	122
Head City of London School	A. Bird			171	-	-	34	-	205	46	23	274
Headmistress City of London School for Girls	J. Brown			171	-	-	36	-	207	41	23	271
Principal of the Guildhall School of Music & Drama (wef Jun 22)	J. Vaughan			210	-	-	-	-	210	44	29	283
Salary is between £50,000 and £150,000												
Town Clerk and Chief Executive (wef Feb 23)	-	*	40	16	-	-	-	-	16	-	2	18
Headmaster City of London Freeman's School	-			144	-	-	-	-	144	43	19	206
Director of Innovation and Growth	-	*	33	54	-	-	-	-	54	11	7	72
Chief Operating Officer	-	*	30	60	-	-	-	-	60	12	8	80
Remembrancer	-			139	-	1	-	-	140	-	19	159
Director of Markets & Consumer Protection	-	*	45	48	-	-	-	-	48	11	7	66
Total				1,306	-	1	101	55	1,463	268	185	1,916

* 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 relates to the proportion charged to City's Cash activities. The annualised salary for each of these officers is shown in table 4.

Table 3 - 2021/22 remuneration for those senior employees which we disclose 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 2021/22	Pension Contributions	National Insurance Contributions	Total Remuneration including Pension Contributions 2021/22
			%	£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	106	-	-	87	-	193	22	14	229
Chamberlain (left April 2021)	P. Kane	*	35	13	-	-	-	21	34	1	3	38
Chamberlain	C. Al-Beyerty	*	35	61	-	-	-	-	61	13	8	82
Comptroller & City Solicitor	M. Cogher	*	25	45	-	-	-	-	45	9	6	60
City Surveyor	P. Wilkinson	*	45	71	9	-	-	-	80	17	11	108
Salary is between £50,000 and £150,000												
Head City of London School	-			146	-	-	63	-	209	39	19	267
Principal of the Guildhall School of Music & Drama (left Aug 21)	L. Williams			93	-	-	-	-	93	17	12	122
Headmaster City of London Freeman's School	-			142	-	-	-	-	142	16	18	176
Headmistress City of London School for Girls	-			146	-	-	68	-	214	34	19	267
Director of Innovation and Growth	-	*	33	48	-	-	-	-	48	10	6	64
Chief Operating Officer (wef July 2021)	-	*	30	40	-	-	-	-	40	9	5	54
Remembrancer	-			135	-	-	-	-	135	-	17	152
Director of Markets & Consumer Protection (left Dec 21)	-	*	45	32	3	-	-	-	35	7	5	47
Director of Markets & Consumer Protection (wef Aug 21)	-	*	45	33	-	-	-	-	33	7	4	44
Total				1,111	12	-	218	21	1,362	201	147	1,710

* 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 2023 £000	Annualised Salary 2022 £000
Town Clerk and Chief Executive	228	266
Chamberlain (left April 21)	-	37
Chamberlain	40	173
Executive Director of Mansion House & Old Bailey	177	-
Comptroller & City Solicitor	200	180
City Surveyor	200	159
Chief Operating Officer (started July 21)	200	133
Director of Open Spaces	-	-
Director of Innovation and Growth	164	146
Director of Markets & Consumer Protection (left Dec 21)	-	72
Director of Markets & Consumer Protection (started Aug 21)	107	74

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. Due to losses within the power station Group, tax payable in any given year is generally minimal. Taxation of £1,357 was recorded in the Accounts for the year-ended 31 March 2023 (2021/22: £1,357). This related to the unwinding of a historic accrued position held by Thames Power Limited.

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 2022	2,112.9	286.3	70.2	33.8	2,503.2
Additions	85.6	10.4	1.3	30.0	127.3
Revaluations	(216.2)				(216.2)
Disposals	(64.6)				(64.6)
Transfers		20.7		(20.7)	-
At 31 March 2023	1,917.7	317.5	71.5	43.1	2,349.8
Depreciation					
At 1 April 2022	-	(62.1)	(32.0)	-	(94.1)
Charge for the year		(5.3)	(3.0)		(8.3)
At 31 March 2023	-	(67.4)	(35.0)	-	(102.4)
Net book value					
At 1 April 2022	2,112.9	224.2	38.2	33.8	2,409.1
At 31 March 2023	1,917.7	250.1	36.5	43.1	2,247.4
Leased assets included above:					
Net book value					
At 1 April 2022	15.3	-	-	-	15.3
At 31 March 2023	15.3	-	-	-	15.3

Notes:

- a) The External valuers value investment properties annually as at 31 March at market values determined in accordance with the RICS Valuation – Professional Standards (The Red Book).
- b) 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 include 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.

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 are 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 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 open space land are recognised on the Consolidated Statement of Financial Position at a cost of £182.0m (2021/22: £181.8m) 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.

	2023 £m	2022 £m
Cost (a)		
At 1 April	181.8	181.6
(Write-off) / Additions (b)	0.2	0.2
Closing cost	182.0	181.8
Comprising:		
Art and sculptures	180.9	180.7
Open spaces	1.1	1.1
Total heritage assets	182.0	181.8

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 Limited.

- b) The balance relates to revival work on open space of West Wickham and included at cost.

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 is shown in the following table. Further analysis of these investments is shown in note 11.

	2023 £m	2022 £m
Long-term non-property investments		
Total investments at 1 April	990.6	932.5
Add additions to investments at cost	140.6	104.1
Less disposals at market value	(147.3)	(109.2)
Less realised investments	(6.3)	(4.6)
Add gain / (loss) in fair value	(0.4)	67.8
Investments at 31 March	977.2	990.6
Short-term non-property investments		
Total investments at 1 April	184.1	14.7
Change in short-term deposits and money market funds*	(127.7)	168.2
Change in long term deposits	4.3	1.2
Investments at 31 March	60.7	184.1
Total investments as at 31 March are analysed between long-term and short-term investments as follows:		
Long-term	977.2	990.6
Short-term	60.7	184.1
Total investments at 31 March	1,037.9	1,174.7

*Note: the £127.7m change in short-term deposits and money market funds in 2022/23 resulted largely from net investments during the year.

9. Intangible assets

	Technology systems £m	Goodwill £m	Total £m
Cost / Valuation			
At 1 April 2022	1.7	39.1	40.8
Additions / (disposals)	-	-	-
Transfers	-	-	-
At 31 March 2023	1.7	39.1	40.8
Amortisation			
At 1 April 2022	(1.6)	(11.8)	(13.4)
Charge for the year	(0.0)	(3.9)	(3.9)
At 31 March 2023	(1.6)	(15.7)	(17.3)
Net book value			
At 1 April 2022	0.1	27.3	27.4
At 31 March 2023	0.1	23.4	23.5

Technology systems:

During 2014/15, the City Corporation invested in an updated Oracle Business Intelligence system. This is recognised in the financial statements as an intangible asset on the basis of amortised historic cost at a value of £0.1m (2021/22: £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 represented the excess of the cost of their acquisition over the net amount of its identified assets and liabilities. This is amortised at a rate of £3.9m per annum over 10 years, which is the maximum useful economic life of these assets under FRS102.

10. Debtors

	2023 £m	2022 £m
Amounts falling due within one year		
Sundry debtors	10.3	2.7
School fees	10.5	11.6
Prepayments and accrued income	4.2	6.5
Rental debtors	13.8	21.1
VAT	0.3	-
Accrued interest	1.2	3.1
Current debtors	40.3	45.0
Amounts falling due after more than one year		
Rental debtors	5.8	6.2
Finance lease debtor	1.5	1.5
Long-term debtors	7.4	7.7
Total debtors	47.7	52.7

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 The Chartered Institute of Public Finance and Accountancy (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 rating agency) rating of long-term A and short-term F1 or are building societies with assets over £10bn (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.

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, National Westminster Bank/Royal Bank of Scotland and Santander UK were maintained at maximum lending limits of £100m each during 2022/23, and Lloyds Bank was fixed at £150m (Lloyds being the City of London Corporation's banker). The lending limit for the Nationwide Building Society is £100m. 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 twelve foreign banks with individual limits of £100m with a maximum loan duration of three years. The included foreign banks are Australia and New Zealand Banking Group, National Australia Bank, Bank of Montreal, Royal Bank of Canada, Toronto-Dominion Bank, Helaba Bank (formerly Landesbank Hessen-Thuringen Girozentrale), Cooperatieve Rabobank, DBS Bank, United Overseas Bank, Skandinaviska Enskilda Banken, Swedbank, and Svenska Handelsbanken. The lending list also includes five highly rated money market funds (Aberdeen Sterling Liquidity Class L1 Fund, CCLA, Deutsche Liquidity Fund, Federated Hermes Liquidity Fund, and Invesco); and three highly rated Ultra-Short Dated Bond Funds (Federated Hermes Sterling Liquidity Class L3 Plus

Fund, Aberdeen GBP Liquidity Class L3 Fund and Payden Sterling Reserve 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 2023, City's Cash had £64.4m in money market funds and short-term cash investments with a maturity of less than 365 days (31 March 2022: £185.1m).

Ageing of debts covered by the Bad Debt Provision	31 March 2023 £m	31 March 2022 £m
Less than three months	0.5	1.1
Three to six months	0.3	0.7
Six months to one year	0.4	1.4
More than a year	1.9	2.1
Total	3.1	5.3

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 Corporation's 2022/23 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 2023 and uses data provided by the fund's custodian bank BNY Mellon.

Currency	Value	Change	Value	Value
	£m	%	on increase £m	on decrease £m
GBP	401.40	0.00%	401.4	401.4
EUR	368.1	2.60%	377.7	358.5
USD	118.3	1.51%	120.1	116.5
Other	150.1	2.04%	153.2	147.0
Total non-property investments	1,037.9	-	1,052.4	1,023.4

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

These investments are actively managed by twenty-three 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 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. This committee has now been dissolved and replaced with the Investment Committee with effect from 19 May 2023. 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 Limited, 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 2022/23 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 (incl UK)	19.9%
Global equities - emerging markets	24.8%
Absolute return fixed income	10.7%
Diversified growth funds	12.4%
Multi asset credit	12.1%
Private equity	25.4%
Infrastructure	17.4%
Total non-property investments	18.1%

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

Financial assets and liabilities

Asset type	Value £m	Change %	Value on increase £m	Value on decrease £m
Global equities - developed markets (incl UK)	634.3	19.9%	760.5	508.1
Global equities - emerging markets	31.6	24.8%	39.4	23.8
Absolute return fixed income	37.3	10.7%	41.3	33.3
Diversified growth funds	171.5	12.4%	192.8	150.2
Multi asset credit	30.1	12.1%	33.7	26.5
Private equity	22.1	25.4%	27.7	16.5
Infrastructure	50.3	17.4%	59.1	41.5
Total Long-term non-property investments	977.2	18.1%	1154.5	799.9
Short-term UK deposit and money market funds	60.7	0.0%	60.7	60.7
Total non-property investments	1,037.9		1,215.2	860.6

Financial assets held at fair value through the statement of comprehensive income are investment properties and non-property investments. They have been valued using unadjusted quoted prices in active markets for identical assets (level 1 inputs in the fair value hierarchy).

All other financial liabilities and financial assets represented by amortised cost and long-term debtors and creditors are carried on the balance sheet at amortised cost. Short-term debtors and creditors are carried at cost as this is a fair approximation of their value.

	2023 £m	2022 £m
Financial assets measured at fair value through profit and loss	3,039.9	3,287.6
Financial assets measured at amortised cost	612.1	578.6
Financial liabilities measured at amortised cost	(740.5)	(1,020.8)

12. Stocks of Finished Goods

A variety of purchased items are held in stock amounting to £0.4m (2021/22: £0.4m) 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

	2023 £m	2022 £m
Sundry creditors	64.8	54.6
Rental income received in advance	18.4	17.5
Other receipts received in advance	6.3	6.0
VAT	0.0	2.4
Deferred income	0.4	0.4
Total current creditors	89.9	80.9

14. Deferred income

	2023 £m	2022 £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	1.9	1.9
Due in more than five years	80.1	80.5
Long-term deferred income	82.0	82.4
Total deferred income	82.4	82.8

Premiums of £84.9m relating to eight operating leases were received from 2014/15 onwards. No new operating lease premium agreements were received in 2022/23. These premiums have been deferred in accordance with accounting policies note e) and are to be released over their lease terms.

15. Leases

City's Cash as lessee – finance leases

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	2023 £m	2022 £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 – finance leases

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:

	2023 £m	2022 £m
Finance lease debtor (net present value of minimum lease payments) - non-current	1.5	1.5
Unearned finance income	2.1	2.2
Gross investment in lease	3.6	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	
	2023	2022	2023	2022
	£m	£m	£m	£m
Later than one year and not later than five years	0.1	0.1	-	-
Later than five years	3.5	3.6	1.5	1.5
Total	3.6	3.7	1.5	1.5

The minimum lease payments receivables 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.

City's Cash as Lessor – Operating leases

Most of City's Cash investment properties are under operating lease. Under City's Cash operating leases, there are various ground leases that have terms beyond two thousand years. The minimum lease payment receivable for non-cancellable operating leases will be received over the following periods. Non-cancellable operating lease are where none of the parties have the right to terminate the lease:

	Net Present Value of Minimum Lease	
	2023	2022
	£m	£m
No later than one year	60.3	64.5
Later than one year and not later than five years	197.9	199.6
Later than five years	1,428.0	1,242.7
Total	1,686.2	1,506.8

16. Loans

	2023	2022
	£m	£m
Long-term loan	449.0	449.0
Loan balance at 31 March	449.0	449.0

In August 2019, the City Corporation issued debt totalling £449.0m via private placement, of which £250.0m was received in September 2019 with the remaining £200.0m being received in July 2021.

The debt tenures, loan term and interest rates are set out in the below table. Interest payable is at a fixed rate for each tenure and is paid twice yearly. The principal of the loan is repaid at the end of the loan term. As part of the loan condition the City Corporation net debts to net assets (excluding pension liabilities) must not exceed 50%.

	Tranche 1	Tranche 2	Tranche 3	Tranche 4	Tranche 5
Loan term	25 years	30 years	35 years	40 years	45 years
Interest rate	2.36%	2.37%	2.32%	2.33%	2.34%
Loan amount	£50m	£105m	£95m	£115m	£85m

Interest expense in 2022/23 amounted to £10.5m (2021/22: £9.2m). 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	3.4	53.7	57.1
Movement in year	(0.2)	(5.3)	(5.5)
Closing balance	3.2	48.4	51.6

City Re Limited has set aside £3.2m (2021/22: £3.4m) 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 £48.4m. This includes:

- £25.4m (2021/22: £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.
- A deferred taxation liability of £23.0m (2021/22: £32.8m) has been recognised, as required under FRS102, on the revaluation gain on the land held by Barking Power Limited. This is calculated using the corporation tax rate applicable to future profits (25%) and the revalued amount at the balance sheet date less the base cost and indexation relevant to the land.

18. Pensions

City of London Corporation defined benefit pension scheme

The City 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

City's Cash is calculated pro-rata to employer's contributions paid by each of the City Corporation contributors to the scheme.

The table below shows the total pension deficit for the City of London Pension Fund recorded on the Consolidated Statement of Financial Position of £65.6m (2021/22: £349.0m).

Pension scheme liabilities	2023 £m	2022 £m
City of London Pension Fund	65.6	349.0
Total pension scheme liabilities	65.6	349.0

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 independent schools are eligible to participate in the Teachers' Pension Scheme. Whilst this is a defined benefit scheme, accounting standards allow for this scheme to be accounted for on a defined contribution basis as it is not possible to identify the assets and liabilities at an individual employer level. Accordingly, the Teacher's Pension Scheme has been accounted for on a defined contribution basis in the City's Cash Accounts.

Accounting for The City of London Pension Fund under IAS19

The actuarial valuation of the defined benefit scheme was updated at 31 March 2022, 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 no material differences between the two accounting standards identified. The triennial actuarial valuation assessment of the Scheme was carried out as at 31 March 2022 and set contributions for the period from 1 April 2023 to 31 March 2026.

At 31 March 2023, the City's Cash's share of the Scheme net pension liability was £65.6m (2021/22: £349.0m). City's Cash's share of the market value of the Schemes' assets was £581.3m (2021/22: £586.4m).

The estimated amount of total employer contributions expected to be paid to the scheme by City's Cash during the year to 31 March 2023 is £15.9m (actual for year to 31 March 2022: £17.0m). 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

Financial assumptions

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

Assumptions as at 31 March - per annum	2023	2022	2021
RPI increases	3.3%	4.3%	3.2%
CPI increases	2.9%	3.3%	2.9%
Salary increases	3.9%	4.3%	3.9%
Pension increases	2.9%	3.3%	2.9%
Discount rate	4.8%	2.6%	2.0%

Life expectancy

The following table reflects the change in the mortality tables used for the 31 March 2022 valuation and allowance is made for the expected decline in future life expectancy:

Assumed life expectancy from age 65 years	Sex	2023	2022
Age 65 retiring today	Male	21.1	21.6
Age 65 retiring today	Female	23.5	24.3
Retiring in 20 years	Male	22.3	23.0
Retiring in 20 years	Female	25.0	25.8

(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 period are as follows:

Net Pension Asset	2023		2022	
	CC £m	CoL £m	CC £m	CoL £m
Funded liability present value	(645.3)	(1,402.8)	(933.4)	(2,029.1)
Fair value of fund assets (bid)	581.3	1,263.6	586.4	1,274.7
Net liability	(64.0)	(139.1)	(347.1)	(754.5)
Unfunded liability present value	(1.6)	(3.5)	(1.9)	(4.1)
Net liability on CSoFP	(65.6)	(142.6)	(349.0)	(758.6)

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 £65.6m (2021/22: £349.0m). The City's Cash share of the net defined benefit pension scheme liability represents 46% (2022: 46%) of the total net balance sheet liability in the City of London Corporation Pension Fund Financial Statements. The calculation of this percentage is detailed in the first paragraph of the note and in note (t) of the accounting policy.

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

	2023 £m	2022 £m
Current service cost	(31.9)	(39.2)
Administration cost	(0.5)	(0.4)
Losses on settlements and curtailments	(1.6)	(4.3)
Employer contributions	15.9	17.0
Unfunded pension payments	0.2	0.2
Return on pension scheme assets	15.2	10.5
Interest on pension scheme liabilities	(24.1)	(19.1)
Net pension scheme costs	(26.8)	(35.4)
Actual return less expected return on pension scheme assets	(18.4)	26.4
Experience gain / (losses)	(76.6)	0.6
Change in demographic assumptions	-	23.4
Changes in assumptions underlying the present value of liabilities	405.1	56.0
Other actuarial gains / (losses)	-	3.1
Actuarial gains/(losses) recognised in the CSoCI	310.2	109.5
Net charge to the CSoCI	283.4	74.1

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Note: CSoCI - Consolidated Statement of Comprehensive Income

(f) Asset allocation

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

Employer asset share - bid value	2023		2022	
	£m	Per annum	£m	Per annum
Equities	341.0	58.7%	347.1	59.2%
Cash	4.2	0.7%	8.1	1.4%
Infrastructure	77.6	13.3%	71.7	12.2%
Absolute Return Portfolio	158.5	27.3%	159.5	27.2%
Total assets	581.3	100.0%	586.4	100.0%

(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	2023 £m	2022 £m
Opening defined benefit liability	(935.3)	(969.9)
Current service cost	(31.9)	(39.2)
Interest cost	(24.1)	(19.1)
Experience loss / (gain) on defined benefit obligation	(76.6)	0.6
Change in demographic assumptions		23.4
Change in financial assumptions	405.1	56.0
Losses on curtailments	(1.6)	(4.3)
Liabilities extinguished on settlements		-
Estimated benefits paid net of transfers in	22.7	22.2
Contributions by scheme participants	(5.3)	(5.2)
Unfunded pension payments	0.2	0.2
Closing defined benefit liability	(646.9)	(935.3)

(f) Movement in the scheme net liability

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

Reconciliation of net defined benefit liability	2023 £m	2022 £m
Deficit at the beginning of the year	(349.0)	(423.1)
Current service cost	(31.9)	(39.2)
Net interest	(8.9)	(8.6)
Settlements and curtailments	(1.6)	(4.3)
Other finance expenses	(0.5)	(0.4)
Employers contributions	15.9	17.0
Unfunded pension payments	0.2	0.2
Actuarial gains/(losses)	310.2	109.5
Deficit at the end of the year	(65.6)	(349.0)

(g) Movement in the present value of scheme asset

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	2023 £m	2022 £m
Opening fair value of scheme assets	586.4	546.8
Interest on assets	15.2	10.5
Return on assets less interest	(18.4)	26.4
Actuarial losses	-	3.1
Administration expenses	(0.5)	(0.4)
Contributions by employer including unfunded	16.1	17.2
Contributions by scheme participants	5.3	5.2
Estimated benefits paid net of transfers in and including unfunded	(22.9)	(22.4)
Settlement prices paid	-	-
Closing value of scheme assets at end of period	581.3	586.4

Changes in financial assumptions

In 2022/23, City of London defined benefit pension scheme was affected by a change to financial assumptions, which led to a decrease in the overall pension liability of £405.1m. The change in financial assumptions was from an increase in the discount rate from 2.6% at 31 March 2022 to 4.8% at 31 March 2023 which has decreased the present value of liabilities in the independent consulting actuary's (Barnett Waddingham LLP) financial assumptions.

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

The following City's Cash share of pension liabilities for 2019-2023 have been recognised under the "Actuarial gains and losses on defined benefit pension scheme" heading within the Consolidated Statement of Comprehensive Income:

	2023 £m	2022 £m	2021 £m	2020 £m	2019 £m
Present value of defined benefit liability	(646.9)	(935.3)	(723.4)	(747.4)	(747.4)
Fair value of scheme assets	581.3	586.4	431.0	455.6	455.6
Deficit in the scheme	(65.6)	(349.0)	(292.4)	(291.8)	(291.8)
Experience adjustments on scheme liabilities	76.6	0.6	9.5	(37.3)	-
Percentage of scheme liabilities	(11.8%)	(0.1%)	(1.0%)	3.8%	0.0%
Experience adjustments on scheme assets	(18.4)	26.4	107.3	(26.4)	21.4
Percentage of scheme assets	(3.2%)	4.5%	19.7%	(4.8%)	4.7%
Cumulative actuarial gains and losses	227.5	(82.7)	(158.5)	(61.4)	(73.0)

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

(i) Sensitivity analysis

The below table listed City's Cash share of the impact on its pension liabilities as a result of changing in key assumptions whilst holding other assumptions constant.

Note: PV – present value

		£m	£m	£m
		0.1%	0.0%	-0.1%
Adjustment to discount rate	PV of total liability	636.5	646.9	657.5
	Projected service cost	12.2	12.6	12.6
Adjustment to long-term	PV of total liability	647.6	646.8	646.1
	Projected service cost	12.6	12.6	12.6
Adjustment to pension	PV of total liability	656.9	646.9	637.1
	Projected service cost	13.1	12.6	12.2
		+ 1 year	None	- 1 year
Adjustment to mortality age	PV of total liability	672.3	646.9	622.5
	Projected service cost	13.1	12.6	12.2

(j) Projected pension expense for the year to 31 March 2023

The below table show City's Cash share of projected pension expenses. 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 2024	Projected Year to 31 March 2023
	£m	£m
Service cost	12.6	30.8
Net interest on the defined liability	2.8	8.9
Administration expenses	0.5	0.5
Total expense	15.9	40.1
Employer contributions	15.1	14.6

19. Capital and Reserves

	Balance at 1 April 2022 £m	Additions / income £m	Disposals / expenditure £m	Depreciation / amortisation £m	Unrealised Gains / (Losses) £m	Transfers £m	Balance at 31 March 2023 £m
Operational Capital	296.3	41.7		(8.3)			329.7
Heritage Assets Reserve	181.8	0.2					182.0
Income Generating Fund:							
Investment Properties	337.0	85.6		(3.9)			418.7
Non-Property Investments	1,174.7	17.2	(153.6)		(0.4)		1,037.9
Revaluation Reserve - Investment Properties	1,803.2		(64.6)		(216.2)		1,522.4
Income Generating Fund	3,314.9	102.8	(218.2)	(3.9)	(216.6)	-	2,979.0
Working Capital Fund	(149.6)		0.7				(148.9)
Loan Fund	(449.0)						(449.0)
Pension Reserve	(349.0)	(26.8)			310.2		(65.6)
Total Capital and Reserves	2,845.4	117.9	(217.5)	(12.2)	93.6	-	2,827.2

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 13) which are consolidated within City's Cash accounts. Total funds of the charities amount to £66.3m (2021/22: £63.6m), comprising unrestricted funds of £30.0m (2021/22: £28.7m), restricted funds of £1.3m (2021/22: £0.3m) and endowment funds of £35.0m (2021/22: £34.6m). Restricted and endowed funds include income that is subject to specific restrictions imposed by the donor. These funds are included as part of working capital funds reserves, however £35.0m of the endowment funds have been classified as income generating fund – non-property investments reserves. 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

	2022/23	2021/22
	£m	£m
Operating (deficit) / surplus for the reporting period	(336.6)	95.2
Adjustments for:		
Depreciation and amortisation charges	12.2	11.5
Write-off abortive heritage asset costs capitalised	-	-
Net pension scheme costs	26.8	35.8
Losses on disposal of property investments	64.6	-
(Gains) / losses on property investments	216.2	(124.2)
(Gains) / losses on non-property investments	(3.9)	(69.0)
Net dividends, interest and rents from investments	(70.3)	(65.4)
Decrease / (increase) in debtors	4.7	2.7
Increase in creditors falling due within one year	9.0	12.1
Release of deferred income	(0.4)	(0.4)
Decrease) / increase in provision	4.3	(1.4)
Net cash used in operating activities	(73.3)	(103.1)

(b) Cash flows from financing activities

	2023	2022
	£m	£m
New loans	-	200.1
Repayment of loans	-	-
Loan interest and transaction costs	(10.5)	(9.2)
Total	(10.5)	190.9

(c) Analysis of changes in net debt activities

	At 1 Apr 2022	Cash flows	At 31 Mar 2023
	£m	£m	£m
Cash and cash equivalents	20.1	8.7	28.8
Borrowings			
Debts due within one year	-	-	-
Debts due after one year	(449.0)	-	(449.0)
Finance Leases	(2.4)	-	(2.4)
Total net debt	(431.3)	8.7	(422.6)

21. Financial commitments

The material contractual capital commitments are as follows:

	Consolidated 2023	2022
	£m	£m
Contracted for but not provided for contract commitments (a)	22.3	5.9
Total	22.3	5.9

Notes:

- a. The contractual commitment of £22.3m for 2023 relates to the following:
 - i. The refurbishment of 213-215 Tottenham court Road: £2.7m.
 - ii. Barking Reach Power station work: £18.0m.
 - iii. Smithfield Annexe Refurbishment: £1.6m.

b. City's Cash has no material commitments under operating leases.

c. The City Corporation has agreed a £50.0m contribution to Crossrail from City's Cash subject to the completion of the works; the exact payment date has yet to be agreed. The agreement with Crossrail is an executory contract and therefore outside the scope of FRS102. An executory contract is a contract under which neither party has performed any obligations or both parties have partially performed their obligations to an equal extent.

22. Related party transactions

All Members of the Committees governing funds and activities consolidated into City's Cash are appointed by the City Corporation to act on its behalf. The City Corporation also employs all staff. The costs of those staff employed directly on City's Cash activities are allocated to those activities accordingly. City's Cash is required to disclose information on related party transactions with bodies or individuals that control or have significant influence over its funds and activities or be controlled or influenced by it.

The City 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 Corporation allocates all transactions to City's Cash at cost and credits or charges interest at a commercial rate.

The City 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 Corporation is available on request from the Chamberlain by email: CHBOffice-BusinessSupport@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's Cash.

Disclosures relate to both 2022/23 and 2021/22 unless otherwise stated.

During 2022/23 the following transactions have been disclosed. This is where Members held positions of control or significant influence in related parties to City's Cash are:

Related party	Connected party	2022/23 £000	2021/22 £000	Detail of transaction
Christ's Hospital	Three Members were nominated by the City Corporation to the Council of Christ's Hospital and one member is a Governor on the Board	80	80	Annual Grant received by City's Cash
City & Guilds London	The City Corporation nominated three Members to the City & Guilds London Institute, which leases premises for which rent and service charges were received	(179)	-	Rent and service charges received by City's Cash
City of London Academy Shoreditch Park	A Member was a Governor at City of London Academy Shoreditch Park	129	140	Grant received from City's Cash for Disadvantaged pupils
City of London Academies Trust	The City Corporation nominated one Member to the Board of Governors of the City of London Academies Trust (2020/21: The City Corporation nominated five Members to the Board of Governors of the City of London Academies Trust)	488	611	Grant funding received from City's Cash
City of London Reserve Forces & Cadets Association	One Member is an Executive Committee member and The City Corporation nominated two Members to the City of London Reserve Forces & Cadets Association	49	21	Grant funding received from City's Cash
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	-	(167)	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	-	(254)	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	-	(83)	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	-	(12)	Rent and service charges received by City's Cash

Related party (continued)	Connected party (continued)	2022/23 £000	2021/22 £000	Detail of transaction (continued)
DLA Piper UK LLP	A member is a consultant to DLA Piper UK LLP, another member is an equity partner	-	13	Professional fee paid by City's Cash
DLA Piper UK LLP	A member is a consultant to DLA Piper UK LLP, another member is an equity partner	(39)	(30)	Venue hire charge paid to City's Cash
G Lawrence Wholesale Meats LTD	A Member is a Shareholder and Director and his Son is the Managing Director. The Company holds a lease in the Smithfield Market	(182)	-	Rent and service charges received by City's Cash
George Abrahams Group	A Member is a Managing Director	(267)	-	Rent and service charges received by City's Cash
Gresham College Council	The City Corporation nominated four Members to the Gresham College Council	405	752	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 four other Members declared places on the Council	108	100	Grant funding received from City's Cash
The Honourable The Irish Society	Sixteen Members were nominated by the City Corporation and sit as part of the governance structure of The Honourable The Irish Society and one Member is a Deputy Governor (until 9th March 2023)	30	30	Grant funding received from City's Cash
King Edward's School Witley	A Member was a vice president of the school and three other members were on the school court	716	454	Grant funding received from City's Cash
London Council LTD	A Member is a Director	(1,353)	-	Rent and Interest received by City's Cash
London Metropolitan University	A Member is the Chair	(3,520)	-	Rent and Hire Fees received by City's Cash
Market Provisions (Smithfield) LTD	A Member is the Managing Director	(87)	-	Rent and service charges received by City's Cash
Lord Mayor's Show Limited	Six Members and two Chief Officers were directors to the Lord Mayor's Show Ltd (2020/21: Seven Members and a Chief Officer were directors of the Lord Mayor's Show Ltd)	-	(29)	Payments received by City's Cash for services provided
Museum of London	One member appointed as a Member of the Board of Governors and the City Corporation nominated three Members to the Museum of London	258 / (63)	247	Grant funding received from City's Cash; Income to City's Cash for services rendered

Related party (continued)	Connected party (continued)	2022/23 £000	2021/22 £000	Detail of transaction (continued)
Pension Insurance Corporation	A Member is a Shareholder	1,053	-	CC PP Borrowing Interest
Phoenix Group Holdings Plc	A Member is a Chairman and Shareholder (on Sabbatical until 01/12/2023)	(140)	-	Rent and service charges received by City's Cash
The Royal Society of St George	A Member is a Council member	(140)	-	Rent and service charges received by City's Cash
The CityUK	A member sits on the Board and Council (2020/21: Three Members were also members of this organisation)	-	500	Grant funding received from City's Cash
Wellington Trust	A Member is a Trustee & Director	-	106	Management fees paid by City's Cash

The following transactions have been disclosed where Members have declared an interest in parties that have transactions with the City's Cash during 2022/23.

Related party	Connected party	2022/23 £000	2021/22 £000	Detail of transaction
Companies leasing premises	A Member's spouse was a shareholder of a company which leases premises for which rent and service charges were	-	(415)	Rent and service charges received by City's Cash
Gardiner & Theobold	A Member was employed by the company as property adviser to the Gidlers company for which rent was received	(2,377)	(1,508)	Rent and service charges received by City's Cash
London Borough of Lambeth	A Member was a Head of Treasury & Pensions in London Borough of Lambeth for which fees was received	-	(40)	Payments received by City's Cash for subscription
Phillips & Leigh	A Member's spouse was a practice manager at Phillips & Leigh for which rent and service charges were received	(28)	(92)	Rent and service charges received by City's Cash
P J Martinelli LTD	A Member's spouse is a shareholder in the Limited Company	(445)	-	Rent and service charges received by City's Cash
PricewaterhouseCoopers LLP	A Member was employed by PWC who carried our various work for which fees were charged	-	30	Payments from City's Cash for various advisory work
University of East Anglia	A Members was on the advisory board of the university for which fees were received	-	(62)	Payments received by City's Cash for services provided

23. Contingent Liabilities

City's Cash notes contingent liabilities in relation to its fully consolidated subsidiary, Barking Power Limited. The company has obligations to landowners under the terms of land ownership of the site formerly occupied by Barking Reach Power Station. These obligations include off-site infrastructure remediation, subject to the intention to develop and granting of planning permission to applicable landowners. The existence and timing of these liabilities is uncertain because they depend on the future actions of external landowners and planning authorities. The value of the liabilities cannot be reliably estimated because of the number of landowners and uncertainty associated with the scope and timing of any future off-site infrastructure remediation works.

24. Post Balance Sheet Events

There are no material post balance sheet events.

25. Approval of the Financial Statements

The City's Cash Accounts were approved for issue by the Chamberlain on XX November 2023. Events after the balance sheet date and up to XX November 2023 have been considered in respect of a material effect on the financial statements. Events taking place after this date are not reflected in the financial statements or notes.



Further Information

Bridge House Estates – The City of London is the sole trustee of Bridge House Estates, which reaches out across London in many important and diverse ways. This includes its grant-making operation, City Bridge Trust, but the core business of the charity, 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 long-standing 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 purchase goodwill is gain from the land value of the power station sites, which has unlimited useful economic life, FRS102 require this kind of goodwill to be amortised over 10 years, which is the maximum useful economic life of these assets under FRS102.

Gross value added (GVA) – Regional gross value added using production and income approaches. Regional gross value added is the value generated by any unit engaged in the production of goods and services.

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.



Ashtead Common

Annual Report and Financial Statements for the
year ended 31 March 2023

Charity registration number 1051510

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ORIGINS OF THE CHARITY

Ashtead Common is a 200-hectare area of open space, home to over 1,000 living ancient oak pollards. Its natural and cultural heritage are of national importance, the legacy of centuries of interaction between people and the environment. The Ashtead Common charity was established under the Corporation of London (Open Spaces) Act 1878 which states that the purpose of the charity is the preservation of the Common at Ashtead for the recreation and enjoyment of the public.

Acquisition

The City of London acquired the Lordship of the Manor of Ashtead from the Trustees of Lord Barnby's Charitable Foundation on March 25th 1991. It was the wish of the Trustees that the nature of the Common be forever preserved for the use and benefit of the general public. To achieve this, they approached Mole Valley District Council, who already held a lease for Woodfield, to see whether they would be prepared to purchase the Common. In subsequent negotiations it was agreed that Mole Valley District Council would complete the acquisition of the southern part of Woodfield for the sum of £875. The Trustees transferred the remainder of the Common directly to the City of London for the sum of £29,125.

Protected rights and designations

Ashtead Common was registered as a common in 1968 (register unit number CL 280). An entry was made in the Register of Common Land in 1970 to record rights in common held by the private owners of Newton Wood. These include rights of access, right of pasture for four cattle, estovers (collection of fallen branches or bracken) and turbarry (turf or peat). In conjunction with Epsom Common, much of Ashtead Common (180 hectares) was designated as a Site of Special Scientific Interest (SSSI) in 1955 for its diversity of habitat, rare invertebrates (particularly decaying wood specialists, flies and butterflies) and rich community of breeding birds. Woodfield (8 hectares) was not included but was later designated as a Site of Nature Conservation Importance for species diversity with rare species present. The area designated as National Nature Reserve (NNR) on September 26th 1995 follows the SSSI boundary, so it too is 180 hectares in size. As well as Woodfield, the other notable exclusions include the City owned land south of the railway line (sometimes called Craddocks Wood), and a thin strip adjacent to the railway line between the Woodlands Road entrance and Bridleway 38. Ashtead Common was registered as a charity on December 19th 1995.

Community involvement and visitors

The City of London adopted aspects of the Community Woodland model when it acquired Ashtead Common in 1991, and the local community has been an integral part of the Commons' management ever since. Primarily it is through practical conservation volunteering that the local community is involved. Much of the work to manage the Common is literally done by the local community itself.

TRUSTEE'S ANNUAL REPORT

STRUCTURE AND GOVERNANCE

GOVERNING DOCUMENTS

The Governing Document is the Corporation of London (Open Spaces) Act 1878. The charity is constituted as a charitable trust.

GOVERNANCE ARRANGEMENTS

The Mayor and Commonalty and Citizens of the City of London (also referred to as 'the City Corporation' or 'the City of London Corporation'), a body corporate and politic, is the trustee of Ashtead Common. The City Corporation is trustee acting by the Court of Common Council of the City of London in its general corporate capacity and that executive body has delegated responsibility in respect of the administration and management of this charity to various committees and sub-committees of the Common Council, membership of which is drawn from 125 elected Members of the Common Council and external appointees to those committees. In making appointments to committees, the Court of Common Council will take into consideration any particular expertise and knowledge of the elected Members, and where relevant, external appointees. External appointments are made after due advertisement and rigorous selection to fill gaps in skills. Elected Aldermen and Members of the City of London Corporation are appointed to the Epping Forest and Commons Committee governing Ashtead Common by the Court of Common Council of the City of London Corporation.

Members of the Court of Common Council are unpaid for support provided to the Charity and are elected by the electorate of the City of London. The Key Committees which had responsibility for directly managing matters related to the charity during 2022/23 were as follows:

- **Policy and Resources Committee** – responsible for allocating resources and administering the charity.
- **Finance Committee** – responsible for controlling budgets, support costs and other central charges that affect the charity as a whole.
- **Audit and Risk Management Committee** – responsible for overseeing systems of internal control and making recommendations to the Finance Committee relating to the approval of the Annual Report and Financial Statements of the charity.
- **Epping Forest and Commons Committee** - responsible for the activities undertaken at Ashtead Common, approving budget allocations for the forthcoming year and acting as Trustee of the charity.

All of the above committees are ultimately responsible to the Court of Common Council of the City of London. Committee meetings are held at the Trustee's discretion in public (except where it is not considered in the charity's best interests to do so), supporting a decision-making process which is clear, transparent and publicly accountable.

The charity is consolidated within City's Cash as the City of London Corporation exercises operational control over their activities. City's Cash is a fund of the City Corporation that can be traced back to the 15th century and has been 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 City's Cash to use the income for the provision of services 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 trustee believes that good governance is fundamental to the success of the charity. An initial review of governance was undertaken to ensure that the charity is effective in fulfilling its objectives, and further more detailed work is to begin in 2023/24 as part of a review of the City of London Corporation's Natural Environment charities. Reference is made to the good practices recommended within the Charity Governance Code, with a focus on ensuring regulatory compliance and the ongoing maintenance of an efficient and effective portfolio of charities that maximise impact for beneficiaries.

ORGANISATIONAL STRUCTURE AND DECISION-MAKING PROCESS

The charity is administered in accordance with its governing instruments and the City Corporation's own corporate governance and administration framework, including Committee Terms of Reference, Standing Orders, Financial Regulations and Officer Scheme of Delegations. These governance documents can be obtained via a request to the email address stated on page 26.

Each Member by virtue of their membership of the Court of Common Council, its relevant committees and sub-committees, has a duty to support the City Corporation in the proper exercise of its functions and in meeting its duties as trustee of the charity by faithfully acting in accordance with charity law, the Terms of Reference of the relevant committee or sub-committee, and the City of Corporation's agreed corporate governance framework as noted above, backed up by its standards regime.

As part of the City of London Corporation's restructure, the Open Spaces Department has merged with Planning & Transportation and Port Health & Environmental Services to form a new Environment Department. Ashtead Common became part of the Environment Department from 1 April 2022

INDUCTION AND TRAINING OF MEMBERS

The City Corporation makes available to its Members, seminars and briefings on various aspects of its activities, including those concerning the charity, to enable Members to carry out their duties efficiently and effectively. Induction meetings are provided on specific aspects of the work of Ashtead Common. If suitable seminars or other training options are identified that are relevant to the charity, Members are advised of these opportunities.

OBJECTIVES AND ACTIVITIES

The objective of the charity is the preservation in perpetuity of the common at Ashtead as an open space for the recreation and enjoyment of the public.

Purposes of the charity as set out in the governing document, the Corporation of London (Open Spaces) Act 1878:

- Ashtead Common to be kept as open space for public recreation.
- Natural aspect to be preserved.
- Protect the timber and other trees, pollards, shrubs, underwood and herbage.
- Land to be unenclosed and unbuilt upon, except those features required for better attainment of the Act and deemed necessary by the City.
- Byelaws protecting the site and its features to be enforced.
- Encroachments to be resisted and abated.

Main activities undertaken in relation to these purposes:

- Practical conservation management activities to maintain the biodiversity of Ashtead Common, such as tree surgery work on the veteran oak pollards, bracken suppression and management of firebreaks, scrub, grassland and wetland habitats.
- Providing volunteering opportunities to encourage community involvement.
- Providing and maintaining facilities for informal recreation.
- Grazing with cattle.
- Protecting Ashtead Common and its users from harm by patrolling, enforcing byelaws, resisting encroachments, challenging threats and managing assets.
- Providing educational activities and events.
- Surveying and monitoring, for wildlife, visitor use, archaeological investigations and pollution monitoring.
- Managing and protecting Scheduled Monuments, including a Roman villa and tileworks.
- Managing and creating watercourses and water management systems.

Ashtead Common's natural and cultural heritage are of national importance, the legacy of centuries of interaction between people and the environment. As we progress through the 2020's and beyond the challenge of protecting this valuable resource will increase as pressures from environmental and human factors mount.

Aims of the charity

- Maintain the biodiversity of Ashtead Common by managing habitats to favourable condition and achieving conservation gains that benefit the site and beyond.
Governing document link: preserve natural aspect, protect the timber and other trees, pollards, shrubs, underwood and herbage.
- Encourage the sustainable use of Ashtead Common for recreation and promote community involvement in all aspects of the site.
Governing document link: commons acquired by the City to be kept as open spaces for the recreation and enjoyment of the public
- Protect Ashtead Common and its users from harm. Challenge threats and maintain assets, including heritage assets, in good condition.
Governing document link: open spaces kept unenclosed and unbuilt upon. Shall by all lawful means prevent, resist and abate enclosures, encroachments and buildings upon. The City may from time to time make and alter byelaws.

The Ashtead Common Management Plan describes the strategy for achieving these aims.

Volunteers

Volunteer activity returned to pre-pandemic levels, although some adjustments introduced during the pandemic period remained in place. In total 6,070 hours of volunteering was achieved (2021/22: 6,099 hours).

Remuneration Policy

The charity's senior staff are employees of the City Corporation and, alongside all staff, pay is reviewed annually. The City Corporation is committed to attracting, recruiting and retaining skilled people and rewarding employees fairly for their contribution. As part of this commitment, staff are regularly appraised and, subject to performance, eligible for the payment of recognition awards.

The above policy applies to staff within the charity's key management personnel, as defined within note 7 to the financial statements.

The charity is committed to equal opportunities for all employees. An Equality and Inclusion Board has been established to actively promote equality, diversity and inclusion in service delivery and employment practices. The Board is responsible for monitoring the delivery of the Equality and Inclusion Action Plan and progress against the Equality Objectives. This also includes addressing the City Corporation's gender, ethnicity and disability pay gaps.

The Equality, Diversity, and Inclusion (EDI) sub-committee is currently overseeing the update of our four yearly Equality Objectives in accordance with the Equality Act 2010. The draft objectives were reviewed by Policy and Resources and Corporate Services Committees in April 2023. Following committee approval, a period of 12 weeks consultation with stakeholders will be undertaken and then analysis of consultation responses and amendments made in August 2023. Amendments will then go to September's EDI Sub-Committee and Policy and Resources and Corporate Services Committees and then to Court of Common Council for approval in October 2023.

Senior staff posts of the City Corporation are individually evaluated and assessed independently against the external market allowing each post to be allocated an individual salary range within the relevant grade, which incorporates market factors as well as corporate importance.

Fundraising

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. The legislation defines fundraising as "soliciting or otherwise procuring money or other property for charitable purposes". Although Ashtead Common charity does not undertake widespread fundraising from the general public, any such amounts receivable are presented in the financial statements as "voluntary income" including grants.

In relation to the above we confirm that all solicitations are managed internally, without involvement of commercial participators or professional fundraisers, or third parties. The day-to-day management of all income generation is delegated to the executive team, who are accountable to the trustee. The charity is not bound by any regulatory scheme and does not consider it necessary to comply with any voluntary code of practice.

During 2022/23 a donations page has been created on the Ashtead Common webpage, inviting and enabling the public to make an online donation.

The charity received nil complaints in relation to fundraising activities in the current year (2021/22: nil). Individuals are not approached for funds, hence the charity does not consider it necessary to design specific procedures to monitor such activities.

Public benefit statement

The Trustee confirms that it has referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing Ashtead Common's aims and objectives and in planning future activities. The purpose of the charity is the preservation in perpetuity of the common at Ashtead as an open space for the recreation and enjoyment of the public. Almost the entire open space is designated as a NNR and SSSI.

Past land use has influenced the Common, creating its rich ecological and cultural diversity. Today it is an important amenity resource for local people, who use the site for a variety of informal recreational and educational activities. Local people are actively encouraged to become involved as volunteers in all aspects of managing the Common.

Consequently, the Trustee considers that Ashtead Common operates to benefit the general public and satisfies the public benefit test.

REFERENCE AND ADMINISTRATIVE DETAILS

The administrative details of the charity are stated on page 26.

ACHIEVEMENTS AND PERFORMANCE

A full programme of conservation management was delivered by staff, volunteers and contractors.

The key targets for 2022/23 together with their outcomes were:

Additional staff resource – An additional Assistant Ranger post was created and filled during the year, the successful candidate was previously employed at Ashtead Common as an apprentice ranger. The Ashtead based Team now comprises a Head Ranger, Senior Ranger, two rangers, and assistant ranger and an admin assistant.

Enhance the visitor experience – This initially focussed on improved presentation standards partly to mitigate the effects of high visitor numbers during lockdown periods. A limited number of four events (excluding various walks and talks arranged for organised groups) were held to engage people in the past, present and future story of Ashtead Common.

Implementing the Management Plan – The extended period of drought during the summer led to a decision not to undertake tree surgery work on the ancient oak pollards. However, wood pasture management work around the ancient trees progressed as planned. The programme of tree surgery on the ancient oaks will recommence in autumn/winter 2023. Work that was achieved included the creation of a pond exclusion area to enhance biodiversity in wetland habitats. The area available for grazing was increased by bringing more scrub into a management rotation. A series of small fires in the Woodlands Road area during the summer led to a package of winter work to manage scrub blocks and improve access and firebreaks in that area. Firebreak maintenance tasks also occurred on and close to the western boundary.

Implement Countryside Stewardship – Although some of the ancient tree work was not achieved as planned due to the drought, there was work undertaken in January 2022 for which funding was claimed. Bracken was not treated but work on all other options submitted as part of the scheme went ahead as planned and was claimed.

Budget management – The creation of a new Assistant Ranger post under the City's Targeting Operating Model restructure means that Ashtead's budget will increase slightly going forward.

PLANS FOR FUTURE PERIODS

Key projects for 2023/24 include:

Landscape scale conservation – Actively support the proposals to enlarge the NNR to create a landscape scale designation that includes several sites in various ownerships near to Ashtead Common NNR. Additionally seek to engage with initiatives such as Local Nature Recovery Networks as the opportunity presents and continue to work with neighbours to safeguard and restore ecosystems beyond our boundaries (a NNR Standard).

Implementing the Management Plan – Work to manage the ancient oak pollards will recommence providing the trees are not subject to undue climatic stress. Wood pasture management will focus on areas around the ancient pollards, options for introducing virtual fencing will be reviewed to establish a likely timescale for their introduction. Pond maintenance regimes will also be reviewed. Survey and monitoring will focus mainly on saproxylic invertebrates.

Implement Countryside Stewardship – Delivery of the BE6 option to manage veteran trees will be adjusted to take account of the missed cutting cycle.

Provide volunteering opportunities – Provide high quality opportunities to engage with all aspects of the charities work. Seek ways to demonstrate the value of volunteering and the benefits it provides.

FINANCIAL REVIEW

Overview of Financial Performance

Income

In 2022/23 the charity total income for the year was £559,172, an overall increase of £76,583 against the previous year (£482,589). The increase was largely due to a reduction in grant income in the previous year whilst transitioning to a new government scheme, which has now started.

Income from Charitable Activities (£2,633) comprised of charges for use of facilities, licences and sales of timber (2021/22: £3,823 from charges for use of facilities, licences and an auction sale).

Grants income of £30,942 was received in the year (2021/22: £7,620). The increase was largely due to a reduction in grant income received in the previous year due to transitioning to the new Countryside Stewardship Scheme (CSS). The grants relate to Agri-environment schemes that provide funding to farmers and land managers to farm in a way that supports biodiversity, enhances the landscape, and improves the quality of water, air and soil.

From November 2022 the public were able to donate via the Ashtead Common website, resulting in £1,660 in donations. This income is designated to the maintenance of the ancient trees of Ashtead Common (2021/22: nil). Other donations collected of £410 (2021/22: £135) related to amounts contributed towards the hosting of events and supply of by-products to the local allotment.

An amount of £523,527 (2021/22: £471,011) was received from the City of London Corporation's City's Cash as a contribution towards the running costs of the charity. The grant increased in the year because it represents deficit funding required for any expenditure not covered by other income, and expenditure in the year increased as explained below.

Expenditure

Total expenditure for the year was £557,512 (2021/22: £482,589) all of which related to charitable activities. The increase in expenditure was largely due to an increase in spending on repairs and maintenance and cyclical works projects that had been previously delayed due to the COVID pandemic.

Funds held

The charity's designated fund consists of unrestricted income which the Trustee has chosen to set aside for a specific purpose. Such designations are not legally binding, and the trustee can decide to "undesignate" the fund at any time. Designations as at 31 March 2023 were £1,660 (2021/22: nil). This relates to donations collected via the Ashtead Common website, designated to maintain ancient trees.

Details of funds held, including their purposes, are set out within note 12 to the financial statements.

Reserves

The charity is wholly supported by the City of London Corporation which is committed to maintain and preserve Ashtead Common out of its City's Cash Funds. These Funds are used to meet the deficit on running expenses on a year by year basis. Consequently, this charity has no free reserves and a reserves policy is considered by the Trustee to be inappropriate.

Principal Risks and Uncertainties

The charity is committed to a programme of risk management as an element of its strategy to preserve the charity's assets. In order to embed sound practice the senior leadership team ensures that risk management policies are applied, that there is an on-going review of activity and that appropriate advice and support is provided. A key risk register has been prepared for the charity, which has been reviewed by the Trustee. This identifies the potential impact of key risks and the measures which are in place to mitigate such risks.

The principal risks faced by the charity, and actions taken to manage them are as follows:

Risk	Actions to manage risks
Climate change – fire, storms, drought, (ancient trees particularly vulnerable)	Review and update Fire Management Plan bi-annually. Habitat fire management and monitoring policies and plans are in place and link to staff training and local emergency services. Storm monitoring and management and closure policies are in place and are linked to high staff awareness and training. Understand the potential impacts of climate change on Ashtead common. Engage in climate change research and debate.
Water Pollution	Gather baseline data to determine whether a reedbed filtration system would be beneficial.
Maintenance of buildings and other structures	Monitor Bylaw boards, report on condition, and remove any which become unsound.
Tree diseases and other pests	Review The Common's Tree Safety Policy tri-annually and the local site risk map annually. Keep risk under review.
Budget reduction and income loss	Keep risk under review.
Local planning issues	Keep risk under review.
Industrial action by emergency services	Implement appropriate controls within the Fire Management Plan and The Commons. Days on which industrial action takes place are classed as high risk days and 'The Commons Habitat Fire Action Plan' will be enacted accordingly (no burning, increased patrols etc) Maps within the 'Major Emergency Plan' will help in a slow response/unfamiliar fire crew/army reserves scenario. Proactive work to manage firebreaks and residential boundaries to increase the resilience of Ashtead Common to wildfire will also help in a slow/no response scenario.

Risk	Actions to manage risks
	<p>Staff are conversant with the content of the City of London’s ‘Industrial Action Contingency Advice’ document as it applies to their site.</p> <p>High risk activities such as tree-climbing would be paused or have additional controls applied should the emergency services be unavailable.</p> <p>All planned events are risk-assessed to ensure appropriate controls are in place to address fire, health and safety, and other risks. If it is considered that it would be unsafe to proceed with an event in the absence of external emergency services availability, a decision would be taken to modify, postpone or cancel as appropriate.</p>

TRUSTEE RESPONSIBILITIES

The Trustee is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Charity law requires the Trustee to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under charity law the Trustee must not approve the financial statements unless the Trustee is satisfied that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period. In preparing these financial statements, the Trustee is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustee is responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable the Trustee to ensure that the financial statements comply with the Charities Act 2011. The Trustee is also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustee is aware:

- there is no relevant audit information of which the charity's auditors are unaware; and
- the Trustee has taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Financial statements are published on the Trustee's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Trustee's website is the responsibility of the Trustee. The Trustee's responsibility also extends to the ongoing integrity of the financial statements contained therein.

Adopted and signed for on behalf of the Trustee.

Henry Nicholas Almroth Colthurst, Deputy Chairman of Finance Committee of The City of London Corporation Guildhall, London	Randall Keith Anderson, Deputy Deputy Chairman of Finance Committee of The City of London Corporation
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Xx December 2023

INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEE OF ASHTEAD COMMON

STATEMENT OF FINANCIAL ACTIVITIES**FOR THE YEAR ENDED 31 MARCH 2023**

		Unrestricted Funds	Unrestricted Funds
	Notes	2022/23	2021/22
		£	£
Income from:			
Voluntary activities	2	33,012	7,755
Charitable activities	3	2,633	3,823
Grant from City of London Corporation	4	523,527	471,011
Total income		559,172	482,589
Expenditure on:			
Charitable activities:			
Preservation of Ashtead Common	5	557,512	482,589
Total expenditure		557,512	482,589
Net income/(expenditure)		1,660	-
Net movement in funds		1,660	-
Reconciliation of funds:			
Total funds brought forward	12	-	-
Total funds carried forward	12	1,660	-

All of the above results are derived from continuing activities.

There were no other recognised gains and losses other than those shown above.

The notes on pages 17 to 25 form part of these financial statements.

BALANCE SHEET**AS AT 31 MARCH 2023**

	Notes	2023	2022
		Total £	Total £
Current assets			
Debtors	9	35,520	3,980
Cash at bank and in hand		-	4,619
Total current assets		35,520	8,599
Creditors: Amounts falling due within one year	10	(33,860)	(8,599)
Net current assets		1,660	-
Total assets less current liabilities		1,660	-
Total net assets		1,660	-
The funds of the charity:			
Unrestricted income funds	12	1,660	-
Total funds		1,660	-

The notes on pages 17 to 25 form part of these financial statements

Approved and signed on behalf of the Trustee.

Caroline Al-Beyerty

Chamberlain of London and Chief Financial Officer

Xx December 2023

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

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

(a) Basis of preparation

The financial statements of the charity, which is a public benefit entity under FRS102, have been prepared under the historical cost convention and in accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (second edition effective 1 January 2019) and the Charities Act 2011.

(b) Going concern

The financial statements have been prepared on a going concern basis as the Trustee considers that there are no material uncertainties about the charity's ability to continue as a going concern. The charity's governing documents place an obligation on the City of London Corporation to preserve the open spaces for the benefit of the public. Funding is provided from the City of London Corporation's City's Cash. On an annual basis, a medium-term financial forecast is prepared for City's Cash, covering the next 5 years from the period covered by these financial statements. The latest forecast anticipates that adequate funds will be available in the 12 months from the date of these financial statements being signed to enable the charity to continue to fulfil its obligations.

In making this assessment, the Trustee has considered the financial position, including future income levels and the liquidity of the charity over the next 12-month period. The assessment helps to provide assurances that the charity can continue to keep operating over the next 12-month period. For this reason, the Trustee continues to adopt a going concern basis for the preparation of the financial statements.

(c) Key management judgements and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenditure. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of decisions about carrying values of assets and liabilities that are not readily apparent from other sources. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Management do not consider there to be any material revisions requiring disclosure.

(d) Statement of Cash Flows

The charity has taken advantage of the exemption in FRS102 (paragraph 1.12b) from the requirement to produce a statement of cash flows on the grounds that it is a qualifying entity.

A Statement of Cash Flows is included within the City's Cash Annual Report and Financial Statements 2023 which is publicly available at www.cityoflondon.gov.uk.

(e) Income

All income is included in the Statements of Financial Activities (SOFA) when the charity is legally entitled to the income; it is more likely than not that economic benefit associated with the transaction will come to the charity and the amount can be quantified with reasonable certainty. Income consists of charges for use of facilities, contributions, grants, sales and license income

The City of London Corporation's City's Cash meets the deficit on running expenses of the charity and also provides funding for certain capital works. This income is considered due each year end once the deficit on running expenses and capital works funding has been confirmed, and it recognised in the SOFA at this point.

(f) Expenditure

Expenditure is accounted for on an accruals basis and has been classified under the principal categories of 'expenditure on raising funds' and 'expenditure on charitable activities'. Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required, and the amount of the obligation can be measured reliably.

Governance costs include the costs of governance arrangements which relate to the general running of the charity as opposed to the direct management of functions inherent in the activities undertaken. These include the costs associated with constitutional and statutory requirements such as the cost of Trustee meetings.

Support costs (including governance costs) include activities undertaken by the City Corporation on behalf of the charity, such as human resources, digital services, legal support, accounting services, committee administration, public relations and premises costs. These costs are recharged and the basis of the cost allocation is set out in Note 6.

The Trustee, the City Corporation, accounts centrally for all payroll related deductions. As a result, the charity accounts for all such sums due as having been paid.

(g) Pension costs

Staff are employed by the City of London Corporation and are eligible to contribute to the City of London Local Government Pension Fund, which is a funded defined benefit scheme. The estimated net deficit on the Fund is the responsibility of the City of London Corporation as a whole, as one employer, rather than the specific responsibility of any of its three main funds (City Fund, City's Cash and Bridge House Estates) or the trusts it supports.

The Fund's estimated net liability has been determined by independent actuaries in accordance with FRS102 as £142.6m as at 31 March 2023 (£832.7m as at 31 March 2022). Since any net deficit is apportioned between the financial statements of the City of London's three main funds, the charity's Trustee does not anticipate that any of the liability will fall on the charity. The charity is unable to identify its share of the pension scheme assets and liabilities and therefore the Pension Fund is accounted for as a defined contribution scheme in these financial statements.

Barnett Waddingham, an independent actuary, carried out the latest triennial actuarial assessment of the scheme as at 31 March 2022, using the projected unit method. The 31 March 2022 valuation is being carried out in 2022/23 and has set contribution rates for the period 01 April 2023 to 31 March 2026 at 21%. Contribution rates adopted for the financial years 2020/21 2021/22 and 2022/23 have been set at 21%.

(h) Taxation

The charity meets the definition of a charitable trust for UK income tax purposes, as set out in Paragraph 1 Schedule 6 of the Finance Act 2010. Accordingly, the charity is exempt from UK taxation in respect of income or capital gains under part 10 of the Income Tax Act 2007 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

(i) Fixed Assets

Heritage Land and Associated Buildings

Ashtead Common comprises 200 hectares (500 acres) of land located in North East Surrey, together with associated buildings. The object of the charity is the preservation in perpetuity of the common at Ashtead as an open space for the recreation and enjoyment of the public. Ashtead Common is considered to be inalienable (i.e. may not be disposed of without specific statutory powers).

Land and the original associated buildings are considered to be heritage assets. In respect of the original land and buildings, cost or valuation amounts are not included in these financial statements as reliable cost information is not available and a significant cost would be involved in the reconstruction of past accounting records, or in the valuation, which would be onerous compared to the benefit to the users of these accounts

Additions to the original land and capital expenditure on buildings and other assets would be included as fixed assets at historic cost, less provision for depreciation and any impairment, where this cost can be reliably measured. Heritage assets are reviewed annually for indicators of impairment and adjustments recognised accordingly if required.

(j) Funds structure

Income, expenditure and gains/losses are allocated to particular funds according to their purpose:

Unrestricted income funds – these funds can be used in accordance with the charitable objects at the discretion of the Trustee and include both income generated by assets held representing unrestricted funds. Specifically, this represents any surplus of income over expenditure for the charity which is carried forward to meet the requirements of future years, known as free reserves.

Designated funds – these are funds set aside by the Trustee out of unrestricted funds for a specific purpose.

(k) Cash

Cash and cash equivalents include cash in hand, overdrafts (if any) and short term deposits and other instruments held as part of the Corporation's treasury management activities with original maturities of three months or less.

(I) Insurance

The charity, elected Members and staff supporting the charity's administration are covered by the City Corporation's insurance liability policies, and otherwise under the indemnity the City Corporation provides to Members and staff, funded from City's Cash.

2. INCOME FROM VOLUNTARY ACTIVITIES

	Unrestricted funds 2022/23 £	Unrestricted funds 2021/22 £
Grants	30,942	7,620
Donations	2,070	135
Total	33,012	7,755

3. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2022/23 £	Unrestricted funds 2021/22 £
Charges for use of facilities	482	1,046
Sales	500	2
Licenses	1,651	2,775
Total	2,633	3,823

4. INCOME FROM THE CITY OF LONDON CORPORATION

	Unrestricted funds 2022/23 £	Unrestricted funds 2021/22 £
Revenue and capital grant from City of London Corporation	523,527	471,011

Income for the year included:

Grants – being amounts received from organisations for delivering some or all of the charity's objects. Grants have been received from Natural England's Stewardship Scheme and the Rural Payments Agency under the basic payment scheme.

Donations – consist of campaign donations collected through the Ashtead Common website plus voluntary contributions towards hosting events and supplying by-product materials to local allotments.

Grants from the City of London Corporation – being the amount received from the City of London Corporation's City's Cash to meet the deficit on running expenses of the charity.

Charitable activities – being amounts generated from licences, room hire, sale of timber and charges made to the public for the use of facilities.

5. EXPENDITURE

	Direct costs £	Support costs £	Total 2022/23 £	Direct costs £	Support costs £	Total 2021/22 £
Preservation of Ashtead Common	440,048	117,464	557,512	398,324	84,265	482,589
Total	440,048	117,464	557,512	398,324	84,265	482,589

Charitable activity

Expenditure on the charitable activities includes labour, premises costs, equipment, materials and other supplies and services incurred in the running of Ashtead Common.

Independent examiner's remuneration and fees for other services

Crowe U.K. LLP are the auditors of the City of London City's Cash Fund and provide assurance services to all of the different charities of which it is Trustee. In 2022/23 an independent examination fee of £2,000 was recharged (2021/22: £1,750). No other services were provided to the charity by its examiners during the year (2021/22: £nil).

6. SUPPORT COSTS

Support costs include activities undertaken by the City of London Corporation on behalf of the Charity, such as human resources, digital services, legal support, accounting services, committee administration and premises costs. Such costs are determined on a departmental basis, and are allocated on a cost recovery basis to the charity based on time spent, with associated office accommodation charged proportionately to the space occupied by the respective activities, with the split of costs as follows:

	Charitable activities £	Governance £	2022/23 £	2021/22 £
Department:				
Chamberlain	20,081	-	20,081	19,077
Comptroller & City Solicitor	3,660	-	3,660	3,965
Town Clerk	-	18,054	18,054	12,544
City Surveyor	5,668	-	5,668	5,938
Natural Environment directorate	48,566	-	48,566	19,380
Other governance & support costs	2,987	2,000	4,987	3,534
Digital Services	16,448	-	16,448	19,827
Sub-total	97,410	20,054	117,464	84,265
Reallocation of governance costs	20,054	(20,054)	-	-
Total	117,464	-	117,464	84,265

All support costs are undertaken from unrestricted funds. Governance costs are allocated based on a proportion of officer time spent on the administration of Trustee and Committee related meetings.

7. DETAILS OF STAFF COSTS

All staff that work on behalf of the charity are employed by the City Corporation. The average number of people directly undertaking activities on behalf of the charity during the year was 6 (2021/22: 7).

Amounts paid in respect of employees directly undertaking activities on behalf of the charity were as follows:

	2022/23	2021/22
	£	£
Salaries and wages	225,702	214,924
National Insurance costs	24,470	22,244
Employer's pension contributions	50,529	47,919
Total emoluments of employees	300,701	285,087

The number of directly charged employees whose emoluments (excluding employer's pension contribution and national insurance contribution) for the year were over £60,000 was nil (2021/22: nil).

Remuneration of Key Management Personnel

The charity considers its key management personnel to comprise the Members of the City of London Corporation, acting collectively for the City Corporation in its capacity as the Trustee, and the Director of Natural Environment who manages the seven open spaces funded by the City of London Corporation. A proportion of the Directors' employment benefits are allocated to this charity.

Support is also provided by other chief officers and their departments from across the City of London Corporation, including the Town Clerk and Chief Executive, Chamberlain, Comptroller and City Solicitor and City Surveyor.

The amount of employee benefits received by key management personnel totalled £7,902 (2021/22: £3,538). No members received any remuneration, with directly incurred expenses reimbursed, if claimed. Expenses totalling £nil were claimed in 2022/23 (2021/22: £nil).

8. HERITAGE ASSETS

Since 1995 the primary purpose of the charity has been the preservation in perpetuity of the common at Ashtead as an open space for the recreation and enjoyment of the public. As set out in Note 1(i), the original heritage land and buildings are not recognised in the Financial Statements. Policies for the preservation and management of Ashtead Common

are contained in the Ashtead Common Heritage Conservation Plan 2021. Records of heritage assets owned and maintained by Ashtead Common can be obtained from the Executive Director of Environment at the principal address as stated on page 26.

9. DEBTORS – AMOUNTS DUE WITHIN ONE YEAR

	2023 £	2022 £
Prepayments and accrued income	1,311	1,059
Recoverable VAT	4,832	2,911
Other debtors	29,377	10
Total	35,520	3,980

10. CREDITORS – AMOUNTS DUE WITHIN ONE YEAR

	2023 £	2022 £
Trade creditors	2,133	1,428
Accruals	1,251	4,165
Bank overdraft	24,122	-
Deferred income	566	246
Other creditors	5,788	2,760
Total	33,860	8,599

Other creditors consist of listed creditors and a telecommunications wayleave rent deposit that will be returned in 2023/24.

	2023 £	2022 £
Deferred income analysis within creditors:		
Balance at 1 April	246	256
Amounts released to income	(246)	(256)
Amounts deferred in the year	566	246
Balance at 31 March	566	246

11. ANALYSIS OF NET ASSETS BY FUND

At 31 March 2023	Unrestricted Income Funds			Total at 31 March 2022
	General Funds	Designated Funds	Total at 31 March 2023	
	£	£	£	£
Current Assets	33,860	1,660	35,520	8,599
Current Liabilities	(33,860)	-	(33,860)	(8,599)
Total	-	1,660	1,660	-

At 31 March 2022	Unrestricted Income Funds			Total at 31 March 2021
	General Funds	Designated Funds	Total at 31 March 2022	
	£	£	£	£
Current Assets	8,599	-	8,599	24,333
Current Liabilities	(8,599)	-	(8,599)	(22,333)
Non-current Liabilities	-	-	-	(2,000)
Total	-	-	-	-

12. MOVEMENT IN FUNDS

At 31 March 2023	Total as at 1 April 2021	Income	Expenditure	Total as at 31 March 2023
	£	£	£	£
Unrestricted funds:				
General funds	-	557,512	(557,512)	-
Designated funds:				
Ancient tree maintenance	-	1,660	-	1,660
Total unrestricted funds	-	559,172	(557,512)	1,660
Total funds	-	559,172	(557,512)	1,660

At 31 March 2022	Total as at 1 April 2020	Income	Expenditure	Total as at 31 March 2022
	£	£	£	£
Unrestricted funds:				
General funds	-	482,589	(482,589)	-
Total unrestricted funds	-	482,589	(482,589)	-
Total funds	-	482,589	(482,589)	-

Purposes of designated funds

Ancient tree maintenance – This designated fund has been established by the Trustee to support the maintenance of over 2,300 ancient trees at Ashtead Common, with plans for how best to deliver this support currently in development. From November 2022, the public have been invited to donate to Ashtead Common via a campaign donations page on their website. Donations received through that campaign are designated to this fund.

Designated donations amounted to £1,660 (2021/22: £nil).

13. RELATED PARTY TRANSACTIONS

The City Corporation is the sole Trustee of the charity, as described on page 2. The City Corporation provides various services to the charity, the costs of which are recharged to the charity. This includes the provision of banking services, charging all transactions to the charity at cost and crediting or charging interest at a commercial rate. The cost of these services is included within expenditure, as set out in note 5.

The charity is consolidated within the accounts of City's Cash, a fund of the City of London Corporation (the City Corporation, the Corporate Trustee of the charity), by virtue of the deemed control arising from the provision of the shortfall between the charity's income and expenditure by City's Cash, whose place of business is Guildhall, London EC2P 2EJ. The principal purpose of City's Cash is to manage its investments in properties, stocks and shares to provide returns which allows the City Corporation to use the income for the provision of services that are of importance to the City and Greater London as well as nationally and internationally, and to maintain the asset base so that income will be available to fund services for the benefit of future generations. The financial statements of City's Cash can be obtained from the address provided above.

The charity is required to disclose information on related party transactions with bodies or individuals that have the potential to control or influence the charity. Members are required to disclose their interests, and these can be viewed online at www.cityoflondon.gov.uk.

Members and senior staff are requested to disclose all related party transactions, including instances where their close family has made such transactions.

Figures in brackets represent the amounts due at the balance sheet date. Other figures represent the value of the transactions during the year.

Related party	Connected party	2022/23 £	2021/22 £	Detail of transaction
City of London Corporation	The City of London Corporation is the Trustee for the charity	117,464 (nil)	84,265 (nil)	Management, surveying and administrative services provided for the charity
		523,527 (nil)	471,011 (nil)	The City of London Corporation's City's Cash meets the deficit on running expenses of the charity

REFERENCE AND ADMINISTRATION DETAILS

CHARITY NAME: Ashtead Common

Registered charity number: 1051510

PRINCIPAL OFFICE OF THE CHARITY & THE CITY CORPORATION:

Guildhall, London, EC2P 2EJ

TRUSTEE:

The Mayor and Commonalty & Citizens of the City of London

SENIOR MANAGEMENT:

Chief Executive

John Barradell OBE - The Town Clerk and Chief Executive of the City of London Corporation (resigned 31 December 2022)

Ian Thomas CBE - The Town Clerk and Chief Executive of the City of London Corporation (appointed 06 February 2023)

Treasurer

Caroline Al-Beyerty - The Chamberlain & Chief Financial Officer of the City of London Corporation

Solicitor

Michael Cogher - The Comptroller and City Solicitor of the City of London Corporation

Environment Department

Juliemma McLoughlin – Executive Director of Environment

Sally Agass – Interim Director of Natural Environment (resigned 31 March 2023)

INDEPENDENT EXAMINER

Crowe U.K. LLP, 55 Ludgate Hill, London, EC4M 7JW

BANKERS:

Lloyds Bank Plc., P.O.Box 1000 BX1 1LT

Contact for The Chamberlain & Chief Financial Officer, to request copies of governance documents & of the Annual Report of City's Cash:

CHBOffice-BusinessSupport@cityoflondon.gov.uk

Highgate Wood and Queen's Park Kilburn

Annual Report and Financial Statements for the
year ended 31 March 2023

Charity registration number 232986

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ORIGINS OF THE CHARITY

Queen's Park and Highgate Wood were acquired by the City of London Corporation from the Ecclesiastical Commissioners under the Highgate and Kilburn Open Spaces Act 1886 on condition that the City of London Corporation maintained them in perpetuity for the benefit of Londoners, for exercise and recreation. The Court of Chancery agreed at that time that the late William Ward's bequest should be used towards the maintenance of Queen's Park and this capital fund is still used for this purpose. From April 2002 the Assistant Director Natural Environment Hampstead Heath, formally known as the Superintendent of Hampstead Heath, had overall responsibility for both sites.

TRUSTEE'S ANNUAL REPORT

STRUCTURE AND GOVERNANCE

GOVERNING DOCUMENTS

The governing document is the Highgate and Kilburn Open Spaces Act 1886. The charity is constituted as a charitable trust.

GOVERNANCE ARRANGEMENTS

The Mayor and Commonalty and Citizens of the City of London (also referred to as 'the City Corporation' or 'the City of London Corporation'), a body corporate and politic, is the trustee of Highgate Wood and Queen's Park Kilburn. The City Corporation is trustee acting by the Court of Common Council of the City of London in its general corporate capacity and that executive body has delegated responsibility in respect of the administration and management of this charity to various committees and sub-committees of the Common Council, membership of which is drawn from 125 elected Members of the Common Council and external appointees to those committees. In making appointments to committees, the Court of Common Council will take into consideration any particular expertise and knowledge of the elected Members, and where relevant, external appointees. External appointments are made after due advertisement and rigorous selection to fill gaps in skills. Elected Aldermen and Members of the City of London Corporation are appointed to the Hampstead Heath, Highgate Wood and Queen's Park Committee governing Highgate Wood and Queen's Park Kilburn by the Court of Common Council of the City of London Corporation.

Members of the Court of Common Council are elected by the electorate of the City of London and are unpaid for support provided to the Charity. The Key Committees which had responsibility for directly managing matters related to the charity during 2022/23 were as follows:

- **Policy and Resources Committee** – responsible for allocating resources and administering the charity.
- **Investment Committee** – responsible for the strategic oversight and monitoring of the performance of the charity's investments which are managed by three separate sub-committees, namely the Financial Investment Board, the Property Investment Board and the Social Investment Board.
- **Finance Committee** – responsible for controlling budgets, support costs and other central charges that affect the charity as a whole.
- **Audit and Risk Management Committee** – responsible for overseeing systems of internal control and making recommendations to the Finance Committee relating to the approval of the Annual Report and Financial Statements of the charity.
- **Hampstead Heath, Highgate Wood and Queen's Park Committee** - responsible for the activities undertaken at Highgate wood and Queen's Park Kilburn, approving budget allocations for the forthcoming year and acting as Trustee of the charity.

All of the above committees are ultimately responsible to the Court of Common Council of the City of London. Committee meetings are held at the Trustee's discretion in public (except where it is not considered in the charity's best interest to do so), supporting a decision-making process that is clear, transparent and publicly accountable.

The charity is consolidated within City's Cash as the City of London Corporation exercises operational control over their activities. City's Cash is a fund of the City Corporation that can be traced back to the 15th century and has been 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 City's Cash to use the income for the provision of services 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 trustee believes that good governance is fundamental to the success of the charity. An initial review of governance was undertaken to ensure that the charity is effective in fulfilling its objectives, and further more detailed work is to commence in 2023/24 as part of a review of the City of London Corporation's Natural Environment charities. Reference is being made to the good practices recommended within the Charity Governance Code, with a focus on ensuring regulatory compliance and the ongoing maintenance of an efficient and effective portfolio of charities that maximise impact for beneficiaries.

ORGANISATIONAL STRUCTURE AND DECISION-MAKING PROCESS

The charity is administered in accordance with its governing instruments and the City Corporation's own corporate governance and administration framework, including Committee Terms of Reference, Standing Orders, Financial Regulations and Officer Scheme of Delegations. These governance documents can be obtained via a request to the email address stated on page 33.

Each Member by virtue of their membership of the Court of Common Council, its relevant committees and sub-committees, has a duty to support the City Corporation in the proper exercise of its functions and in meeting its duties as trustee of the charity by faithfully acting in accordance with charity law, the Terms of Reference of the relevant committee or sub-committee, and the City of London Corporation's agreed corporate governance framework as noted above, backed up by its standards regime.

As part of the City of London Corporation's restructure, the Open Spaces Department has merged with Planning & Transportation and Port Health & Environmental Services to form a new Environment Department. Highgate Wood and Queen's Park became part of the Environment Department from 1 April 2022.

INDUCTION AND TRAINING OF MEMBERS

The City Corporation makes available to its Members, seminars and briefings on various aspects of its activities, including those concerning the charity, to enable Members to carry out their duties efficiently and effectively. Induction meetings are provided on specific aspects of the work of Highgate Wood and Queen's Park Kilburn. If suitable seminars or other training options are identified that are relevant to the charity, Members are advised of these opportunities.

OBJECTIVES AND ACTIVITIES

The objective of the charity is the maintenance and preservation in perpetuity of the open spaces known as Highgate Wood and Queen's Park Kilburn, as public parks or open spaces for use by the public for exercise and recreation.

The Trustee has due regard to the Charity Commission's public benefit when setting objectives and planning activities.

Lands were transferred to the City of London Corporation under the powers conferred by the Highgate and Kilburn Open Spaces Act 1886. The purpose of the charity is the maintenance and preservation in perpetuity by the City of London Corporation of the open spaces known as Highgate wood, Highgate and Queen's Park Kilburn as Public Parks or Open spaces, for the use by the public for exercise and recreation.

This charity is operated as a separate legal entity consolidated into the City of London Corporation's City's Cash. The City of London Corporation is committed to funding the ongoing net operational costs of the charity in accordance with the purpose, as stated above.

Investment Policy

The charity's investments are held in units of the City of London Charities Pool (registered charity 1021138). The investment policy is to provide a real increase in annual income in the long term whilst preserving the value of the capital base. The annual report and financial statements of the Charities Pool (which include an analysis of investment performance against objectives set) are available from the Chamberlain of London, at the email address stated on page 33.

Remuneration Policy

The charity's senior staff are employees of the City Corporation, and alongside all staff, pay is reviewed annually. The City Corporation is committed to attracting, recruiting and retaining skilled people and rewarding employees fairly for their contribution. As part of this commitment, staff are regularly appraised and, subject to performance, eligible for the payment of recognition awards.

The above policy applies to staff within the charity's key management personnel, as defined within note 9 to the financial statements.

The charity is committed to equal opportunities for all employees. An Equality and Inclusion Board has been established to actively promote equality, diversity and

inclusion in service delivery and employment practices. The Board is responsible for monitoring the delivery of the Equality and Inclusion Action Plan and progress against the Equality Objectives. This also includes addressing the City Corporation's gender, ethnicity and disability pay gaps.

The Equality, Diversity, and Inclusion (EDI) sub-committee is currently overseeing the update of our four-yearly Equality Objectives in accordance with the Equality Act 2010. The draft objectives went to Policy and Resources and Corporate Services Committees in April 2023. Following agreement, a period of 12 weeks consultation with stakeholders has been undertaken and analysis of consultation responses and amendments are due to be made in August. Amendments will then go to September's EDI Sub-Committee and Policy and Resources and Corporate Services Committees and then to Court of Common Council for approval in October 2023

Senior staff posts of the City Corporation are individually evaluated and assessed independently against the external market allowing each post to be allocated an individual salary range within the relevant grade, which incorporates market factors as well as corporate importance.

Fundraising

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. The legislation defines fundraising as "soliciting or otherwise procuring money or other property for charitable purposes". Although Highgate Wood and Queen's Park Kilburn charity does not undertake widespread fundraising from the general public, any such amounts receivable are presented in the financial statements as "voluntary income" including grants.

In relation to the above we confirm that all solicitations are managed internally, without involvement of commercial participators or professional fund-raisers, or third parties. The day to day management of all income generation is delegated to the executive team, who are accountable to the trustee. The charity is not bound by any regulatory scheme and does not consider it necessary to comply with any voluntary code of practice.

From December 2020 a donations page has been created on the Queen's Park webpage, inviting and enabling the public to make on-line donations to the Queen's Park Sandpit and Playground Improvements campaign.

The charity has received nil complaints in relation to fundraising activities in the current year (2021/22: nil). Individuals are not approached for funds, hence the charity does not consider it necessary to design specific procedures to monitor such activities.

Public benefit statement

The Trustee confirms that it has referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing Highgate Wood and Queen's Park Kilburn's aims and objectives and in planning future activities. The purpose of the charity is the maintenance and preservation in perpetuity by the City of

London Corporation as open spaces known as Highgate Wood and Queen's Park Kilburn for the recreation and enjoyment of the public.

Consequently, the Trustee considers that Highgate Wood and Queen's Park Kilburn operates to benefit the general public and satisfies the public benefit test.

REFERENCE AND ADMINISTRATIVE DETAILS

The administrative details of the charity are stated on page 33.

ACHIEVEMENTS AND PERFORMANCE

The aims for 2022/23 for Highgate Wood were:

Continue to work on an ecological monitoring programme of the impact of visitors through the Heath Hands volunteers.

As part of a wider ancient woodland condition survey by LB Haringey a soil survey was carried out to determine soil health across the entire site with data on 10 trial pits showing levels of compaction and soil condition. A new 0.8 hectare enclosed conservation area was completed and vegetation recovery will be monitored going forward.

Continue to work collaboratively with the Friends of Highgate Roman Kiln and support their future Heritage Lottery Bid.

Friends of Highgate Roman Kiln (FOHRK, charity no. 1177405) Heritage Lottery Bid has been successful, and we await final confirmation of the funding allocation. The Highgate Wood and Queen's Park charity is working with FOHRK to return a 1st Century AD Roman kiln artifact, which had been removed from the Highgate Wood site. FOHRK are due to receive Heritage Lottery Funding to deliver the project. The City of London are carrying out some repairs and alterations to the education building which will accommodate the kiln.

Continue the notice board replacement programme.

We are now replacing the remaining notice boards in house achieving cost savings and plan to have the 4 remaining boards installed by March 2024.

Implement the 2018 to 2028 Woodland Management Plan

The Highgate Wood Woodland Management Plan 2018 to 2028 continues to guide and inform woodland management on the site and the plan objectives will be incorporated into the new Highgate Wood Conservation Management Plan 2023 onwards.

The aims for 2022/23 for Queen's Park were:

Work together with partners to promote health and wellbeing connections.

Through the Sports and Wellbeing Forum, the Hampstead Heath, Highgate Wood and Queen's Park Division engages with user groups, supporting the health and wellbeing of its users. Queen's Park actively engages with user groups, including Junior ParkRun, a licensed tennis coach and regular football coaching on weekends for children. There is also a communal Pitch and Putt course and other informal sports and recreational activities taking place in the Park.

Undertake consultation and engagement to inform the development of a licencing scheme for fitness training, and professional dog walking.

A licensing scheme for dog walking and fitness instructors has not been introduced and consultation is yet to be completed. The Park Manager and Team Leader regularly engage with stakeholders, including the Queen's Park Area Residents' Association, (QPARA) where concerns and issues may be raised and discussed in open forum.

Develop heritage outcomes and incorporate preservation and interpretation actions into the Conservation Management Plan and Annual Work Programme

To be carried forward to 2023/24.

Deliver Biosecurity Management across the Natural Environment, preventing the introduction of pests and diseases.

The Tree Management Officer and tree team continue to monitor tree stock for known pests and diseases, including Massaria and Oak Processionary Moth. They carry out controlled management where necessary.

Regular monitoring of development and planning applications through engagement with stakeholders and a planning specialist.

Through user engagement, via QPARA meetings and the Divisions use of a planning consultant, planning issues are considered and representations made if necessary.

Contribute towards the City Corporation Climate Action Strategy by achieving Net zero by 2027.

The park will start a relaxed mowing regime, seeing a reduction of 1 hectare of amenity grassland, which will be allowed to develop into meadow habitat. This work runs alongside grassland management works at Hampstead Heath.

Reduce reliance on external contracts for litter, waste and recycling.

Undertake public engagement to encourage responsible disposal of waste and recycling.

Queen's Park staff actively encourage the use of recycling points for its visitors. The Division and the Park staff ask members of the public to take their waste home with them or recycle it where possible.

Undertake surveys on visitor engagement and capture data to understand visitor trends and satisfaction.

This has not been started due to resource implications.

Review and implement site specific Asset Management Plans.

This is moving forward to 2023/24 with the support of the City Surveyors department.

Maximise volunteering opportunities by offering a range of activities.

Through the Woodland Walk Working group, the current Park Manager and the Conservation Manager are considering how to utilise the support of volunteers in the Woodland Walk. Members of QPARA have been in conversation with Heath Hands, seeking advice and guidance on how a volunteer group could be organised, in particular to assist with works in the Woodland Walk.

Maintain a London in Bloom Award

This has been achieved. The Park achieved a Gold standard in the London in Bloom scheme.

Redevelop the Children's Sandpit via an agreed project through the City Corporation Gateway process. Seek capital funding through external and internal sources to enable the delivery of this project.

The Park Manager has appointed a landscape architect and both concept and detailed design have been produced. It is intended for the works to be completed prior to the school summer recess in 2023. The concept has been approved by QPARA.

Consult on, finalise, and implement the Queen's Park Woodland Walk Management Plan through engagement with the local community represented on the Woodland Walk Working Group.

The Park Manager and the Conservation Manager are in regular contact with the Woodland Walk Working Group. Staff from the conservation team and the Conservation Manager have met with the group to discuss ongoing management of this area. Initial works will include hedge laying to improve light levels and habitat value.

Develop an updated Draft Conservation Management Plan.

To be carried forward to 2023/24.

Aims for 2022/23 for both Highgate Wood and Queen's Park were:

Achieve budgeted income and expenditure targets for Highgate Wood and Queen's Park Kilburn Charity.

Targets were met via the delivery of a balanced budget, and the charity achieved the required financial savings through a combination of reducing expenditure and appropriate income generation activities.

Support the implementation of the restructure involving a review of operational arrangements.

Staff consultation was launched on 25 January and the final version of the restructure will be implemented during 2023/2024.

Review the Café retendering programme with a review of income generation and market values.

This has been delayed and will be progressed during 2023/24.

Maintain Green Flag Award and Green Heritage Accreditation for 2022/23.

Applications for both sites were successful and Green Flag and Green Heritage awards were confirmed in June 2022.

PLANS FOR FUTURE PERIODS

The proposed overarching priorities which will guide all of our objectives and activities from April 2023 are:

Highgate Wood

- Continue the work of nature recovery and the protection of the ancient woodland and its soil.
- Continue to work on an ecological monitoring programme of the impact of visitors through the Heath Hands volunteers.
- Continue to work collaboratively with the Friends of Highgate Roman Kiln and support the future Heritage Lottery funded project.

- Continue the notice board replacement programme using inhouse expertise.
- Continue to implement the 2018 to 2028 Woodland Management Plan.
- Renew the 2013 to 2023 Highgate Wood Conservation Management Plan.

Queen's Park

- Consult on, finalise, and implement the Queen's Park Woodland Walk Management Plan
- Develop an updated Draft Conservation Management Plan.
- Complete the redevelopment the Children's Sandpit via an agreed project through the City Corporation Gateway process. Seek capital funding through external and internal sources to enable the delivery of this project.
- Maximise volunteering opportunities by offering a range of activities.
- Undertake surveys on visitor engagement and capture data to understand visitor trends and satisfaction.
- Develop heritage outcomes and incorporate preservation and interpretation actions into the Conservation Management Plan and Annual Work Programme.

Both Highgate Wood and Queen's Park

- Achieve budgeted income and expenditure targets for Highgate Wood and Queen's Park Kilburn Charity.
- Maintain Green Flag Award and Green Heritage Accreditation for 2023/24.
- Contribute towards the City Corporation Climate Action Strategy by achieving Net zero by 2027.
- Review the Café retendering programme with a review of income generation and market values.
- Deliver the Phase 2 finalised restructure following completion of staff consultation process.

The Trustee does not consider there to be any material uncertainty around going concern and further detail regarding this is set out on page 20.

FINANCIAL REVIEW

Overview of Financial Performance

Income

In 2022/23 the charity's total income for the year was £1,488,120, an overall increase of £134,230 against the previous year (£1,353,890). This variation was largely due to an increase in expenditure compared to the previous year and therefore a larger grant was received from the City of London to fund the deficit.

Income from Charitable Activities comprised £169,642 from fees charged (2021/22: £226,363) and £55,829 from rents (2021/22: £66,546). The decrease in income from fees charged is largely due to a general decrease in the use of facilities income compared to the previous year, after a particularly busy post-lockdown period in 2021/22.

Donations via the Queen Park website towards the Sandpit and Playground Improvements Campaign resulted in £1,125 of donations (2021/22: £12,083). The charity also received £30 of unrestricted donations (2021/22: £nil).

An amount of £1,254,787 (2021/22: £1,033,348) was received from the City of London Corporation's City's Cash as a contribution towards the running costs of the charity.

Expenditure

Total expenditure for the year was £1,503,483 (2021/22: £1,033,348) all of which related to charitable activities. The increase in expenditure was due to an increase in spending on repairs and maintenance and cyclical works projects that had been previously delayed due to the COVID pandemic.

Funds held

The charity's total funds held decreased by £19,277 to £304,395 as at 31 March 2022 (2021/22: £323,672).

The charity's designated funds consist of unrestricted income funds which the Trustee has chosen to set aside for specific purposes. Such designations are not legally binding, and the Trustee can decide to "undesignate" these funds at any time. Designations as at 31 March 2023 totalled £120,059 (2021/22: £136,547). These represent the net book value of fixed assets held.

A restricted fund of £14,754 (2021/22: £13,629) was held at year-end. This relates to donations to the Queen's Park Sandpit and Playgrounds Improvement Campaign.

Details of all funds held, including their purposes, is set out within note 16 to the financial statements.

Investments performance

Over the course of 2022/23 the Charities Pool investment strategy delivered an absolute return (gross of fees) of +2.22% which was below the FTSE All Share Index benchmark return of +2.92% (2021/22: the investment strategy gained +11.1%

versus +13.0% from the benchmark). However, over the longer term three and five year horizon, performance of the Charities Pool Investments, as displayed in the table below, was above the benchmark. With effect from 22 July 2022, the Charities Pool transferred its investments from the Artemis Income Fund to the Artemis Income (Exclusions) Fund, which is an unconstrained, multigap strategy that aims to generate a rising income stream combined with long-term capital growth. The fund invests in UK equities and can also hold international equities and bonds. Shares in companies that derive more than 20% of their revenues from tobacco, gambling, weapons and fossil fuels are excluded.

Fund	2022/23		2021/22	
	3 year	5 year	3 year	5 year
FTSE All Share	14.1%	5.6%	7.3%	6.2%
Fund outperformance	0.3%	0.6%	2.0%	1.5%

Reserves

The charity is wholly supported by the City of London Corporation which is committed to maintain and preserve Highgate Wood and Queen's Park Kilburn out of its City's Cash Funds. These Funds are used to meet the deficit on running expenses on a year by year basis. Consequently, a reserves policy is considered by the trustee to be inappropriate. The charity held free reserves of £169,582 at 31 March 2023, funds which will be used by the charity to further its objects, and which will be factored into financial plans.

Principal Risks and Uncertainties

The charity is committed to a programme of risk management as an element of its strategy to preserve the charity's assets. In order to embed sound practice the senior leadership team ensures that risk management policies are applied, that there is an on-going review of activity and that appropriate advice and support is provided. A key risk register has been prepared for the charity, which has been reviewed by the Trustee. This identifies the potential impact of key risks and the measures which are in place to mitigate such risks.

The principal risks faced by the charity, and actions taken to manage them are as follows:

Risk	Actions to manage risks
Local planning issues	Maintain a close partnership with Planning Authorities. Assistant Director and Officers in contact with neighbouring local authorities in regard to planning issues which may impact the sites. Respond to consultation on the local plans to help influence the content of documents. The North London division monitors planning activity in order to ensure it does not impact the open spaces.
Maintenance of buildings and equipment	Review assets in conjunction with City Surveyor's Department. Review of assets is an ongoing process. Liaise

	with City Surveyor's Department to discuss issues and raise concerns about Building Repairs and Maintenance and Projects. Regular review process.
Plant and tree diseases	Tree provenance is considered, and planting stock is sourced in accordance with best practice guidance. Trained arboricultural contractors carry out spraying and nest removal of Oak Processionary Moth. Continue to monitor pest and tree disease across the charity
Ensuring the health and safety of staff, contractors, visitors and volunteers	Annual health and safety site audits with peer review. Hold local health and safety meetings. Staff updated in toolbox/team talks.
Extreme weather events	Alerts issues to staff via Met Office. Trigger Event Policy embedded into way of working. Site plans are reviewed annually or following an incident, if appropriate. Ensure compliance with the Extreme Weather Protocol and keep the protocol under regular review.
Outbreak of fire in Woodland/Heathland	Managers and Supervisors receive weather and 'trigger event' warnings and this information is shared with staff. Emergency Action Plan Review carried out annually of following incident, if appropriate.
Delivery of capital projects	Liaise with internal departments to secure funding for capital projects
Recruitment and retention of staff	Delivery of the Target Operating Model (TOM) restructure
Budget Reduction & Income Loss	A number of posts are being held vacant and most appointments are on fixed term contracts. Regular reviewing and forecasting of year end budget position. Savings associated with the restructure will be met. New Executive Director commenced in post and Environment Department Project Board established to progress the restructure.
Long term damage to sites	Additional monitoring and ecological assessments required. Messaging via social media asking visitors to use the site responsibly. Regular Ranger and Constabulary activity. Target set for 2024 as we expect this to be a long-term mitigation exercise.

TRUSTEE RESPONSIBILITIES

The Trustee is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Charity law requires the Trustee to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under charity law the Trustee must not approve the financial statements unless the Trustee is satisfied that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period. In preparing these financial statements, the Trustee is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustee is responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable the Trustee to ensure that the financial statements comply with the Charities Act 2011. The Trustee is also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustee is aware:

- there is no relevant audit information of which the charity's auditors are unaware; and
- the Trustee has taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Financial statements are published on the Trustee's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Trustee's website is the responsibility of the Trustee. The Trustee's responsibility also extends to the ongoing integrity of the financial statements contained therein.

Adopted and signed for on behalf of the Trustee.

Henry Nicholas Almroth Colthurst, Deputy
Chairman of Finance Committee of
The City of London Corporation
Guildhall, London

Randall Keith Anderson, Deputy
Deputy Chairman of Finance
Committee of The City of London
Corporation, Guildhall, London

Guildhall, London

xx December 2023

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF HIGHGATE WOOD AND QUEEN'S PARK KILBURN

Updated report to be provided by Crowe

Updated report to be provided by Crowe

Updated report to be provided by Crowe

[This report has not yet been signed]

Crowe U.K. LLP
Statutory Auditor

55 Ludgate Hill, London, EC4M 7JW

XX/XX/XXXX

Crowe U.K. LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	Unrestricted Funds £	Restricted Funds £	2022/23 Total Funds £	2021/22 Total Funds £
Income from:					
Voluntary activities	2	30	1,125	1,155	17,881
Charitable activities	3	225,471	-	225,471	292,909
Grant from City of London Corporation	4	1,254,787	-	1,254,787	1,033,348
Investments	5	6,707	-	6,707	9,036
Other Income	6	-	-	-	716
Total income		1,486,995	1,125	1,488,120	1,353,890
Expenditure on:					
Charitable activities:					
Maintenance and preservation of Highgate Wood and Queen's Park Kilburn	7	1,503,483	-	1,503,483	1,358,294
Total expenditure		1,503,483	-	1,503,483	1,358,294
Net (loss) / gain on investments	12	(3,914)	-	(3,914)	7,903
Net (expenditure)/income and net movement in funds		(20,402)	1,125	(19,277)	3,499
Reconciliation of funds:					
Total funds brought forward	16	310,043	13,629	323,672	320,173
Total funds carried forward	16	289,641	14,754	304,395	323,672

All of the above results are derived from continuing activities.

There were no other recognised gains and losses other than those shown above.

The notes on pages 21 to 32 form part of these financial statements.

BALANCE SHEET**AS AT 31 MARCH 2023**

	Notes	2023 Total £	2022 Total £
Fixed assets:			
Tangible assets	11	120,059	136,547
Investments	12	169,582	173,496
Total fixed assets		289,641	310,043
Current assets			
Debtors	13	38,177	15,578
Cash at bank and in hand		136,824	30,781
Total current assets		175,001	46,359
Creditors: Amounts falling due within one year	14	(160,247)	(32,730)
Net current assets/(liabilities)		14,754	13,629
Total assets less current liabilities		304,395	323,672
Total net assets		304,395	323,672
The funds of the charity:			
Restricted income funds	16	14,754	13,629
Unrestricted income funds	16	289,641	310,043
Total funds		304,395	323,672

The notes on pages 21 to 32 form part of these financial statements

Approved and signed on behalf of the Trustee.

Caroline Al-Beyerty

Chamberlain of London

xx December 2023

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

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

(a) Basis of preparation

The financial statements of the charity, which is a public benefit entity under FRS102, have been prepared under the historical cost convention as modified by the valuation of investments which are held at fair value and in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) (second edition effective 1 January 2019) and the Charities Act 2011.

(b) Going concern

The financial statements have been prepared on a going concern basis as the Trustee considers that there are no material uncertainties about the charity's ability to continue as a going concern. The charity's governing documents place an obligation on the City of London Corporation to preserve the open spaces for the benefit of the public. Funding is provided from the City of London Corporation's City's Cash. On an annual basis, a medium-term financial forecast is prepared for City's Cash, covering the next 5 years from the period covered by these financial statements. The latest forecast anticipates that adequate funds will be available in the 12 months from the date of these financial statements being signed to enable the charity to continue to fulfil its obligations.

In making this assessment, the Trustee has considered the financial position, including future income levels, planned expenditure and the liquidity of the charity over the next 12-month period. This assessment helps to provide assurances that the charity can continue to keep operating over the next 12-month period. For this reason, the Trustee continues to adopt a going concern basis for the preparation of the financial statements.

(c) Key management judgements and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenditure. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of decisions about carrying values of assets and liabilities that are not readily apparent from other sources. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Management do not consider there to be any material revisions requiring disclosure.

In preparing the financial statements, management has made the following key judgements: useful economic life of fixed assets.

(d) Statement of Cash Flows

The charity has taken advantage of the exemption in FRS102 (paragraph 1.12b) from the requirement to produce a statement of cash flows on the grounds that it is a qualifying entity.

A Statement of Cash Flows is included within the City's Cash Annual Report and Financial Statements 2023 which is publicly available at www.cityoflondon.gov.uk.

(e) Income

All income is included in the Statements of Financial Activities (SOFA) when the charity is legally entitled to the income; it is more likely than not that economic benefit associated with the transaction will come to the charity and the amount can be quantified with reasonable certainty. Income consists of donations, charges for use of facilities, grants (including government grants), investment income, interest, sales and rental income.

The City of London Corporation's City's Cash meets the deficit on running expenses of the charity and also provides funding for certain capital works. This income is considered due each year end once the deficit on running expenses and capital works funding has been confirmed, and is recognised in the SOFA at this point.

(f) Expenditure

Expenditure is accounted for on an accruals basis and has been classified under the principal categories of 'expenditure on raising funds' and 'expenditure on charitable activities'. Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required, and the amount of the obligation can be measured reliably.

Governance costs include the costs of governance arrangements which relate to the general running of the charity as opposed to the direct management of functions inherent in the activities undertaken. These include the costs associated with constitutional and statutory requirements such as the cost of Trustee meetings.

Support costs (including governance costs) include activities undertaken by the City Corporation on behalf of the charity, such as human resources, digital services, legal support, accounting services, committee administration, public relations and premises costs. These costs are recharged and the basis of the cost allocation is set out in note 8.

The Trustee, the City Corporation, accounts centrally for all payroll related deductions. As a result, the charity accounts for all such sums due as having been paid.

(g) Pension costs

Staff are employed by the City of London Corporation and are eligible to contribute to the City of London Local Government Pension Fund, which is a funded defined benefit

scheme. The estimated net deficit on the Fund is the responsibility of the City of London Corporation as a whole, as one employer, rather than the specific responsibility of any of its three main funds (City Fund, City's Cash and Bridge House Estates) or the trusts it supports.

The Fund's estimated net liability has been determined by independent actuaries in accordance with FRS102 as £142.6m as at 31 March 2023 (£832.7m as at 31 March 2022). Since any net deficit is apportioned between the financial statements of the City of London's three main funds, the charity's Trustee does not anticipate that any of the liability will fall on the charity. The charity is unable to identify its share of the pension scheme assets and liabilities and therefore the Pension Fund is accounted for as a defined contribution scheme in these financial statements.

Barnett Waddingham, an independent actuary, carried out the latest triennial actuarial assessment of the scheme as at 31 March 2022, using the projected unit method. The 31 March 2022 valuation was carried out in 2022/23 and has set the contribution rates for the period 01 April 2023 to 31 March 2026 at 21%. Contribution rates adopted for the financial years 2020/21, 2021/22 and 2022/23 had been set at 21%.

(h) Taxation

The charity meets the definition of a charitable trust for UK income tax purposes, as set out in Paragraph 1 Schedule 6 of the Finance Act 2010. Accordingly, the charity is exempt from UK taxation in respect of income or capital gains under part 10 of the Income Tax Act 2007 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

(i) Fixed Assets

Heritage Land and Associated Buildings

Highgate Wood and Queen's Park comprises 315 hectares (780 acres) of land, together with associated buildings, located in the North London boroughs of Haringey and Brent respectively. The object of the charity is the preservation in perpetuity of Highgate Wood and Queen's Park Kilburn as open spaces for the recreation and enjoyment of the public. Highgate Wood and Queen's Park are considered to be inalienable (i.e. may not be disposed of without specific statutory powers).

Land and the original associated buildings are considered to be heritage assets. In respect of the original land and buildings, cost or valuation amounts are not included in these financial statements as reliable cost information is not available and a significant cost would be involved in the reconstruction of past accounting records, or in the valuation, which would be onerous compared to the benefit to the users of these accounts

Additions to the original land and capital expenditure on buildings and other assets would be included as fixed assets at historic cost, less provision for depreciation and any impairment, where this cost can be reliably measured.

Tangible fixed assets

Assets that are capable of being used for more than one year and have a cost greater than £50,000 are capitalised. Such assets are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is charged from the year following that of acquisition, on a straight-line basis, in order to write off each asset over its estimated useful life as follows:

	Years
Operational buildings	30 to 50
Improvements and refurbishments to buildings	up to 30
Infrastructure	up to 20

(j) Investments

Investments are made in the City of London Charities Pool (charity number: 1021138) which is an investment mechanism operating in a similar way to a unit trust. This enables the City of London Corporation to “pool” small charitable investments together and consequently obtain better returns than would be the case if investments were made individually.

Investments are valued at bid price. Gains and losses for the year on investments held as fixed assets are included in the Statement of Financial Activities.

(k) Cash

Cash and cash equivalents include cash in hand, overdrafts (if any) and short term deposits and other instruments held as part of the Corporation's treasury management activities with original maturities of three months or less.

(l) Funds structure

Income, expenditure and gains/losses are allocated to particular funds according to their purpose:

Restricted Funds – These include income that is subject to specific restrictions imposed by donors, with related expenditure deducted when incurred.

Unrestricted income funds – these funds can be used in accordance with the charitable object at the discretion of the Trustee and include both income generated by assets held representing unrestricted funds. Specifically, this represents any surplus of income over expenditure for the charity which is carried forward to meet the requirements of future years, known as free reserves.

Designated funds – these are funds set aside by the Trustee out of unrestricted funds for a specific purpose.

(m) Insurance

The charity, elected Members and staff supporting the charity's administration are covered by the City Corporation's insurance liability policies, and otherwise under the

indemnity the City Corporation provides to Members and staff, funded from City's Cash.

2. INCOME FROM VOLUNTARY ACTIVITIES

	Unrestricted funds	Restricted income funds	Total 2022/23	Unrestricted funds	Restricted income funds	Total 2021/22
	£	£	£	£	£	£
Donations and legacies	30	1,125	1,155	-	12,083	12,083
Sponsorship	-	-	-	5,798	-	5,798
Total	30	1,125	1,155	5,798	12,083	17,881

3. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2022/23	Unrestricted funds 2021/22
	£	£
Charges for use of facilities	169,642	226,363
Rental income	55,829	66,546
Total	225,471	292,909

4. INCOME FROM THE CITY OF LONDON CORPORATION

	Unrestricted funds 2022/23	Unrestricted funds 2021/22
	£	£
Revenue and capital grant from City of London Corporation	1,254,787	1,033,348

5. INCOME FROM INVESTMENTS

	Unrestricted funds 2022/23	Unrestricted funds 2021/22
	£	£
Investment income	6,707	9,036

6. OTHER INCOME

	Unrestricted funds 2022/23 £	Unrestricted funds 2021/22 £
Other income	-	716

Income for the year included:

Voluntary activities – relating to donations received from the public, including donations made via the Queen's Park webpage towards the Queen's Park Sandpit and Playground Improvements campaign.

Grants from the City of London Corporation – being the amount received from the City of London Corporation's City's Cash to meet the deficit on running expenses of the charity, alongside funding for capital purchases.

Charitable activities – being amounts generated from charges made for the use of facilities, such as for filming and sports bookings and from the rental of catering facilities and wayleave licenses.

7. EXPENDITURE

	Direct costs £	Support costs £	Total 2022/23 £	Direct costs £	Support costs £	Total 2021/22 £
Maintenance and preservation of Highgate Wood and Queen's Park Kilburn	1,208,947	294,536	1,503,483	1,145,636	212,658	1,358,294

Charitable activity

Expenditure on the charitable activities includes labour, premises costs, equipment, materials and other supplies and services incurred in the running of Highgate Wood and Queen's Park Kilburn.

Auditor's remuneration and fees for other services

Crowe U.K. LLP are the auditors of the City of London's City's Cash Fund and provide assurance services to all of the different charities of which it is Trustee. In 2022/23 an audit fee of £5,500 was recharged (2021/22: £5,000). No other services were provided to the charity by its auditors during the year (2021/22: £nil).

8. SUPPORT COSTS

Support costs include activities undertaken by the City of London Corporation on behalf of the Charity, such as human resources, digital services, legal support, accounting services, committee administration and premises costs. Such costs are determined on a departmental basis, and are allocated on a cost recovery basis to the charity based on time spent, with associated office accommodation charged proportionately to the space occupied by the respective activities, with the split of costs as follows:

	Charitable activities £	Governance £	2022/23 £	2021/22 £
Department:				
Chamberlain	40,633	-	40,633	38,085
Comptroller & City Solicitor	7,238	-	7,238	7,816
Town Clerk	-	35,698	35,698	24,730
City Surveyor	25,420	-	25,420	27,728
Natural Environment directorate	129,549	-	129,549	52,342
Other governance & support costs	13,732	5,500	19,232	19,173
Digital Services	36,766	-	36,766	42,784
Sub-total	253,338	41,198	294,536	212,658
Reallocation of governance costs	41,198	(41,198)	-	-
Total	294,536	-	294,536	212,658

All support costs are undertaken from unrestricted funds. Governance costs are allocated based on a proportion of officer time spent on the administration of Trustee and Committee related meetings.

9. DETAILS OF STAFF COSTS

All staff that work on behalf of the charity are employed by the City Corporation. The average number of people directly undertaking activities on behalf of the charity during the year was 14 (2021/22: 16).

Amounts paid in respect of employees directly undertaking activities on behalf of the charity were as follows:

	2022/23 £	2021/22 £
Salaries and wages	547,765	562,975
National Insurance costs	55,019	53,731
Employer's pension contributions	99,926	101,845
Total emoluments of employees	702,710	718,551

The number of directly charged employees whose emoluments (excluding employer's pension contribution and national insurance contribution) for the year were over £60,000 was nil (2021/22: nil):

Remuneration of Key Management Personnel

The charity considers its key management personnel to comprise the Members of the City of London Corporation, acting collectively for the City Corporation in its capacity as the Trustee, and the Director of Natural Environment who manages the seven open spaces funded by the City of London Corporation. A proportion of the Directors' employment benefits are allocated to this charity.

Support is also provided by other chief officers and their departments from across the City of London Corporation, including the Town Clerk and Chief Executive, Chamberlain, Comptroller and City Solicitor and City Surveyor.

The amount of employee benefits received by key management personnel totalled £21,079 (2021/22: £9,470). No members received any remuneration, with directly incurred expenses reimbursed, if claimed. Expenses totalling £nil were claimed in 2022/23 (2021/22: £nil).

10. HERITAGE ASSETS

Since 1886 the primary purpose of the charity has been the preservation of Highgate Wood and Queen's Park Kilburn for the recreation and enjoyment of the public. As set out in Note 1(j), the original heritage land and buildings are not recognised in the Financial Statements. Policies for the preservation and management of Highgate Wood and Queen's Park Kilburn are contained in the Highgate Wood Conservation Management Plan 2013-2023 and Queen's Park Kilburn Conservation Management Plan 2014-2024. Records of heritage assets owned and maintained by Highgate Wood and Queen's Park Kilburn can be obtained from the Executive Director of Environment at the principal address as stated on page 33.

11. TANGIBLE FIXED ASSETS

	Land and Buildings £	Infrastructure £	Total £
Cost			
At 1 April 2022	166,388	257,130	423,518
At 31 March 2023	166,388	257,130	423,518
Depreciation			
At 1 April 2022	56,134	230,837	286,971
Charge for the year	3,341	13,147	16,488
At 31 March 2023	59,475	243,984	303,459
Net book value			
At 31 March 2023	106,913	13,146	120,059
At 31 March 2022	110,254	26,293	136,547

12. FIXED ASSET INVESTMENTS

The investments are held in the City of London Corporation Charities Pool, a charity registered in the UK with the Charity Commission (charity number: 1021138). The Charities Pool is a UK registered unit trust.

The value of investments held by the charity are as follows:

	2023	2022
	£	£
Market value 1 April	173,496	165,593
Gain / (loss) for the year	(3,914)	7,903
Market value 31 March	169,582	173,496
Cost 31 March	107,254	107,254
Units held in Charities Pool	18,728	18,728

The geographical spread of listed investments as at 31 March was as follows:

	Held			Held		
	Held in the	outside the	Total at 31	Held in the	outside the	Total at 31
	UK	UK	March 2023	UK	UK	March 2022
	£	£	£	£	£	£
Equities	137,606	23,069	160,675	141,072	19,701	160,773
Pooled Units	5,557	-	5,557	10,186	-	10,186
Cash held by Fund Manager	3,350	-	3,350	2,537	-	2,537
Total	146,513	23,069	169,582	153,795	19,701	173,496

13. DEBTORS – AMOUNTS DUE WITHIN ONE YEAR

	2023	2022
	£	£
Rental debtors	4,808	514
Prepayments and accrued income	6,546	6,834
Recoverable VAT	23,553	2,326
Other debtors	3,270	5,904
Total	38,177	15,578

14. CREDITORS – AMOUNTS DUE WITHIN ONE YEAR

	2023	2022
	£	£
Trade creditors	55,569	8,858
Accruals	60,405	12,315
Deferred income	4,502	4,502
Other creditors	39,771	7,055
Total	160,247	32,730

Deferred income relates to rental income received in advance for periods after the year-end.

	2023	2022
	£	£
Deferred income analysis within creditors:		
Balance at 1 April	4,502	3,502
Amounts released to income	(4,502)	(3,502)
Amounts deferred in the year	4,502	4,502
Balance at 31 March	4,502	4,502

15. ANALYSIS OF NET ASSETS BY FUND

At 31 March 2023	Unrestricted income funds		Restricted funds	Total at 31 March 2023	Total at 31 March 2022
	General funds	Designated funds			
	£	£			
Tangible assets	-	120,059	-	120,059	136,547
Investments	169,582	-	-	169,582	173,496
Current assets	160,247	-	14,754	175,001	46,359
Current liabilities	(160,247)	-	-	(160,247)	(32,730)
Total	169,582	120,059	14,754	304,395	323,672

At 31 March 2022	Unrestricted income funds		Restricted funds	Total at 31 March 2022	Total at 31 March 2021
	General funds	Designated funds			
	£	£			
Tangible assets	-	136,547	-	136,547	153,034
Investments	173,496	-	-	173,496	165,593
Current assets	32,730	-	13,629	46,359	70,391
Current liabilities	(32,730)	-	-	(32,730)	(68,845)
Total	173,496	136,547	13,629	323,672	320,173

16. MOVEMENT IN FUNDS

At 31 March 2023	Total as at 1 April 2022 £	Income £	Expenditure £	Gains & (losses) £	Total as at 31 March 2023 £
Restricted funds					
Campaign donations	13,629	1,125	-	-	14,754
Total Restricted Funds	13,629	1,125	-	-	14,754
Unrestricted funds:					
General funds	173,496	1,486,995	(1,486,995)	(3,914)	169,582
Designated funds:					
Tangible fixed assets	136,547	-	(16,488)	-	120,059
Total unrestricted funds	310,043	1,486,995	(1,503,483)	(3,914)	289,641
Total funds	323,672	1,488,120	(1,503,483)	(3,914)	304,395

At 31 March 2022	Total as at 1 April 2021 £	Income £	Expenditure £	Gains & (losses) £	Total as at 31 March 2022 £
Restricted Funds					
Campaign donations	1,546	12,083	-	-	13,629
Total Restricted Funds	1,546	12,083	-	-	13,629
Unrestricted funds:					
General funds	165,593	1,341,807	(1,341,807)	7,903	173,496
Designated funds:					
Tangible fixed assets	153,034	-	(16,487)	-	136,547
Total	318,627	1,341,807	(1,358,294)	7,903	310,043
Total funds	320,173	1,353,890	(1,358,294)	7,903	323,672

Purposes of restricted funds

The restricted fund for 'Campaign Donations' represents funds received from the public through donations. A donations page has been created on the Queen's Park webpage, inviting and enabling the public to make on-line donations to the Queen's Park Sandpit and Playground Improvements project. In total £1,125 was received during the year (2021/22: £12,083).

Purposes of designated funds

Designated funds have been set aside by the Trustee for the following purposes:

Fixed Assets – these are included at historic cost less accumulated depreciation in accordance with Note 1 (j). At 31 March 2023 the net book value of fixed assets amounted to £120,059 (2021/22: £136,547)

17. RELATED PARTY TRANSACTIONS

The City Corporation is the sole Trustee of the charity, as described on page 2. The City Corporation provides various services to the charity, the costs of which are recharged to the charity. This includes the provision of banking services, charging all transactions to the charity at cost and crediting or charging interest at a commercial rate. The cost of these services is included within expenditure, as set out in note 8.

The charity is consolidated within the accounts of City's Cash, a fund of the City of London Corporation (the City Corporation, the Corporate Trustee of the charity), by virtue of the deemed control arising from the provision of the shortfall between the charity's income and expenditure by City's Cash, whose place of business is Guildhall, London EC2P 2EJ. The principal purpose of City's Cash is to manage its investments in properties, stocks and shares to provide returns which allows the City Corporation to use the income for the provision of services that are of importance to the City and Greater London as well as nationally and internationally, and to maintain the asset base so that income will be available to fund services for the benefit of future generations. The financial statements of City's Cash can be obtained from the address provided above.

The charity is required to disclose information on related party transactions with bodies or individuals that have the potential to control or influence the charity. Members are required to disclose their interests, and these can be viewed online at www.cityoflondon.gov.uk.

Members and senior staff are requested to disclose all related party transactions, including instances where their close family has made such transactions.

Figures in brackets represent amounts due to or from another entity at the balance sheet date. Other figures represent the value of the transactions during the year.

Related party	Connected party	2022/23 £	2021/22 £	Detail of transaction
City of London Corporation	The City of London Corporation is the Trustee for the charity	1,254,787	1,033,348	The City of London Corporation's City's Cash meets the deficit on running expenses of the charity
		(nil)	(nil)	
		294,536	212,658	Administrative services provided for the charity
		(nil)	(nil)	
		6,707	9,036	Distribution from the Charities Pool
		(nil)	(nil)	

REFERENCE AND ADMINISTRATION DETAILS

CHARITY NAME: Highgate Wood and Queen's Park Kilburn

Registered charity number: 232986

PRINCIPAL OFFICE OF THE CHARITY & THE CITY CORPORATION:

Guildhall, London, EC2P 2EJ

TRUSTEE:

The Mayor and Commonalty & Citizens of the City of London

SENIOR MANAGEMENT:

Chief Executive

John Barradell OBE - The Town Clerk and Chief Executive of the City of London Corporation (resigned 31 December 2022)

Ian Thomas CBE – The Town Clerk and chief Executive of the City of London Corporation (appointed 06 February 2023)

Treasurer

Caroline Al-Beyerty - The Chamberlain of the City of London Corporation

Solicitor

Michael Cogher - The Comptroller and City Solicitor of the City of London Corporation

Environment Department

Juliemma McLoughlin – Executive Director of Environment

Sally Agass – Interim Director of Natural Environment (resigned 31 March 2023)

AUDITORS:

Crowe U.K. LLP, 55 Ludgate Hill, London, EC4M 7JW

BANKERS:

Lloyds Bank Plc., P.O. Box 1000, BX1 1LT

INVESTMENT ADVISORS:

Artemis Investment Management Limited, Cassini House, 57 St. James's Street, London, SW1A 1LD

Contact for The Chamberlain & Chief Financial Officer, to request copies of governance documents & of the Annual Report of City's Cash:

CHBOffice-BusinessSupport@cityoflondon.gov.uk

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West Ham Park

Annual Report and Financial Statements for
the year ended 31 March 2023

Charity registration number 206948

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ORIGINS OF THE CHARITY

West Ham Park was purchased in 1874 from Mr John Gurney. The conveyance to the City of London Corporation provided that it was to be held on trust forever “as open public grounds and gardens for the resort and recreation of adults and as playgrounds for children and youth”. The City of London Corporation agreed to maintain and preserve the Park for this purpose at its own cost. The Park is managed by a joint committee of 15 managers, eight of whom are appointed by the City of London Corporation, four by the heirs of the late John Gurney, one by the Parish of West Ham and two by the London Borough of Newham. The Park is listed in Historic England’s Register of Historic Parks & Gardens (Grade II).

This charity is operated as part of the City of London Corporation’s City’s Cash. The City of London Corporation is committed to fund the ongoing net operational costs of the charity in accordance with the purpose which is to maintain and preserve the Park “as open public grounds and gardens for the resort and recreation of adults and as playgrounds for children and youth”.

TRUSTEE'S ANNUAL REPORT

STRUCTURE AND GOVERNANCE

GOVERNING DOCUMENTS

The governing documents are the indenture Acts dated 20 July 1874 and the schemes approved by the Charity Commission on 12 May 1981 and 27 September 1991. The charity is constituted as a charitable trust.

GOVERNANCE ARRANGEMENTS

The Mayor and Commonalty and Citizens of the City of London (also referred to as 'the City Corporation' or 'the City of London Corporation'), a body corporate and politic, is the trustee of West Ham Park. The City Corporation is trustee acting by the Court of Common Council of the City of London in its general corporate capacity and that executive body has delegated responsibility in respect of the administration and management of this charity to various committees and sub-committees of the Common Council, membership of which is drawn from 125 elected Members of the Common Council and external appointees to those committees. In making appointments to committees, the Court of Common Council will take into consideration any particular expertise and knowledge of the elected Members, and where relevant, external appointees. External appointments are made after due advertisement and rigorous selection to fill gaps in skills. For West Ham Park elected Aldermen and Members of the City of London Corporation, together with four members nominated by the heir-at-law of the late John Gurney, one member nominated by the London Borough of Newham, are appointed to the West Ham Park Committee governing West Ham Park by the Court of Common Council of the City of London Corporation.

Members of the Court of Common Council are unpaid for support provided to the Charity and elected by the electorate of the City of London. The Key Committees which had responsibility for directly managing matters related to the charity during 2022/23 were as follows:

- **Policy and Resources Committee** – responsible for allocating resources and administering the charity.
- **Finance Committee** – responsible for controlling budgets, support costs and other central charges that affect the charity as a whole.
- **Audit and Risk Management Committee** – responsible for overseeing systems of internal control and making recommendations to the Finance Committee relating to the approval of the Annual Report and Financial Statements of the charity.
- **West Ham Park Committee** – responsible for the activities undertaken at West Ham Park, approving budget allocations for the forthcoming year and acting as Trustees of the charity.
- **Corporate Services Committee** – responsible for personnel and establishment matters throughout the City of London, including negotiations with the recognised trade unions.

All of the above committees are ultimately responsible to the Court of Common Council of the City of London. Committee meetings are held at the Trustee's discretion in public

(except where it is not considered in the charity's best interests to do so), supporting a decision-making process which is clear, transparent and publicly accountable.

The charity is consolidated within City's Cash as the City of London Corporation exercises operational control over its activities. City's Cash is a fund of the City Corporation that can be traced back to the 15th century and has been 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 City's Cash to use the income for the provision of services 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 trustee believes that good governance is fundamental to the success of the charity. An initial review of governance was undertaken to ensure that the charity is effective in fulfilling its objectives and further more detailed work is to take place in 2023/24 to scope a review of all the City of London Corporation's Natural Environment charities. Reference is being made to the good practices recommended within the Charity Governance Code with a focus on ensuring regulatory compliance and the ongoing maintenance of an efficient and effective portfolio of charities that maximise impact for beneficiaries.

ORGANISATIONAL STRUCTURE AND DECISION-MAKING PROCESS

The charity is administered in accordance with its governing instruments and the City Corporation's own corporate governance and administration framework, including Committee Terms of Reference, Standing Orders, Financial Regulations and Officer Scheme of Delegations. These governance documents can be obtained via a request to the email address stated on page 31.

Each Member by virtue of their membership of the Court of Common Council, its relevant committees and sub-committees, has a duty to support the City Corporation in the proper exercise of its functions and in meeting its duties as trustee of the charity by faithfully acting in accordance with charity law, the Terms of Reference of the relevant committee or sub-committee, and the City of Corporation's agreed corporate governance framework as noted above, backed up by its standards regime.

As part of the City of London Corporation's restructure, the Open Spaces Department has merged with Planning & Transportation and Port Health & Environmental Services to form a new Environment Department, and West Ham Park became part of the Environment Department from 1 April 2022.

INDUCTION AND TRAINING OF MEMBERS

The City Corporation makes available to its Members, seminars and briefings on various aspects of its activities, including those concerning the charity, to enable Members to carry out their duties efficiently and effectively. Induction meetings are provided on specific aspects of the work of West Ham Park. If suitable seminars or other training options are identified that are relevant to the charity, Members are advised of these opportunities.

OBJECTIVES AND ACTIVITIES

The objectives of the charity are to hold West Ham Park on trust forever “as open public grounds and gardens for the resort and recreation for adults and as playground for children and youth”. The City of London Corporation agreed to maintain and preserve the Park for this purpose at its own cost.

In support of these objectives the main activities of the Charity are set out in the West Ham Park Management Plan, and include the maintenance of grounds, gardens, infrastructure and play equipment, specifically the lawns, trees, plants, structures and hard landscaping that make up this 19th Century traditional park environment.

Volunteers

The Charity works closely with the Friends of West Ham Park who deliver numerous walks, talks and events throughout the year. They also run our Jubilee Vegetable Garden, wildlife garden and undertake organised litter-picks throughout the calendar year. Our volunteer hours for 2022/23 have almost doubled on last year, to just under 2,000 volunteer hours which also includes our corporate volunteers in partnership with ELBA- our East London Business Alliance.

Remuneration Policy

The charity’s senior staff are employees of the City Corporation and, alongside all staff, pay is reviewed annually. The City Corporation is committed to attracting, recruiting and retaining skilled people and rewarding employees fairly for their contribution. As part of this commitment, staff are regularly appraised and, subject to performance, eligible for the payment of recognition awards.

The above policy applies to staff within the charity’s key management personnel, as defined within note 9 to the financial statements.

The charity is committed to equal opportunities for all employees. An Equality and Inclusion Board has been established to actively promote equality, diversity and inclusion in service delivery and employment practices. The Board is responsible for monitoring the delivery of the Equality and Inclusion Action Plan and progress against the Equality Objectives. This also includes addressing the City Corporation’s gender, ethnicity and disability pay gaps.

The Equality, Diversity, and Inclusion (EDI) sub-committee is currently overseeing the update of our four-yearly Equality Objectives in accordance with the Equality Act 2010. The draft objectives went to Policy and Resources and Corporate Services Committees in April 2023. Following agreement, a period of 12 weeks consultation with stakeholders has been undertaken and analysis of consultation responses and amendments are due to be made in August. Amendments will then go to September’s EDI Sub-Committee and Policy and Resources and Corporate Services Committees and then to Court of Common Council for approval in October 2023.

Senior staff posts of the City Corporation are individually evaluated and assessed independently against the external market allowing each post to be allocated an individual

salary range within the relevant grade, which incorporates market factors as well as corporate importance.

Fundraising

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. The legislation defines fundraising as “soliciting or otherwise procuring money or other property for charitable purposes”. Although the West Ham Park charity does not undertake widespread fundraising from the general public, any such amounts receivable are presented in the financial statements as “voluntary income” including grants.

In relation to the above we confirm that all solicitations are managed internally, without involvement of commercial participators or professional fund-raisers, or third parties. The day to day management of all income generation is delegated to the executive team, who are accountable to the trustee. The charity is not bound by any regulatory scheme and does not consider it necessary to comply with any voluntary code of practice.

There is a donations page on the West Ham Park webpage, inviting and enabling the public to make on-line donations to the West Ham Park Playground Refurbishment campaign.

The charity has received no complaints in relation to fundraising activities in 2022/23 (2021/22: nil). Individuals are not approached for funds, hence the charity does not consider it necessary to design specific procedures to monitor such activities.

Public benefit statement

The Trustee confirms that it has referred to the guidance contained in the Charity Commission’s general guidance on public benefit when reviewing West Ham Park aims and objectives and in planning future activities. The purpose of the charity is to maintain and preserve the Park in perpetuity by the City of London Corporation as the Conservators of West Ham Park “as open public grounds and gardens for the resort and recreation of adults and as playgrounds for children and youth.

Consequently, the Trustee considers that West Ham Park operates to benefit the general public and satisfies the public benefit test.

REFERENCE AND ADMINISTRATIVE DETAILS

The administrative details of the charity are stated on page 31.

ACHIEVEMENTS AND PERFORMANCE

Key Targets for 2022/23 and Review of Achievements

ULEZ Compliant Vehicle

Has not been achieved and will be carried forward to purchase one van in 2023/24.

Playground project

Opened on 5 August 2022. There are some outstanding minor snagging works to be completed in late 2023 along with associated soft landscaping works. The official playground opening took place on the 21 March 2023 and was opened by committee members, Friends of West Ham Park, and The Worshipful Companies of Educators and Farriers. This event also incorporated planting of a giant redwood, as part the Queen's Green Canopy Campaign.

West Ham Park Nursery Project

The Park's team continue to work with City Surveyors and the City's Legal department to provide all necessary information to the Charity Commission to ensure full regulatory compliance in relation to this major project.

West Ham Park Committee (acting as Trustee for the West Ham Park Charity) received a number of public representations both in support and against the proposed long-term lease of land and these were considered at its meeting in July 2023. The Trustee was satisfied that the proposed commercial agreement was on the best terms reasonably obtainable and that the redevelopment of the former nursery site will enhance, and not detract from, the enjoyment of the Park by beneficiaries. Furthermore, the Trustee was satisfied that the disposal will not interfere with the ability of the West Ham Park Charity to carry out its objects. Pre-application discussions in relation to the development proposal commenced between the developer and the local authority and relevant statutory consultees.

Sports partnerships

Partnerships are continuing with LTA and Capital Kids Cricket to increase sports participation in all areas.

West Ham Park Management Plan

To be carried forward to 2023/24 due to delay in corporate restructure.

Corporate Restructure Phase 2

Staff consultation took place in February and March 2023 and this is due to be implemented during 2023/24.

PLANS FOR FUTURE PERIODS

The team will focus on delivering the following key projects over the next 12 months.

Key projects for 2023/24 include:

Corporate Restructure Phase 2

The restructure is to be implemented and embedded in 2023/24.

ULEZ Compliant Vehicle

To purchase a hybrid vehicle in year 2023/24.

Playground

Complete minor snagging works (slide and monkey swings) along with associated soft landscaping in partnership with the Friends of West Ham Park and community groups.

West Ham Park Nursery Project

Pre-application discussions with the local authority and stakeholder engagement continue as will other work with the City Surveyor and other partners towards delivering the West Ham Park Nursery Project. A project update report will be considered by West Ham Park Committee in October 2023.

Sports partnerships

To continue partnerships with LTA and Capital Kids Cricket and other partners to increase sports participation in all areas.

Sports Infrastructure

Working in partnership with England and Wales Cricket Board to relay artificial cricket pitches.

Accreditations

To maintain Green Flag, Green Heritage and London in Bloom awards along with National Plant collections of Liquidambar and Trachelospermum.

The Trustee does not consider there to be any material uncertainty around going concern and further detail regarding this is set out on page 19.

The Trustee is monitoring the situation and will continue with its plans to hold West Ham Park on trust forever “as open public grounds and gardens for the resort and recreation for adults and as playground for children and youth”.

FINANCIAL REVIEW

Overview of Financial Performance

Income

In 2022/23 the charity's total income for the year was £2,218,677, an overall increase of £678,430 against the previous year (£1,540,247). The principal source of income was from the City of London Corporation's City's Cash fund (see below).

Income from Charitable Activities comprised £48,156 from fees charged (2021/22: £48,377) and £236,620 from rents (2021/22: £237,168) with income remaining broadly consistent with the previous year.

Donations - being amounts received from the public through donations. Donations can be made on the West Ham Park webpage, to the West Ham Park Playground Refurbishment project. In total £85 was received during the year (2021/22: £1,140). The full amount was held as at 31 March 2023 in a restricted fund for 'Campaign Donations'. £125 in unrestricted donations were received in the year (2021/22: £1,546).

Interest of £791 from cash held following the sale of property was received (2021/22: £791).

Other income of £nil was received through Learning Programme recharges in relation to the Coronavirus Job Retention Scheme (2021/22: £1,204).

An amount of £1,932,900 (2021/22: £1,250,021) was received from the City of London Corporation's City's Cash as a contribution towards the running costs of the charity. The increase from the previous year is largely explained by funding received to finance capital expenditure associated with the renovation of the playground.

Expenditure

Total expenditure for the year was £1,452,709, with all expenditure relating to charitable activities (2021/22: £1,400,874). The increase in expenditure is due to additional cyclical works taking place as well as an increase in recharges from the Natural Environment Directorate.

Funds held

The charity's total funds held increased by £765,968 to £955,572 as at 31 March 2023 (2021/22: £189,604).

The charity's designated funds consist of unrestricted income funds which the Trustee has chosen to set aside for specific purposes. Such designations are not legally binding, and the Trustee can decide to "undesignate" these funds at any time. Designations as at 31 March 2023 totalled £954,091 (2021/22: £188,208). The increase in designated funds is due to additional capital expenditure taking place during 2022/23 in relation to the refurbishment of the playground. These designated funds represent the net book value of fixed assets held.

A restricted fund of £1,481 (2021/22: £1,396) was held at year-end. This relates to Campaign Donations for the West Ham Park Playground Refurbishment project.

Details of all funds held, including their purposes, is set out within note 15 to the financial statements.

Reserves

The charity is wholly supported by the City of London Corporation which is committed to maintain and preserve West Ham Park out of its City's Cash Funds. These Funds are used to meet the deficit on running expenses on a year by year basis. Consequently, this charity has no free reserves and a reserves policy is considered by the trustee to be inappropriate.

Donations are now being sought and these may be carried forward but there is currently no intention to hold them as a minimum amount owing to the deficit funded status of the Charity.

Principal Risks and Uncertainties

The charity is committed to a programme of risk management as an element of its strategy to preserve the charity's assets. In order to embed sound practice the senior leadership team ensures that risk management policies are applied, that there is an on-going review of activity and that appropriate advice and support is provided. A key risk register has been prepared for the charity, which has been reviewed by the Trustee. This identifies the potential impact of key risks and the measures which are in place to mitigate such risks.

The principal risks faced by the charity, and actions taken to manage them are as follows:

Risk	Actions to manage risks
Maintenance of buildings, memorials, play areas and equipment	Schedule of statutory checks and visits held and carried out by City Surveyor's Department (CSD) or delegated to site. Annual inspections of all buildings, including residential, carried out jointly by site and CSD to capture maintenance needs. 20 year programme of investment and maintenance of all built assets. Review annually.
Extreme weather and climate change risk	City Climate Adaptation Strategy in place. Emergency Plan in place; monitoring of warning systems; Extreme Weather Policy adopted for the Charity. Current level of risk cannot be removed completely.
Delivery of Capital Projects	Liaise with internal departments to secure funding for capital projects.
Health & Safety Incidents	Continue to develop a good culture of reporting accidents, incidents and near-misses. Contractor protocol is in place including works undertaken by City Surveyor's and external contractors. Regular review of on-site health and safety by peer review. Clear roles and responsibilities set out in documentation and reinforced through training. It is accepted that when providing a hands-on service and dealing with the public, a certain level of risk is inevitable and therefore cannot be removed completely.

	Structure of H&S meeting arrangements enable the cascade of decisions, issues, responsibilities and communications to all staff.
Budgeted reduction and income loss	Work closely with Chamberlain's Department to monitor budget lines and keep them informed as financial situation develops. Predictions on loss of income being worked up to aid longer term decision making, including rental, sports provision, catering and retail. Non-essential works cancelled and focus placed on increasing income to offset budget reduction. Review of staffing structures likely in order to align with Target Operating Model (Phase 2).
Public Behaviour	Continue to work with the London Borough of Newham enforcement team, police, schools liaison and SNTs. Dog Control Orders in place where required. We are working with London Borough of Newham's Community Safety Team to implement the issuing of PSPOs at West Ham Park where required.
Recruitment and retention of staff	Delivery of the Target Operating Model (TOM).
Tree Failure	Continue to comply with established tree management systems. Continue to enforce Extreme Weather Protocol and site closures as appropriate Review Divisional Tree Safety Policy Liaise with local authorities regarding possibility of road closures during severe storms.
Tree diseases and other pests	Ensure staff training is kept updated to enable timely identification of pest and knowledge of correct treatment/prevention. Annual tree inspections undertaken by qualified personnel through framework contract. Maintain relationships with industry bodies and neighbouring local authorities to ensure free flow of information.
Local planning issues	Attendance at meetings and respond to consultation on the local plans to help influence the content of the document Maintain a close partnership with local planning authorities.

There is a comprehensive system in place for monitoring each of these risks and mitigating actions are undertaken including training, strengthening controls and plans of action.

TRUSTEE'S RESPONSIBILITIES

The Trustee is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Charity law requires the Trustee to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under charity law the Trustee must not approve the financial statements unless the Trustee is satisfied that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period. In preparing these financial statements, the Trustee is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustee is responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable the Trustee to ensure that the financial statements comply with the Charities Act 2011. The Trustee is also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustee is aware:

- there is no relevant audit information of which the charity's auditors are unaware; and
- the Trustee has taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Financial statements are published on the Trustee's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Trustee's website is the responsibility of the Trustee. The Trustee's responsibility also extends to the ongoing integrity of the financial statements contained therein.

Adopted and signed for on behalf of the Trustee.

Henry Nicholas Almroth Colthurst,
Deputy Chairman of Finance Committee
of The City of London Corporation

Randall Keith Anderson, Deputy
Deputy Chairman of Finance Committee
of The City of London Corporation

Guildhall, London

XX December 2023

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF WEST HAM PARK

****Updated report to be provided by Crowe****

Opinion

We have audited the financial statements of West Ham Park ('the charity') for the year ended 31 March 2023 which comprise the statement of financial activities, the balance sheet and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Charity's affairs as at 31 March 2023 and of its in-coming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustee with respect to going concern are described in the relevant sections of this report.

Other information

The Trustee is responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the Trustee's report; or
- sufficient and proper accounting records have not been kept by the Charity; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustee

As explained more fully in the Trustee's responsibilities statement set out on page 12 and 13, the Trustee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustee is responsible for assessing the Charity'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 Trustee either intends to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011, and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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

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

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

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

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

We obtained an understanding of the legal and regulatory frameworks within which the Charity operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Charities Act 2011 together with the Charities SORP (FRS102) 2019. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

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

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

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

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

Use of our report

This report is made solely to the charity's Trustee, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's Trustee 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 charity and the charity's Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

Crowe U.K. LLP
Statutory Auditor

55 Ludgate Hill, London, EC4M 7JW

XX December 2023

Crowe U.K. LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 MARCH 2023

		Unrestricted	Restricted		<u>RESTATED</u>
	Notes	Funds	Funds	2022/23	2021/22
		£	£	£	£
Income from:					
Voluntary activities	2	125	85	210	2,686
Charitable activities	3	284,776	-	284,776	285,545
Grant from City of London Corporation	4	1,932,900	-	1,932,900	1,250,021
Investments	5	791	-	791	791
Other income	6	-	-	-	1,204
Total income		2,218,592	85	2,218,677	1,540,247
Expenditure on:					
Charitable activities:					
Maintenance and preservation of West Ham Park	7	1,452,709	-	1,452,709	1,400,874
Total expenditure		1,452,709	-	1,452,709	1,400,874
Net income and net movement in funds		765,883	85	765,968	139,373
Reconciliation of funds:					
Total funds brought forward (as at 1 April 2022)	15	188,208	1,396	189,604	50,231
Total funds carried forward	15	954,091	1,481	955,572	189,604

All of the above results are derived from continuing activities.

There were no other recognised gains and losses other than those shown above.

The notes on pages 19 to 30 form part of these financial statements.

BALANCE SHEET**AS AT MARCH 2023**

	Notes	2023 Total £	RESTATED 2022 Total £
Fixed assets:			
Tangible assets	11	954,091	188,208
Total fixed assets		954,091	188,208
Current assets:			
Debtors	12	51,789	77,895
Cash at bank and in hand		59,472	27,532
Total current assets		111,261	105,427
Creditors: Amounts falling due within one year	13	(109,780)	(104,031)
Net current assets		1,481	1,396
Total assets less current liabilities		955,572	189,604
The funds of the charity:			
Restricted income funds	15	1,481	1,396
Unrestricted income funds	15	954,091	188,208
Total funds		955,572	189,604

The notes on pages 19 to 30 form part of these financial statements

Approved and signed on behalf of the Trustee.

Caroline Al-Beyerty

Chamberlain of London and Chief Financial Officer

XX December 2023

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

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

(a) Basis of Preparation

The financial statements of the charity, which is a public benefit entity under FRS102, have been prepared under the historical cost convention and in accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (second edition effective 1 January 2019) and the Charities Act 2011.

(b) Going concern

The financial statements have been prepared on a going concern basis as the Trustee considers that there are no material uncertainties about the charity's ability to continue as a going concern. The charity's governing documents place an obligation on the City of London Corporation to preserve the open spaces for the benefit of the public. Funding is provided from the City of London Corporation's City's Cash. On an annual basis, a medium-term financial forecast is prepared for City's Cash, covering the next 5 years from the period covered by these financial statements. The latest forecast anticipates that adequate funds will be available in the 12 months from the date of these financial statements being signed to enable the charity to continue to fulfil its obligations.

In making this assessment, the Trustee has considered the potential ongoing impact of current high inflationary pressures on the financial position, including future income levels and planned expenditure and the liquidity of the charity over the next 12-month period. For these reasons the Trustee continues to adopt a going concern basis for the preparation of the financial statements.

(c) Key management judgements and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenditure. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of decisions about carrying values of assets and liabilities that are not readily apparent from other sources. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Management do not consider there to be any material revisions requiring disclosure.

In preparing the financial statements, management has made the following key judgements: useful economic life of fixed assets.

(d) Statement of Cash Flows

The charity has taken advantage of the exemption in FRS102 (paragraph 1.12b) from the requirement to produce a statement of cash flows on the grounds that it is a qualifying entity.

A Statement of Cash Flows is included within the City's Cash Annual Report and Financial Statements 2022 which is publicly available at www.cityoflondon.gov.uk.

(e) Income

All income is included in the Statements of Financial Activities (SOFA) when the charity is legally entitled to the income; it is more likely than not that economic benefit associated with the transaction will come to the charity and the amount can be quantified with reasonable certainty. Income consists of donations, charges for use of facilities, contributions, grants (including government grants), investment income, interest, sales and rental income.

The City of London Corporation's City's Cash meets the deficit on running expenses of the charity and also provides funding for certain capital works. This income is considered due each year end once the deficit on running expenses and capital works funding has been confirmed, and is recognised in the SOFA at this point.

(f) Expenditure

Expenditure is accounted for on an accruals basis and has been classified under the principal categories of 'expenditure on raising funds' and 'expenditure on charitable activities'. Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required, and the amount of the obligation can be measured reliably.

Governance costs include the costs of governance arrangements which relate to the general running of the charity as opposed to the direct management of functions inherent in the activities undertaken. These include the costs associated with constitutional and statutory requirements such as the cost of Trustee meetings.

Support costs (including governance costs) include activities undertaken by the City Corporation on behalf of the charity, such as human resources, digital services, legal support, accounting services, committee administration, public relations and premises costs. These costs are recharged to the charity and the basis of the cost allocation is set out in note 8.

The Trustee, the City Corporation, accounts centrally for all payroll related deductions. As a result, the charity accounts for all such sums due as having been paid.

(g) Pension Costs

Staff are employed by the City of London Corporation and are eligible to contribute to the City of London Local Government Pension Fund, which is a funded defined benefit scheme. The estimated net deficit on the Fund is the responsibility of the City of London Corporation as a whole, as one employer, rather than the specific responsibility of any of its three main funds (City Fund, City's Cash and Bridge House Estates) or the trusts it supports.

The Fund's estimated net liability has been determined by independent actuaries in accordance with FRS102 as £142.6m as at 31 March 2023 (£832.7m as at 31 March 2022). Since any net deficit is apportioned between the financial statements of the City of London's three main funds, the charity's Trustee does not anticipate that any of the liability will fall on the charity. The charity is unable to identify its share of the pension scheme assets and liabilities and therefore the Pension Fund is accounted for as a defined contribution scheme in these financial statements.

Barnett Waddingham, an independent actuary, carried out the latest triennial actuarial assessment of the scheme as at 31 March 2022, using the projected unit method. The 31 March 2022 valuation was carried out in 2022/23 and has set the contribution rates for the period 01 April 2023 to 31 March 2026 at 21.0%.

(h) Taxation

The charity meets the definition of a charitable trust for UK income tax purposes, as set out in Paragraph 1 Schedule 6 of the Finance Act 2010. Accordingly, the charity is exempt from UK taxation in respect of income or capital gains under part 10 of the Income Tax Act 2007 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

(i) Fixed Assets

Heritage Land and Associated Buildings

West Ham Park comprises 31 hectares (77 acres) of land, together with associated buildings, located in the London Borough of Newham. The objects of the charity are to hold West Ham Park as open public grounds and gardens for the resort and recreation for adults and as a playground for children and youths. West Ham Park is considered to be inalienable (i.e. may not be disposed of without specific statutory powers).

Land and the original associated buildings are considered to be heritage assets. In respect of the original land and buildings, cost or valuation amounts are not included in these financial statements as reliable cost information is not available and a significant cost would be involved in the reconstruction of past accounting records, or in the valuation, which would be onerous compared to the benefit to the users of these accounts.

Additions to the original land and capital expenditure on buildings and other assets would be included as fixed assets at historic cost, less provision for depreciation and any impairment, where this cost can be reliably measured. Heritage assets are reviewed annually for impairment.

Tangible Fixed Assets

Assets that are capable of being used for more than one year and have a cost greater than £50,000 are capitalised. Such assets are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is charged in the year of acquisition, on a straight-line basis, in order to write off each asset over its estimated useful life as follows. Land is not depreciated.

	Years
Equipment	5 to 25

(j) Cash

Cash and cash equivalents include cash in hand, overdrafts (if any) and short term deposits and other instruments held as part of the Corporation's treasury management activities with original maturities of three months or less.

(k) Funds structure

Income, expenditure and gains/losses are allocated to particular funds according to their purpose:

Restricted Funds – These include income that is subject to specific restrictions imposed by donors, with related expenditure deducted when incurred.

Unrestricted Income Funds – these funds can be used in accordance with the charitable objectives at the discretion of the Trustee and includes income generated by assets held representing unrestricted funds. Specifically, this represents any surplus of income over expenditure for the charity which is carried forward to meet the requirements of future years, known as free reserves.

Designated Funds – these are funds set aside by the Trustee from the unrestricted funds for a specific purpose.

(l) Insurance

The charity, elected Members and staff supporting the charity's administration are covered by the City Corporation's insurance liability policies, and otherwise under the indemnity the City Corporation provides to Members and staff, funded from City's Cash.

(m) Restated 2021/22 accounts

An error was identified in the 2021/22 accounts relating to a capital asset that was incorrectly included as an item of expenditure. This has now been corrected and the 2021/22 figures restated with the corrected figures.

2. INCOME FROM VOLUNTARY ACTIVITIES

	Unrestricted funds	Restricted funds	Total 2022/23	Unrestricted funds	Restricted funds	Total 2021/22
	£	£	£	£	£	£
Donations and legacies	125	85	210	-	2,686	2,686

3. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2022/23 £	Unrestricted funds 2021/22 £
Charges for use of facilities	48,156	48,377
Rental income	236,620	237,168
Total	284,776	285,545

4. INCOME FROM THE CITY OF LONDON CORPORATION

	Unrestricted funds 2022/23 £	Unrestricted funds 2021/22 £
Revenue and capital grants from City of London Corporation	1,932,900	1,250,021

5. INCOME FROM INVESTMENTS

	Unrestricted funds 2022/23 £	Unrestricted funds 2021/22 £
Bank interest	791	791

6. OTHER INCOME

	Unrestricted funds 2022/23 £	Unrestricted funds 2021/22 £
Other income	-	1,204

Income for the year included:

Grants - being amounts received from organisations towards specific programmes operated by the charity. There was no grant income received during the year and in the previous year.

Donations – being amounts received from the public through donations. From December 2020 a donations page has been created on the West Ham Park webpage, inviting and enabling the public to make on-line donations to the West Ham Park Playground Refurbishment project.

Charitable activities – being amounts generated from the sales of leaflets, books, maps, cards and other publications relating to West Ham Park; charges made to the public for the use of facilities, admissions and services; and rental income from Strutt & Parker in relation to two lodges at 240 and 242 Upton Lane, from Territorial Army and Mobile Refreshment Facility licence respectively.

Grants from the City of London Corporation – being the amount received from the City of London Corporation’s City’s Cash to meet the deficit on running expenses of the charity, alongside funding for capital purchases.

Investments - interest from a capital receipt in respect of the sale of property.

Other income - included in Other Income on the Statement of Financial Activities is a government grant received from the Coronavirus Job Retention Scheme of £nil (2021/22: £1,204). There are no unfulfilled conditions or other contingencies relating to this grant income and no other forms of government assistance have been received in the year.

7. EXPENDITURE

Expenditure on charitable activities	Direct	Support	Total	RESTATED	RESTATED	RESTATED
	costs	costs	2022/23	Direct	Support	Total
	£	£	£	costs	costs	2021/22
				£	£	£
Maintenance and preservation of West Ham Park	1,118,445	334,264	1,452,709	1,142,554	258,320	1,400,874

Charitable activity

Expenditure on the charitable activities includes labour, premises costs, equipment, materials and other supplies and services incurred in the running of West Ham Park.

Auditor’s remuneration and fees for other services

Crowe U.K. LLP are the auditors of the City of London’s City’s Cash Fund and provide assurance services to all of the different charities of which it is Trustee. In 2022/23 an audit fee of £5,500 was recharged (2021/22: £5,000). No other services were provided to the charity by its auditors during the year (2021/22: £nil).

8. SUPPORT COSTS

Support costs include activities undertaken by the City of London Corporation on behalf of the Charity, such as human resources, digital services, legal support, accounting services, committee administration and premises costs. Such costs are determined on a departmental basis, and are allocated on a cost recovery basis to the charity based on time spent, with associated office accommodation charged proportionately to the space occupied by the respective activities, with the split of costs as follows:

Support costs

	Charitable activities £	Governance £	2022/23 £	2021/22 £
Department:				
Chamberlain	53,384	-	53,384	50,872
Comptroller & City Solicitor	9,817	-	9,817	10,535
Town Clerk	-	48,419	48,419	33,331
City Surveyor	50,478	-	50,478	52,105
Natural Environment directorate	116,192	-	116,192	50,359
Other governance & support costs	16,611	5,500	22,111	22,508
Digital Services	33,863	-	33,863	38,610
Sub-total	280,345	53,919	334,264	258,320
Reallocation of governance costs	53,919	(53,919)	-	-
Total	334,264	-	334,264	258,320

All support costs are undertaken from unrestricted funds. Governance costs are allocated based on a proportion of officer time spent on the administration of Trustee and Committee related meetings.

9. DETAILS OF STAFF COSTS

All staff that work on behalf of the charity are employed by the City Corporation. The average number of people directly undertaking activities on behalf of the charity during the year was 13.5 (2021/22: 15).

Amounts paid in respect of employees directly undertaking activities on behalf of the charity were as follows:

	2022/23 £	2021/22 £
Salaries and wages	515,824	500,961
National Insurance costs	46,371	43,826
Employer's pension contributions	90,072	95,098
Total emoluments of employees	652,267	639,885

The number of directly charged employees whose emoluments (excluding employer's NI and pension contribution) for the year were over £60,000 was £nil (2021/22: £nil).

Remuneration of Key Management Personnel

The charity considers its key management personnel to comprise the Members of the City of London Corporation, acting collectively for the City Corporation in its capacity as the Trustee, and the Director of Natural Environment who manages the seven open spaces funded by the City of London Corporation. A proportion of the Directors' employment benefits are allocated to this charity.

Support is also provided by other chief officers and their departments from across the City of London Corporation, including the Town Clerk and Chief Executive, Chamberlain, Comptroller and City Solicitor and City Surveyor.

The amount of employee benefits received by key management personnel totalled £18,906 (2021/22: £9,062). The members of the Finance Committee of the City of London Corporation are not remunerated and expenses are not reimbursed for acting on behalf of the Trustee during 2022/23 (2021/22: nil).

10. HERITAGE ASSETS

Since 1874 the primary purpose of the charity has been the preservation of West Ham Park for the recreation and enjoyment of the public. As set out in Note 1(i), the original heritage land and buildings are not recognised in the Financial Statements. Policies for the preservation and management of West Ham Park are contained in the West Ham Park Management Plan 2010. Records of heritage assets owned and maintained by West Ham Park can be obtained from the Executive Director Environment at the principal address as stated on page 30.

11. TANGIBLE FIXED ASSETS

	RESTATED Equipment
	£
Cost	
At 1 April 2022	295,056
Additions	791,542
Disposals	-
At 31 March 2023	1,086,598
Depreciation	
At 1 April 2022	106,848
Charge for the year	25,659
Disposals	-
At 31 March 2023	132,507
Net book value	
At 31 March 2023	954,091
At 31 March 2022	188,208

12. DEBTORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023	2022
	£	£
Prepayments and accrued income	11,668	8,933
Recoverable VAT	26,530	15,384
Other Debtors	13,591	53,578
Total	51,789	77,895

Other debtors consist of sundry debtors of £11,046 (2021/22: £10,800) and rental debtors of £2,545 (2021/22: £42,778).

13. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023	2022
	£	£
Trade creditors	12,020	13,391
Accruals	20,525	44,172
Deferred income	39,280	39,279
Other creditors	37,955	7,189
Total	109,780	104,031

Other creditors consist of sundry creditors of £37,809 (2021/22: £7,042) and sundry deposits of £147 (2021/22: £147).

Deferred income relates to rental income received in advance for periods after the year-end.

	2023	2022
	£	£
Deferred income analysis within creditors:		
Balance at 1 April	39,279	40,825
Amounts released to income	(39,279)	(40,825)
Amounts deferred in the year	39,280	39,279
Balance at 31 March	39,280	39,279

14. ANALYSIS OF NET ASSETS BY FUND

At 31 March 2023	Unrestricted income funds				Restated as at 31 March 2022
	General	Designated	Restricted	Total at 31	
	funds	funds	funds	March 2023	
	£	£	£	£	
Tangible assets	-	954,091	-	954,091	188,208
Current assets	109,780	-	1,481	111,261	105,427
Current liabilities	(109,780)	-	-	(109,780)	(104,031)
Total	-	954,091	1,481	955,572	189,604

At 31 March 2022	Unrestricted income funds				Total at 31 March 2022	Total at 31 March 2021
	General	Designated	Restricted	Total at 31		
	funds	funds	funds	March 2022		
	£	£	£	£		
Tangible assets	-	188,208	-	188,208	49,975	
Current assets	182,351	-	1,396	105,427	139,104	
Current liabilities	(182,351)	-	-	(104,031)	(138,848)	
Total	-	188,208	1,396	189,604	50,231	

15. MOVEMENT IN FUNDS

At 31 March 2023	RESTATED Total as at 1 April 2022 £	Income £	Expenditure £	Transfers £	Total as at 31 March 2023 £
Restricted funds:					
Campaign Donations	1,396	85	-	-	1,481
Total restricted funds	1,396	85	-	-	1,481
Unrestricted funds:					
General funds	-	1,427,050	(1,427,050)	-	-
Designated funds:					
Tangible fixed assets	188,208	791,542	(25,659)	-	954,091
Total designated funds	188,208	791,542	(25,659)	-	954,091
Total unrestricted funds	188,208	2,218,592	(1,452,709)	-	954,091
Total funds	189,604	2,218,677	(1,452,709)	-	955,572

At 31 March 2022	Total as at 1 April 2021 £	Income £	Expenditure £	Transfers £	Total as at 31 March 2022 £
Restricted funds:					
Campaign Donations	256	1,140	-	-	RESTATED 1,396
Memorial bench donation	-	1,546	(1,546)	-	-
Total restricted funds	256	2,686	(1,546)	-	1,396
Unrestricted funds:					
General funds	-	1,467,653	(1,467,653)	-	-
Designated funds:					
Tangible fixed assets	49,975	148,228	(9,995)	-	188,208
West Ham Park Nursery	-	-	-	-	-
Total designated funds	49,975	148,228	(9,995)	-	188,208
Total unrestricted funds	49,975	1,615,881	(1,477,648)	-	188,208
Total funds	50,231	1,618,567	(1,479,194)	-	189,604

Purposes of restricted funds

The restricted fund for 'Campaign Donations' represents funds received from the public through donations. From December 2020 a donations page has been created on the West Ham Park webpage, inviting and enabling the public to make on-line donations to the West Ham Park Playground Refurbishment project. In total £85 was received during the year (2021/22: £1,140).

Purposes of designated funds

Designated funds have been set aside by the Trustee for the following purposes:

- i. *Fixed Assets* – Equipment is included at historic cost less accumulated depreciation and any impairment. As at 31 March 2023 the net book value of fixed assets relating

to direct charitable purposes amounted to £954,091 (2021/22: £188,208). There was an addition of £791,542 during the year relating to the delivery of the refurbishment of the playground.

16. RELATED PARTY TRANSACTIONS

The City Corporation is the sole Trustee of the charity, as described on page 3. The City Corporation provides various services to the charity, the costs of which are recharged to the charity. This includes the provision of banking services, charging all transactions to the charity at cost and crediting or charging interest at a commercial rate. The cost of these services is included within expenditure, as set out in note 7.

The charity is consolidated within the accounts of City's Cash, a fund of the City of London Corporation (the City Corporation, the Corporate Trustee of the charity), by virtue of the deemed control arising from the provision of the shortfall between the charity's income and expenditure by City's Cash, whose place of business is Guildhall, London EC2P 2EJ. The principal purpose of City's Cash is to manage its investments in properties, stocks and shares to provide returns which allows the City Corporation to use the income for the provision of services that are of importance to the City and Greater London as well as nationally and internationally, and to maintain the asset base so that income will be available to fund services for the benefit of future generations. The financial statements of City's Cash can be obtained from the address provided above.

The charity is required to disclose information on related party transactions with bodies or individuals that have the potential to control or influence the charity. Members are required to disclose their interests, and these can be viewed online at www.cityoflondon.gov.uk.

Members and senior staff are requested to disclose all related party transactions, including instances where their close family has made such transactions.

Figures in brackets represent the amounts due at the balance sheet date. Other figures represent the value of the transactions during the year.

Related party	Connected party	2022/23 £	2021/22 £	Detail of transaction
City of London Corporation	The City of London Corporation is the Trustee for the charity	1,932,900 (nil)	1,250,021 (nil)	The City of London Corporation's City's Cash meets the deficit on running expenses of the charity
		334,264 (nil)	258,320 (nil)	Administrative services provided for the charity

REFERENCE AND ADMINISTRATION DETAILS

CHARITY NAME: West Ham Park

Registered charity number 206948

PRINCIPAL OFFICE OF THE CHARITY & THE CITY CORPORATION:

Guildhall, London, EC2P 2EJ

TRUSTEE:

The Mayor and Commonalty & Citizens of the City of London

SENIOR MANAGEMENT:

Chief Executive

John Barradell OBE - The Town Clerk and Chief Executive of the City of London Corporation (resigned 31 December 2022)

Ian Thomas CBE - The Town Clerk and Chief Executive of the City of London Corporation (appointed 06 February 2023)

Treasurer

Caroline Al-Beyerty - The Chamberlain & Chief Financial Officer of the City of London Corporation

Solicitor

Michael Cogher - The Comptroller and City Solicitor of the City of London Corporation

Environment Department

Juliemma McLoughlin – Executive Director of Environment

Sally Agass – Interim Director of Natural Environment (resigned 31 March 2023)

AUDITORS:

Crowe U.K. LLP, 55 Ludgate Hill, London, EC4M 7JW

BANKERS:

Lloyds Bank Plc., P.O.Box 1000, BX1 1LT

Contact for The Chamberlain & Chief Financial Officer, to request copies of governance documents & of the Annual Report of City's Cash:

CHBOffice-BusinessSupport@cityoflondon.gov.uk

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Hampstead Heath

Incorporating:

Hampstead Heath Trust Fund

Annual Report and Financial Statements for
the year ended 31 March 2023

Charity registration numbers 803392 and 803392-
1

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ORIGINS OF THE CHARITIES

Hampstead Heath is the collective name for Parliament Hill and Golders Hill, a total of 791 acres (320 hectares). The original Hampstead Heath was the former lands owned by the Lord of the Manor acquired under the Hampstead Heath Act, 1871. The Heath falls within two London Boroughs, Camden and Barnet.

The Heath was transferred to the London Residuary Body on 1st April 1986 on the abolition of the Greater London Council and was transferred to the City of London Corporation on 31 March 1989 under provisions of the London Government Reorganisation (Hampstead Heath) Order 1989. This Order covered the transfer of the Heath and the related rights and liabilities, the functions of the Corporation, the financial arrangements, the establishment of the Hampstead Heath Trust Fund for future revenue funding and the Hampstead Heath Works Fund for defraying capital works. It also set up a Hampstead Heath Management Committee for the purposes of advising on and implementing the City of London Corporation's policies and programmes of work and considering any representations from the statutory Consultative Committee. The Consultative Committee was established to make such representations and consists of representatives of local organisations, sporting interests, nature conservation, the disabled and those concerned with the Heath.

By virtue of the London Government Reorganisation (Hampstead Heath) Order 1989, the City of London Corporation acquired responsibility for the management of Hampstead Heath with effect from 31 March 1989. At the same time, the London Residuary Body transferred £15 million to the City of London Corporation for the establishment of the Hampstead Heath Trust Fund. The purpose of the charity is to provide a proportion of the running costs for the preservation and enhancement of Hampstead Heath as an open space for the recreation and enjoyment of the public.

The City of London Corporation is committed to conserving the Heath and its wildlife and vegetation and provide recreational facilities for the public appropriate to such an important London open space.

The first detailed management plan for Hampstead Heath was produced in 1995. The plan sets out a framework and policies for the management of the Heath, by identifying management objectives, describing how these are to be achieved and defining procedures for monitoring progress against these objectives. A wide range of public consultation has taken place in order to develop a Vision which provides strategic direction for the site for 2018/28.

TRUSTEE'S ANNUAL REPORT

STRUCTURE AND GOVERNANCE

GOVERNING DOCUMENTS

The governing documents for Hampstead Heath are the Hampstead Heath Act 1871 and the London Government Reorganisation (Hampstead Heath) Order 1989. The governing documents for the Hampstead Heath Trust Fund are the Hampstead Heath Act 1871, the London Government Reorganisation (Hampstead Heath) Order 1989 and a Declaration of Trust dated 31 March 1989. The charities are constituted as charitable trusts.

GOVERNANCE ARRANGEMENTS

The Mayor and Commonalty and Citizens of the City of London (also referred to as 'the City Corporation' or 'the City of London Corporation'), a body corporate and politic, is the trustee of Hampstead Heath and Hampstead Heath Trust Fund. The City Corporation is trustee acting by the Court of Common Council of the City of London in its general corporate capacity and that executive body has delegated responsibility in respect of the administration and management of this charity to various committees and sub-committees of the Common Council, membership of which is drawn from 125 elected Members of the Common Council and external appointees to those committees. In making appointments to committees, the Court of Common Council will take into consideration any particular expertise and knowledge of the elected Members, and where relevant, external appointees. External appointments are made after due advertisement and rigorous selection to fill gaps in skills. Elected Aldermen and members of the City of London Corporation are appointed to the Hampstead Heath, Highgate Wood and Queen's Park Committee, together with six non City of London Corporation members, one after consultation with the London Borough of Barnet, one after consultation with the London Borough of Camden, one after consultation with the owners of the Kenwood lands and three after consultation with bodies representing local, archaeological, environmental or sporting interests governing Hampstead Heath by the Court of Common Council of the City of London Corporation. The Finance Committee of the City of London Corporation administers the Hampstead Heath Trust Fund on behalf of the Trustee.

Members of the Court of Common Council are unpaid for support provided to the Charity and are elected by the electorate of the City of London. The Key Committees which had responsibility for directly managing matters related to the charities during 2022/23 were as follows:

- **Policy and Resources Committee** – responsible for allocating resources and administering the charity.
- **Finance Committee** – responsible for controlling budgets, support costs and other central charges that affect the charity as a whole.
- **Audit and Risk Management Committee** – responsible for overseeing systems of internal control and making recommendations to the Finance Committee relating to the approval of the Annual Report and Financial Statements of the charity.

- **Financial Investment Board** - oversees all aspects of the non-property investment arrangements of the City of London's major funds and monitors the Chamberlain's Treasury Management operations.
- **Hampstead Heath, Highgate Wood and Queen's Park Committee** – responsible for the activities undertaken at Hampstead Heath, Highgate Wood and Queen's Park, approving budget allocations for the forthcoming year and acting as Trustees of the charity.
- **Hampstead Heath Consultative Committee** – provides forum for local residents and users of the Heath to comment upon the management of the Heath.
- **Corporate Services Committee** – responsible for personnel and establishment matters throughout the City of London, including negotiations with the recognised trade unions.

All of the above committees are ultimately responsible to the Court of Common Council of the City of London. Committee meetings are held at the Trustee's discretion in public (except where it is not considered in the charity's best interests to do so), supporting a decision-making process which is clear, transparent and publicly accountable.

The charities are consolidated within City's Cash as the City of London Corporation exercises operational control over their activities. City's Cash is a fund of the City Corporation that can be traced back to the 15th century and has been 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 City's Cash to use the income for the provision of services 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 trustee believes that good governance is fundamental to the success of the charity. An initial review of governance was undertaken to ensure that the charity is effective in fulfilling its objectives, and further more detailed work is to take place in 2023/24 to scope a review of all the City of London Corporation's Natural Environment charities. Reference is being made to the good practices recommended within the Charity Governance Code, with a focus on ensuring regulatory compliance and the ongoing maintenance of an efficient and effective portfolio of charities that maximise impact for beneficiaries.

ORGANISATIONAL STRUCTURE AND DECISION-MAKING PROCESS

The charities are administered in accordance with their governing instruments and the City Corporation's own corporate governance and administration framework, including Committee Terms of Reference, Standing Orders, Financial Regulations and Officer Scheme of Delegations. These governance documents can be obtained via a request to the email address stated on page 44.

Each Member by virtue of their membership of the Court of Common Council, its relevant committees and sub-committees, has a duty to support the City Corporation in the proper exercise of its functions and in meeting its duties as trustee of the charity by faithfully acting in accordance with charity law, the Terms of Reference of the relevant committee or sub-committee, and the City of Corporation's agreed corporate governance framework as noted above, backed up by its standards regime.

As part of the City of London Corporation's restructure, the Open Spaces Department has merged with Planning & Transportation and Port Health & Environmental Services to form a new Environment Department, and Hampstead Heath became part of the Environment Department from 1 April 2022.

INDUCTION AND TRAINING OF MEMBERS

The City Corporation makes available to its Members, seminars and briefings on various aspects of its activities, including those concerning the charity, to enable Members to carry out their duties efficiently and effectively. Induction meetings are provided on specific aspects of the work of Hampstead Heath. If suitable seminars or other training options are identified that are relevant to the charity, Members are advised of these opportunities.

OBJECTIVES AND ACTIVITIES

Hampstead Heath (charity 1)

The objective of the charity is the preservation and maintenance of Hampstead Heath in perpetuity, as an open space for the recreation and enjoyment of the public.

In support of these objectives the Hampstead Heath Management Strategy sets out the themes which are underpinned by the Heath Vision; developed in collaboration with stakeholders. The themes are:

- We protect and conserve the Heath;
- The Heath enriches our lives;
- The Heath is inclusive and welcoming;
- Together we care for the Heath.

By means of these outcomes the management of the Heath can be focussed to ensure that the elements vital to the maintenance, care and management of the open space are delivering the objectives of the charity.

Hampstead Heath Trust Fund (charity 2)

By virtue of the London Government Reorganisation (Hampstead Heath) Order 1989, the City of London Corporation acquired responsibility for the management of Hampstead Heath with effect from 31 March 1989. At the same time the London Residuary Body transferred £15 million to the City of London Corporation for the establishment of the Hampstead Heath Trust Fund, the purpose of which is the preservation and enhancement of Hampstead Heath as an open space for recreation and enjoyment of the general public.

Contributions towards the running cost of the Heath are assessed on a triennial basis and increased annually in accordance with the average earnings index. The aim for the Trust Fund is to meet a proportion of the maintenance cost of the Heath. In doing so, it is anticipated that the resulting upkeep and improvements will enhance the use made of the Heath by all of those who visit it.

Investment Policy

The investments are held within both the Hampstead Heath Trust segregated portfolio and the City of London Corporation Charities Pool, a charity registered in the UK with the Charity Commission (charity number: 1021138). The investment policy is to provide a real increase in annual income in the long term whilst preserving the value of the capital base. The annual report and financial statements of the Charities Pool (which include an analysis of investment performance against objectives set) are available from the Chamberlain of London & Chief Financial Officer, at the email address stated on page 43.

Volunteers

Hampstead Heath is particularly successful in providing volunteer opportunities. Working in partnership with a dedicated charity, Heath Hands, Hampstead Heath has in excess of 17,346 hours of volunteer input for 2022/23.

Remuneration Policy

The charity's senior staff are employees of the City Corporation and, alongside all staff, pay is reviewed annually. The City Corporation is committed to attracting, recruiting and retaining skilled people and rewarding employees fairly for their contribution. As part of this commitment, staff are regularly appraised and, subject to performance, eligible for the payment of recognition awards.

The above policy applies to staff within the charity's key management personnel, as defined within note 9 to the financial statements.

The charity is committed to equal opportunities for all employees. An Equality and Inclusion Board has been established to actively promote equality, diversity and inclusion in service delivery and employment practices. The Board is responsible for monitoring the delivery of the Equality and Inclusion Action Plan and progress against the Equality Objectives. This also includes addressing the City Corporation's gender, ethnicity and disability pay gaps.

The Equality, diversity, and Inclusion (EDI) sub-committee is currently overseeing the update of our four-yearly Equality Objectives in accordance with the Equality Act 2010. The draft objectives went to Policy and Resources and Corporate Services Committees in April 2023. Following agreement, a period of 12 weeks consultation with stakeholders has been undertaken and analysis of consultation responses and amendments are due to be made in August. Amendments will then go to September's EDI Sub-Committee and Policy and Resources and Corporate Services Committees and then to Court of Common Council for approval in October 2023.

Senior staff posts of the City Corporation are individually evaluated and assessed independently against the external market allowing each post to be allocated an

individual salary range within the relevant grade, which incorporates market factors as well as corporate importance.

Fundraising

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. The legislation defines fundraising as “soliciting or otherwise procuring money or other property for charitable purposes”. Donations are presented in the financial statements as “voluntary income” including grants.

In relation to the above we confirm that all solicitations are managed internally, without involvement of commercial participators or professional fund-raisers, or third parties. The day to day management of all income generation is delegated to the executive team, who are accountable to the trustee. The charity is not bound by any regulatory scheme and does not consider it necessary to comply with any voluntary code of practice.

There is a donations page on the Hampstead Heath webpage, inviting and enabling the public to make on-line donations to either Hampstead Heath Bird and Mammal Shelters campaign or Hampstead Heath Model Boating Pond Island – Wildlife Sanctuary campaign.

The charity has received no complaints in relation to fundraising activities in 2022/23 (2021/22: nil). Individuals are not approached for funds, hence the charity does not consider it necessary to design specific procedures to monitor such activities.

Public benefit statement

The Trustee confirms that it has referred to the guidance contained in the Charity Commission’s general guidance on public benefit when reviewing Hampstead Heath and the Hampstead Heath Trust Fund’s aims and objectives and in planning future activities. The purpose of charity 1 is the preservation in perpetuity of Hampstead Heath as an open space for the recreation and enjoyment of the public; the purpose of charity 2 is to provide a proportion of the running costs for the preservation and enhancement of Hampstead Heath as an open space for the recreation and enjoyment of the public.

Consequently, the Trustee considers that Hampstead Heath and Hampstead Heath Trust Fund operate to benefit the general public and satisfy the public benefit test.

REFERENCE AND ADMINISTRATIVE DETAILS

The administrative details of the charity are stated on page 44.

ACHIEVEMENTS AND PERFORMANCE

Hampstead Heath's 2022/23 aims together with their outcomes were:

Hampstead Heath Bathing Ponds Capital Project – Gateway 3/4 and tender process has been completed. Preferred contractor has been appointed and works to start during 2023/24.

Parliament Hill Athletics Track Capital Project – Gateway 3/4 has been completed and framework contractor has been engaged. External Project Manager appointed, and a Project Board have been established. Works to be completed during 2023/24.

Golders Hill Park Accessible Car Park – Works to improve waymarking has been completed. Additional infrastructure will be installed in 2023/24 to enable the car park to open at weekends.

Parliament Hill Master Plan – A draft plan has been produced and presented to key stallholders. A revised plan will be progressed during 2023/24.

Golders Hill Park Zoo – A consultant has been appointed and a rebranding marketing exercise has been undertaken and launched during 2023/24.

Ultra Low Emissions Zone (ULEZ) - Continued implementation and delivery of the vehicle replacement programme to minimise the impact upon the environment and meet ULEZ requirements. Three new vehicles are being procured during 2023/24.

A Sustainable Fleet and Plant Management Plan - Undertake a review of plant and equipment has not been completed and is reprogrammed for 2023/24.

Playground Improvements – Heath Extension playground has been completed and opened in October 2023 by the Chairman, Mayor of Barnet and local stakeholders.

Licencing – Soft launch of Professional Dog Walking Licence Scheme has been completed.

Budget management – Deliver a balanced budget, and achieve financial savings as required through a combination of reducing expenditure and appropriate income generation activities.

Corporate Restructure - Target Operating Model Phase Two was launched on 25 January 2023. Internal Consultation is ongoing, and the new structure will be implemented during 2023/24.

Hampstead Heath Trust Fund's 2022/23 aims together with their outcomes:

The aim for the Hampstead Heath Trust Fund is to meet a proportion of the maintenance cost of the Heath. In doing so, it is anticipated that the resulting upkeep and improvements will enhance the use made of the Heath by all of those who visit it. In 2022/23, the Trust has contributed £1,375,547 towards the preservation and enhancement of Hampstead Heath as an open space for recreation and enjoyment of the general public (2021/22: £1,482,422).

PLANS FOR FUTURE PERIODS

Hampstead Heath

There is continued uncertainty around the effects of the war in Ukraine and increasing levels of inflation and other global economic pressures which may have a continued impact in relation to income generation and project delivery over the coming 12 months.

Key projects for 2023/24 include:

- Café retendering for all the cafes;
- Hampstead Heath Bathing Ponds Capital Project;
- Parliament Hill Athletics Track Capital Project;
- Parliament Hill Master Plan;
- Golders Hill Park Zoo.

The Trustee does not consider there to be any material uncertainty around going concern and further detail regarding this is set out on page 23.

The Trustee is monitoring the current economic situation and will continue with its purpose to preserve and maintain Hampstead Heath, as an Open Space for the recreation and enjoyment of the public.

Hampstead Heath Trust Fund

The charity continues to be affected by the global economic downturn as a result of the global pandemic of Coronavirus as well as the war in Ukraine. 2022/23 has seen a decrease in the market value of the investments held by the charity, whilst there has also been a reduction in investment income compared to 2021/22. 2022/23 was one of the most challenging years for global financial markets since the 2008 financial crisis and was impacted by increases in inflation and commodity prices, changing interest rate expectations and the continued war in Ukraine. The current economic environment continues to affect the income generation of the charity's investments and may impact upon the future level of distributable income available to meet the grant-making objectives of the charity.

The Trustee is monitoring the situation and will continue with its operating model of only committing grants from available income funds. Where deemed necessary, future grant programmes may be placed on hold until adequate investment income has been received.

The Trustee does not consider there to be any material uncertainty around going concern and further detail regarding this is set out on page 23.

FINANCIAL REVIEW

Overview of Financial Performance

Income

In 2022/23, the charity's total income for the year was £9,446,997 an overall decrease of £441,666 against the previous year (£9,888,663). The principal source of income was from City of London Corporation's City's Cash fund (see below).

Income from Charitable Activities comprised £2,682,386 from fees charged (2021/22: £2,179,284), £228,628 from rents (2021/22: £279,830) and £52,255 from sales of goods, products and materials (2021/22: £2,110). This was in addition to £46,845 being received in restricted grant income (2021/22: £nil). A busy 2022 summer, in part due to good weather, caused a general increase in the use of facilities. The decrease in rent income was due to a number of backdated rent invoices having been issued in the previous financial year.

£32,160 in donations were received to support improvements to the playground (2021/22: £822). These donations were fully utilised during the year to support the playground improvements project. Donations of £3,751 were also received from the public at the ponds and paddling pool (2021/22: £3,901). Donations can also be made on the Hampstead Heath webpage, to either Hampstead Heath Bird and Mammal Shelters campaign or Hampstead Heath Model Boating Pond Island – Wildlife Sanctuary campaign. In total, £6,993 was received during the year (2021/22: £7,352). An amount was held of £18,096 (2021/22: £7,352) as at 31 March 2023 in a restricted fund for 'Campaign Donations'.

Investment income of £1,543,905 (2021/22: £2,025,319) was received during the year via the Hampstead Heath Trust Fund.

Other income of £nil was received in relation to Coronavirus Job Retention Scheme (2021/22: £34,836). There are no unfulfilled conditions or other contingencies relating to this grant income and no other forms of government assistance have been received in the year.

An amount of £4,841,585 (2021/22: £5,356,031) was received from the City of London Corporation's City's Cash as a contribution towards the running costs of the charity.

Expenditure

Total expenditure for the year was £9,531,552 (2021/22: £9,312,262) with charitable activities expenditure in the year totalling £9,363,193 (2021/22: £9,119,376). The increase in expenditure can be explained by additional equipment and materials purchases as well as an increase in support costs incurred by the charity. Expenditure on raising funds for the year was £168,359 (2021/22: £192,886).

Funds held

The charity's total funds held increased by £500,990 to £55,241,887 as at 31 March 2023 (2021/22: £54,740,897). The net gain on investments represents the difference

in the market value of investments between 1 April 2022 and 31 March 2023 after taking account of any purchases and sales which were made during 2022/23.

Within the total funds held, £34,973,312 (2021/22: £34,551,690) represent permanent and expendable endowment funds.

The permanent endowment is held in perpetuity as a capital fund to generate income for the activities of the charity, with income arising from this capital being available to contribute to the running costs of the Heath.

The expendable endowment funds are used for the primary objectives of the charity.

Should net income from the endowment funds be greater than the required contribution towards the running costs of the Heath, then the surplus is retained within unrestricted funds held for use in future years in accordance with the objectives of the charity. A surplus of £168,358 was generated in the year (2021/22: £350,011).

Unrestricted income funds (General funds) – these funds can be used in accordance with the charitable object at the discretion of the Trustee and include both income generated by assets representing unrestricted funds. Specifically, this represents any surplus of income of £570,707 (2021/22: £761,509) over expenditure of the Trust distributed annually towards the running costs of the Heath, as well as surplus unrestricted donation income of £3,819 received in 2022/23 (2021/22: £1,735).

The charity's designated funds consist of unrestricted income funds which the Trustee has chosen to set aside for specific purposes. Such designations are not legally binding, and the Trustee can decide to "undesignate" these funds at any time. Designations as at 31 March 2023 totalled £19,466,773 (2021/22: £19,610,999). These represent designated funds within the unrestricted income fund which represents the Capital fund and the net book value of fixed assets held.

Restricted funds of £67,174 (2021/22: £9,585) was held at year-end for the Parliament Hill Outdoor Gym project and from campaign donations as well as unspent grant monies received to fund the installation of non-turf pitches at Hampstead Heath.

Details of all funds held, including their purposes, is set out within note 16 to the financial statements.

Investments performance

The investments are held within both a segregated portfolio primarily invested in UK shares and the City of London Corporation Charities Pool. The performance of these investments are analysed as follows:

1) Segregated portfolio

The funds of the charity are managed by Artemis Investment Management LLP. Market values and performance against benchmarks for the year was as follows:

	Market Value		Returns		Benchmark	
	2022/23 £	2021/22 £	2022/23 %	2021/22 %	2022/23 %	2021/22 %
Hampstead Heath Trust City of London Charities Pool (part of)	34,701,620	34,102,514	+2.18%	+11.10%	+2.92%	+13.03%
	769,265	782,825	+2.22%	+11.06%	+2.92%	+13.03%
	35,470,885	34,885,339				

2) Hampstead Heath Trust Fund

As at 31 March 2023, the investments held in the Hampstead Heath Trust Fund achieved a return of +2.18% (2021/22: +11.10%) compared to the FTSE All Share Index return of +2.92% (2021/22: +13.03%) Over three years this fund achieved a return of +14.03% (2021/22: +7.41%) compared to the FTSE All Share Index return of +13.81% (2021/22: +5.31%). Over five years, the fund achieved a return of +5.71% (2021/22: +6.25%) compared to the FTSE All Share Index return of +5.04% (2021/22: +4.69%).

Fund	2022/23		2021/22	
	3 years	5 years	3 years	5 years
Fund	+14.03%	+5.71%	+7.41%	+6.25%
FTSE All Share	+13.81%	+5.04%	+5.31%	+4.69%
Fund outperformance	+0.22%	+0.67%	+2.10%	+1.56%

3) City of London Corporation Charities Pool

As at 31 March 2023, the investments held in the Charities Pool achieved a return of +2.22% (2021/22: +11.06%) compared to the FTSE All Share Index return of +2.92% (2021/22: +13.03%). Over three years this fund achieved a return of +14.06% (2021/22: +7.35%) compared to the FTSE All Share Index return of +13.81% (2021/22: +5.31%). Over five years, the fund achieved a return of +5.64% (2021/22: +6.16%) compared to the FTSE All Share Index of +5.04% (2021/22: +4.69%). With effect from 22 July 2022, the Charities Pool transferred its investments from the Artemis Income Fund to the Artemis Income (Exclusions) Fund, which is an unconstrained, multigap strategy that aims to generate a rising income stream combined with long-term capital growth. The fund invests in UK equities and can also hold international equities and bonds. Shares in companies that derive more than 20% of their revenues from tobacco, gambling, weapons and fossil fuels are excluded.

Fund	2022/23		2021/22	
	3 years	5 years	3 years	5 years
Fund	+14.06%	+5.64%	+7.35%	+6.16%
FTSE All Share	+13.81%	+5.04%	+5.31%	+4.69%
Fund outperformance	+0.25%	+0.60%	+2.04%	+1.47%

Reserves

The charity is supported by the City of London Corporation out of its City's Cash Funds. The contribution towards the running costs of Hampstead Heath is

determined in accordance with a formula set out in the governing document. Reserves therefore represent the accumulated net income that cannot be distributed under the existing governance arrangements. Due to the governance arrangements in place, a reserves policy is considered by the trustee to be inappropriate.

Donations are now being sought and that these may be carried forward but there is currently no intention to hold them as a minimum amount owing to the deficit funded status of the Charity.

Spending Policy

The reserves policy of the charity is that the original endowment of £15 million (now worth £35.1 million) should produce income to cover a proportion of the running costs of Hampstead Heath. The contribution for 2022/23 of £1,375,547 (2021/22: £1,482,422) consists of £1,348,896 from the permanent endowment (2021/22: £1,450,000), and income arising from the former T.J. Barratt Trust, which was transferred to the Hampstead Heath Trust Fund in November 2011, of £26,651 (2021/22: £32,422).

Should the actual income earned in any specific year, added to the surpluses from previous years, be less than the contribution based on the funds from the original endowment, then the lower sum is attributed. The Finance Committee may decide that an allocation is to be made from the permanent endowment reserves of the Trust Fund. This is within the terms of the Transfer Order for the original endowment. The contribution of £1,375,547 for 2022/23 from the permanent endowment was met entirely from net income and no further allocation from the permanent endowment reserves was required.

Principal Risks and Uncertainties

The charities are committed to a programme of risk management as an element of its strategy to preserve the charities assets. In order to embed sound practice the senior leadership team ensures that risk management policies are applied, that there is an on-going review of activity and that appropriate advice and support is provided. A key risk register has been prepared for the charities, which has been reviewed by the Trustee. This identifies the potential impact of key risks and the measures which are in place to mitigate such risks.

The principal risks faced by the charities, and actions taken to manage them are as follows:

Risks which are specific to Hampstead Heath:

Risk	Actions to manage risks
Outbreak of fire in woodland/heathland	Staff are made aware of extreme weather events and 'Trigger Events.' Managers and Supervisors receive weather warnings and this information is shared with staff. Review Emergency Action Plan. Review carried out annually or following incident if appropriate.

Maintenance of buildings and equipment	<p>Cyclical review of assets carried out.</p> <p>Regular client liaison meetings to discuss issues and raise concerns about Building Repairs and Maintenance Projects.</p> <p>City Surveyor's Department to discuss issues and raise concerns about Building Repairs and Maintenance and Projects. Regular review process.</p>
Climate and Weather	<p>Alerts issued to staff via Met Office.</p> <p>Review process 6 monthly or following an extreme weather event.</p> <p>Site plans are reviewed annually or following an incident, if appropriate.</p> <p>Reviews usually conducted in September and agreed later in the year.</p> <p>Ensure compliance with the Extreme Weather Protocol and keep the protocol under regular review.</p>
Recruitment and retention of staff	<p>Delivery of the Target Operating Model (TOM).</p>
Delivery of capital projects	<p>Liaise with internal departments to secure funding for capital projects.</p>
Budget Reduction and income loss	<p>Monitor budgets monthly and consider income generation opportunities.</p>
Long term damage to site	<p>Ongoing actions to mitigate this risk.</p>
Ensuring the Health and Safety of staff, contractors, visitors and volunteers	<p>Annual Health & Safety site Audits with peer review.</p> <p>Hold local Health & Safety meetings. Staff updated in toolbox / team talks.</p> <p>Manage the ponds and lido to reduce the likelihood of unauthorised access and drowning.</p>
Hampstead Heath Water bodies including Bathing Ponds	<p>Training for lifeguards.</p> <p>Safety equipment accessible at ponds; regular checks are undertaken and defects reported for repair or replacement.</p> <p>Appropriate signage at ponds is regularly checked and defects reported for repair or replacement.</p>
Maintenance of water bodies	<p>Implement the recommendations in the Ponds and Wetlands Plan as appropriate.</p>
Tree failure	<p>Continue to comply with established tree management systems.</p> <p>Continue to enforce Extreme Weather Protocol and site closures as appropriate.</p> <p>Annual tree management audit carried out by external consultant.</p> <p>Review Divisional Tree Safety Policy</p> <p>Liaise with local authorities regarding possibility of road closures during severe storms.</p>
Plant and Tree Disease	<p>Tree provenance is considered, and planting stock is sourced in accordance with best practice guidance.</p> <p>Trained arboricultural contractors carry out spraying and nest removal of Oak Processionary Moth.</p>

Local planning issues	<p>Maintain a close partnership with Planning Authorities. Assistant Director and Officers are in contact with neighbouring local authorities in regard to planning issues which may impact Hampstead Heath.</p> <p>Respond to consultation on the local plans to help influence the content of the documents.</p> <p>The North London division monitors planning activity in order to ensure it does not impact the open spaces.</p>
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Risks which are specific to Hampstead Heath Trust Fund:

Risk	Actions to manage risks
Decline in income	<ul style="list-style-type: none"> • Implementing strict controls. • The charity's funds are invested by a professional fund manager. • The Financial Investment Board regularly monitors the performance of this fund manager.
Where the Trustee has a conflict of interest	<ul style="list-style-type: none"> • Those concerned having a specific understanding of trust law. • Adopting the protocol for disclosing any potential conflict
Losing directly employed staff and/or the support staff	<ul style="list-style-type: none"> • Documenting systems, plans and projects. • Having any necessary training programmes.

TRUSTEE'S RESPONSIBILITIES

The Trustee is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Charity law requires the Trustee to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under charity law the Trustee must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period.

In preparing these financial statements, the Trustee is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charities will continue in business.

The Trustee is responsible for keeping adequate accounting records that are sufficient to show and explain the charities transactions and disclose with reasonable accuracy at any time the financial position of the charities and enable them to ensure that the financial statements comply with the Charities Act 2011. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustee is aware:

- there is no relevant audit information of which the charity's auditors are unaware; and
- the Trustee has taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Financial statements are published on the Trustee's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Trustee's website is the responsibility of the Trustee. The Trustee's responsibility also extends to the ongoing integrity of the financial statements contained therein.

Adopted and signed for on behalf of the Trustee.

Henry Nicholas Almroth Colthurst, Deputy
Chairman of Finance Committee of
The City of London Corporation
Guildhall, London

Randall Keith Anderson, Deputy
Deputy Chairman of Finance
Committee of The City of London
Corporation, Guildhall, London

Guildhall, London
xx December 2023

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF HAMPSTEAD HEATH INCORPORATING HAMPSTEAD HEATH TRUST FUND

Updated report to be provided by Crowe

Updated report to be provided by Crowe

Updated report to be provided by Crowe

Updated report to be provided by Crowe

Crowe U.K. LLP
Statutory Auditor
55 Ludgate Hill, London, EC4M 7JW
31 January 2024

Crowe U.K. LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2022/23 Total Funds £	2021/22 Total Funds £
Income and endowments from:						
Voluntary activities	2	8,489	42,904	-	51,393	11,253
Charitable activities	3	2,963,269	46,845	-	3,010,114	2,461,224
Grant from City of London Corporation	4	4,841,585	-	-	4,841,585	5,356,031
Investments	5	1,543,905	-	-	1,543,905	2,025,319
Other income	6	-	-	-	-	34,836
Total income and endowments		9,357,248	89,749	-	9,446,997	9,888,663
Expenditure on:						
Raising funds	7	4,436	-	163,923	168,359	192,886
Charitable activities:						
Preservation of Hampstead Heath	7	9,331,033	32,160	-	9,363,193	9,119,376
Total expenditure		9,335,469	32,160	163,923	9,531,552	9,312,262
Net gains on investments	12	-	-	585,545	585,545	1,627,679
Net income		21,779	57,589	421,622	500,990	2,204,080
Net movement in funds		21,779	57,589	421,622	500,990	2,204,080
Reconciliation of funds:						
Total funds brought forward	16	20,179,622	9,585	34,551,690	54,740,897	52,536,817
Total funds carried forward	16	20,201,401	67,174	34,973,312	55,241,887	54,740,897

All of the above results are derived from continuing activities.

There were no other recognised gains and losses other than those shown above.

The notes on pages 23 to 43 form part of these financial statements.

BALANCE SHEET

AS AT 31 MARCH 2023

	Notes	2023 Total £	2022 Total £
Fixed assets:			
Tangible assets	11	19,463,442	19,607,668
Fixed asset investments	12	34,188,534	34,547,175
Total fixed assets		53,651,976	54,154,843
Current assets			
Debtors	13	1,926,283	538,603
Investments	12	1,105,042	160,856
Cash at bank and in hand		883,927	747,505
Total current assets		3,915,252	1,446,964
Creditors: Amounts falling due within one year	14	(2,325,341)	(860,910)
Net current assets		1,589,911	586,054
Total assets less current liabilities		55,241,887	54,740,897
The funds of the charity:			
Endowment funds	16	34,973,312	34,551,690
Restricted income funds	16	67,174	9,585
Unrestricted income funds	16	20,201,401	20,179,622
Total funds		55,241,887	54,740,897

The notes on pages 23 to 43 form part of these financial statements

Approved and signed on behalf of the Trustee.

Caroline Al-Beyerty

Chamberlain of London and Chief Financial Officer

31 January 2024

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items that are considered material in relation to the financial statements of the charities.

(a) Basis of preparation

The financial statements of the charity, which is a public benefit entity under FRS102, have been prepared under the historical cost convention as modified by the value of investments which are held at fair value and in accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (second edition effective 1 January 2019) and the Charities Act 2011.

(b) Going concern

The financial statements have been prepared on a going concern basis as the Trustee considers that there are no material uncertainties about the charity's ability to continue as a going concern. The charity's governing documents place an obligation on the City of London Corporation to preserve the open spaces for the benefit of the public. Funding is provided from the City of London Corporation's City's Cash. On an annual basis, a medium-term financial forecast is prepared for City's Cash, covering the next 5 years from the period covered by these financial statements. The latest forecast anticipates that adequate funds will be available in the 12 months from the date of these accounts being signed to enable the charity to continue to fulfil its obligations.

In making this assessment, the Trustee has considered the potential ongoing impact of the Covid-19 pandemic and current high inflationary pressures on the financial position, including future income levels and planned expenditure and the liquidity of the charity over the next 12-month period. For this reason, the Trustee continues to adopt a going concern basis for the preparation of the financial statements.

(c) Key management judgements and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenditure. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of decisions about carrying values of assets and liabilities that are not readily apparent from other sources. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Management do not consider there to be any material revisions requiring disclosure.

In preparing the financial statements, management has made the following key judgements: useful economic life of fixed assets and the recovery of debts.

As one of the key judgements, the Trustee will include fixed investments and their market valuations as key accounting estimates in their consideration of the operating of the charities. The Trustee will be aware that the market valuations included in the financial statements are taken at one single point in time and that the movements on general UK and global stock markets, and the likely impact of them upon the running costs of the Hampstead Heath, will affect their decision making.

(d) Statement of Cash Flows

As per section 14.1 of the Charities SORP (the exemption in FRS102 (paragraph 1.12b)) the Charity is not required to produce a statement of cash flows on the grounds that it is a qualifying entity.

A Statement of Cash Flows is included within the City's Cash Annual Report and Financial Statements 2022 which is publicly available at www.cityoflondon.gov.uk.

(e) Income

All income is included in the Statements of Financial Activities (SOFA) when the charities are legally entitled to the income; it is more likely than not that economic benefit associated with the transaction will come to the charity and the amount can be quantified with reasonable certainty. Income consists of donations, charges for use of facilities, contributions, grants (including government grants), investment income, interest, sales and rental income.

The City of London Corporation's City's Cash meets the deficit on running expenses of the charity and also provides funding for certain capital works. This income is considered due each year end once the deficit on running expenses and capital works funding has been confirmed, and is recognised in the SOFA at this point.

(f) Expenditure

Expenditure is accounted for on an accruals basis and has been classified under the principal categories of 'expenditure on raising funds' and 'expenditure on charitable activities'. Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required, and the amount of the obligation can be measured reliably.

Governance costs include the costs of governance arrangements which relate to the general running of the charity as opposed to the direct management of functions inherent in the activities undertaken. These include the costs associated with constitutional and statutory requirements such as the cost of Trustee meetings.

Support costs (including governance costs) include activities undertaken by the City Corporation on behalf of the charity, such as human resources, digital services, legal support, accounting services, committee administration, public relations and premises costs. The basis of the cost allocation is set out in note 8.

The Trustee, the City Corporation, accounts centrally for all payroll related deductions. As a result, the charity accounts for all such sums due as having been paid. Costs incurred for the administration of the charity are recharged by the Corporation and these costs are included within support costs.

(g) Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are valued at the year-end rate exchange. All gains or losses on translation are taken to Statement of Financial Activities in the year in which they occur.

(h) Pension costs

Staff are employed by the City of London Corporation and are eligible to contribute to the City of London Local Government Pension Fund, which is a funded defined benefit scheme. The estimated net deficit on the Fund is the responsibility of the City of London Corporation as a whole, as one employer, rather than the specific responsibility of any of its three main funds (City Fund, City's Cash and Bridge House Estates) or the trusts it supports.

The Fund's estimated net liability has been determined by independent actuaries in accordance with FRS102 as £142.6m as at 31 March 2023 (£832.7m as at 31 March 2022). Since any net deficit is apportioned between the financial statements of the City of London's three main funds, the charity's Trustee does not anticipate that any of the liability will fall on the charity. The charity is unable to identify its share of the pension scheme assets and liabilities and therefore the Pension Fund is accounted for as a defined contribution scheme in these financial statements.

Barnett Waddingham, an independent actuary, carried out the latest triennial actuarial assessment of the scheme as at 31 March 2022, using the projected unit method. The 31 March 2022 valuation was carried out in 2022/23 and has set the contribution rates for the period 01 April 2023 to 31 March 2026 at 21.0%.

(i) Taxation

The charity meets the definition of a charitable trust for UK income tax purposes, as set out in Paragraph 1 Schedule 6 of the Finance Act 2010. Accordingly, the charity is exempt from UK taxation in respect of income or capital gains under part 10 of the Income Tax Act 2007 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

(j) Fixed Assets

Heritage Land and Associated Buildings

Hampstead Heath comprises 275 hectares (680 acres) of land located in the London Boroughs of Camden and Barnet, together with associated buildings. The object of the charity is the preservation of the Heath at Hampstead in perpetuity as an open space for the recreation and enjoyment of the public. Hampstead Heath is considered to be inalienable (i.e. may not be disposed of without specific statutory powers).

Land and the original associated buildings acquired prior to 1 April 2009 are considered to be heritage assets. In respect of the original land and buildings, cost or valuation amounts are not included in these financial statements as reliable cost information is not available and a significant cost would be involved in the reconstruction of past accounting records, or in the valuation, which would be onerous compared to the benefit to the users of these accounts.

Additions to the original land and capital expenditure on buildings and other assets would be included as fixed assets at historic cost, less provision for depreciation and any impairment, where this cost can be reliably measured. Heritage assets are reviewed annually for indicators of impairment and adjusted accordingly if required.

Tangible fixed assets

Assets that are capable of being used for more than one year and have a cost greater than £50,000 are capitalised. Such assets are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is charged in the year of acquisition, on a straight-line basis, in order to write off each asset over its estimated useful life as follows. Land is not depreciated.

	Years
Operational buildings	30 to 50
Improvements and refurbishments to buildings	up to 30
Equipment	5 to 25
Infrastructure	up to 20*

With the exception of certain ponds infrastructure whose useful life has been determined at 120 years. The Hampstead Heath Ponds Project major Civil Engineering earthworks/structures (such as the foundations, sheet piling and earth bunds) fall into design working Life category 5 which is set out in the BS EN 1990:2002+A1:2005, Eurocode — Basis of structural design, with Indicative design working Life being 120 years. A review is carried out on infrastructure assets on an annual basis for indicators of impairment.

(k) Investments

The major part of the investments are in a segregated mandate externally managed by Artemis Investment Management LLP. Hampstead Heath Trust Fund also holds investments in the City of London Charities Pool (charity number 1021138) which is an investment mechanism operating in a similar way to a unit trust. This enables the City of London Corporation to “pool” small charitable investments together and consequently obtain better returns than would be the case if investments were made individually.

Investments are valued at bid-price. Gains and losses for the year on investments held as fixed assets are included in the Statement of Financial Activities.

(l) Stocks

Stocks are valued at the lower of cost or net realisable value. All stocks are finished goods and are held for resale as part of the charity operation.

(m) Cash

Cash and cash equivalents include cash in hand, overdrafts (if any) and short term deposits and other instruments held as part of the Corporation's treasury management activities with original maturities of three months or less.

(n) Funds structure

Income, expenditure and gains/losses are allocated to particular funds according to their purpose:

Permanent endowment fund – this fund consists of funds which are held in perpetuity for the benefit of the charity as a result of conditions imposed by the original donors and trusts. Income generated from the investments which represent these funds can be spent on the charitable purpose of the charity, hence is allocated to the unrestricted income fund. Gains/losses on the underlying assets remain as part of the endowment.

Expendable endowment fund – the purpose of this fund is to provide income for the benefit of the charity as a result of conditions imposed by the original donors and trusts.

Restricted funds – these include income that is subject to specific restrictions imposed by donors, with related expenditure deducted when incurred.

Unrestricted income funds – these funds can be used in accordance with the charitable object at the discretion of the Trustee and include both income generated by assets representing unrestricted funds. Specifically, this represents any surplus of income over expenditure of the Trust distributed annually towards the running costs of the Heath as well as surplus unrestricted donation income.

Designated funds – these are funds set aside by the Trustee out of unrestricted funds for a specific purpose.

(o) Insurance

The charity, elected Members and staff supporting the charity's administration are covered by the City Corporation's insurance liability policies, and otherwise under the indemnity the City Corporation provides to Members and staff, funded from City's Cash.

2. INCOME FROM VOLUNTARY ACTIVITIES

Charity 1 - Hampstead Heath

	Unrestricted funds	Restricted funds	Total funds 2022/23	Total funds 2021/22
	£	£	£	£
Donations and legacies	8,489	42,904	51,393	11,253

3. INCOME FROM CHARITABLE ACTIVITIES

Charity 1 - Hampstead Heath	Unrestricted funds 2022/23 £	Restricted funds 2022/23 £	Total 2022/23 £	Total funds 2021/22 £
Charges for use of facilities	2,682,386	-	2,682,386	2,179,284
Sales	52,255	-	52,255	2,110
Rental income	228,628	-	228,628	279,830
Grant income	-	46,845	46,845	-
Total	2,963,269	46,845	3,010,114	2,461,224

4. INCOME FROM THE CITY OF LONDON CORPORATION

Charity 1 - Hampstead Heath	Unrestricted funds 2022/23 £	Unrestricted funds 2021/22 £
Revenue and capital grants from City of London Corporation	4,841,585	5,356,031

5. INCOME FROM INVESTMENTS

Charity 2 - Hampstead Heath Trust Fund	Unrestricted funds 2022/23 £	Unrestricted funds 2021/22 £
Investment income	1,543,942	2,024,417
Interest	(37)	902
Total	1,543,905	2,025,319

6. OTHER INCOME

Charity 1 - Hampstead Heath	Unrestricted funds 2022/23 £	Unrestricted funds 2021/22 £
Other income	-	34,836

Income for the year included:

Donations – being amount received from the public at the ponds and paddling pool as well as donations received for the playground improvements campaign. From March 2021 a donations page has been created on the Hampstead Heath webpage, inviting and enabling the public to make on-line donations to either Hampstead Heath Bird and Mammal Shelters campaign or Hampstead Heath Model Boating Pond Island – Wildlife Sanctuary campaign. This is in addition to unrestricted donations received by the charity.

Charitable activities – being amounts generated from the sales of leaflets, books, maps cards and other publications relating to Hampstead Heath; charges made to the public for the use of facilities, admissions and services and from rental income. This is in addition to a restricted grant received from the England and Wales Cricket Board to fund the installation of non-turf pitches at Hampstead Heath.

Grants from the City of London Corporation – being the amount received from the City of London Corporation’s City’s Cash to meet the deficit on running expenses of the charity, alongside funding for capital purchases.

Investment income – being the amount received from the Charities Pool and interest receivable on cash balances held on behalf of the Trust.

Other income - included in Other Income on the Statement of Financial Activities is Coronavirus Job Retention Scheme income received during 2021/22. There are no unfulfilled conditions or other contingencies relating to this grant income and no other forms of government assistance have been received in the year.

7. EXPENDITURE

Expenditure on raising funds

Charity 2 – Hampstead Heath Trust Fund

	Endowment funds	Unrestricted funds	Total funds	Direct costs	Support costs	Total
	Direct costs	Support costs	2022/23	costs	costs	2021/22
	£	£	£	£	£	£
Investment management fees	163,923	6,002	169,925	185,922	6,224	192,146
Interest payable	-	(1,566)	(1,566)	-	740	740
Total	163,923	4,436	168,359	185,922	6,964	192,886

In line with the Statement of Recommended Practice (SORP) for charities, investment management fees incurred by the Hampstead Heath Trust Fund are charged to the charity’s endowment fund with any of the support costs met by the charity’s unrestricted fund.

Expenditure on charitable activities

Charity 1 – Hampstead Heath

	Unrestricted funds	Restricted funds	Unrestricted funds	Total	Direct costs	Support costs	Total
	Direct costs	Support costs	Support costs	2022/23	costs	costs	2021/22
	£	£	£	£	£	£	£
Preservation of Hampstead Heath	6,138,381	32,160	1,817,105	7,987,646	6,326,423	1,310,531	7,636,954
Total	6,138,381	32,160	1,817,105	7,987,646	6,326,423	1,310,531	7,636,954

Charity 2 – Hampstead Heath Trust Fund

	Unrestricted funds	Restricted funds	Unrestricted funds	Total	Direct costs	Support costs	Total
	Direct costs	Support costs	Support costs	2022/23	costs	costs	2021/22
	£	£	£	£	£	£	£
Preservation of Hampstead Heath	1,375,547	-	-	1,375,547	1,482,422	-	1,482,422
Total	1,375,547	-	-	1,375,547	1,482,422	-	1,482,422

Charities 1 & 2 - total

	Unrestricted funds	Restricted funds	Unrestricted funds	Total	Direct costs	Support costs	Total
	Direct costs		Support costs	2022/23			2021/22
	£	£	£	£	£	£	£
Preservation of Hampstead Heath	7,513,928	32,160	1,817,105	9,363,193	7,808,845	1,310,531	9,119,376
Total	7,513,928	32,160	1,817,105	9,363,193	7,808,845	1,310,531	9,119,376

Charitable activities

Expenditure on the charitable activities includes labour, premises costs, equipment, materials and other supplies and services incurred in the running of Hampstead Heath.

Auditor's remuneration and fees for other services

Crowe U.K. LLP are the auditors of the City of London's City's Cash Fund and all of the different charities of which it is Trustee. In 2022/23 an audit fee of £8,500 was recharged (2021/22: £5,000). No other services were provided to the charity by its auditors during the year (2021/22: £nil).

8. SUPPORT COSTS

Support costs include activities undertaken by the City of London Corporation on behalf of the Charity, such as human resources, digital services, legal support, accounting services, committee administration and premises costs. Such costs are determined on a departmental basis, and are allocated on a cost recovery basis to the charity based on time spent, with associated office accommodation charged proportionately to the space occupied by the respective activities, with the split of costs as follows:

Charity 1 – Hampstead Heath

	Charitable activities	Governance	2022/23	2021/22
	£	£	£	£
Department:				
Chamberlain	201,589	-	201,589	192,066
Comptroller & City Solicitor	39,017	-	39,017	41,914
Town Clerk	-	192,443	192,443	132,607
City Surveyor	316,311	-	316,311	293,103
Natural Environment directorate	748,033	-	748,033	301,461
Other governance & support costs	97,391	8,500	105,891	98,937
Digital Services	213,821	-	213,821	250,443
Sub-total	1,616,162	200,943	1,817,105	1,310,531
Reallocation of governance costs	200,943	(200,943)	-	-
Total	1,817,105	-	1,817,105	1,310,531

Charity 2 – Hampstead Heath Trust Fund

	Raising funds £	Governance £	2022/23 £	2021/22 £
Chamberlain	4,436	-	4,436	6,964
Total	4,436	-	4,436	6,964

Charities 1 & 2 – total

Department:	Raising funds £	Charitable activities £	Governance £	2022/23 £	2021/22 £
Chamberlain	4,436	201,589	-	206,025	192,066
Comptroller & City Solicitor	-	39,017	-	39,017	41,914
Town Clerk	-	-	192,443	192,443	132,607
City Surveyor	-	316,311	-	316,311	293,103
Natural Environment directorate	-	748,033	-	748,033	301,461
Other governance & support costs	-	97,391	8,500	105,891	98,937
Digital Services	-	213,821	-	213,821	250,443
Sub-total	4,436	1,616,162	200,943	1,821,541	1,310,531
Reallocation of governance costs	-	200,943	(200,943)	-	-
Total	4,436	1,817,105	-	1,821,541	1,310,531

All support costs are undertaken from unrestricted funds. Governance costs are allocated based on a proportion of officer time spent on the administration of Trustee and Committee related meetings.

9. DETAILS OF STAFF COSTS

Charity 1 – Hampstead Heath

All staff that work on behalf of the charity are employed by the City Corporation. The average number of people directly undertaking activities on behalf of the charity during the year was 83 (2021/22: 100).

Amounts paid in respect of employees directly undertaking activities on behalf of the charity were as follows:

	2022/23 £	2021/22 £
Salaries and wages	3,965,909	4,101,764
National Insurance costs	405,105	395,949
Employer's pension contributions	639,484	684,607
Total emoluments of employees	5,010,498	5,182,320

The number of directly charged employees whose emoluments (excluding employer's pension contribution and national insurance contribution) for the year were over £60,000 was 1.0 (2021/22: 1.0).

	2022/23	2021/22
£60,000 - £69,999	1.0	1.0
Total	1.0	1.0

Remuneration of Key Management Personnel

The charity considers its key management personnel to comprise the Members of the City of London Corporation, acting collectively for the City Corporation in its capacity as the Trustee, and the Director of Natural Environment who manages the seven open spaces funded by the City of London Corporation. A proportion of the Directors' employment benefits are allocated to this charity.

Support is also provided by other chief officers and their departments from across the City of London Corporation, including the Town Clerk and Chief Executive, Chamberlain, Comptroller and City Solicitor and City Surveyor.

The amount of employee benefits received by key management personnel totalled £121,711 (2021/22: £56,121). No members received any remuneration, with directly incurred expenses reimbursed, if claimed. Expenses totalling £nil were claimed in 2022/23 (2021/22: £nil).

10. HERITAGE ASSETS

Charity 1 – Hampstead Heath

Since 1880 the primary purpose of the charity has been the preservation of Hampstead Heath for the recreation and enjoyment of the public. As set out in Note 1(j), the original heritage land and buildings are not recognised in the Financial Statements. Policies for the preservation and management of Hampstead Heath are contained in the Hampstead Heath Management Plan. Records of heritage assets owned and maintained by Hampstead Heath can be obtained from the Executive Director Environment at the principal address as stated on page 44.

11. TANGIBLE FIXED ASSETS

Charity 1 – Hampstead Heath

	Buildings £	Infrastructure £	Equipment £	Total £
Cost				
At 1 April 2022	1,257,724	20,052,697	272,479	21,582,900
Additions	-	61,970	-	61,970
At 31 March 2023	1,257,724	20,114,667	272,479	21,644,870
Depreciation				
At 1 April 2022	211,947	1,552,613	210,672	1,975,232
Charge for the year	31,641	168,344	6,211	206,196
At 31 March 2023	243,588	1,720,957	216,883	2,181,428
Net book value				
At 31 March 2023	1,014,136	18,393,710	55,596	19,463,442
At 31 March 2022	1,045,777	18,500,084	61,807	19,607,668

12. FIXED ASSET INVESTMENTS

Charity 2 – Hampstead Heath Trust Fund

The investments are held within both the Hampstead Heath Trust segregated portfolio and the City of London Corporation Charities Pool, a charity registered in the UK with the Charity Commission (charity number: 1021138). The Charities Pool is a UK registered unit trust.

The value of investments held by the charity are as follows:

	Total 2023	Total 2022
	£	£
Long Term Fixed Investments		
Market value 1 April	34,547,175	32,841,486
Additions	11,470,392	8,338,780
Disposals	(12,414,578)	(8,260,770)
Gain for the year	585,545	1,627,679
Market value 31 March	34,188,534	34,547,175
Short Term Investments		
Cash held by fund managers	1,105,042	160,856
Other Cash Balances	177,308	177,308
Short Term Investments	1,282,350	338,164
Total investments 31 March	35,470,884	34,885,339
Cost 31 March	32,831,082	31,010,233

Total investments as at 31 March are analysed between long term and short-term investments as follows:

	2023	2022
	£	£
Long term	34,188,534	34,547,175
Short term	1,282,350	338,164
Total	35,470,884	34,885,339

The geographical spread of listed investments as at 31 March was as follows:

	Held in the UK	Held outside the UK	Total at 31 March 2023	Held in the UK	Held outside the UK	Total at 31 March 2022
	£	£	£	£	£	£
Unit trusts	1,149,524	-	1,149,524	2,066,264	-	2,066,264
Equities	28,495,840	4,543,170	33,039,010	28,233,753	4,247,158	32,480,911
Cash	1,282,350	-	1,282,350	338,164	-	338,164
Total	30,927,714	4,543,170	35,470,884	30,638,181	4,247,158	34,885,339

		Unit trusts	Equities	Cash	Total
Held in the UK	£	1,149,524	28,495,840	1,282,350	30,927,714
Held outside the UK	£	-	4,543,171	-	4,543,171
Total at 31 March 2023	£	1,149,524	33,039,011	1,282,350	35,470,885

		Unit trusts	Equities	Cash	Total
Held in the UK	£	2,066,264	28,233,753	338,164	30,638,181
Held outside the UK	£	-	4,247,158	-	4,247,158
Total at 31 March 2022	£	2,066,264	32,480,911	338,164	34,885,339

13. DEBTORS – AMOUNTS DUE WITHIN ONE YEAR

Charity 1 – Hampstead Heath

	2023 £	2022 £
Rental debtors	18,825	15,590
Prepayments and accrued income	49,081	46,352
Recoverable VAT	3,700	780
Other debtors	36,155	122,820
Total	107,761	185,542

Charity 2 – Hampstead Heath Trust Fund

	2023 £	2022 £
Sundry debtors	7,579	-
Other debtors	1,810,943	353,061
Total	1,818,522	353,061

Charities 1 & 2 – total

	2023 £	2022 £
Rental debtors	18,825	15,590
Prepayments and accrued income	49,081	46,352
Recoverable VAT	3,700	780
Sundry debtors	7,579	-
Other debtors	1,847,098	475,881
Total	1,926,283	538,603

Other debtors consist of non-property related debtors of £36,155 (2021/22: £122,820) and dividends of £1,810,943 receivable from the fund manager (2021/22: £353,061).

14. CREDITORS – AMOUNTS DUE WITHIN ONE YEAR

Charity 1 – Hampstead Heath

	2023 £	2022 £
Trade creditors	106,921	53,497
Accruals	185,133	90,703
Deferred income	235,157	121,368
Rent deposits	15,425	15,425
VAT liability	20,634	379,727
Other creditors	176,788	80,368
Total	740,058	741,088

Charity 2 – Hampstead Heath Trust Fund

	2023	2022
	£	£
Bank overdraft	1,544,157	77,476
Other creditors	41,126	42,347
Total	1,585,283	119,823

Charities 1 & 2 – total

	2023	2022
	£	£
Bank overdraft	1,544,157	77,476
Trade creditors	106,921	53,497
Accruals	185,133	90,703
Deferred income	235,157	121,368
Rent deposits	15,425	15,425
VAT liability	20,634	379,727
Other creditors	217,914	122,714
Total	2,325,341	860,910

	2023	2022
	£	£
Deferred income analysis within creditors:		
Balance at 1 April	121,368	72,531
Amounts released to income	(121,368)	(72,531)
Amounts deferred in the year	235,157	121,368
Balance at 31 March	235,157	121,368

Deferred income relates to rental income as well as season ticket income for the use of facilities received in advance for periods after the year-end. Other creditors consist of sundry creditors.

15. ANALYSIS OF NET ASSETS BY FUND

Charity 1 – Hampstead Heath

At 31 March 2023	Unrestricted Funds		Restricted Funds	Total at 31 March 2023	Total at 31 March 2022
	General Funds	Designated Funds			
	£	£	£	£	£
Tangible Assets	-	19,463,442	-	19,463,442	19,607,668
Current Assets	743,876	3,331	67,174	814,381	755,739
Current Liabilities	(740,058)	-	-	(740,058)	(741,088)
Total	3,818	19,466,773	67,174	19,537,765	19,622,319

At 31 March 2022	Unrestricted Funds		Restricted Funds	Total at 31 March 2022	Total at 31 March 2021
	General Funds	Designated Funds			
	£	£			
Tangible Assets	-	19,607,668	-	19,607,668	19,390,365
Current Assets	742,823	3,331	9,585	755,739	789,938
Current Liabilities	(741,088)	-	-	(741,088)	(784,374)
Total	1,735	19,610,999	9,585	19,622,319	19,395,929

Charity 2 – Hampstead Heath Trust Fund

At 31 March 2023	Unrestricted		Endowment funds	Total at 31 March 2023	Total at 31 March 2022
	General funds				
	£	£			
Fixed assets - investments		34,188,534	34,188,534	34,547,175	
Current assets	730,810	2,370,061	3,100,871	691,225	
Current liabilities	-	(1,585,283)	(1,585,283)	(119,822)	
Total	730,810	34,973,312	35,704,122	35,118,578	

At 31 March 2022	Unrestricted		Endowment funds	Total at 31 March 2022	Total at 31 March 2021
	General funds				
	£	£			
Fixed assets - investments	-	34,547,175	34,547,175	32,841,486	
Current assets	566,888	124,337	691,225	706,402	
Current liabilities	-	(119,822)	(119,822)	(407,000)	
Total	566,888	34,551,690	35,118,578	33,140,888	

Charities 1 & 2 – total

At 31 March 2023	Unrestricted Funds		Restricted Funds	Endowment Funds	Total at 31 March 2023	Total at 31 March 2022
	General Funds	Designated Funds				
	£	£				
Tangible Assets	-	19,463,442	-	-	19,463,442	19,607,668
Fixed Asset Investments	-	-	-	34,188,534	34,188,534	34,517,175
Current Assets	1,474,686	3,331	67,174	2,370,061	3,915,252	1,446,964
Current Liabilities	(740,058)	-	-	(1,585,283)	(2,325,341)	(860,910)
Total	734,628	19,466,773	67,174	34,973,312	55,241,887	54,740,897

At 31 March 2022	Unrestricted Funds		Restricted Funds	Endowment Funds	Total at 31 March 2022	Total at 31 March 2021
	General Funds	Designated Funds				
	£	£				
Tangible Assets	-	19,607,668	-	-	19,607,668	19,390,365
Fixed Asset Investments	-	-	-	34,547,175	34,547,175	32,841,486
Current Assets	1,309,711	3,331	9,585	124,337	1,446,964	1,496,340
Current Liabilities	(741,088)	-	-	(119,822)	(860,910)	(1,191,374)
Total	568,623	19,610,999	9,585	34,551,690	54,740,897	52,536,817

Expendable endowment movements 2011-2023

	Balance at 1 April	Revaluation of investments	Balance at 31 March	Cash	Expendable endowment
	£	£	£	£	£
Opening	393,461	8,497	401,958	177,308	579,266
2011-2012	401,958	11,764	413,722	177,308	591,030
2012-2013	413,722	58,823	472,545	177,308	649,853
2013-2014	472,545	34,640	507,185	177,308	684,493
2014-2015	507,185	32,680	539,865	177,308	717,173
2015-2016	539,865	(30,719)	509,146	177,308	686,454
2016-2017	509,146	60,784	569,930	177,308	747,238
2017-2018	569,930	5,229	575,159	177,308	752,467
2018-2019	575,159	(5,229)	569,930	177,308	747,238
2019-2020	569,930	(106,075)	463,855	177,308	641,163
2020-2021	463,855	114,223	578,078	177,308	755,386
2021-2022	578,078	27,440	605,518	177,308	782,826
2022-2023	605,518	(13,562)	591,956	177,308	769,264

16. MOVEMENT IN FUNDS

Charity 1 – Hampstead Heath

At 31 March 2023	Total as at 1 April 2022 £	Income £	Expenditure £	Transfers £	Total as at 31 March 2023 £
Restricted funds:					
Campaign Donations	7,352	42,904	(32,160)	-	18,096
Parliament Hill Outdoor Gym	2,233	-	-	-	2,233
Installation of Non-Turf Pitches	-	46,845	-	-	46,845
Total restricted funds	9,585	89,749	(32,160)	-	67,174
Unrestricted funds:					
General funds	1,735	7,751,373	(7,749,290)	-	3,818
Designated funds:					
Tangible fixed assets	19,607,668	61,970	(206,196)	-	19,463,442
Capital fund	3,331	-	-	-	3,331
Total unrestricted funds	19,612,734	7,813,343	(7,955,486)	-	19,470,591
Total funds	19,622,319	7,903,092	(7,987,646)	-	19,537,765

At 31 March 2022	Total as at 1 April 2021 £	Income £	Expenditure £	Transfers £	Total as at 31 March 2022 £
Restricted funds:					
Campaign Donations	-	7,352	-	-	7,352
Parliament Hill Outdoor Gym	2,233	-	-	-	2,233
Total restricted funds	2,233	7,352	-	-	9,585
Unrestricted funds:					
General funds	-	7,426,535	(7,424,800)	-	1,735
Designated funds:					
Tangible fixed assets	19,390,365	429,457	(212,154)	-	19,607,668
Capital fund	3,331	-	-	-	3,331
Total unrestricted funds	19,393,696	7,855,992	(7,636,954)	-	19,612,734
Total funds	19,395,929	7,863,344	(7,636,954)	-	19,622,319

Charity 2 – Hampstead Heath Trust Fund

At 31 March 2023	Total as at 1 April 2022 £	Income £	Expenditure £	Gains & (losses) £	Transfers £	Total as at 31 March 2023 £
Endowment funds:						
Expendable endowment	782,826	-	-	(13,562)	-	769,264
Permanent endowment	33,768,864	-	(163,923)	599,107	-	34,204,048
Total endowment funds	34,551,690	-	(163,923)	585,545	-	34,973,312
Unrestricted funds:						
General funds	566,888	1,543,905	(1,379,983)	-	-	730,810
Total funds	35,118,578	1,543,905	(1,543,906)	585,545	-	35,704,122

At 31 March 2022	Total as at 1 April 2021 £	Income £	Expenditure £	Gains & (losses) £	Transfers £	Total as at 31 March 2022 £
Endowment funds:						
Expendable endowment	755,386	-	-	27,440	-	782,826
Permanent endowment	32,168,625	-	-	1,600,239	-	33,768,864
Total endowment funds	32,924,011	-	-	1,627,679	-	34,551,690
Unrestricted funds:						
General funds	216,877	2,025,319	(1,675,308)	-	-	566,888
Total funds	33,140,888	2,025,319	(1,675,308)	1,627,679	-	35,118,578

Charities 1 & 2 – total

At 31 March 2023	Total as at 1 April 2022 £	Income £	Expenditure £	Gains & (losses) £	Total as at 31 March 2023 £
Endowment funds:					
Permanent endowment funds	33,768,864	-	(163,923)	599,107	34,204,048
Expendable endowment funds	782,826	-	-	(13,562)	769,264
Total endowment funds	34,551,690	-	(163,923)	585,545	34,973,312
Restricted funds:					
Campaign Donations	7,352	42,904	(32,160)	-	18,096
Parliament Hill Outdoor Gym	2,233	-	-	-	2,233
Installation of Non-Turf Pitches	-	46,845	-	-	46,845
Total restricted funds	9,585	89,749	(32,160)	-	67,174
Unrestricted funds:					
General funds	568,623	9,295,278	(9,129,273)	-	734,628
Designated funds:					
Tangible fixed assets	19,607,668	61,970	(206,196)	-	19,463,442
Capital fund	3,331	-	-	-	3,331
Total unrestricted funds	20,179,622	9,357,248	(9,335,469)	-	20,201,401
Total funds	54,740,897	9,446,997	(9,531,552)	585,545	55,241,887

At 31 March 2022	Total as at 1 April 2021 £	Income £	Expenditure £	Gains & (losses) £	Total as at 31 March 2022 £
Endowment funds:					
Permanent endowment funds	32,168,625	-	-	1,600,239	33,768,864
Expendable endowment funds	755,386	-	-	27,440	782,826
Total endowment funds	32,924,011	-	-	1,627,679	34,551,690
Restricted funds:					
Campaign Donations	-	7,352	-	-	7,352
Parliament Hill Outdoor Gym	2,233	-	-	-	2,233
Total restricted funds	2,233	7,352	-	-	9,585
Unrestricted funds:					
General funds	216,877	9,451,854	(9,100,108)	-	568,623
Designated funds:					
Tangible fixed assets	19,390,365	429,457	(212,154)	-	19,607,668
Capital fund	3,331	-	-	-	3,331
Total unrestricted funds	19,610,573	9,881,311	(9,312,262)	-	20,179,622
Total funds	52,536,817	9,888,663	(9,312,262)	1,627,679	54,740,897

Purpose of the endowment funds

The expendable endowment fund is invested as a capital fund to generate income for the activities of the charity. Any income generated is used in accordance with the objectives of the trust. The purpose of this fund is to provide net income to be used to contribute towards the running costs of the Heath, transferred from the former T J Barratt bequest in December 2011.

The permanent endowment fund is held in perpetuity as a capital fund to generate income for the activities of the charity. Before any potential gains on investments are considered, should net income be more than any year's contribution to the running costs of the Heath, then the surplus funds are retained as unrestricted funds to be used in future years. During 2022/23 the surplus was £168,358 (2021/22: £350,011). Should the actual income earned in any specific year, added to the surpluses from previous years, be less than the contribution based on the funds from the original endowment, then the lower sum is attributed. The Finance Committee may decide that an allocation is to be made from the permanent endowment reserves of the Trust Fund. This is within the terms of the Transfer Order for the original endowment.

Purposes of restricted funds

The restricted fund represents funds received from London Borough of Camden (Sports and Physical Activity Service) for the creation of a new outdoor gym at Parliament Hill. This is in addition to a grant received from the England and Wales Cricket Board for the supply and installation of non turf pitches at Parliament Hill and the Heath Extension.

Purposes of designated funds

Designated funds have been set aside by the Trustee for the following purposes:

- i. *Fixed Assets* – these are included 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. As at 31 March 2023 the net book value of fixed assets relating to direct charitable purposes amounted to £19,463,442 (2021/22: £19,607,668). There were additions of £61,970 during the year relating to the East Heath Car Parking Resurfacing, Swimming Facilities and Mixed Pond Rewire projects.
- ii. *Capital Fund* - as part of an Open Spaces wide Fleet Management project a disposal exercise of redundant fleet and equipment was undertaken. It was agreed to use the income raised to fund energy efficiency improvement works. The installation of photovoltaic energy panels at the Lido, Hampstead Heath was completed.

17. RELATED PARTY TRANSACTIONS

The City Corporation is the sole Trustee of the charity, as described on page 2. The City Corporation provides various services to the charity, the costs of which are recharged to the charity. This includes the provision of banking services, charging all transactions to the charity at cost and crediting or charging interest at a commercial rate. The cost of these services is included within expenditure, as set out in note 8.

The charity is consolidated within the accounts of City's Cash, a fund of the City of London Corporation (the City Corporation, the Corporate Trustee of the charity), by virtue of the deemed control arising from the provision of the shortfall between the charity's income and expenditure by City's Cash, whose place of business is Guildhall, London EC2P 2EJ. The principal purpose of City's Cash is to manage its investments in properties, stocks and shares to provide returns which allows the City Corporation to use the income for the

provision of services that are of importance to the City and Greater London as well as nationally and internationally, and to maintain the asset base so that income will be available to fund services for the benefit of future generations. The financial statements of City's Cash can be obtained from the address provided above.

The charity is required to disclose information on related party transactions with bodies or individuals that have the potential to control or influence the charity. Members are required to disclose their interests, and these can be viewed online at www.cityoflondon.gov.uk.

Members and senior staff are requested to disclose all related party transactions, including instances where their close family has made such transactions.

Figures in brackets represent the amounts due at the balance sheet date. Other figures represent the value of the transactions during the year.

Related party	Connected party	2022/23 £	2021/22 £	Detail of transaction
City of London Corporation	The City of London Corporation is the Trustee for the charity	4,841,585	5,356,031	The City of London Corporation's City's Cash meets the deficit on running expenses of the charity
		(nil)	(nil)	
		1,817,105	1,310,531	Administrative services provided for the charity
		(nil)	(nil)	
		23,405	31,536	Distribution from the Charities Pool and interest receivable on cash balances
		(nil)	(nil)	
<hr/>				
Hampstead Heath Trust Fund	The Hampstead Heath Trust Fund is incorporated within the Hampstead Heath financial statements as a linked charity.	1,375,547	1,482,422	Contribution to preservation and enhancement of Hampstead Heath as an open space
		(nil)	(nil)	

REFERENCE AND ADMINISTRATION DETAILS

CHARITY NAMES: Hampstead Heath, Hampstead Heath Trust Fund

Registered charity number: 803392, 803392-1

PRINCIPAL OFFICE OF THE CHARITY & THE CITY CORPORATION:

Guildhall, London, EC2P 2EJ

TRUSTEE:

The Mayor and Commonalty & Citizens of the City of London

SENIOR MANAGEMENT:

Chief Executive

John Barradell OBE - The Town Clerk and Chief Executive of the City of London Corporation (resigned 31 December 2022)

Ian Thomas CBE – The Town Clerk and Chief Executive of the City of London Corporation (appointed 06 February 2023)

Treasurer

Caroline Al-Beyerty - The Chamberlain and Chief Financial Officer of the City of London Corporation

Solicitor

Michael Cogher - The Comptroller and City Solicitor of the City of London Corporation

Environment Department

Juliemma McLoughlin – Executive Director of Environment

Sally Agass – Interim Director of Natural Environment (resigned 31 March 2023)

AUDITORS:

Crowe U.K. LLP, 55 Ludgate Hill, London, EM4M 7JW

BANKERS:

Lloyds Bank Plc., P.O.Box 1000, BX1 1LT

INVESTMENT ADVISORS:

Artemis Investment Management Limited, Cassini House, 57 St. James's Street, London, SW1A 1LD

Contact for The Chamberlain & Chief Financial Officer, to request copies of governance documents & of the Annual Report of City's Cash:

CHBOffice-BusinessSupport@cityoflondon.gov.uk

Sir Thomas Gresham Charity

Annual Report and Financial Statements for the year
ended 31 March 2023

Charity registration number 221982

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ORIGINS OF THE CHARITY

Sir Thomas Gresham (1519-1579) built his London Mansion House, Gresham House in Bishopsgate, in collegiate form. In his Will, Gresham House and the Royal Exchange were left to the City Corporation and the Worshipful Company of Mercers.

From the income of the Royal Exchange the two parties were to select professors in Divinity, Astronomy, Music, Geometry, Law, Physic and Rhetoric and pay each of the seven professors the annual sum stated in the will. The first four subjects were the responsibility of the City Corporation whilst the last three were the responsibility of the Mercers' Company.

The City Corporation was also obliged to maintain Sir Thomas' eight almshouses and pay each almsfolk a yearly allowance.

The Sir Thomas Gresham Charity continues to carry out the obligations of Sir Thomas' will in that; it continues to maintain the almshouses, ensuring that they remain occupied with routine repairs and maintenance carried out as and when required. It also continues to pay the almsfolk an annual allowance and provides the residents with a Christmas hamper each year. The four Gresham lecturers all continue to be paid an annual sum of £100.

TRUSTEE'S ANNUAL REPORT

STRUCTURE AND GOVERNANCE

GOVERNING DOCUMENTS

The governing document is the will of Sir Thomas Gresham Charity dated 5 July 1575. The charity is constituted as a charitable trust.

GOVERNANCE ARRANGEMENTS

The Mayor and Commonalty and Citizens of the City of London (also referred to as 'the City Corporation' or 'the City of London Corporation'), a body corporate and politic, is the Trustee of Sir Thomas Gresham Charity. The City Corporation is Trustee acting by the Court of Common Council of the City of London in its general corporate capacity and that executive body has delegated responsibility in respect of the administration and management of this charity to various committees and sub-committees of the Common Council, membership of which is drawn from 125 elected Members of the Common Council and external appointees to those committees. In making appointments to committees, the Court of Common Council will take into consideration any particular expertise and knowledge of the elected Members, and where relevant, external appointees. External appointments are made after due advertisement and rigorous selection to fill gaps in skills.

Members of the Court of Common Council are unpaid for support provided to the Charity and are elected by the electorate of the City of London. The Key Committee which had responsibility for directly managing matters related to the charity during 2022/23 was as follows:

The Gresham Committee (City Side) of the City of London Corporation administers the charity on behalf of the Trustee. This committee comprises Aldermen and Common Councilmen elected to the City of London Corporation and appointed to this committee in accordance with the usual procedures of committee membership of the City of London Corporation.

The above committee is ultimately responsible to the Court of Common Council of the City of London. Committee meetings are held at the Trustee's discretion in public (except where it is considered not to be in the charity's best interest to do so), supporting a decision-making process that is clear, transparent and publicly accountable.

The charity is consolidated within City's Cash as the City of London Corporation exercises operational control over their activities. City's Cash is a fund of the City Corporation that can be traced back to the 15th century and has been 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 City's Cash to use the income for the provision of services 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 Trustee believes that good governance is fundamental to the success of the charity. Recommendations from a comprehensive review of governance are being implemented is ongoing to ensure that the charity is effective in fulfilling its objectives. Reference is being made to the good practices recommended within the Charity Governance Code throughout this review. Focus is being placed on ensuring regulatory compliance and the ongoing maintenance of an efficient and effective portfolio of charities that maximise impact for beneficiaries.

OBJECTIVES AND ACTIVITIES

The objectives of the charity are the provision of eight Almshouses known as the Gresham Almshouses; the annual payment of an allowance to the almsfolk; and the annual payment to the four Gresham college lecturers as detailed below.

The aims for the Sir Thomas Gresham Charity are:

- To ensure all the properties continue to remain occupied and that the residents are satisfied with the management of their home;
- To ensure routine repairs are completed within specified response times;
- To pay the almsfolk an allowance each year in accordance with terms of the Sir Thomas Gresham Will and to provide all residents with a hamper at Christmas;
- That all the occupants of the Almshouses continue to meet the current eligibility criteria and adhere to their letter of appointment; and
- To continue to provide a programme of public lectures at Gresham College and to pay an annual payment of £100 to each of the four Gresham College lecturers in Divinity, Astronomy, Music and Geometry.

Investment Policy

The charity's investments are held in units of the City of London Charities Pool (registered charity 1021138). The investment policy of the Charities Pool is to provide a real increase in annual income in the long term whilst preserving the value of the capital base. The annual report and financial statements of the Charities Pool (which include an analysis of investment performance against objectives set) are available from the Chamberlain of London, at the email address stated on page 20.

Public benefit statement

The Trustee confirms that it has referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing Sir Thomas Gresham Charity's aims and objectives and in planning future activities. The purposes of the charity are the provision of eight Almshouses known as the Gresham Almshouses; the annual payment of an allowance to the almsfolk; and the annual payment to the four Gresham college lecturers.

Consequently, the Trustee considers that the Sir Thomas Gresham Charity operates to benefit the general public and satisfies the public benefit test.

REFERENCE AND ADMINISTRATIVE DETAILS

The administrative details of the charity are stated on page 20.

ACHIEVEMENTS AND PERFORMANCE

Gresham Almshouses

During 2022/23 all targets in relation to the Gresham Almshouses were achieved except for maintaining 100 per cent occupancy levels as one of the properties was decanted in order for damp proofing works to take place. Work to review the quality of accommodation is ongoing with damp surveys being carried out in 22-23 in all except one of the Gresham Almshouses. A programme of works is in development for the Gresham Almshouses to address damp issues identified.

Routine repairs and maintenance were promptly carried out, an annual allowance was paid to the almsfolk and all residents were provided with a hamper at Christmas.

Gresham Lecturers

A programme of public lectures was provided at Gresham College throughout the year and the annual payment of £100 was paid to each of the four Gresham College lecturers in Divinity, Astronomy, Music and Geometry.

PLANS FOR FUTURE PERIODS

The objectives for 2022/23 are to meet all the objectives set out on page 3 of this report, and:

Gresham Lecturers

- To continue to arrange a programme of lectures which are made available to the public free of charge; and
- To continue to broaden further the audience demographic by use of the Internet and partnerships with businesses and other institutions.

The Trustees do not consider there to be any material uncertainty around going concern and further detail regarding this is set out on page 12.

FINANCIAL REVIEW

Overview of Financial Performance

Income

In 2022/23 the charity's total income for the year was £85,952, an overall increase of £19,234 against the previous year (2020/21: £66,718).

The key contributor to income was an amount of £84,472 (2021/22: £66,682) received from the City of London Corporation's City's Cash Fund as a contribution towards the running costs of the charity. This grant funds the excess of expenditure over income, excluding lease amortisation.

A small amount of income is received from investments held £1,480 (2021/22: £36).

Expenditure

Total expenditure for the year was £87,415, all being for the category charitable activities (2021/22: £68,181).

Expenditure on charitable activities consisted of: maintenance of the Almshouses at £76,347 (2021/22: £58,678) including lease amortisation of £1,463 (2021/22: £1,463); almsfolk allowances costing £8,668 (2021/22: £7,353), independent examiners' fees of £2,000 (2021/22: £1,750) and Gresham Lecturers' fees of £400 (2021/22: £400).

Funds held

The charity's total funds held decreased by £1,479 or 1% to £139,695 as at 31 March 2023 (2021/22: £141,173).

Details of all funds held, including their purposes, is set out within note 10 to the financial statements.

Investments performance

Over the course of 2022/23 the Charities Pool investment strategy delivered an absolute return (gross of fees) of +2.22% which was below the FTSE All Share Index benchmark return of +2.92% (2021/22: the investment strategy gained +11.1% versus +13.0% from the benchmark). However, over the longer-term three and five year horizon, performance of the Charities Pool investments, as displayed in the table below, was above benchmark. With effect from 22 July 2022, the Charities Pool transferred its investments from the Artemis Income Fund to the Artemis Income (Exclusions) Fund, which is an unconstrained, multi-cap strategy that aims to generate a rising income stream combined with long-term capital growth. The Fund invests in UK equities, and can also hold international equities and bonds. Shares in companies that derive more than 20% of their revenues from tobacco, gambling, weapons and fossil fuels are excluded.

Investments performance

	2022/23		2021/22	
	3 year	5 year	3 year	5 year
Fund	+14.1%	5.6%	7.3%	6.2%
FTSE All Share	+13.8%	5.0%	5.3%	4.7%
Fund outperformance	+0.3%	0.6%	2.0%	1.5%

Reserves

The charity is wholly supported by the City of London Corporation which owns and maintains the Almshouses provided by the charity out of its City's Cash Fund. This Fund is used to meet the deficit on running expenses on a year by year basis. Consequently, this charity has no free reserves and a reserves policy is considered by the Trustee to be inappropriate.

Principal Risks and Uncertainties

The charity is committed to a programme of risk management as an element of its strategy to preserve the charity's assets. In order to embed sound practice the senior leadership team ensures that risk management policies are applied, that there is an ongoing review of activity and that appropriate advice and support is provided. A key risk register has been prepared for the charity, which has been reviewed by the Trustee. This identifies the potential impact of key risks and the measures which are in place to mitigate such risks.

TRUSTEE'S RESPONSIBILITIES

The Trustee is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Charity law requires the Trustee to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under charity law the Trustee must not approve the financial statements unless the Trustee is satisfied that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period. In preparing these financial statements, the Trustee is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustee is responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable the Trustee to ensure that the financial statements comply with the Charities Act 2011. The Trustee is also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustee is aware:

- there is no relevant audit information of which the charity's auditors are unaware; and
- the Trustee has taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Financial statements are published on the Trustee's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Trustee's website is the responsibility of the Trustee. The Trustee's responsibility also extends to the ongoing integrity of the financial statements contained therein.

Adopted and signed for on behalf of the Trustee.

Henry Colthurst

Chairman of Finance Committee
of The City of London Corporation

Guildhall, London

xx December 2023

Randall Anderson

Deputy Chairman of Finance
Committee of The City of London
Corporation

Guildhall, London

INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEE OF SIR THOMAS GRESHAM CHARITY

****Updated report to be provided by Crowe****

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 MARCH 2023

		Unrestricted Funds	Unrestricted Funds
	Notes	2022/23	2021/22
		£	£
Income from:			
Grant from City of London Corporation	2	84,472	66,682
Investments	3	1,480	36
Total income		85,952	66,718
Expenditure on:			
Charitable activities	4	87,415	68,181
Total expenditure		87,415	68,181
Net (losses)/gains on investments	7	(15)	31
Net (expenditure) and net movement in funds		(1,478)	(1,432)
Reconciliation of funds:			
Total funds brought forward	9	141,173	142,605
Total funds carried forward	9	139,695	141,173

All of the above results are derived from continuing activities.

There were no other recognised gains and losses other than those shown above.

The notes on pages 12 to 19 form part of these financial statements.

BALANCE SHEET**AS AT 31 MARCH 2023**

	Notes	2023 Total £	2022 Total £
Fixed assets			
Investments	7	670	685
Total fixed assets		670	685
Long term assets			
Debtor - operating lease	8	139,025	140,488
Total net assets		139,695	141,173
The funds of the charity:			
Designated funds	9	139,025	140,488
Unrestricted income funds	9	670	685
Total funds		139,695	141,173

The notes on pages 12 to 19 form part of these financial statements

Approved and signed on behalf of the Trustee.

Caroline Al-Beyerty

Chamberlain of London and Chief Financial Officer

xx December 2023

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

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

(a) Basis of preparation

The financial statements of the charity, which is a public benefit entity under FRS102, have been prepared under the historical cost convention as modified by the valuation of investments which are held at fair value and in accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (second edition effective 1 January 2019) and the Charities Act 2011.

(b) Going concern

The financial statements have been prepared on a going concern basis as the Trustee considers that there are no material uncertainties about the charity's ability to continue as a going concern. Funding is provided from the City of London Corporation's City's Cash. The Trustee considers the level of grant funding received and plans activities as a result of this. On an annual basis, a medium-term financial forecast is prepared for City's Cash, covering the next 5 years from the period covered by these financial statements. The latest forecast anticipates that adequate funds will be available in the 12 months from the date of these financial statements being signed to enable the charity to continue to fulfil its obligations.

In making this assessment, the Trustee has given regard to future income levels and the liquidity of the charity over the next 12-month period from the date of these financial statements being signed, and has not identified any indication that the charity will not be able to meet liabilities, including planned liabilities, as they fall due. For this reason, the Trustee continues to adopt a going concern basis for the preparation of the financial statements.

(c) Key management judgements and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenditure. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of decisions about carrying values of assets and liabilities that are not readily apparent from other sources. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Management do not consider there to be any material revisions requiring disclosure.

(d) Statement of Cash Flows

The charity has taken advantage of the exemption in FRS102 (paragraph 1.12b) from the requirements to produce a statement of cash flows on the grounds that it is a small charity.

(e) Income

All income is included in the Statements of Financial Activities (SOFA) when the charity is legally entitled to the income; it is more likely than not that economic benefit associated with the transaction will come to the charity and the amount can be quantified with reasonable certainty. Income consists of grants and investment income.

The City of London Corporation's City's Cash Fund meets the deficit on running expenses of the charity. This income is considered due each year end once the deficit on running expenses and capital works funding has been confirmed and is recognised in the SOFA at this point.

(f) Expenditure

Expenditure is accounted for on an accruals basis and has been classified under the category of 'expenditure on charitable activities'. Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required, and the amount of the obligation can be measured reliably. Costs incurred by the City Corporation in managing and administering the charity are recharged to the charity.

(g) Taxation

The charity meets the definition of a charitable trust for UK income tax purposes, as set out in Paragraph 1 Schedule 6 of the Finance Act 2010. Accordingly, the charity is exempt from UK taxation in respect of income or capital gains under part 10 of the Income Tax Act 2007 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

(h) Investments

Investments are made in the City of London Charities Pool (charity number 1021138) which is an investment mechanism operating in a similar way to a unit trust. This enables the City of London Corporation to "pool" small charitable investments together and consequently obtain better returns than would be the case if investments were made individually.

Investments are valued at bid price. Gains and losses for the year on investments held as fixed assets are included in the Statement of Financial Activities.

(i) Funds structure

Income, expenditure and gains/losses are allocated to the unrestricted general fund, the purpose of which is shown below:

Unrestricted general funds – these funds can be used in accordance with the charitable objects at the discretion of the Trustee and include income generated by assets held representing unrestricted funds. Specifically, this represents any surplus of income over expenditure for the charity which is carried forward to meet the requirements of future years, known as free reserves.

Unrestricted designated funds – these funds represent the value of the lease of the Almshouses site.

(j) Lease of Almshouses site

The City of London Almshouses (CoLA, charity number 1005857) owns the site on which the Gresham Almshouses are situated. An agreement was entered into with CoLA dated 7 December 1994 for the lease of the site for the next 123 years for the sum of £180,000 (with no further rent payable). The value of the lease is amortised on a straight-line basis to the end of the term in 2118/19, with the remaining value recorded as a long-term debtor as set out in note 8. The Trustee considers the upfront payment to be a prepayment of rent over the life of the lease, and so considers the treatment as a debtor (as opposed to a tangible fixed asset) to be appropriate.

(k) Indemnity insurance

The charity, elected Members and staff supporting the charity's administration are covered by the City Corporation's insurance liability policies, and otherwise under the indemnity the City Corporation provides to Members and staff, funded from City's Cash.

2. INCOME FROM THE CITY OF LONDON CORPORATION

	Unrestricted funds 2022/23 £	Unrestricted funds 2021/22 £
Revenue grant from City of London Corporation	84,472	66,682

3. INCOME FROM INVESTMENTS

	Unrestricted funds 2022/23 £	Unrestricted funds 2021/22 £
Income from investments	27	36
Interest Income	1,453	-
Total	1,480	36

4. CHARITABLE EXPENDITURE

	Total 2022/23 £	Total 2021/22 £
Almshouses running costs	76,347	58,678
Almsfolk allowances	8,668	7,353
Independent Examiner's fee	2,000	1,750
Mandatory element of lecturers' fees	400	400
Total	87,415	68,181

5. INDEPENDENT EXAMINER'S REMUNERATION

Crowe UK LLP are the auditors of the City of London's City's Cash Fund and provide assurance services to all of the different charities of which it is Trustee. In 2022/23 an independent examiner's fee of £2,000 was recharged (2021/22: £1,750). No other services were provided to the charity by its independent examiners during the year (2021/22: £nil).

6. TRUSTEE EXPENSES

Members of the City of London Corporation acting on behalf of the Trustee did not receive any remuneration or reimbursement of expenses during 2022/23 (2021/22: nil).

7. INVESTMENTS

The investments are held in the City of London Corporation Charities Pool, a charity registered in the UK with the Charity Commission (charity number: 1021138). The Charities Pool is a UK registered unit trust.

The value of investments held by the charity are as follows:

	2022	2021
	£	£
Market value 1 April	685	654
Gain for the year	(15)	31
Market value 31 March	670	685
Cost 31 March	366	366
Units held in Charities Pool	74	74

The geographical spread of listed investments as at 31 March was as follows:

	Held in the UK	Held outside the UK	Total at 31 March 2023	Held in the UK	Held outside the UK	Total at 31 March 2022
	£	£	£	£	£	£
Equities	545	76	621	557	78	635
Pooled Units	39	-	39	40	-	40
Cash held by Fund Manager	10	-	10	10	-	10
Total	594	76	670	607	78	685

8. DEBTORS

	Total at 31 March 2023	Total at 31 March 2022
	£	£
Operating Lease Debtor	139,025	140,488
Split between:		
Amounts due in one year	1,463	1,463
Amounts due in more than one year	137,562	139,025
Total	139,025	140,488

9. ANALYSIS OF NET ASSETS BY FUND

At 31 March 2023	Unrestricted Funds			
	General Funds	Designated Funds	Total at 31 March 2023	Total at 31 March 2022
	£	£	£	£
Fixed assets - investments	670	-	670	685
Long term assets - debtor	-	139,025	139,025	140,488
Total	670	139,025	139,695	141,173

At 31 March 2022	Unrestricted Funds			
	Total at 31 March 2022	Designated Funds	Total at 31 March 2022	Total at 31 March 2021
	£	£	£	£
Fixed assets - investments	685	-	685	654
Long term assets - debtor	-	140,488	140,488	141,951
Total	685	140,488	141,173	142,605

Long term assets – debtor: CoLA owns the site on which the Gresham Almshouses are situated. An agreement was entered into with CoLA dated 7 December 1994 for the lease of the site for the next 123 years for the sum of £180,000. The value of the lease is amortised on a straight-line basis to the end of the term in 2118/19, with the remaining value recorded as a long-term debtor.

10. MOVEMENT IN FUNDS

At 31 March 2023	Total as at 1 April 2022 £	Income £	Expenditure £	(Losses) £	Total as at 31 March 2023 £
Unrestricted funds:					
General funds	685	85,952	(85,952)	(15)	670
Designated funds	140,488	-	(1,463)	-	139,025
Total funds	141,173	85,952	(87,414)	(15)	139,695

At 31 March 2022	Total as at 1 April 2021 £	Income £	Expenditure £	Gains £	Total as at 31 March 2022 £
Unrestricted funds:					
General funds	654	66,718	(66,718)	31	685
Designated funds	141,951	-	(1,463)	-	140,488
Total funds	142,605	66,718	(68,181)	31	141,173

The designated fund represents the remaining value of the lease of the Almshouse site.

11. RELATED PARTY TRANSACTIONS

The City Corporation is the sole Trustee of the charity, as described on page 2.

The charity is consolidated within the accounts of City's Cash, a fund of the City of London Corporation (the City Corporation, the Corporate Trustee of the charity), by virtue of the deemed control arising from the provision of the shortfall between the charity's income and expenditure by City's Cash, whose place of business is Guildhall, London EC2P 2EJ. The principal purpose of City's Cash is to manage its investments in properties, stocks and shares to provide returns which allows the City Corporation to use the income for the provision of services that are of importance to the City and Greater London as well as nationally and internationally, and to maintain the asset base so that income will be available to fund services for the benefit of future generations. The financial statements of City's Cash can be obtained from the address provided above.

The charity is required to disclose information on related party transactions with bodies or individuals that have the potential to control or influence the charity. Members are required to disclose their interests, and these can be viewed online at www.cityoflondon.gov.uk.

Members and senior staff are requested to disclose all related party transactions, including instances where their close family has made such transactions.

Figures in brackets represent the amounts due at the balance sheet date. Other figures represent the value of the transactions during the year.

Related party	Connected party	2022/23 £	2021/22 £	Detail of transaction
City of London Almshouses (CoLA)	The City of London Corporation is the Trustee for CoLA, which owns the site on which the Gresham Almshouses are situated	1,463 (nil)	1,463 (nil)	The charity entered into a 125 year lease of the site from CoLA as per the agreement dated 7 December 1994
City of London Corporation	The City of London Corporation is the Trustee for the charity	85,925 income, 34,313 expenditure (nil)	66,682 income, 32,276 expend. (nil)	The City of London Corporation's City's Cash meets the deficit on running expenses of the charity (income of £85,926), and recharges expenditure on staff time (£31,016) and other administrative costs (£3,297)
Charities Pool	The Trustee of the Charity	27 (nil)	36 (nil)	Distribution from the Charities Pool

REFERENCE AND ADMINISTRATION DETAILS

CHARITY NAME: Sir Thomas Gresham Charity

Registered charity number: 221982

PRINCIPAL OFFICE OF THE CHARITY & THE CITY CORPORATION:

Guildhall, London, EC2P 2EJ

TRUSTEE:

The Mayor and Commonalty & Citizens of the City of London

SENIOR MANAGEMENT:

Chief Executive

Ian Thomas CBE – The Town Clerk and Chief Executive of the City of London Corporation (Appointed February 2023)

John Barradell OBE - The Town Clerk and Chief Executive of the City of London Corporation (retired 31 December 2022)

Treasurer

Caroline Al-Beyerty - The Chamberlain & Chief Financial Officer of the City of London Corporation (appointed 1 May 2021)

Solicitor

Michael Cogher - The Comptroller and City Solicitor of the City of London Corporation

Community and Children's Services

Clare Chamberlain – Interim Director of Community and Children's Services

Independent Examiner

Crowe U.K. LLP, 55 Ludgate Hill, London, EC4M 7JW

BANKERS:

Lloyds Bank Plc., P.O. Box 1000, BX1 1LT

INVESTMENT ADVISORS:

Artemis Investment Management Limited, Cassini House, 57 St. James's Street,

Contact for The Chamberlain & Chief Financial Officer, to request copies of governance documents & of the Annual Report of City's Cash:

CHBOffice-BusinessSupport@cityoflondon.gov.uk

Keats House

Annual Report and Financial Statements for
the year ended 31 March 2023

Charity registration number 1053381

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ORIGINS OF THE CHARITY

In 1921, a body called the Keats Memorial House Committee appealed to the public for funds to purchase the property and archive from the then private owners to save it from being destroyed or dissipated, and in order to preserve John Keats' former home in which most of the poet's finest work was written. The public appeal was successful, and the property was acquired and vested in the then Corporation of Hampstead "as a permanent trust to be restored and equipped with relics of the poet and to be maintained in perpetuity as a Keats Museum and a live memorial to his genius, a shrine of pilgrimage for his worldwide admirers and a literary meeting place and centre". Camden Borough Council became the successors of the former Corporation of Hampstead on 1 April 1965, pursuant to the London Government Act 1963.

Keats House was registered as a charity in March 1996. The City of London Corporation acquired ownership of the land and buildings and responsibility for the administration and management of Keats House with effect from 1 January 1997.

TRUSTEE ANNUAL REPORT

STRUCTURE AND GOVERNANCE

GOVERNING DOCUMENTS

The governing document is the Scheme of the Charity Commissioners, sealed 6 November 1996. The charity is constituted as a charitable trust.

GOVERNANCE ARRANGEMENTS

The Mayor and Commonalty and Citizens of the City of London (also referred to as ‘the City Corporation’ or ‘the City of London Corporation’), a body corporate and politic, is the trustee of Keats House. The City Corporation is trustee acting by the Court of Common Council of the City of London in its general corporate capacity and that executive body has delegated responsibility in respect of the administration and management of this charity to various committees and sub-committees of the Common Council, membership of which is drawn from 125 elected Members of the Common Council and external appointees to those committees. In making appointments to committees, the Court of Common Council will take into consideration any particular expertise and knowledge of the elected Aldermen and Members, and where relevant, external appointees. The Court annually appoints the Culture, Heritage and Libraries Committee from among its elected Aldermen and Members to govern the Charity on its behalf, taking into consideration particular expertise and knowledge. External appointments are made after due advertisement and rigorous selection to fill gaps in skills.

Members of the Court of Common Council are unpaid and are elected by the electorate of the City of London. The Key Committees which had responsibility for directly managing matters related to the charity during 2022/23 were as follows:

- **Policy and Resources Committee** – responsible for allocating resources and administering the charity.
- **Finance Committee** – responsible for controlling budgets, support costs and other central charges that affect the charity as a whole.
- **Audit and Risk Management Committee** – responsible for overseeing systems of internal control and making recommendations to the Finance Committee relating to the approval of the Annual Report and Financial Statements of the charity.
- **Culture, Heritage and Libraries Committee** – responsible for the activities undertaken at Keats House, approving budget allocations for the forthcoming year and acting as Trustee of the charity.
- **Keats House Consultative Committee** – responsible for guiding and advising on the activities of the charity.
- **Corporate Services Committee** – responsible for personnel and establishment matters throughout the City of London, including negotiations with the recognised trade unions.

All of the above committees are ultimately responsible to the Court of Common Council of the City of London. Committee meetings are held in public, enabling the decision-making process to be clear, transparent and publicly accountable. Details of the membership of Committees of the City of London Corporation are available at www.cityoflondon.gov.uk

The charity is consolidated within City's Cash as the City of London Corporation exercises operational control over their activities. City's Cash is a fund of the City of London Corporation that can be traced back to the 15th century and has been built up from a combination of properties, land, bequests and transfers under statute since that time. City's Cash's investments in properties, stocks and shares are managed to provide a total return that:

- Allows City's Cash to use the income for the provision of services 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 trustee believes that good governance is fundamental to the success of the charity. A comprehensive review of governance is ongoing to ensure that the charity is effective in fulfilling its objectives. Reference is being made to the good practices recommended within the Charity Governance Code throughout this review. Focus is being placed on ensuring regulatory compliance and the ongoing maintenance of an efficient and effective portfolio of charities that maximise impact for beneficiaries.

ORGANISATIONAL STRUCTURE AND DECISION-MAKING PROCESS

The charity is administered in accordance with its governing instruments and the City Corporation's own corporate governance and administration framework, including Committee Terms of Reference, Standing Orders, Financial Regulations and Officer Scheme of Delegations. These governance documents can be obtained via a request to the email address stated on page 31.

Each Member by virtue of their membership of the Court of Common Council, its relevant committees and sub-committees, has a duty to support the City Corporation in the proper exercise of its functions and in meeting its duties as trustee of the charity by faithfully acting in accordance with charity law, the Terms of Reference of the relevant committee or sub-committee, and the City of London Corporation's agreed corporate governance framework as noted above, backed up by its standards regime

As part of the City Corporation's restructure, Keats House was managed within the Natural Environment Division of the Environment Department in 2022/23. During this period Keats House was part of North London Open Spaces, and continued to be overseen by the Superintendent of Hampstead Heath, pending consultation on and implementation of the restructure's recommendations for 2023/24.

INDUCTION AND TRAINING OF MEMBERS

The City of London Corporation makes available to its Members, seminars and briefings on various aspects of its activities, including those concerning the charity, to enable Members to carry out their duties efficiently and effectively. Induction meetings are provided on specific aspects of the work of Keats House. Additional charity specific training was provided in 2022/23 for Members acting on behalf of the Corporation as Trustee. If suitable seminars or other training options are identified that are relevant to the charity, Members are advised of these opportunities.

OBJECTIVES AND ACTIVITIES

The objective of the charity is “to preserve and maintain and restore for the education and benefit of the public the land with the buildings known as Keats House as a museum and live memorial to John Keats and as a literary meeting place and centre”.

The Charity shall first defray out of the income of the Charity the cost of maintaining the property (including the repair and insurance of any buildings thereon) and all other charges and outgoings payable in respect thereof and all the proper costs, charges and expenses of and incidental to the administration and management of the Charity.

The Trustee has due regard to the Charity Commission’s public benefit guidance when setting objectives and planning activities.

The activities of the Keats House Charity are guided by its Charitable Object as stated above and developed within the framework of the City Corporation’s Corporate Plan 2018/23 and the Open Spaces Environment Department’s Business Plan 2022/23. Our activities are also aligned with the City Corporation’s Cultural Strategy and the Hampstead Heath Management Strategy 2018 - 2028, as well as the wider aims of heritage sector organisations such as Arts Council England, the Heritage Lottery Fund and The National Archives.

The specific objectives for the year are detailed below under Plans for Future Periods.

Remuneration Policy

The charity’s senior staff are employees of the City Corporation and, alongside all staff, pay is reviewed annually. The City Corporation is committed to attracting, recruiting and retaining skilled people and rewarding employees fairly for their contribution. As part of this commitment, staff are regularly appraised and, subject to performance, eligible for the payment of bonuses and recognition awards.

The above policy applies to staff within the charity’s key management personnel, as defined within note 9 to the financial statements.

The charity is committed to equal opportunities for all employees. An Equality and Inclusion Board has been established to actively promote equality, diversity and inclusion in service delivery and employment practices. The Board is responsible for monitoring the delivery of the Equality and Inclusion Action Plan and progress against the Equality

Objectives. This also includes addressing the City Corporation's gender, ethnicity and disability pay gaps.

The Equality, Diversity, and Inclusion (EDI) sub-committee is currently overseeing the update of our four yearly Equality Objectives in accordance with the Equality Act 2010. The draft objectives were reviewed by Policy and Resources and Corporate Services Committees in April 2023. Following committee approval, a period of 12 weeks consultation with stakeholders will be undertaken and then analysis of consultation responses and amendments made in August 2023. Amendments will then go to September's EDI Sub-Committee and Policy and Resources and Corporate Services Committees and then to Court of Common Council for approval in October 2023.

Senior staff posts of the City Corporation are individually evaluated and assessed independently against the external market allowing each post to be allocated an individual salary range within the relevant grade, which incorporates market factors as well as corporate importance.

Fundraising

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. The legislation defines fundraising as "soliciting or otherwise procuring money or other property for charitable purposes". Although Keats House charity does not undertake widespread fundraising from the general public, any such amounts receivable are presented in the financial statements as "voluntary income", including grants.

In relation to the above we confirm that all solicitations are managed internally, without involvement of commercial participators or professional fund-raisers, or third parties. The day to day management of all income generation is delegated to the executive team, who are accountable to the trustee. The charity is not bound by any regulatory scheme and does not consider it necessary to comply with any voluntary code of practice.

There is a donations page on the Keats House webpage, inviting and enabling the public to make on-line donations to either the Keats200 Legacy Programme and/or the Keats House Garden Enhancement project.

The charity has received no complaints in relation to fundraising activities in the current year (2021/22: nil). Individuals are not approached for funds, hence the charity does not consider it necessary to design specific procedures to monitor such activities.

Public benefit statement

The Trustee confirms that it has referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing Keats House aims and objectives and in planning future activities. The purpose of the charity is to preserve and maintain and restore for the education and benefit of the public the land with the buildings known as Keats House as a museum and live memorial to John Keats and as a literary meeting place and centre by the City of London Corporation.

Consequently, the Trustee considers that Keats House operates to benefit the general public and satisfies the public benefit test.

REFERENCE AND ADMINISTRATIVE DETAILS

The administrative details of the charity are stated on page 31.

ACHIEVEMENTS AND PERFORMANCE

Achievement to date against the key priorities for 2022/23 were:

1. Implement projects and activities identified in the Keats House Divisional Plan and Activities Plan identified for delivery in 2022/23

In April 2022, Keats House was open to the public on Thursdays, Fridays, and Sundays, 11am – 1pm and 2 – 4pm. From 2 May this was increased to Wednesdays, Thursdays, Fridays, and Sundays, 11am – 1pm and 2 – 5pm.

Our 'Keats Inspired' exhibition opened to the public on 11 May. The exhibition, which was on display until 5 February 2023, looked at the individuals and movements which influenced Keats to become a poet and how he and the other Romantic poets inspired art and culture through to the present day. From July, the exhibition was enhanced by new displays in Keats's and Charles Brown's parlours, celebrating the lives and afterlives of Percy and Mary Shelley. A number of rarely seen items from our collections, including the previously unseen manuscript of 'The Heir of Mondolfo' by Mary Shelley, were put on display with support from our colleagues at London Metropolitan Archives (LMA), with whom we work closely to care for and research our collections and make them accessible, both physically and intellectually and in person and online.

In February 2023, the 'Young Romantics in the City' exhibition opened to the public. This externally funded partnership project with Cardiff University looks at the diversity of writers and writing in the Romantic period and seeks to reposition them as young, radical, metropolitan, and collaborative creatives. The exhibition has been co-curated by Dr. Anna Mercer and Keats House officers and includes an events programming exploring the key themes of politics, class, gender, and race. The exhibition and events programme will continue through to February 2024.

Keats House delivered 36 different events in 2022/23, including poetry readings, talks, book launches, family, and literary workshops, as well as two major conferences. In total 1,192 people attended in person, with highlights including: a flower-pressing workshop by former artist in residence Elaine Duigenan for London Craft Week; the return after a two-year hiatus of the Keats Foundation Conference; a performance of Keats's and Shelley's work by actor Julian Sands; a special two-day conference on the bicentenary of Shelley's death, organised in partnership with the British Association of Romantic Studies; a two-day 'Poetry and Nature' creative writing workshop delivered by City Lit; and book launches in partnership with Arachne Press, who celebrated ten years of independent publishing in 2022. Highlights of the autumn programme included London Open House Festival, when 237 people attended on Sunday 11 September and one of the performances for Saudha Bangla Music Festival in November. Our annual event for The Eve of St Agnes with the Keats Foundation in January featured the final appearance of Matthew Coulton in the role of Keats, although the character will be re-booted as part of our #YoungRomantics programme in 2023, along with a number of newly developed characters.

As well as our own programme, Keats House officers supported the work of partner and stakeholder organisations, through a number of projects and initiatives,

including: four events in Keats House garden for Hampstead Summer Festival 2022; the loan of four artworks for display in Guildhall Art Gallery's 'Inspired' exhibition; and working with colleagues at the London Metropolitan Archives to display their 'Green City' outdoor exhibition at Hampstead Heath in August and Epping Forest in September.

Social media continues to be an important method of engaging audiences with our collections and promoting events. As at March 2023, Keats House had 6,958 followers on Twitter (+3% on March 2022), 4,159 on Facebook (+3%), and 3,458 on Instagram (+25%). Our social media posts, including the project to publish online the Fanny Brawn to Fanny Keats letters on the 200th anniversary of them being written, regularly attract positive social media activity and engagement in the form of likes, shares and re-posts.

Delivering poetry and creative writing sessions for schools is a core part of our work, supporting teachers and students in formal education as well as contributing to a number of strategic outcomes. Despite the backdrop of continued COVID outbreaks and strike action in schools, our part-time learning officer delivered 38 taught sessions, to primary and secondary school groups and one university group, with a total of 791 students, plus a further 107 accompanying adults, taking part. An online professional development session was delivered to a further 10 teachers.

We continued to work with our Techne partner organisation Roehampton University to deliver a 'Keats and the Classics' session aimed at students with Special Education Needs and Disability (SEND). The session, run over a full day in June with a small group from New River College, was very successful, and we hope to arrange similar events in the future. In July, the eleventh Keats House Creative Writing summer school took place in person at Keats House, with workshops by Daljit Nagra and novelist Louise Carey. 29 students from 7 London secondary schools took part, leading to a total of 98 instances of engagement over the four days. The week produced some very strong writing, which was collated in an anthology and distributed back to the participating schools and students.

We also collaborated with Culture Mile Learning initiatives such as 'Poetry Versus Colonialism' to explore and reveal the, often hidden, histories of objects in the house, and piloted Culture Mile Learning's 'Culturally Speaking' oracy project in partnership with Speakers Trust. Both initiatives help us to diversify the creative learning and social outcomes we support and engage us with schools, teachers and learners who may not otherwise visit the house.

A dedicated core team of volunteers continue their enthusiastic support for Keats House through two main programmes: volunteer tours for visitors to Keats House, which take place on most afternoons we are open to the public; and support for our live events programme, principally through 'Afternoon Poems', free themed poetry readings on the second Sunday of most months. In addition, one under-graduate volunteer gave most of her summer vacation to volunteering front of house, welcoming visitors to the house, and volunteers assisted with the delivery of several events, including Open House Festival. In total, 15 individuals have provided over 638 hours of their time to support activities at Keats House in 2022/23. As always, we would like to acknowledge and thank all our volunteers for their continued support for the Charity and its activities, especially considering the impact of the pandemic on their own lives.

Keats House continue to work with Roehampton University to support a doctoral research student to work with the collections held at Keats House and London Metropolitan Archives. This programme, which commenced in October 2020, is funded through the Techne Doctoral Training Programme through to 2024, resulting in new insights and interpretations of our collections. At this stage in their research, regular access to our collections at LMA is a necessary requirement and the active support of our colleagues at LMA has been instrumental in facilitating this.

In 2022/23, Keats House opened to the public on 172 days, with a total of 5,149 recorded visits to the house during that period. For comparison, 11,755 people visited Keats House in 2019/20 and 2,575 in 2021/22. The number of people visiting Keats House has therefore doubled on the previous year, when restrictions were still partly in place, but remains at only 44% of pre-pandemic levels.

Income from admissions, shop sales and private hires has risen along with the increase in numbers visiting the house and booking in-person events. It has not yet been possible to achieve the levels of income previously derived from admissions, shop sales, events hires or events prior to the pandemic, although it is anticipated that a full recovery will be achieved by 2024/25.

As a condition of the premises licence for 10 Keats Grove, Keats House Consultative Committee receive a twice-yearly report of licensable events held at the House, to ensure that the operating schedule and conditions are being upheld. To report that no activities involving the sale of alcohol have taken place to date in 2022/23 under Keats House's premises licence. As referred to above, four events were delivered from the premises for Hampstead Summer Festival which involved the sale of alcohol and other licensable activities under TENs obtained by the organisers. Complimentary drinks were also served at a small number of private events, including the two conferences referred to above and music was performed at one event in November. Although these did not involve the sale of alcohol they are reported here for completeness. The Premises Licence for 10 Keats Grove was renewed for the period to 11 September 2023 at a cost of £180.00.

2. Deliver maintenance and access improvement projects at Keats House

In 2018/19 plans were progressed to put in place a sustainable cyclical works programme to preserve and maintain Keats House (Grade I listed) and Ten Keats Grove (Grade II listed). These arose from the overall condition survey of Keats House and Ten Keats Grove conducted in 2017/18. As a result, a number of projects have subsequently been completed and prioritised to ensure Keats House and Ten Keats Grove can continue to be accessed and enjoyed by future generations.

The London Borough of Camden's Planning Department determined in favour of the proposals as submitted to improve physical access to the premises through new pathways, subtle, ground-level lighting to pathways for safety reasons. The intention is for these works to be funded by the London Borough of Camden's Community Infrastructure Levy grants programme and are currently being costed by the City Surveyor's Department to inform a reapplication for funding from that source.

While planning and listed building consent have already been granted for the proposed new visitor entrance, the cost and timescale for this to be completed has yet to be agreed with City Surveyors. Funding for this project has been identified from the Charitable Reserves as a Keats200 legacy project. Proposals to replace

the aged, wooden boundary fence to the front of the property are being finalised for submission to the London Borough of Camden to obtain the required planning and listed building consents.

City Surveyors were able to complete a number of planned preventative maintenance priorities, including the repainting of the exterior metalwork and entrance gate to Ten Keats Grove and Keats Community Library, the replacement of fences on the east boundary and internal entrance path and the repainting of the Keats House conservatory. A leaking mains water pipe to Ten Keats Grove has now been resolved. Keats House staff, City Surveyors and Paul Vick Architects have drawn up plans for new fire and intruder alarm systems for both buildings and an upgraded CCTV system for Keats House, which will be submitted for the required consents and prioritised for completion in 2023/24.

The gardens, which form an integral and much-loved aspect of the heritage site, continue to be maintained by a dedicated team of 'Heath Hands' volunteers working with officers from the Golders Hill Park team. The black mulberry tree was one of 70 ancient trees and 70 woodlands dedicated to The Queen's Green Canopy, with a plaque installed to mark this occasion.

3. Develop a three-year Management Plan for Keats House, to ensure the future sustainability of the Keats House Charity and its operating model

The Divisional Plan has been updated to outline our work programmes and priorities over the next three years. A draft Activities Plan for 2023/24 will be presented to the City Corporation's Keats House Consultative Committee and Culture, Heritage & Libraries Committee in summer 2023. The development of a detailed three to five-year forward plan for Keats House, which is required as part of the City Corporation's documentation framework and for our Museum Accreditation return will follow the implementation of the City Corporation's Target Operating Model. This will be submitted to Members as our Trustees for consultation and approval, before being presented as part of our Museum Accreditation return, now expected in 2024.

As a result of the above activities, the Trustee has had due regard to the Charity Commission's public benefit guidance when setting objectives and planning activities.

KPIs for 2022/23

1. To increase visitor numbers to Keats House. 5,149 [2021/22 end of year outturn = 2,575.]

2. Improve Visit England Annual Quality Attraction Assessment Scheme score at Keats House. 2022/23 data not available. This scheme will be renewed in summer / autumn 2023 to inform our improvement plan and actions. [2019/20 score: 82%]

3. Achieve budgeted income and expenditure targets for Keats House Charity. Despite reduced income levels continuing in 2022/23 with c.65% achieved, the net budget position was met at year end through reduced expenditure, particularly on staff costs. This resulted in a net c.£14k increase in the Keats House Charity Reserve, which included c.£10k grant funding for activities in 2023/24.

PLANS FOR FUTURE PERIODS

The overarching priorities which will guide all of our objectives and activities from April 2023 are:

- Implement projects and activities identified in the Keats House Divisional Plan and Activities Plan for delivery in 2023/24 onwards.
- Deliver maintenance and access improvement projects at Keats House.
- Develop a three to five-year Management Plan for Keats House, to ensure the future sustainability of the Keats House Charity and its operating model.

The Trustees do not consider there to be any material uncertainty around going concern and further detail regarding this is set out on page 19.

FINANCIAL REVIEW

Overview of Financial Performance

Income

In 2022/23 the charity's total income for the year was £493,011, an overall increase of £142,894 against the previous year (£350,117). The principle source of income was from City of London Corporation's City's Cash fund (see below).

Income from Charitable Activities comprised £95,104 (2021/22: £44,016), including £18,440 from admission fees (2021/22: £5,267), £42,694 from charges for services (2021/22: £32,533), sales of £11,270 (2021/22: £6,216) and grant income of £22,700 (2021/22: £nil). The rise in income is due to increased admissions at Keats House during the year as Government restrictions have been lifted following the pandemic. This is in addition to grant monies being obtained from Cardiff University.

An amount of £394,373 (2021/22: £291,698) was received from the City of London Corporation's City's Cash as a contribution towards the running costs of the charity. The increase in contribution was mainly due to cover an increase in operational expenditure required for the running of Keats House (see expenditure below).

Expenditure

Total expenditure for the year was £478,616 (2021/22: £362,693), with charitable activities expenditure in the year totalling £473,384 (2021/22: £360,581). The increase in expenditure is largely due to increased spending in relation to the Keats 200 programme during the year as well as an increase in support costs and cyclical works. Expenditure on raising funds for the year was £5,232 (2021/22: £2,112). The reason for the variance is due to increased sales from the gift shop compared with the previous year which was partly due to increased sales volumes following the lifting of all Covid-19 restrictions.

Funds held

The charity's total funds held increased by £14,395 to £334,055 as at 31 March 2023 (2021/22: £319,660).

The charity's designated funds consist of unrestricted income funds which the Trustee has chosen to set aside for specific purposes. Such designations are not legally binding, and the Trustee can decide to "undesignate" these funds at any time. Designations as at 31 March 2023 totalled £53,478 (2021/22: £58,339). These represent designated funds within the unrestricted income fund which represents the net book value of fixed assets held.

Restricted funds of £113,992 (2021/22: £103,544) were held at year-end. This relates to the Keats Love Letter (£100,000), the remainder of a Young Roots grant (£2,121) which is being held until the Charity is instructed whether it needs to repay this unspent balance, a Watercolour painting (£1,423), unspent grant monies from Cardiff University in relation to the Young Romantics in the City project (£7,603) and donations received for use in specific projects of £2,845.

The charity's free reserves total £166,585 (2021/22: £157,777), which are held both to meet the deficit on running expenses on a year by year basis and to fund any major

activities the charity is undertaking. During 2022/23 the Charity used £13,380 from reserves to help fund the Keats 200 programme (2021/22: £37,903).

Details of all funds held, including their purposes, is set out within note 15 to the financial statements.

Reserves

The charity is wholly supported by the City of London Corporation which is committed to maintain and preserve Keats House out of its City's Cash Funds. These Funds are used to meet the deficit on running expenses on a year by year basis. The charity therefore does not need to maintain free reserves at a stated level, being either a fixed amount or a stated number of months, to ensure continued delivery of its objectives. For good governance purposes, the trustee considers holding a minimum of £20,000 as free reserves to be suitable in light of the operating model in place but the trustee will continue to keep the target under review in light of current reserve levels to ascertain whether the current minimum level of reserves required will be appropriate for the charity in future.

Principal Risks and Uncertainties

The charity is committed to a programme of risk management as an element of its strategy to preserve the charity's assets. In order to embed sound practice the senior leadership team ensures that risk management policies are applied, that there is an ongoing review of activity and that appropriate advice and support is provided. A key risk register has been prepared for the charity, which has been reviewed by the Trustee. This identifies the potential impact of key risks and the measures which are in place to mitigate such risks.

The principal risks faced by the charity, and actions taken to manage them are as follows:

Risk	Actions to manage risks
Insufficient Maintenance	Keats House to continue developing relationship with City Surveyor's Department (CSD) and attend, when necessary, client liaison meetings.
Delivery of Major Projects	Maintain ongoing liaison with the City Surveyor's Department.
Health & Safety of staff, volunteers, visitors and contractors	Keats House staff attend Health and Safety meetings as appropriate A representative of Keats House attends North London Open Spaces Management Team meetings, where H&S is a standing agenda item, and divisional/departmental meetings as required. The Principal Curator is liaising with the City Surveyor's Project Team to progress fire alarm replacement works at both buildings.
Financial Sustainability	Develop a three to five year Management Plan for Keats House, supported by a realistic fundraising strategy to be implemented by all staff.
Theft or Damage	Keats House to ensure City Surveyor's Department (CSD) address the regular maintenance and upkeep of effective security system in the Cyclical Works Programme (CWP).

TRUSTEE'S RESPONSIBILITIES

The Trustee is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Charity law requires the Trustee to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under charity law the Trustee must not approve the financial statements unless the Trustee is satisfied that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period. In preparing these financial statements, the Trustee is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustee is responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable the Trustee to ensure that the financial statements comply with the Charities Act 2011. The Trustee is also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustee is aware:

- there is no relevant audit information of which the charity's auditors are unaware; and
- the Trustee has taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Financial statements are published on the Trustee's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Trustee's website is the responsibility of the Trustee. The Trustee's responsibility also extends to the ongoing integrity of the financial statements contained therein.

Adopted and signed for on behalf of the Trustee.

Henry Nicholas Almroth Colthurst, Deputy
Chairman of Finance Committee of
The City of London Corporation
Guildhall, London

Randall Keith Anderson, Deputy
Deputy Chairman of Finance
Committee of The City of London
Corporation, Guildhall, London

Guildhall, London
xx December 2023

INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEE OF KEATS HOUSE

Updated report to be provided by Crowe

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	Unrestricted Funds £	Restricted Funds £	2022/23 Total Funds £	2021/22 Total Funds £
Income from:					
Voluntary activities	2	50	2,845	2,895	482
Charitable activities	3	75,104	20,000	95,104	44,016
Grant from City of London Corporation	4	394,373	-	394,373	291,698
Investments	5	639	-	639	212
Other	6	-	-	-	13,709
Total income		470,166	22,845	493,011	350,117
Expenditure on:					
Raising funds	7	5,232	-	5,232	2,112
Charitable activities:					
Preservation, maintenance and restoration of Keats House	7	460,987	12,397	473,384	360,581
Total expenditure		466,219	12,397	478,616	362,693
Net unrealised (loss)/gains on investments		-	-	-	(1)
Net income/ (expenditure) and net movement in funds	15	3,947	10,448	14,395	(12,577)
Reconciliation of funds:					
Total funds brought forward	15	216,116	103,544	319,660	332,237
Total funds carried forward	15	220,063	113,992	334,055	319,660

All of the above results are derived from continuing activities.

There were no other recognised gains and losses other than those shown above.

The notes on pages 19 to 30 form part of these financial statements.

BALANCE SHEET**AS AT 31 MARCH 2023**

	Notes	2023 Total £	2022 Total £
Fixed assets:			
Heritage assets	10	101,423	101,423
Tangible assets	11	53,478	58,339
Total fixed assets		154,901	159,762
Current assets			
Stock		8,749	10,349
Debtors	12	45,147	7,792
Cash at bank and in hand		151,843	151,664
Total current assets		205,739	169,806
Creditors: Amounts falling due within one year	13	(26,585)	(9,908)
Net current assets/(liabilities)		179,154	159,898
Total assets less current liabilities		334,055	319,660
The funds of the charity:			
Restricted income funds	15	113,992	103,544
Unrestricted income funds	15	220,063	216,116
Total funds		334,055	319,660

Charity Number 1053381

The notes on pages 19 to 30 form part of these financial statements

Approved and signed on behalf of the Trustee.

Caroline Al-Beyerty

Chamberlain of London and Chief Financial Officer

XX December 2023

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

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

(a) Basis of preparation

The financial statements of the charity, which is a public benefit entity under FRS102, have been prepared under the historical cost convention and in accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (second edition effective 1 January 2019) and the Charities Act 2011.

(b) Going concern

The financial statements have been prepared on a going concern basis as the Trustee considers that there are no material uncertainties about the charity's ability to continue as a going concern. The charity's governing documents place an obligation on the City of London Corporation to preserve Keats House for the benefit of the public. Funding is provided from the City of London Corporation's City's Cash. On an annual basis, a medium-term financial forecast is prepared for City's Cash, covering the next 5 years from the period covered by these financial statements. The latest forecast anticipates that adequate funds will be available in the next five years to enable the charity to continue to fulfil its obligations.

In making this assessment, the Trustee has considered the ongoing financial position, including future income levels and the liquidity of the charity in light of the ongoing impact of Covid-19 over the next 12-month period from the date of signing these financial statements. The charity is still not reopening 5 days/30 hours per week, although this has resulted in some cost savings, it may be that the charity's reserves would need to be used to cover any shortfall, whilst still adhering to the Reserves Policy. For these reasons, the Trustee continues to adopt a going concern basis for the preparation of the financial statements.

(c) Key management judgements and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenditure. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of decisions about carrying values of assets and liabilities that are not readily apparent from other sources. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and

in any future periods affected. Management do not consider there to be any material revisions requiring disclosure.

In preparing the financial statements, management has made the following key judgements: useful economic life of fixed assets and the recovery of debts.

(d) Statement of Cash Flows

The charity has taken advantage of the exemption in FRS102 (paragraph 1.12b) from the requirement to produce a statement of cash flows on the grounds that it is a qualifying entity.

A Statement of Cash Flows is included within the City's Cash Annual Report and Financial Statements 2022 which is publicly available at www.cityoflondon.gov.uk.

(e) Income

All income is included in the Statements of Financial Activities (SOFA) when the charity is legally entitled to the income; it is more likely than not that economic benefit associated with the transaction will come to the charity and the amount can be quantified with reasonable certainty. Income consists of donations, charges for use of facilities, admissions fees, membership fees, grants, (including government grants), interest, sales, filming fees and rental income.

The City of London Corporation's City's Cash meets the deficit on running expenses of the charity and also provides funding for certain capital works. This income is considered due each year end once the deficit on running expenses and capital works funding has been confirmed, and is recognised in the SOFA at this point.

(f) Expenditure

Expenditure is accounted for on an accruals basis and has been classified under the principal categories of 'expenditure on raising funds' and 'expenditure on charitable activities'. Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required, and the amount of the obligation can be measured reliably.

Governance costs include the costs of governance arrangements which relate to the general running of the charity as opposed to the direct management of functions inherent in the activities undertaken. These include the costs associated with constitutional and statutory requirements such as the cost of Trustee meetings.

Support costs (including governance costs) include activities undertaken by the City Corporation on behalf of the charity, such as human resources, digital services, legal support, accounting services, committee administration, public relations and premises costs. The basis of the cost allocation is set out in note 8.

The Trustee, the City Corporation, accounts centrally for all payroll related deductions. As a result, the charity accounts for all such sums due as having been paid. All administration costs incurred by the City Corporation are recharged to each of its charities, and these costs are included within support costs.

(g) Pension costs

Staff are employed by the City of London Corporation and are eligible to contribute to the City of London Local Government Pension Fund, which is a funded defined benefit scheme. The estimated net deficit on the Fund is the responsibility of the City of London Corporation as a whole, as one employer, rather than the specific responsibility of any of its three main funds (City Fund, City's Cash and Bridge House Estates) or the trusts it supports.

The Fund's estimated net liability has been determined by independent actuaries in accordance with FRS102 as £142.6m as at 31 March 2023 (£832.77m as at 31 March 2022). Since any net deficit is apportioned between the financial statements of the City of London's three main funds, the charity's Trustee does not anticipate that any of the liability will fall on the charity. The charity is unable to identify its share of the pension scheme assets and liabilities and therefore the Pension Fund is accounted for as a defined contribution scheme in these financial statements.

Barnett Waddingham, an independent actuary, carried out the latest triennial actuarial assessment of the scheme as at 31 March 2022, using the projected unit method. The 31 March 2022 valuation was carried out in 2022/23 and has set the contribution rates for the period 01 April 2023 to 31 March 2026 at 21.0%.

(h) Taxation

The charity meets the definition of a charitable trust for UK income tax purposes, as set out in Paragraph 1 Schedule 6 of the Finance Act 2010. Accordingly, the charity is exempt from UK taxation in respect of income or capital gains under part 10 of the Income Tax Act 2007 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

(i) Fixed Assets**Heritage Land and Associated Buildings**

Land and the original associated buildings are considered to be heritage assets. In respect of the original land and buildings, cost or valuation amounts are not included in these financial statements as reliable cost information is not available and a significant cost would be involved in the reconstruction of past accounting records, or in the valuation, which would be onerous compared to the benefit to the users of these accounts.

In accordance with the charity's scheme two buildings and the land were transferred at no cost to the ownership of the Trust on 1 January 1997. The buildings comprise the Grade 1 listed Keats House itself valued on an insurance basis at £2,484,173 (2021/22: £2,246,697) and a 1930s building called the Heath Library valued, for insurance purposes, at £1,553,130 (2021/22: £1,404,658). This latter building is now used by cultural and community groups, primarily the Keats Community Library Phoenix Group, with one room set aside to be used in compliance with the objective of the Keats House Charity.

Keats House holds a collection of Keats related materials the majority of which are not recognised in the Balance Sheet as cost information is not readily available and the

Trustee believes the benefits of obtaining valuations for these items would not justify the costs. The exceptions to this are the Keats Love letter which is valued at its cost of £100,000 and the watercolour painting which is valued at its cost of £1,423, within the balance sheet. The letter was purchased at auction in March 2011 and has not been revalued since and the watercolour painting was purchased in 2020 and has not been revalued since, as the market for both remains constant and therefore no change in conditions that might indicate a change in value has been identified. A schedule of individual items is not kept, but both the letter and the watercolour painting are stored at London Metropolitan Archives as part of the overall Keats Collection. The total insurance value for the whole Collection is £1,400,000.

Additions to the original land and capital expenditure on buildings and other assets are included as fixed assets at historic cost, less provision for depreciation and any impairment, where this cost can be reliably measured. Heritage assets are reviewed annually for indicators of impairment and adjustments recognised accordingly if required.

Tangible fixed assets

Assets that are capable of being used for more than one year and have a cost greater than £50,000 are capitalised. Such assets are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is charged from the year following that of acquisition, on a straight-line basis, in order to write off each asset over its estimated useful life as follows:

	Years
Improvements and refurbishments to buildings	up to 30

(j) Stocks

Stocks are valued at the lower of cost or net realisable value. All stocks are finished goods and are held for resale as part of the charity's operations.

(k) Cash

Cash and cash equivalents include cash in hand, overdrafts (if any) and short-term deposits and other instruments held as part of the Corporation's treasury management activities with original maturities of three months or less.

(l) Funds structure

Income, expenditure and gains/losses are allocated to particular funds according to their purpose:

Restricted funds – These include income that is subject to specific restrictions imposed by donors, with related expenditure deducted when incurred and a Heritage Asset.

Unrestricted income funds – these funds can be used in accordance with the charitable object at the discretion of the Trustee and include income generated by assets representing unrestricted funds. Specifically, this represents the surplus of income over expenditure for the charity which is carried forward to meet the requirements of future years, known as free reserves.

Designated Funds – these are funds set aside by the Trustee out of unrestricted funds for a specific purpose.

(m) Insurance

The charity, elected Members and staff supporting the charity's administration are covered by the City Corporation's insurance liability policies, and otherwise under the indemnity the City Corporation provides to Members and staff, funded from City's Cash.

2. INCOME FROM VOLUNTARY ACTIVITIES

	Unrestricted funds £	Restricted funds £	Total 2022/23 £	Total 2021/22 £
Donations and legacies	50	2,845	2,895	482

3. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2022/23 £	Restricted income 2022/23 £	Total funds 2022/23 £	Total funds 2021/22 £
Charges for services	42,694	-	42,694	32,533
Sales	11,270	-	11,270	6,216
Admission charges	18,440	-	18,440	5,267
Grant Income	2,700	20,000	22,700	-
Total	75,104	20,000	95,104	44,016

Charges for services are split as follows:

Charges for services	2022/23 £	2021/22 £
Keats community library	28,630	16,017
Private hire of Keats House	7,526	5,772
Public events	6,081	10,363
Filming	117	-
Catering/Hospitality	26	-
Commission/Royalties	224	346
Membership fees	90	35
Total	42,694	32,533

4. INCOME FROM THE CITY OF LONDON CORPORATION

	Unrestricted funds 2022/23 £	Unrestricted funds 2021/22 £
Revenue and capital grants from City of London Corporation	<u>394,373</u>	<u>291,698</u>

5. INCOME FROM INVESTMENTS

	Unrestricted funds 2022/23 £	Unrestricted funds 2021/22 £
Interest	<u>639</u>	<u>212</u>

6. OTHER INCOME

	Unrestricted funds 2022/23 £	Unrestricted funds 2021/22 £
Other income	<u>-</u>	<u>13,709</u>

Income for the year included:

Donations – being amounts received from the public at the two collection boxes in Keats House and other unsolicited sums received as well as donations received via the Keats House website.

Grants from the City of London Corporation – being the amount received from the City of London Corporation’s City’s Cash to meet the deficit on running expenses of the charity, alongside funding for capital purchases.

Charitable activities – being amounts generated from the sales of leaflets, books, maps cards and other publications relating to Keats House; charges made to the public for the use of facilities, admissions and services and from the rental of the Keats Community Library as well as grant income received.

Other income - included in Other Income on the Statement of Financial Activities is a government grant received from the Coronavirus Job Retention Scheme of £0 (2021/22: £13,709). There are no unfulfilled conditions or other contingencies relating to this grant income and no other forms of government assistance have been received in the year.

7. EXPENDITURE

Expenditure on raising funds

	Direct costs £	Total 2022/23 £	Total 2021/22 £
Cost of goods sold	5,232	5,232	2,112

Expenditure on charitable activities

	Direct costs £	Support costs £	Total 2022/23 £	Direct costs £	Support costs £	Total 2022/23 £
Preservation, maintenance and restoration of Keats House	370,190	103,194	473,384	279,486	81,095	360,581

Charitable activity

Expenditure on charitable activities includes labour, premises costs, equipment, materials and other supplies and services incurred in the running of Keats House.

8. SUPPORT COSTS

Support costs include activities undertaken by the City of London Corporation on behalf of the Charity, such as human resources, digital services, legal support, accounting services, committee administration and premises costs. Such costs are determined on a departmental basis, and are allocated on a cost recovery basis to the charity based on time spent, with associated office accommodation charged proportionately to the space occupied by the respective activities, with the split of costs as follows:

	Charitable activities £	Governance £	2022/23 £	2021/22 £
Department:				
Chamberlain	16,785	-	16,785	17,058
Comptroller & City Solicitor	3,244	-	3,244	-
Town Clerk	-	16,003	16,003	12,129
City Surveyor	8,417	-	8,417	9,372
Open Spaces directorate	34,360	-	34,360	14,126
Other governance & support costs	8,905	-	8,905	10,670
Digital Services	15,480	-	15,480	17,740
Sub-total	87,191	16,003	103,194	81,095
Reallocation of governance costs	16,003	(16,003)	-	-
Total support costs	103,194	-	103,194	81,095

All support costs are undertaken from unrestricted funds. Governance costs are allocated based on a proportion of officer time spent on the administration of Trustee and Committee related meetings.

Independent examiner's remuneration and fees for other services

Crowe U.K. LLP are the auditors of the City of London's City's Cash Fund and all of the different charities of which it is Trustee. The costs of independent examination are recharged to the charity. In 2022/23 a £2,000 fee for the independent examination of this charity's financial statements was recharged (2021/22: £1,750). No other services were provided to the charity by its examiners during the year (2021/22: £nil).

9. DETAILS OF STAFF COSTS

All staff that work on behalf of the charity are employed by the City Corporation. The average number of people directly undertaking activities on behalf of the charity during the year was 3.5 (2021/22: 3.7).

Amounts paid in respect of employees directly undertaking activities on behalf of the charity were as follows:

	2022/23	2021/22
	£	£
Salaries and wages	151,827	156,442
National Insurance costs	16,533	15,182
Employer's pension contributions	31,532	31,522
Total emoluments of employees	199,892	203,146

The number of directly charged employees whose emoluments (excluding employer's pension contribution) for the year were over £60,000 was nil (2021/22: nil).

Remuneration of Key Management Personnel

The charity considers its key management personnel to comprise the Members of the City of London Corporation, acting collectively for the City Corporation in its capacity as the Trustee, and the Director of Natural Environment who manages the seven open spaces funded by the City of London Corporation. A proportion of the Directors' employment benefits are allocated to this charity.

Support is also provided by other chief officers and their departments from across the City of London Corporation, including the Town Clerk and Chief Executive, Chamberlain, Comptroller and City Solicitor and City Surveyor.

The amount of employee benefits received by key management personnel totalled £nil (2021/22: £nil). No members received any remuneration, with directly incurred expenses reimbursed, if claimed. Expenses totalling £nil were claimed in 2022/23 (2021/22: £nil).

10. HERITAGE ASSETS

	2019 £	2020 £	2021 £	2022 £	2023 £
Cost					
At 1 April	100,000	100,000	100,000	101,423	101,423
Additions	-	-	1,423	-	-
At 31 March	100,000	100,000	101,423	101,423	101,423
Net book value					
At 31 March	100,000	100,000	101,423	101,423	101,423

Since 1996 the primary purpose of the charity has been 'to preserve and maintain and restore for the education and benefit of the public the land with the buildings known as Keats House as a museum and live memorial to John Keats and as a literary meeting place and centre'. As set out in Note 1(i), the original heritage land and buildings are not recognised in the Financial Statements, with the exception to this being the Keats Love letter which is valued at £100,000. Policies for the preservation and management of Keats House were to be contained in the Keats House Management Plan 2021/22, however, although the Activities Plan for 2021/22 has been produced, the development of a three-year forward plan for Keats House, which is required as part of the City Corporation's documentation framework and for our Museum Accreditation return, has been severely delayed by the COVID-19 pandemic. The Divisional Plan, which is for a three-year rolling period, has been updated for 2022/23 to inform the plans, priorities and activities for future periods. Records of heritage assets owned and maintained by Keats House can be obtained from the Executive Director of Environment at the principal address as stated on page 31.

11. TANGIBLE FIXED ASSETS

Plant & equipment

£

Cost	
At 1 April 2022	72,924
At 31 March 2023	72,924
Depreciation	
At 1 April 2022	14,585
Charge for the year	4,861
At 31 March 2023	19,446
Net book value	
At 31 March 2023	53,478
At 31 March 2022	58,339

12. DEBTORS – AMOUNTS DUE WITHIN ONE YEAR

	2023	2022
	£	£
Prepayments and accrued income	4,179	4,184
Recoverable VAT	10,714	495
Sundry debtors	-	386
Other debtors	30,254	2,727
Total	45,147	7,792

The reason for the large increase in debtors is primarily due to two invoices totalling £27,299 being raised shortly prior to 31st March 2023. This is in addition to an increase in the amount of VAT due to be recovered.

13. CREDITORS – AMOUNTS DUE WITHIN ONE YEAR

	2023	2022
	£	£
Sundry creditors	7,448	4,399
Other creditors	19,137	5,509
Total	26,585	9,908

14. ANALYSIS OF NET ASSETS BY FUND

At 31 March 2023	Unrestricted income funds		Restricted funds	Total at 31 March 2023	Total at 31 March 2022
	General funds	Designated funds			
	£	£			
Heritage assets	-	-	101,423	101,423	101,423
Tangible assets	-	53,478	-	53,478	58,339
Current assets	193,170	-	12,569	205,739	169,806
Current liabilities	(26,585)	-	-	(26,585)	(9,908)
Total	166,586	53,478	113,992	334,055	319,660

At 31 March 2022	Unrestricted income funds		Restricted funds	Total at 31 March 2022	Total at 31 March 2021
	General funds	Designated funds			
	£	£			
Heritage assets	-	-	101,423	101,423	101,423
Tangible assets	-	58,339	-	58,339	63,201
Current assets	167,685	-	2,121	169,806	179,363
Current liabilities	(9,908)	-	-	(9,908)	(11,750)
Total	157,777	58,339	103,544	319,660	332,237

15. MOVEMENT IN FUNDS

At 31 March 2023	Total as at 1 April 2022 £	Income £	Expenditure £	Total as at 31 March 2023 £
Restricted funds:				
Heritage Assets	101,423	-	-	101,423
Grant Funding	2,121	22,845	(12,397)	12,569
Total restricted funds	103,544	22,845	(12,397)	113,992
General funds:				
	157,777	470,166	(461,358)	166,585
Total general funds	157,777	470,166	(461,358)	166,585
Designated funds:				
Tangible fixed assets	58,339	-	(4,861)	53,478
Total designated funds	58,339	-	(4,861)	53,478
Total Unrestricted income funds	216,116	470,166	(466,219)	220,063
Total funds	319,660	493,011	(478,616)	334,055

At 31 March 2022	Total as at 1 April 2021 £	Income £	Expenditure £	Unrealised gains & (losses) £	Total as at 31 March 2022 £
Restricted funds					
Heritage Assets	101,423	-	-	-	101,423
Grant Funding	2,121	-	-	-	2,121
Total restricted funds	103,544	-	-	-	103,544
General funds:					
	165,492	350,117	(357,831)	(1)	157,777
Total general funds	165,492	350,117	(357,831)	(1)	157,777
Designated funds:					
Tangible fixed assets	63,201	-	(4,862)	-	58,339
Total designated funds	63,201	-	(4,862)	-	58,339
Total unrestricted income funds	228,693	350,117	(362,693)	(1)	216,116
Total funds	332,237	350,117	(362,693)	(1)	319,660

Purposes of restricted funds

- i. *Heritage Asset* - The purpose of this fund is to safeguard both the Keats Love Letter and the Watercolour painting, allowing the public access to these cultural assets. The transfer to restricted funds in the year arose from the heritage asset addition of the watercolour painting.
- ii. *Grant funding* – Young Roots funds remaining from a grant, being held in a restricted fund until the Charity is instructed whether it needs to repay this unspent balance.
- iii. *Grant Funding* – Funding received from Cardiff University during 2022/23 in relation to the delivery of the ‘Young Romantics in the City’ project. The remaining funds are currently expected to be spent during 2023/24.

Purposes of designated funds

Designated funds have been set aside by the Trustee for the following purposes:

- i. *Fixed Assets* – Plant and Equipment are included at historic cost less provision for depreciation and any impairment. The net book value of fixed assets at 31 March 2023 was £53,478 and is represented by a designated fund (2021/22: £58,339).

16. RELATED PARTY TRANSACTIONS

The City Corporation is the sole Trustee of the charity, as described on page 2. The City Corporation provides various services to the charity, the costs of which are recharged to the charity. This includes the provision of banking services, charging all transactions to the charity at cost and crediting or charging interest at a commercial rate. The cost of these services is included within expenditure, as set out in Note 7.

The charity is consolidated within the accounts of City's Cash, a fund of the City of London Corporation (the City Corporation, the Corporate Trustee of the charity), by virtue of the deemed control arising from the provision of the shortfall between the charity's income and expenditure by City's Cash, whose place of business is Guildhall, London EC2P 2EJ. The principal purpose of City's Cash is to manage its investments in properties, stocks and shares to provide returns which allows the City Corporation to use the income for the provision of services that are of importance to the City and Greater London as well as nationally and internationally, and to maintain the asset base so that income will be available to fund services for the benefit of future generations. The financial statements of City's Cash can be obtained from the address provided above.

The charity is required to disclose information on related party transactions with bodies or individuals that have the potential to control or influence the charity. Members are required to disclose their interests, and these can be viewed online at www.cityoflondon.gov.uk.

Members and senior staff are requested to disclose all related party transactions, including instances where their close family has made such transactions.

Figures in brackets represent the amounts due at the balance sheet date. Other figures represent the value of the transactions during the year.

Related party	Connected party	2022/23 £	2021/22 £	Detail of transaction
City of London Corporation	The City of London Corporation is the Trustee for the charity	394,373 (nil)	291,698 (nil)	The City of London Corporation's City's Cash meets the deficit on running expenses of the charity
		103,194 (nil)	81,095 (nil)	Administrative services provided for the charity

REFERENCE AND ADMINISTRATION DETAILS

CHARITY NAME: Keats House

Registered charity number: 1053381

PRINCIPAL OFFICE OF THE CHARITY & THE CITY CORPORATION:

Guildhall, London, EC2P 2EJ

TRUSTEE:

The Mayor and Commonalty & Citizens of the City of London

SENIOR MANAGEMENT:

Chief Executive

John Barradell OBE - The Town Clerk and Chief Executive of the City of London Corporation (resigned 31 December 2022)

Ian Thomas CBE - The Town Clerk and Chief Executive of the City of London Corporation (appointed 06 February 2023)

Treasurer

Caroline Al-Beyerty - The Chamberlain and Chief Financial Officer of the City of London Corporation

Solicitor

Michael Cogher - The Comptroller and City Solicitor of the City of London Corporation

Environment Department

Juliemma McLoughlin – Executive Director of Environment

Sally Agass – Interim Director of Natural Environment (resigned 31 March 2023)

INDEPENDENT EXAMINER:

Crowe U.K. LLP, 55 Ludgate Hill, London, EC4M 7JW

BANKERS:

Lloyds Bank Plc., P.O. 1000 BX1 1LT

Contact for The Chamberlain & Chief Financial Officer, to request copies of governance documents & of the Annual Report of City's Cash:

CHBOffice-BusinessSupport@cityoflondon.gov.uk

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Burnham Beeches and Stoke Common

Annual Report and Financial Statements for the year ended 31 March 2023

Charity registration number 232987

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ORIGINS OF THE CHARITY

Burnham Beeches is a 220-hectare area of open space, home to hundreds of living veteran beech and oak pollards. It is a natural and cultural heritage area of international importance, the legacy of centuries of interaction between people and the environment.

Burnham Beeches is designated as Site of Special Scientific Interest (SSSI), it is also a National Nature Reserve and a Special Area of Conservation (SAC); there are requirements under the Wildlife and Countryside Act and also a European obligation to manage the Beeches for the benefit of its wildlife.

Stoke Common is an 80-hectare area of open space and contains the largest remnant of Buckinghamshire's once extensive heathland and is also designated as Site of Special Scientific Interest (SSSI).

The Burnham Beeches charity was established under the Corporation of London (Open Spaces) Act 1878 which provided that the purpose of the charity is the preservation in perpetuity of the Open Space known as Burnham Beeches, "the Beeches", as Open Space for the recreation and enjoyment of the public.

On 12 September 2011 the assets of Stoke Common (unregistered) were transferred to Burnham Beeches (232987). After this date the Charity is called Burnham Beeches and Stoke Common.

The objects of the Charity are the preservation in perpetuity by the Corporation of London of the Open Spaces known as Burnham Beeches and Stoke Common, for the perpetual use thereof by the public for recreation and enjoyment and to preserve the natural aspect.

TRUSTEE'S ANNUAL REPORT

STRUCTURE AND GOVERNANCE

GOVERNING DOCUMENTS

The governing document is the Corporation of London (Open Spaces) Act 1878 as amended. The charity is constituted as a charitable trust.

GOVERNANCE ARRANGEMENTS

The Mayor and Commonalty and Citizens of the City of London (also referred to as 'the City Corporation' or 'the City of London Corporation'), a body corporate and politic, is the Trustee of Burnham Beeches and Stoke Common-City Of London. The City Corporation is Trustee acting by the Court of Common Council of the City of London in its general corporate capacity and that executive body has delegated responsibility in respect of the administration and management of this charity to various committees and sub-committees of the Common Council, membership of which is drawn from 125 elected Members of the Common Council and external appointees to those committees. In making appointments to committees, the Court of Common Council will take into consideration any particular expertise and knowledge of the elected Members, and where relevant, external appointees. External appointments are made after due advertisement and rigorous selection to fill gaps in skills.

Members of the Court of Common Council are unpaid for support provided to the charity and are elected by the electorate of the City of London. The Key Committees which had responsibility for directly managing matters related to the charity during 2022/23 were as follows:

- **Policy and Resources Committee** – responsible for allocating resources and administering the charity
- **Finance Committee** – Responsible for administering the Trust on behalf of the Trustee.
- **Audit and Risk Management Committee** – Responsible for overseeing systems of internal control and making recommendations to the Finance Committee of the charity.
- **Epping Forest and Commons Committee** – responsible for the activities undertaken at Burnham Beeches and Stoke Common approving budget allocations for the forthcoming year and acting as Trustee of the charity.
- **Burnham Beeches and Stoke Common Consultation Group** – provides a forum for local residents and users to comment upon both the management of Burnham Beeches and Stoke Common.
- **Corporate Services Committee** – responsible for personnel and establishment matters throughout the City of London, including negotiations with the recognised trade unions.

Individuals collectively act as Trustee by virtue of positions that they hold in the City of London Corporation in accordance with the governing document. They act as a Trustee during their tenure of these positions.

All of the above committees are ultimately responsible to the Court of Common Council of the City of London. Committee meetings are held at the Trustee's discretion in public (except where it is not considered in the charity's best interests to do so), supporting a decision-making process which is clear, transparent and publicly accountable.

The charity is consolidated within City's Cash as the City of London Corporation exercises operational control over their activities. City's Cash is a fund of the City Corporation that can be traced back to the 15th century and has been 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 City's Cash to use the income for the provision of services 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 trustee believes that good governance is fundamental to the success of the charity. An initial review of governance was undertaken to ensure that the charity is effective in fulfilling its objectives, and further more detailed work is to commence in 2023/24 as part of a review of the City of London Corporation's Natural Environment charities. Reference is being made to the good practices recommended within the Charity Governance Code, with a focus on ensuring regulatory compliance and the ongoing maintenance of an efficient and effective portfolio of charities that maximise impact for beneficiaries.

ORGANISATIONAL STRUCTURE AND DECISION-MAKING PROCESS

The charity is administered in accordance with its governing instruments and the City Corporation's own corporate governance and administration framework, including Committee Terms of Reference, Standing Orders, Financial Regulations and Officer Scheme of Delegations. These governance documents can be obtained via a request to the email address stated on page 35.

Each Member by virtue of their membership of the Court of Common Council, its relevant committees and sub-committees, has a duty to support the City Corporation in the proper exercise of its functions and in meeting its duties as Trustee of the charity by faithfully acting in accordance with charity law, the Terms of Reference of the relevant committee or sub-committee, and the City of London Corporation's agreed corporate governance framework as noted above, backed up by its standards regime.

As part of the City of London Corporation's corporate restructure, the Open Spaces Department merged with Planning & Transportation and Port Health & Environmental Services to form a new Environment Department. Burnham Beeches and Stoke Common became part of the Environment Department from 1 April 2022.

INDUCTION AND TRAINING OF MEMBERS

The City of London Corporation makes available to its Members, seminars and briefings on various aspects of its activities, including those concerning the charity, to enable Members to carry out their duties efficiently and effectively. Induction meetings are provided on specific aspects of the work of Burnham Beeches and Stoke Common. If suitable seminars or other training options are identified that are relevant to the charity, Members are advised of these opportunities.

OBJECTIVES AND ACTIVITIES

The objectives of the charity are the preservation and maintenance of Burnham Beeches and Stoke common, as open spaces for the recreation and enjoyment of the public and to maintain their natural aspect.

Purposes of the charity as set out in the governing document, the Corporation of London (Open Spaces) Act 1878:

- Burnham Beeches and Stoke Common to be kept as open space for public recreation.
- Natural aspect to be preserved.
- Land to be unenclosed and unbuilt upon, except those features required for better attainment of the Act and deemed necessary by the City.
- Byelaws protecting the site and its features to be enforced.
- Encroachments to be resisted and abated.

Main activities undertaken in relation to these purposes (All day to day activity is governed by 10-year site management plans):

- Practical conservation management activities to maintain the biodiversity of Burnham Beeches and Stoke Common, such as tree surgery work on the veteran and young replacement pollards, restoration of wood pasture and heathland habitats and management of firebreaks, scrub, grassland, bracken and wetland habitats.
- Providing volunteering opportunities to encourage community involvement.
- Providing and maintaining facilities for informal recreation.
- Grazing with cattle, ponies and other livestock where appropriate.
- Protecting Burnham Beeches and Stoke Common and its users from harm by patrolling, enforcing byelaws, resisting encroachments, challenging threats and managing assets.
- Providing educational activities and events.
- Surveying and monitoring, for wildlife, visitor use, archaeological investigations and pollution monitoring.
- Managing and protecting three Scheduled Monuments, including an iron age hillfort and 13th century moated farmstead.

Issues the charity is seeking to tackle:

- Burnham Beeches and Stoke Common's natural and cultural heritage are of national and international importance, the legacy of centuries of interaction

between people and the environment. As we progress through the 2020's and beyond the challenge of protecting this valuable resource will increase as pressures from environmental and human factors mount.

Aims:

- Maintain the biodiversity of Burnham Beeches and Stoke Common by managing habitats to favourable condition and achieving conservation gains that benefit the site and beyond.
Governing document link: preserve natural aspect, protect the timber and other trees, pollards, shrubs, underwood and herbage.
- Encourage the sustainable use of Burnham Beeches and Stoke Common for recreation and promote community involvement in all aspects of the site.
Governing document link: commons acquired by the City to be kept as open spaces for the recreation and enjoyment of the public
- Protect Burnham Beeches and Stoke Common and site users from harm. Challenge threats and maintain assets, including heritage assets, in good condition.
Governing document link: open spaces kept unenclosed and unbuilt upon. Shall by all lawful means prevent, resist and abate enclosures, encroachments and buildings upon. The City may from time to time make and alter byelaws.

The Burnham Beeches and Stoke Common Management Plans describe the strategy for achieving these aims.

Volunteers

Burnham Beeches and Stoke Common provide a wide range of volunteer opportunities. Volunteers helped deliver a varied range of habitat restoration and site maintenance, monitoring activity, care of livestock and office support, all year round, with a total of 4,250 hours of support provided. (2021/22: 4,500 hours) Highlights include volunteers helping to replace 2 boardwalks (around 200m in length) at Burnham Beeches and supporting events from an iron age/prehistory day to health walks.

Remuneration Policy

The charity's senior staff are employees of the City Corporation and, alongside all staff, pay is reviewed annually. The City Corporation is committed to attracting, recruiting and retaining skilled people and rewarding employees fairly for their contribution. As part of this commitment, staff are regularly appraised and, subject to performance, eligible for the payment of recognition awards.

The above policy applies to staff within the charity's key management personnel, as defined within Note 8 to the financial statements.

The charity is committed to equal opportunities for all employees. An Equality and Inclusion Board has been established to actively promote equality, diversity and inclusion in service delivery and employment practices. The Board is responsible for monitoring the delivery of the Equality and Inclusion Action Plan and progress against

the Equality Objectives. This also includes addressing the City Corporation's gender pay gap.

The Equality, Diversity, and Inclusion (EDI) sub-committee is currently overseeing the update of our four yearly Equality Objectives in accordance with the Equality Act 2010. The draft objectives were reviewed by Policy and Resources and Corporate Services Committees in April 2023. Following committee approval, a period of 12 weeks consultation with stakeholders will be undertaken and then analysis of consultation responses and amendments made in August 2023. Amendments will then go to September's EDI Sub-Committee and Policy and Resources and Corporate Services Committees and then to Court of Common Council for approval in October 2023.

Senior staff posts of the City Corporation are individually evaluated and assessed independently against the external market allowing each post to be allocated an individual salary range within the relevant grade, which incorporates market factors as well as corporate importance.

Fundraising

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. The legislation defines fundraising as "soliciting or otherwise procuring money or other property for charitable purposes". Although Burnham Beeches and Stoke Common charity does not undertake widespread fundraising from the general public, any such amounts receivable are presented in the financial statements as "voluntary income" including grants.

In relation to the above we confirm that all solicitations are managed internally, without involvement of commercial participators or professional fund-raisers, or third parties. The day to day management of all income generation is delegated to the executive team, who are accountable to the Trustee. The charity is not bound by any regulatory scheme and does not consider it necessary to comply with any voluntary code of practice.

There is a donations page on the Burnham Beeches webpage, inviting and enabling the public to make online donations to the Burnham Beeches Ancient Trees campaign.

The charity has received no complaints in relation to fundraising activities in the current year (2021/22: nil). Individuals are not approached for funds, hence the charity does not consider it necessary to design specific procedures to monitor such activities.

Public benefit statement

The Trustee confirms that it has referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing Burnham Beeches and Stoke Common aims and objectives and in planning future activities. The purpose of the charity is the preservation of Burnham Beeches and Stoke Common in perpetuity by the City of London Corporation as the Conservators of Burnham Beeches and Stoke Common, as Open Spaces for the recreation and enjoyment of the public.

Consequently, the Trustee considers that Burnham Beeches and Stoke Common operates to benefit the general public and satisfies the public benefit test.

REFERENCE AND ADMINISTRATIVE DETAILS

The administrative details of the charity are stated on page 35.

ACHIEVEMENTS AND PERFORMANCE

The key targets for 2022/23 together with their outputs and outcomes were:

Protection of Burnham Beeches and Stoke Common from Impact of development

The team have worked with Buckinghamshire Council and Natural England to enforce the mitigation strategy to prevent damage from additional recreation pressure from new development which includes no additional dwellings within 500m of Burnham Beeches SAC. Buckinghamshire Council have been collecting mitigation payments from new dwellings between 500m and 5.6km. This work involved the adoption of an 80yr Strategic Access Management and Monitoring Strategy (SAMMS) to confirm projects to be undertaken by the charity with the money raised to help mitigate the impact of development between 500m and 5.6Km from the SAC boundary. Projects undertaken under the SAMM in 22/23 were: a study to calculate the carrying capacity of Burnham Beeches in terms of visitor numbers and the employment of a new full time Conservation and Community Engagement Ranger, appointed in January 2023.

The team have also continued to liaise with Slough Borough Council to attempt to gain quality mitigation in respect of the impact of development within 5.6km. This has resulted in Section 106 agreements related to two developments to date. Funds provided have been used in 2022/23 for; the employment of a second Conservation and Community Engagement Ranger, for 5 years, also appointed in January 2023; and air quality monitoring related to development at the Slough power station.

Both Buckinghamshire Council and Slough Borough Council are in the early stages of Local Plan development and the team have continued to engage with this process. A review of the boundary of the Chilterns Area of Outstanding Local Beauty is also still in the early stages and the team have contributed to this process to explore the options for better protection for Burnham Beeches and Stoke Common through expansion of the boundary to include both areas.

Protection of the wider landscape around Burnham Beeches

The team at Burnham Beeches and Stoke Common worked with partner organisations including the Dorneywood Trust, National Trust, Buckinghamshire Council and Plantlife to continue to develop proposals to improve the management of the land around Burnham Beeches, so that it better supports and buffers the habitats and species found within the nature reserve. In 2022/23 this involved continuing to liaise with partners and, building on the information from survey work, undertaken in 2021/22 by commissioning contractors to undertake a study to look at what the landscape would be like compared to now as a result of any proposed changes.

Protection of Burnham Beeches from very high recreation pressure

The implementation of SAMMs project and employment of the 2 Community engagement rangers are all actions to support this objective.

The team have continued to liaise with Buckinghamshire Council to support the implementation of a roadside parking prevention plan, to protect verges and land around Burnham Beeches and prevent nuisance parking on local roads. This was due to be implemented in 2021/22 but the Council's delivery timetable has moved back to 2022/23

The temporary seasonal area and path closures at Burnham Beeches, first introduced in late winter 2020/21, were again put in place from December 2022 to the end of March 2023 with clear signage and good alternative access routes made available and have again prevented damage to the monuments.

Caring for scheduled Ancient Monuments (SMs)

The Iron Age hillfort at Burnham Beeches, known as Seven Ways Plain (SWP), and adjoining wood bank was subject to a further activity by archaeologists working for the Heritage Lottery Fund (HLF) funded project, Beacons of the past - Hillforts in the Chilterns Landscape. In April 2022 a 10-day public dig was organised on a bank and ditch leading to SWP. A pre-history/iron age open day event, attended by around 200 visitors, was also held in April 2022. Work to improve interpretation and help with long term management at Seven Ways Plain and the Moat SMs also continued with designs for a site signboard agreed, augmented reality interpretation in development and a walk over survey carried out to produce a new SM management plan to guide the care of the SMs in future years.

Countryside Stewardship and key habitat management works and veteran trees

Wood pasture restoration work funded by the scheme was undertaken in two areas at Burnham Beeches. All other required countryside stewardship work was carried out at both sites; with the exception of the planned cutting in rotation of the ancient pollarded trees. This specialised work, planned for the winter of 2022/23, has been postponed due to the likely negative impact of the prolonged drought of summer 2023 on the health of these veteran trees. Work to cut 200 young pollarded trees (the future veteran pollards) was undertaken instead.

Grazing

The expansion of the area of Burnham Beeches grazed by livestock continued in 2022/23 with an expansion of the area grazed by invisible fences (IF) and the grazing of the whole of the main Common. The Beeches also successfully used a new satellite based IF system during the summer of 2022 – the system worked well and as hoped allowed the grazing of areas currently not possible with existing systems and also provided additional information for monitoring of the impact of grazing.

Pond restoration

A pond silt survey and work options study were undertaken to help guide how the biological restoration works at both Top and Middle ponds at the Beeches could be undertake in future.

Oak Processionary Moth (OPM)

Site inspection and control plans were implemented as required at Stoke common in 2022/23. As expected the number of nests dealt with increased from 95 in 2021/22 to 238 in 2022/23.

Boardwalks

Two boardwalks at Burnham Beeches (over 200m in total length) were replaced in 2022/23 by staff and volunteers to continue to improve access at the National Nature Reserve whilst ensuring damage to vulnerable habitat is minimised.

PLANS FOR FUTURE PERIODS

The aim of the charity is the preservation in perpetuity by the Corporation of London of the Open Spaces known as Burnham Beeches and Stoke Common, for the perpetual use thereof by the public for recreation and enjoyment.

Key projects for 2023/24 include:

Protection of Burnham Beeches and Stoke Common from impact of development - The team at Burnham Beeches and Stoke Common will continue to support Buckinghamshire Council in developing their local plan and by implementing actions required by the SAMMs including developing the role of SAMMs funded Conservation and Community Engagement Ranger

The team will continue to work with Slough Borough Council to obtain the best protection possible from development pressure caused by housing development and the Slough local plan develop the role of the section 106 funded Conservation and Community Engagement Ranger.

Protection of the wider landscape around Burnham Beeches – The team will continue to work with neighboring landowners, including the National Trust and the Dorneywood Trust, to change the management of land adjacent to Burnham Beeches to better support the protected species and habitats. This will include using information gathered over the last few years to draw up a plan for the ideal long- term management and obtain costs for delivering this, including potential funding options for delivery.

Protection of Burnham Beeches from very high recreation pressure – The team will continue to work with Buckinghamshire Council to help them implement a roadside parking prevention plan, to protect verges and land around Burnham Beeches and prevent nuisance parking on local roads.

The team will look to produce an Access strategy for the Beeches based on the findings from the visitor impact study completed in June 2022. This will further guide future options to help minimise damage from heavy recreational use.

Public Spaces Protection Orders in relation to Dog walking activities at Burnham Beeches are due for review in 2023.

Caring for Scheduled Monuments (SMs) – 2023/24 should see the completion of outstanding actions at the Beeches from the HLF funded project, Beacons of the past – Hillforts in the Chilterns Landscape. This will include new site signage, augmented reality interpretation and a final whole site SM management plan.

Countryside Stewardship and key habitat management works & veteran trees – Work to meet obligations under the scheme, at both sites, will be undertaken as per site management plans. The team will also carry out clearance and reduction work as per the 10-year work programme and maintain efforts on squirrel control to ensure reduction in damage on old pollards which are the most important habitat feature at Burnham Beeches and of international significance.

Grazing – Plans from the new management plan 2020 -2029 to further expand the area of Burnham Beeches grazed by livestock will continue in 2023/24 with an expansion of the area grazed by invisible fences.

Sculpture/Sensory trail and information point – Plans to refresh both the Burnham Beeches information point and sculpture/sensory trails will be developed and costed for future delivery.

Pond restoration – Plan to deliver pond restoration will be progressed to detailed work plans and tender and year 1 works delivered subject to team capacity and funds being available.

Oak Processionary Moth (OPM) – Site inspection and control plans will be implemented as required in 2023/24 and numbers of nests dealt with are likely to increase again this year.

The Trustee does not consider there to be any material uncertainty around going concern and further detail regarding this is set out on page 23.

FINANCIAL REVIEW

Overview of Financial Performance

Income

In 2022/23 the charity total income for the year was £2,274,288, an overall increase of £963,782 against the previous year (£1,310,506). The principal source of income was from City of London Corporation's City's Cash fund (see below), and the main reason for the increase in income was in relation to new contributions received from local authorities, detailed below.

Income from Charitable Activities comprised £304,300 from fees and charges (2021/22: £213,385) and £57,282 from rents (2021/22: £57,169). The increase in income from fees and charges was due to an increase in filming income.

Grants income of £97,070 was received in the year (2021/22: £140,290). Donation income was £8,113 (2021/22: £3,664) and Section 106 and Strategic Access Management & Monitoring Strategy (SAMMS) contributions from local authorities amounted to £754,785 (2021/22: £nil).

An amount of £1,050,592 (2021/22: £895,524) was received from the City of London Corporation's City's Cash as a contribution towards the running costs of the charities. The grant increased during the year because it represents deficit funding required for any expenditure not covered by other income, and expenditure in the year increased as explained below.

Expenditure

Total expenditure for the year was £1,514,234 (2021/22: £1,262,241) all of which related to charitable activities. The increase in expenditure was due to an increase in recharges from the Natural Environment directorate and additional spending on repairs and maintenance and cyclical works projects.

Funds held

The charity's total funds held increased by £760,054 to £1,812,704 as at 31 March 2023 (2021/22: increased by £48,265 to £1,052,650).

The charity's designated funds consist of unrestricted income which the Trustee has chosen to set aside for specific purposes. Such designations are not legally binding, and the Trustee can decide to 'undesignate' these funds at any time. Designations as at 31 March 2023 totalled £1,022,884 (2021/22: £990,252) an increase of £32,632. Designated funds within the unrestricted income fund represent the net book value of fixed assets held and a designated fund for Stoke Common.

A general fund of £2,268 (2021/22: £831) relates to surplus unrestricted donations income.

A restricted fund of £787,552 (2021/22: £61,567) was held at year-end. This relates to £721,310 of S106 and SAMMS contributions from Buckinghamshire Council and Slough Borough Council (2021/22: £nil), £60,014 legacy payments for the purpose of specific restoration work (2021/22: £60,014) and £6,228 in donations generated from the Burnham Beeches Ancient Trees Campaign (2021/22: £1,553).

Details of all funds held, including their purposes, is set out within Note 15 to the financial statements.

Reserves

The charity is wholly supported by the City of London Corporation which is committed to maintain and preserve Burnham Beeches and Stoke Common out of its City's Cash Funds. These Funds are used to meet the deficit on running expenses on a year by year basis. Consequently, this charity has no free reserves and a reserves policy is considered by the Trustee to be inappropriate. Donations are now being sought and these may be carried forward, but there is currently no intention to hold them as a minimum amount owing to the deficit funding status of the charity.

Principal Risks and Uncertainties

The charity is committed to a programme of risk management as an element of its strategy to preserve the charity's assets. In order to embed sound practice the senior leadership team ensures that risk management policies are applied, that there is an

on-going review of activity and that appropriate advice and support is provided. A key risk register has been prepared for the charity, which has been reviewed by the Trustee. This identifies the potential impact of key risks and the measures which are in place to mitigate such risks.

The principal risks faced by the charity, and actions taken to manage them are as follows :

Risk	Actions to manage risks
Health and Safety Failure	Policies and procedures developed and under active review. Staff training for roles and activity undertaken. Staff, volunteers and contractors follow established safety protocols. Regular compliance checks including annual audit.
Local Planning Issues	Impact of visitor and development pressure monitored. Environmental monitoring is carried out. Section 106 funding will be used to employ additional Rangers and mitigation projects. Local plans being developed by neighbouring boroughs are scrutinised and commented on by officers. Production of mitigation strategies with neighbouring local authorities as part of the local plan process.
Tree Diseases and Other Pests	Biosecurity policies and procedures in place and regularly reviewed. An OMP management plan is in place for Stoke Common and a similar one may be introduced for Burnham Beeches if required. Education and information for visitors. Staff and volunteer training to help them recognise issues at early stages. Programme of tree health and annual tree safety inspections in place. Active involvement with leading partners such as Forestry Commission and Natural England.
Climate and Weather	Storm procedures in place and regularly reviewed. Fire plans in place and subject to annual review. Research on impact of climate change on protected habitats of Burnham Beeches and Stoke Common. Ongoing liaison with local fire services to develop emergency plans.
Reduction in direct grant available from the Rural Payments Agency (RPA) to deliver conservation related services across the charity and reduction in Basic Payment Schemes (BPS)	CSS grants secured until 2028. Monitoring of proposed changes to grant options with phasing out of BPS and responding to consultations as required. RPA re-assessment of elements of the previously secured grants may see a reduction for some annual payments related to the management of veteran trees. This is still being actively discussed.
Accelerated long term damage to sites	Visitor numbers have returned to 'normal' pre-Covid levels. Although they have still been higher than average at times.

Risk	Actions to manage risks
	Seasonal; area/path restrictions are now part of normal business in order to protect the SAC. Permanent parking restrictions are expected to be installed by Buckinghamshire County Council around Burnham Beeches during the next 12 months.
Cyclical Works Programme (CWP) reduction in 2021/22	Reduction in centrally funded CWP and site maintenance funding for 2022/23 and regular fabric work suspension requiring local budget to deliver needed repairs.

TRUSTEE RESPONSIBILITIES

The Trustee is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Charity law requires the Trustee to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under charity law the Trustee must not approve the financial statements unless the Trustee is satisfied that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period. In preparing these financial statements, the Trustee is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustee is responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable the Trustee to ensure that the financial statements comply with the Charities Act 2011. The Trustee is also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustee is aware:

- there is no relevant audit information of which the charity's auditors are unaware; and
- the Trustee has taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Financial statements are published on the Trustee's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Trustee's website is the responsibility of the Trustee. The Trustee's responsibility also extends to the ongoing integrity of the financial statements contained therein.

Adopted and signed for on behalf of the Trustee.

Henry Nicholas Almroth Colthurst, Deputy
Chairman of Finance Committee of
The City of London Corporation

Guildhall, London

XX December 2023

Randall Keith Anderson, Deputy
Deputy Chairman of Finance
Committee of The City of London
Corporation

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF BURNHAM BEECHES AND STOKE COMMON

****Updated report to be provided****

Opinion

We have audited the financial statements of Burnham Beeches and Stoke Common ('the charity') for the year ended 31 March 2023 which comprise the statement of financial activities, the balance sheet and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Charity's affairs as at 31 March 2023 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustee with respect to going concern are described in the relevant sections of this report.

Other information

The Trustee is responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the Trustee's report; or
- sufficient and proper accounting records have not been kept by the Charity; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustee

As explained more fully in the trustee's responsibilities statement set out on page 16 and 17, the Trustee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustee is responsible for assessing the Charity'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 Trustee either intends to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011, and report in accordance with the Acts and relevant regulations made or having effect thereunder.

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

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

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

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

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

We obtained an understanding of the legal and regulatory frameworks within which the Charity operates, focusing on those laws and regulations that have a direct effect on the

determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Charities Act 2011 together with the Charities SORP (FRS102). We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

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

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

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

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

Use of our report

This report is made solely to the charity's Trustee, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's Trustee 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 charity and the charity's Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

[This report has not yet been signed]

Crowe U.K. LLP
Statutory Auditor

55 Ludgate Hill, London, EC4M 7JW

XX/XX/XXXX

Crowe U.K. LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDING 31 MARCH 2023

	Notes	Unrestricted Funds £	Restricted Funds £	2022/23 Total Funds £	2020/21 Total Funds £
Income from:					
Voluntary activities	2	90,508	769,460	859,968	143,954
Charitable activities	3	361,582	-	361,582	270,554
Grant from City of London Corporation	4	1,050,592	-	1,050,592	895,524
Investments	5	2,146	-	2,146	474
Total income		1,504,828	769,460	2,274,288	1,310,506
Expenditure on:					
Charitable activities:					
Preservation and operation of Burnham Beeches and Stoke Common	6	1,470,759	43,475	1,514,234	1,262,241
Total expenditure		1,470,759	43,475	1,514,234	1,262,241
Net income/(expenditure) and net movement in funds		34,069	725,985	760,054	48,265
Reconciliation of funds:					
Total funds brought forward	15	991,083	61,567	1,052,650	1,004,385
Total funds carried forward	15	1,025,152	787,552	1,812,704	1,052,650

All of the above results are derived from continuing activities.

There were no other recognised gains and losses other than those shown above.

The notes on pages 23 to 34 form part of these financial statements.

BALANCE SHEET**AS AT MARCH 2023**

	Notes	2023 Total £	2022 Total £
Fixed assets:			
Tangible assets	10	890,298	859,812
Total fixed assets		890,298	859,812
Current assets			
Debtors	11	116,719	39,256
Cash at bank and in hand		955,959	214,865
Total current assets		1,072,678	254,121
Creditors: Amounts falling due within one year	12	(138,272)	(49,283)
Net current assets		934,406	204,838
Total assets less current liabilities		1,824,704	1,064,650
Creditors: Amounts falling due after more than one year	13	(12,000)	(12,000)
Total net assets		1,812,704	1,052,650
The funds of the charity:			
Restricted income funds	15	787,552	61,567
Unrestricted income funds	15	1,025,152	991,083
Total funds		1,812,704	1,052,650

The notes on pages 23 to 34 form part of these financial statements

Approved and signed on behalf of the Trustee.

Caroline Al-Beyerty

Chamberlain of London and Chief Financial Officer

XX December 2023

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

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

(a) Basis of Preparation

The financial statements of the charity, which is a public benefit entity under FRS102, have been prepared under the historical cost convention and in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) (second edition effective 1 January 2019) and the Charities Act 2011.

(b) Going concern

The financial statements have been prepared on a going concern basis as the Trustee considers that there are no material uncertainties about the charity's ability to continue as a going concern. The charity's governing documents place an obligation on the City of London Corporation to preserve the open spaces for the benefit of the public. Funding is provided from the City of London Corporation's City's Cash. The Trustee considers the level of grant funding received and plans activities as a result of this. On an annual basis, a medium-term financial forecast is prepared for City's Cash, covering the next 5 years from the period covered by these financial statements. The latest forecast anticipates that adequate funds will be available in the 12 months from the date of these financial statements being signed to enable the charity to continue to fulfil its obligations.

In making this assessment the Trustee has considered the potential ongoing impact of the current high inflationary pressures on the financial position, including future income levels and planned expenditure and the liquidity of the charity over the next 12-month period. The assessment helps to provide assurances that the charity can continue to keep operating over the next 12-month period. For this reason, the Trustee continues to adopt a going concern basis for the preparation of the financial statements.

(c) Key management judgements and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenditure. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of decisions about carrying values of assets and liabilities that are not readily apparent from other sources. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised

and in any future periods affected. Management do not consider there to be any material revisions requiring disclosure.

In preparing the financial statements, management has made the following key judgements: useful economic life of fixed assets.

(d) Statement of Cash Flows

The charity has taken advantage of the exemption in FRS102 (paragraph 1.12b) from the requirement to produce a statement of cash flows on the grounds that it is a qualifying entity.

A Statement of Cash Flows is included within the City's Cash Annual Report and Financial Statements 2023 which is publicly available at www.cityoflondon.gov.uk.

(e) Income

All income is included in the Statements of Financial Activities (SOFA) when the charity is legally entitled to the income; it is more likely than not that economic benefit associated with the transaction will come to the charity and the amount can be quantified with reasonable certainty. Income consists of donations, charges for use of facilities, contributions, grants, investment income, interest, sales and rental income:

The City of London Corporation's City's Cash meets the deficit on running expenses of the charity and also provides funding for certain capital works. This income is considered due each year end once the deficit on running expenses and capital works funding has been confirmed, and is recognised in the SOFA at this point.

(f) Expenditure

Expenditure is accounted for on an accruals basis and has been classified under the principal categories of 'expenditure on raising funds' and 'expenditure on charitable activities'. Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required, and the amount of the obligation can be measured reliably.

Governance costs include the costs of governance arrangements which relate to the general running of the charity as opposed to the direct management of functions inherent in the activities undertaken. These include the costs associated with constitutional and statutory requirements such as the cost of Trustee meetings.

Support costs (including governance costs) include activities undertaken by the City Corporation on behalf of the charity, such as human resources, digital services, legal support, accounting services, committee administration, public relations and premises costs. The basis of the cost allocation is set out in Note 7.

The Trustee, the City Corporation, accounts centrally for all payroll related deductions. As a result, the charity accounts for all such sums due as having been paid. The costs incurred in the administration of each charity are recharged by the City Corporation, and these costs are included within support costs.

(g) Pension Costs

Staff are employed by the City of London Corporation and are eligible to contribute to the City of London Local Government Pension Fund, which is a funded defined benefit scheme. The estimated net deficit on the Fund is the responsibility of the City of London Corporation as a whole, as one employer, rather than the specific responsibility of any of its three main funds (City Fund, City's Cash and Bridge House Estates) or the trusts it supports.

The Fund's estimated net liability has been determined by independent actuaries in accordance with FRS102 as £142.6m as at 31 March 2023 (£832.7m as at 31 March 2022). Since any net deficit is apportioned between the financial statements of the City of London's three main funds, the charity's Trustee does not anticipate that any of the liability will fall on the charity. The charity is unable to identify its share of the pension scheme assets and liabilities and therefore the Pension Fund is accounted for as a defined contribution scheme in these financial statements.

Barnett Waddingham, an independent actuary, carried out the latest triennial actuarial assessment of the scheme as at 31 March 2022, using the projected unit method. The 31 March 2022 valuation was carried out in 2022/23 and has set the contribution rates for the period 01 April 2023 to 31 March 2026 at 21%. Contribution rates adopted for the financial years 2020/21, 2021/22 and 2022/23 had been set at 21%.

(h) Taxation

The charity meets the definition of a charitable trust for UK income tax purposes, as set out in Paragraph 1 Schedule 6 of the Finance Act 2010. Accordingly, the charity is exempt from UK taxation in respect of income or capital gains under part 10 of the Income Tax Act 2007 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

(i) Fixed Assets**Heritage Land and Associated Buildings**

Burnham Beeches and Stoke Common comprises 303 hectares (748 acres) of land in South Buckinghamshire, together with associated buildings. The object of the charity is the preservation of Burnham Beeches and Stoke Common in perpetuity as Open Spaces for the recreation and enjoyment of the public. Burnham Beeches and Stoke Common is considered to be inalienable (i.e. they may not be disposed of without specific statutory powers).

Land and the original associated buildings are considered to be heritage assets. In respect of the original land and buildings, cost or valuation amounts are not included in these financial statements as reliable cost information is not available and a significant cost would be involved in the reconstruction of past accounting records, or in the valuation, which would be onerous compared to the benefit to the users of these accounts.

Additions to the original land and capital expenditure on buildings and other assets are included as fixed assets at historic cost, less provision for depreciation and any

impairment, where this cost can be reliably measured. Heritage assets are reviewed annually for indicators of impairment and adjustments recognised accordingly if required.

Tangible Fixed Assets

Assets that are capable of being used for more than one year and have a cost greater than £50,000 are capitalised. Such assets are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is charged from the year following that of acquisition, on a straight-line basis, in order to write off each asset over its estimated useful life as follows:

	Years
Operational buildings	30 to 50
Improvements and refurbishments to buildings	up to 30
Equipment	5 to 25

(j) Cash

Cash and cash equivalents include cash in hand, overdrafts (if any) and short term deposits and other instruments held as part of the Corporation's treasury management activities with original maturities of three months or less.

(k) Funds structure

Income, expenditure and gains/losses are allocated to particular funds according to their purpose:

Restricted Funds – These include income that is subject to specific restrictions imposed by donors, with related expenditure deducted when incurred.

Unrestricted Income Funds – these funds can be used in accordance with the charitable objects at the discretion of the Trustee and include both income generated by assets held within the permanent endowment fund and from those representing unrestricted funds. Specifically, this represents the surplus of income over expenditure for the charity which is carried forward to meet the requirements of future years, known as free reserves.

Designated Funds – these are funds set aside by the Trustee out of unrestricted funds for a specific purpose.

(l) Insurance

The charity, elected Members and staff supporting the charity's administration are covered by the City Corporation's insurance liability policies, and otherwise under the indemnity the City Corporation provides to Members and staff, funded from City's Cash.

2. INCOME FROM VOLUNTARY ACTIVITIES

	Unrestricted funds	Restricted funds	Total 2022/23	Unrestricted funds	Restricted funds	Total 2021/22
	£	£	£	£	£	£
Grants	87,070	10,000	97,070	140,290	-	140,290
Donations and legacies	3,438	4,675	8,113	2,221	1,443	3,664
Contributions	-	754,785	754,785	-	-	-
Total	90,508	769,460	859,968	142,511	1,443	143,954

3. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds	Total 2022/23	Unrestricted funds	Total 2021/22
	£	£	£	£
Charges for use of facilities	304,300	304,300	213,385	213,385
Rental income	57,282	57,282	57,169	57,169
Total	361,582	361,582	270,554	270,554

4. INCOME FROM THE CITY OF LONDON CORPORATION

	Unrestricted funds	Total 2022/23	Unrestricted funds	Total 2021/22
	£	£	£	£
Revenue and Capital grants	1,050,592	1,050,592	895,524	895,524

5. INCOME FROM INVESTMENTS

	Unrestricted funds	Total 2022/23	Unrestricted funds	Total 2021/22
	£	£	£	£
Interest	2,146	2,146	474	474

Income for the year included:

Grants – Grants have been received from Natural England’s Countryside Stewardship Scheme and the Rural Payments Agency under the basic payment scheme for carrying out specific programmes operated by the charity. Also Buckinghamshire Council awarded a grant to carry out a landscape project.

Contributions – being funding received under Section 106 of the Town and Country Planning Act 1990 and Strategic Access Management & Monitoring Strategy (SAMMS) contributions from local authorities.

Donations – being voluntary amounts received from the public through donations; including donations collected via the Burnham Beeches webpage for the Burnham Beeches Ancient Trees campaign.

Grants from the City of London Corporation – being the amount received from the City of London Corporation’s City’s Cash to meet the deficit on running expenses of the charity, alongside funding for capital purchases.

Charitable activities – being amounts generated from charges made to the public for the use of facilities, such as car parks, the use of the site as a filming location and from the rental of the Beeches Eco Café.

6. EXPENDITURE

	Direct costs £	Support costs £	Total 2022/23 £	Direct costs £	Support costs £	Total 2021/22 £
Preservation and operation of Burnham Beeches and Stoke Common	1,302,026	212,208	1,514,234	1,110,716	151,525	1,262,241

Charitable activity

Expenditure on the charitable activities includes labour, premises costs, equipment, materials and other supplies and services incurred in the running of Burnham Beeches and Stoke Common.

Auditor’s remuneration and fees for other services

Crowe U.K. LLP are the auditors of the City of London’s City’s Cash Fund and provide assurance services to all of the different charities of which it is Trustee. In 2022/23 an audit fee of £5,500 was recharged (2021/22: £5,000). No other services were provided to the charity by its auditors during the year (2021/22: £nil).

7. SUPPORT COSTS

Support costs include activities undertaken by the City of London Corporation on behalf of the Charity, such as human resources, digital services, legal support, accounting services, committee administration and premises costs. Such costs are determined on a departmental basis, and are allocated on a cost recovery basis to the charity based on time spent, with associated office accommodation charged proportionately to the space occupied by the respective activities, with the split of costs as follows:

	Charitable activities £	Governance £	2022/23 £	2021/22 £
Department:				
Chamberlain	28,884	-	28,884	27,702
Comptroller & City Solicitor	4,659	-	4,659	4,984
Town Clerk	-	22,978	22,978	15,770
City Surveyor	21,353	-	21,353	21,201
Open Spaces directorate	95,310	-	95,310	39,702
Other governance & support costs	7,401	5,500	12,901	11,904
Digital Services	26,123	-	26,123	30,262
Sub-total	183,730	28,478	212,208	151,525
Reallocation of governance costs	28,478	(28,478)	-	-
Total	212,208	-	212,208	151,525

All support costs are undertaken from unrestricted funds. Governance costs are allocated based on a proportion of officer time spent on the administration of Trustee and Committee related meetings.

8. DETAILS OF STAFF COSTS

All staff that work on behalf of the charity are employed by the City Corporation. The average number of people directly undertaking activities on behalf of the charity during the year was 12 (2021/22: 13).

Amounts paid in respect of employees directly undertaking activities on behalf of the charity were as follows:

	2022/23 £	2021/22 £
Salaries and wages	427,671	406,239
National Insurance costs	43,623	39,346
Employer's pension contributions	92,731	89,391
Total emoluments of employees	564,025	534,976

The number of directly charged employees whose emoluments (excluding employer's pension contribution) for the year were over £60,000 was nil (2021/22: nil).

Remuneration of Key Management Personnel

The charity considers its key management personnel to comprise the Members of the City of London Corporation, acting collectively for the City Corporation in its capacity as the Trustee, and the Director of Open Spaces who manages the seven open spaces funded by the City of London Corporation. A proportion of the Directors' employment benefits are allocated to this charity.

Support is also provided by other chief officers and their departments from across the City of London Corporation, including the Town Clerk and Chief Executive, Chamberlain, Comptroller and City Solicitor and City Surveyor.

The amount of employee benefits received by key management personnel totalled £15,508 (2021/22: £7,732). No members received any remuneration, with directly incurred expenses reimbursed, if claimed. Expenses totalling £nil were claimed in 2022/23 (2021/22: £nil).

9. HERITAGE ASSETS

Since 1880 the primary purpose of the charity has been the preservation of Burnham Beeches and Stoke Common for the recreation and enjoyment of the public. As set out in Note 1(j), the original heritage land and buildings are not recognised in the Financial Statements. Policies for the preservation and management of Burnham Beeches and Stoke Common are contained in the Management plans for Burnham Beeches and Stoke Common. Records of heritage assets owned and maintained by Burnham Beeches and Stoke Common can be obtained from the Executive Director of Environment at the principal address as stated on page 35.

10. TANGIBLE FIXED ASSETS

	Land and Buildings £	Infrastructure £	Plant £	Equipment £	Total £
Cost					
At 1 April 2022	835,256	126,424	50,000	165,045	1,176,725
Additions	-	11,301	-	67,442	78,743
Disposals	-	-	-	-	-
At 31 March 2023	835,256	137,725	50,000	232,487	1,255,468
Depreciation					
At 1 April 2022	286,804	8,604	-	21,505	316,913
Charge for the year	18,148	8,604	5,000	16,505	48,257
Disposals	-	-	-	-	-
At 31 March 2023	304,952	17,208	5,000	38,010	365,170
Net book value					
At 31 March 2023	530,304	120,517	45,000	194,477	890,298
At 31 March 2022	548,452	117,820	50,000	143,540	859,812

11. DEBTORS

	2023 £	2022 £
Rental debtors	8,701	2,353
Prepayments and accrued income	3,983	3,754
Recoverable VAT	34,838	23,486
Other debtors	92	9,663
Sundry debtors	69,105	-
Total	116,719	39,256

12. CREDITORS – AMOUNT FALLING DUE WITHIN ONE YEAR

	2023	2022
	£	£
Trade creditors	25,604	29,969
Accruals	76,161	13,070
Deferred income	9,940	2,703
Other creditors	26,567	3,541
Total	138,272	49,283

Deferred income relates to rental income received in advance for periods after the year-end.

	2023	2022
	£	£
Deferred income analysis within creditors:		
Balance at 1 April	2,730	6,526
Amounts released to income	(2,730)	(6,526)
Amounts deferred in the year	9,940	2,730
Balance at 31 March	9,940	2,730

13. CREDITORS - AMOUNTS DUE AFTER MORE THAN ONE YEAR

	2023	2022
	£	£
Sundry deposits	12,000	12,000

The Sundry deposit relates to a Café rent deposit.

14. ANALYSIS OF NET ASSETS BY FUND

At 31 March 2023	Unrestricted Income Funds		Restricted Funds	Total at 31 March 2023	Total at 31 March 2022
	General Funds	Designated Funds			
	£	£	£	£	£
Tangible Assets	-	890,298	-	890,298	859,812
Current Assets	152,540	132,586	787,552	1,072,678	254,121
Current Liabilities	(138,272)	-	-	(138,272)	(49,283)
Non-current liabilities	(12,000)	-	-	(12,000)	(12,000)
Total	2,268	1,022,884	787,552	1,812,704	1,052,650

At 31 March 2022	Unrestricted Income Funds		Restricted Funds	Total at 31 March 2022	Total at 31 March 2021
	General Funds	Designated Funds			
	£	£	£	£	£
Tangible Assets	-	859,812	-	859,812	814,295
Current Assets	62,114	130,440	61,567	254,121	274,028
Current Liabilities	(49,283)	-	-	(49,283)	(71,938)
Non-current liabilities	(12,000)	-	-	(12,000)	(12,000)
Total	831	990,252	61,567	1,052,650	1,004,385

15. MOVEMENT IN FUNDS

At 31 March 2023	Total as at 1 April 2022 £	Income £	Expenditure £	Total as at 31 March 2023 £
Restricted funds:				
Legacy income	60,014	-	-	60,014
Campaign donations	1,553	4,675	-	6,228
S106 contributions	-	754,785	(33,475)	721,310
Landscape Project	-	10,000	(10,000)	-
Total restricted funds	61,567	769,460	(43,475)	787,552
Unrestricted funds:				
General funds	831	1,423,939	(1,422,502)	2,268
Designated funds:				
Stoke Common	130,440	2,146	-	132,586
Capital Adjustment Account	518,343	-	(48,257)	470,086
Infrastructure	126,424	11,301	-	137,725
Furniture and Equipment	165,045	67,442	-	232,487
Plant	50,000	-	-	50,000
Total designated funds	990,252	80,889	(48,257)	1,022,884
Total unrestricted funds	991,083	1,504,828	(1,470,759)	1,025,152
Total funds	1,052,650	2,274,288	(1,514,234)	1,812,704
At 31 March 2022	Total as at 1 April 2021 £	Income £	Expenditure £	Total as at 31 March 2022 £
Restricted funds:				
Legacy income	60,014	-	-	60,014
Campaign donations	110	1,443	-	1,553
Total restricted funds	60,124	1,443	-	61,567
Unrestricted funds:				
General funds	-	1,219,815	(1,218,984)	831
Designated funds:				
Stoke Common	129,966	474	-	130,440
Capital Adjustment Account	561,600	-	(43,257)	518,343
Infrastructure	87,650	38,774	-	126,424
Furniture and Equipment	165,045	-	-	165,045
Plant	-	50,000	-	50,000
Total designated funds	944,261	89,248	(43,257)	990,252
Total unrestricted funds	944,261	1,309,063	(1,262,241)	991,083
Total funds	1,004,385	1,310,506	(1,262,241)	1,052,650

Purposes of restricted funds

Legacy income - To be held and spent in accordance with the donator's wishes in maintaining a pond area.

Campaign donations - Represents funds received from the public through donations. A donations page has been created on the Burnham Beeches webpage, inviting and enabling the public to make on-line donations to the Burnham Beeches ancient trees campaign. In total, £4,675 was received during the year (2021/22: £1,443).

Section 106 Contributions – Funds received from Slough Borough Council and Buckinghamshire Council under Section 106 of the Town and Country Planning Act 1990. Projects will be undertaken to mitigate the impact of local new developments.

Purposes of unrestricted funds

General fund – Consists of surplus unrestricted donation income. Unrestricted donations received during the year were £3,438 (2021/22: £2,221) of which £1,437 (2021/22: £831) was surplus and transferred to the general fund.

Designated funds have been set aside by the Trustee for the following purposes:

Fixed Assets (Capital Adjustment Account Fund, Infrastructure Fund and Furniture and Equipment Fund) – Plant and equipment are included at historic cost less provision for depreciation and any impairment. The net book value of fixed assets at 31 March 2023 was £890,298 and is represented by these three designated funds (2021/22: £859,812, three designated funds)

Stoke Common designated fund – Stoke Common was acquired by the City of London from South Bucks District Council on 31 October 2007. On 12 September 2011 the assets and liabilities of Stoke Common were transferred to Burnham Beeches and Stoke Common. £109,872 was transferred, being the balance of the lump sum from South Buckinghamshire District Council; interest accrued to date is reflected in the balance of £132,586 as at 31 March 2023 (2021/22: £130,440). This lump sum is to fund on-going maintenance costs of Stoke Common.

16. RELATED PARTY TRANSACTIONS

The City Corporation is the sole Trustee of the charity, as described on page 4. The City Corporation provides various services to the charity, the costs of which are recharged to the charity. This includes the provision of banking services, charging all transactions to the charity at cost and crediting or charging interest at a commercial rate. The cost of these services is included within expenditure, as set out in Note 6.

The charity is consolidated within the accounts of City's Cash, a fund of the City of London Corporation (the City Corporation, the Corporate Trustee of the charity), by virtue of the deemed control arising from the provision of the shortfall between the charity's income and expenditure by City's Cash, whose place of business is Guildhall, London EC2P 2EJ. The principal purpose of City's Cash is to manage its investments in properties, stocks and shares to provide returns which allows the City Corporation to use the income for the provision of services that are of importance to the City and Greater London as well as nationally and internationally, and to maintain the asset base so that income will be available to fund services for the benefit of future generations. The financial statements of City's Cash can be obtained from the address provided above.

The charity is required to disclose information on related party transactions with bodies or individuals that have the potential to control or influence the charity. Members are

required to disclose their interests, and these can be viewed online at www.cityoflondon.gov.uk.

Members and senior staff are requested to disclose all related party transactions, including instances where their close family has made such transactions.

Figures in brackets represent the amounts due at the balance sheet date. Other figures represent the value of the transactions during the year.

Related party	Connected party	2022/23 £	2021/22 £	Detail of transaction
City of London Corporation	The City of London Corporation is the Trustee for the charity	1,050,592	895,524	The City of London Corporation's City's Cash meets the deficit on running expenses of the charity
		(nil)	(nil)	
		212,208	151,525	Administrative services provided for the charity
		(nil)	(nil)	

REFERENCE AND ADMINISTRATION DETAILS

CHARITY NAME Burnham Beeches and Stoke Common

Registered charity number 232987

PRINCIPAL OFFICE OF THE CHARITY & THE CITY CORPORATION

Guildhall, London, EC2P 2EJ

TRUSTEE

The Mayor and Commonalty & Citizens of the City of London

SENIOR MANAGEMENT

Chief Executive

John Barradell OBE - The Town Clerk and Chief Executive of the City of London Corporation (resigned 31 December 2022)

Ian Thomas CBE – The Town Clerk and Chief Executive of the City of London Corporation (appointed 06 February 2023)

Treasurer

Caroline Al-Beyerty - The Chamberlain & Chief Financial Officer of the City of London Corporation

Solicitor

Michael Cogher - The Comptroller and City Solicitor of the City of London Corporation

Environment Department

Juliemma McLoughlin – Executive Director of Environment

Sally Agass – Interim Director of Natural Environment (resigned 31 March 2023)

AUDITORS

Crowe U.K. LLP, 55 Ludgate Hill, London, EC4M 7JW

BANKERS

Lloyds Bank Plc., P.O.Box 1000, BX1 1LT

Contact for The Chamberlain & Chief Financial Officer, to request copies of governance documents & of the Annual Report of City's Cash:

CHBOffice-BusinessSupport@cityoflondon.gov.uk

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Epping Forest

Annual Report and Financial Statements for the
year ended 31 March 2023

Charity registration number 232990

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ORIGINS OF THE CHARITY

As one of the earliest publicly accessible wild landscapes in England, Epping Forest predates the UK's National Parks by nearly 80 years and shares a common bond in seeking to preserve the wildness of a treasured landscape whilst guaranteeing widespread public access.

Purchased by the City of London Corporation under founding legislation The Epping Forest Act 1878, the Forest was then dedicated by Queen Victoria “for the enjoyment of my people forever”, and as the custodian of the Forest, the City and the Forest's Conservators have continued to conserve it for everyone to enjoy.

Promoting and enabling public access to the Forest remains our guiding principle and we strive to exceed visitors' expectations by providing a safe and welcoming environment, rich in wildlife, which offers activity and excitement, and peace and tranquillity in equal measure. We welcome 4.2 million people to the Forest every year, and we want all Londoners to continue to value their Forest, and for visitors from further afield to benefit from all that the Forest has to offer.

TRUSTEE'S ANNUAL REPORT

STRUCTURE AND GOVERNANCE

The governing documents are the Epping Forest Acts 1878 and 1880 as amended. The charity is constituted as a charitable trust.

GOVERNANCE ARRANGEMENTS

The Mayor and Commonalty and Citizens of the City of London (also referred to as 'the City Corporation' or 'the City of London Corporation'), a body corporate and politic, is the trustee of Epping Forest. The City Corporation is trustee acting by the Court of Common Council of the City of London in its general corporate capacity and that executive body has delegated responsibility in respect of the administration and management of this charity to various committees and sub-committees of the Common Council, membership of which is drawn from 125 elected Members of the Common Council and external appointees to those committees. In making appointments to committees, the Court of Common Council will take into consideration any particular expertise and knowledge of the elected Members, and where relevant, external appointees. External appointments are made after due advertisement and rigorous selection to fill gaps in skills. For Epping Forest, Elected Aldermen and Members of the City of London Corporation are appointed to the Epping Forest and Commons Committee, together with four Verderers - locally elected by Epping Forest Commoners in elections held every seven years - governing Epping Forest for the Court of Common Council of the City of London Corporation.

Members of the Court of Common Council are unpaid for support provided to the charity and are elected by the electorate of the City of London. The Key Committees which had responsibility for directly managing matters related to the charities during 2022/23 were as follows:

- **Policy and Resources Committee** – responsible for allocating resources and administering the charity.
- **Finance Committee** – responsible for controlling budgets, support costs and other central charges that affect the charity as a whole.
- **Audit and Risk Management Committee** – responsible for overseeing systems of internal control and making recommendations to the Finance Committee relating to the approval of the Annual Report and Financial Statements of the charity.
- **Investment Committee** – responsible for the strategic oversight and monitoring of the performance of the charity's investments which are managed by three separate sub-committees, namely the Financial Investment Board, the Property Investment Board and the Social Investment Board.
- **Epping Forest & Commons Committee** – responsible for the activities undertaken at Epping Forest, approving budget allocations for the forthcoming year and acting as Trustees of the charity.
- **Epping Forest Consultative Committee** – considers and discusses areas of concern or debate at Epping Forest with representative user groups across the Forest – particularly those due to be raised at Epping Forest and Commons Committee.

All of the above committees are ultimately responsible to the Court of Common Council of the City of London. Committee meetings are held at the Trustee's discretion in public (except where it is not considered in the charity's best interests to do so), supporting a decision-making process which is clear, transparent and publicly accountable.

The charity is consolidated within City's Cash as the City of London Corporation exercises operational control over their activities. City's Cash is a fund of the City Corporation that can be traced back to the 15th century and has been 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 City's Cash to use the income for the provision of services 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 trustee believes that good governance is fundamental to the success of the charities. An initial review of governance was undertaken to ensure that the charity is effective in fulfilling its objectives, and further more detailed work is to commence in 2023/24 as part of a review of the City of London Corporation's Natural Environment charities. Reference is being made to the good practices recommended within the Charity Governance Code, with a focus on ensuring regulatory compliance and the ongoing maintenance of an efficient and effective portfolio of charities that maximise impact for beneficiaries.

ORGANISATIONAL STRUCTURE AND DECISION-MAKING PROCESS

The charity is administered in accordance with its governing instruments and the City Corporation's own corporate governance and administration framework, including Committee Terms of Reference, Standing Orders, Financial Regulations and Officer Scheme of Delegations. These governance documents can be obtained via a request to the email address stated on page 37.

Each Member by virtue of their membership of the Court of Common Council, its relevant committees and sub-committees, has a duty to support the City Corporation in the proper exercise of its functions and in meeting its duties as trustee of the charity by faithfully acting in accordance with charity law, the Terms of Reference of the relevant committee or sub-committee, and the City of Corporation's agreed corporate governance framework as noted above, backed up by its standards regime.

INDUCTION AND TRAINING OF MEMBERS

The City Corporation makes available to its Members, seminars and briefings on various aspects of its activities, including those concerning the charity, to enable Members to carry out their duties efficiently and effectively. Induction meetings are provided on specific aspects of the work of Epping Forest. If suitable seminars or other training options are identified that are relevant to the charity, Members are advised of these opportunities.

OBJECTIVES AND ACTIVITIES

The objective of the charity is the preservation of Epping Forest in perpetuity, as an open space for the recreation and enjoyment of the public. The open space consists of the lands known as Epping Forest including Wanstead Park and Highams Park in Essex. Various buffer lands have been acquired by the City Corporation around the edges of Epping Forest.

Investment Policy

The charity's investments are held in units of the City of London Charities Pool (registered charity number: 1021138). The investment policy is to provide a real increase in annual income in the long term whilst preserving the value of the capital base. The annual report and financial statements of the Charities Pool (which include an analysis of investment performance against objectives set) are available from the Chamberlain of London, at the email address stated on page 37.

Volunteers

Epping Forest welcomes volunteers both directly and through partner organisation in all aspects of Forest management from conservation, to front of house and Rangers.

Remuneration Policy

The charities senior staff are employees of the City Corporation and, alongside all staff, pay is reviewed annually. The City Corporation is committed to attracting, recruiting and retaining skilled people and rewarding employees fairly for their contribution. As part of this commitment, staff are regularly appraised and, subject to performance, eligible for the payment of recognition awards.

The above policy applies to staff within the charities key management personnel, as defined within note 9 to the financial statements.

The charity is committed to equal opportunities for all employees. An Equality and Inclusion Board has been established to actively promote equality, diversity inclusion in service delivery and employment practices. The Board is responsible for monitoring the delivery of the Equality and Inclusion Action Plan and progress against the Equality Objectives. This also includes addressing the City Corporation's gender, ethnicity and disability pay gaps.

The Equality, Diversity, and Inclusion (EDI) sub-committee is currently overseeing the update of our four-yearly Equality Objectives in accordance with the Equality Act 2010. The draft objectives were reviewed by Policy and Resources and Corporate Services Committees in April 2023. Following committee approval, a period of 12 weeks consultation with stakeholders will be undertaken and then analysis of consultation responses and amendments made in August 2023. Amendments will then go to September's EDI Sub-Committee and Policy and Resources and Corporate Services Committees and then to Court of Common Council for approval in October 2023.

Senior staff posts of the City Corporation are individually evaluated and assessed independently against the external market allowing each post to be allocated an individual salary range within the relevant grade, which incorporates market factors as well as corporate importance.

Fundraising

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. The legislation defines fundraising as “soliciting or otherwise procuring money or other property for charitable purposes”. Although Epping Forest charity does not undertake widespread fundraising from the general public, any such amounts receivable is presented in the financial statements as “voluntary income” including grants.

In relation to the above we confirm that all solicitations are managed internally, without involvement of commercial participators or professional fund-raisers, or third parties. The day-to-day management of all income generation is delegated to the executive team, who are accountable to the trustee. The charity is not bound by any regulatory scheme and does not consider it necessary to comply with any voluntary code of practice.

There is a donations page on the Epping Forest webpage, inviting and enabling the public to make online donations to either the Epping Forest Common Toad Conservation Project or the Epping Forest New Sculptures and Trail campaign.

The charity received no complaints in relation to fundraising activities in 2022/23 (2021/2022 was also nil). Individuals are not approached for funds; hence the charity does not consider it necessary to design specific procedures to monitor such activities.

Public benefit statement

The Trustee confirms that it has referred to the guidance contained in the Charity Commission’s general guidance on public benefit when reviewing Epping Forest’s aims and objectives and in planning future activities. The purpose of the charity is the preservation of Epping Forest in perpetuity by the City of London Corporation as the Conservators of Epping Forest, as an Open Space for the recreation and enjoyment of the public.

This charity is operated as part of the City of London Corporation’s City’s Cash. The City of London Corporation is committed to fund the ongoing net operational costs of the charity in accordance with the purpose which is the preservation of Epping Forest in perpetuity by the City of London Corporation as the Conservators of Epping Forest, as an Open Space for the recreation and enjoyment of the public.

Consequently, the Trustee considers that Epping Forest operates to benefit the general public and satisfies the public benefit test.

REFERENCE AND ADMINISTRATIVE DETAILS

The administrative details of the charity are stated on page 37.

ACHIEVEMENTS AND PERFORMANCE

Epping Forest's 2022/23 aims together with their outcomes were:

Corporate Restructure – This process continues, with staff being consulted on initial structure plans during February-March 2023. Outcomes of consultation to be communicated and implemented through 2023/24.

Carbon Removal – An accurate calculation of the carbon captured by the City of London Corporation's open spaces was undertaken showing 16.4kt of carbon is absorbed every year. Epping Forest captures the most carbon of all the open spaces sites. Opportunities to increase carbon capture through habitat works has been identified and consultants are also looking at how our existing woodlands, which provide the greatest carbon capture capacity, can be better protected.

Special Areas of Conservation (SAC) Mitigation Strategy – All participating authorities have agreed the SAC Mitigation Strategy – Governance Agreement. Authorities have already commenced the collection of SAMMS payments from developments within their boroughs.

Wanstead Parkland Plan – Feasibility study complete for sustainable urban drainage scheme funded by Mayor of London. Engineers report complete for large, raised reservoir. Natural play area created. Restoration of landing stage at the Grotto phase one complete.

Baldwins & Birch Hall Park Ponds Small Raised Reservoirs. Birch Hall Park works complete. Baldwins Pond undergoing further review and retender.

Sustainable Visitor Strategy and Car Parking – Visitor Management Plan completed awaiting consultation. Phase 3 car parking roll out in progress.

Byelaw Review – Initial plans for amendments and additions have been drawn up. Due to resourcing issues this is next due for progress in September 2023.

Implementation of new Customer Service and Regulatory Software– CiviCRM Customer Relationship Management software has been delivered and is in the process of being fully embedded to business as usual. The StarTraQ system, used to capture and support enforcement processes has completed development and training, but integration delayed due to resourcing issues.

Developing sporting partnership opportunities – City of London match funding agreed towards Football Hub scheme.

Lodges – Barn Hoppitt Lodge at Rangers Road has been successfully launched as Epping Forest's second holiday let and is receiving an excellent level of bookings and good reviews. Other empty lodges are being refurbished, as far as resources allow, ready for staff occupation or letting according to needs on completion of corporate restructure.

Countryside Stewardship Scheme (CSS) – The two-year capital works programme to undertake the initial major wood pasture restoration works was completed in October. Just under 80 veteran trees have received tree pruning to stabilise and reinvigorate the old, pollarded trees. Volunteers have been delivering heathland, pond and other wood pasture restoration works. On the heathlands, small areas of competitive grasses were removed to encourage sensitive heathland species to colonise and expand their populations. A new application was submitted in April 2023 for a CSS grant for the rest of Epping Forest.

Conservation Cattle Grazing – Budget provided for improvements to cattle overwintering facilities. Planning permission received for hay barn.

Sustainable Fleet and Operations – A number of new road vehicles and tractors have been purchased this year, all compliant with increasing environmental legislation including ULEZ. The replacement programme will continue into future years.

PLANS FOR FUTURE PERIODS

Key projects for 2023/24 include:

Corporate Restructure This process continues with staff being consulted on initial structure plans during February- March 2023. Outcomes of consultation to be communicated and implemented through 2023/24

Charity Review – Scoping phase of a review of the governance and operations of the natural environment charities of which the City of London Corporation is Trustee (including Epping Forest charity) will take place in 2023/24, with initial recommendations implemented where applicable and areas for further work identified.

Byelaws – Continuation of the existing project to review and update EF Byelaws where necessary or desirable.

Lodges and Property – Following the Residency Strategy, to then continue the programme of refurbishment of properties suited to their planned use, including various letting options.

Visitor Management Plan – Consultation stages and implementation.

Countryside Steward Scheme (CSS) – Continue to deliver the existing grant programme of habitat management, and work towards being awarded a second CSS grant for the remaining areas of Epping Forest.

Conservation Management Plan – to be completed for The Temple.

Sustainable Urban Drainage Scheme (SUDS) – to be implemented in Wanstead Park pending funding award.

Great Gregories – Commencement of construction of improved overwintering facilities.

Carbon Reduction Strategy – To continue to participate in the City of London Climate Action Strategy.

Natural Capital Programmes – to further research and programmes where possible.

The Trustees do not consider there to be any material uncertainty around going concern and further detail regarding this is set out on page 21.

The Trustee is monitoring the situation and will continue with its purpose to preserve of Epping Forest in perpetuity by the City of London Corporation as the Conservators of Epping Forest, as an Open Space for recreation and enjoyment of the public.

FINANCIAL REVIEW

Overview of Financial Performance

Income

In 2022/23 the charity's total income for the year was £8,188,103, an overall increase of £924,445 against the previous year (£7,263,658). The principal source of income was from City of London Corporation's City's Cash fund (see below).

Income from Charitable Activities totalled £2,480,124 (2021/22: £2,001,464), including £1,845,995 from charges for use of facilities and licences (2021/22: £1,359,149), £488,724 from rents (2021/22: £541,531) and £145,405 from sales of goods, products and materials (2021/22: £100,784).

In total, grant income of £778,947 was received in the year, towards programmes administered by the charity (2021/22: £502,243) (see below).

- A restricted government grant of £207,654 was received in the year from the Countryside Stewardship Scheme (CSS) which provides funding to farmers and land managers to farm in a way that supports biodiversity, enhances the landscape, and improves the quality of water, air and soil. (2021/22: £264,469).
- Capital property receipts of £427,652 (2021/22: £118,000) was received in 2022/23. Capital receipts relating to easements from Woodredon Farm and Mornington Road, Woodford, were credited to the Epping Forest Capital Fund which can be used for the acquisition of Forest land or capital projects in the Forest.

Donations – being amounts received from the public including through donation boxes at the Temple and at the View as well as via the Epping Forest webpage. Unrestricted donations amounted to £39,178 during 2022/23 (2021/22: £894) and included a contribution from the Lord Mayor to support the maintenance of ancient trees at Epping Forest in addition to sponsorship income received. In total £60 in restricted donations income was received during the year (2021/22: £185) via the website. Donations can be made on the Epping Forest webpage, to either the Epping Forest Common Toad Conservation Project or the Epping Forest New Sculptures and Trail campaign.

Investment income of £11,212 (2021/22: £3,171) received during the year consists of distributions from the Charities Pool and interest receivable on cash balances held on behalf of the charity.

No other income was received (2021/22: £3,112 was received in relation to Coronavirus Job Retention Scheme).

An amount of £4,878,582 (2021/22: £4,527,135) was received from the City of London Corporation's City's Cash as a contribution towards the running costs of the charity.

Expenditure

Total expenditure for the year relating to charitable activities expenditure was £7,601,136 (2021/22: £7,351,365). The increase in expenditure can be explained by additional repairs and maintenance costs, equipment purchases and professional fees being required in 2022/23 in addition to an increase in recharges from the Natural Environment Directorate.

Funds held

The charity's total funds held increased by £586,875 to £6,885,338 as at 31 March 2023 (2021/22: £6,298,463).

The charity's designated funds consist of unrestricted income funds which the Trustee has chosen to set aside for specific purposes. Such designations are not legally binding, and the Trustee can decide to "undesignate" these funds at any time. Designations as at 31 March 2023 totalled £6,627,298 (2021/22: £6,171,657). In addition, unrestricted general funds amounted to £6,109 as at 31 March 2023 (2021/22: £0) in relation to surplus donations income.

Restricted funds of £251,932 (2021/22: £126,806) were held at year-end. These relate to Campaign Donations of £60 and £251,147 in relation to the Countryside Stewardship Scheme. Donations can be made on the Epping Forest webpage, to either the Epping Forest Common Toad Conservation Project or the Epping Forest New Sculptures and Trail campaign. Plans are being put in place for utilising these funds.

In addition to the above restricted funds, £38,000 was received in 2022/23 from the Greater London Authority (GLA) to fund the Wetlands Project at Wanstead Park. £10,000 was also received from the Heritage of London Trust to support Phase One Landing Stage Works at The Grotto. The funding for both of these projects was fully spent during 2022/23.

Details of all funds held, including their purposes, is set out within note 17 to the financial statements.

Investments performance

Over the course of 2022/23 the Charities Pool investment strategy delivered an absolute return (gross of fees) of +2.22% which was below the FTSE All Share Index benchmark return of +2.92% (2021/22: the investment strategy gained +11.1% versus +13.0% from the benchmark). However, over the longer term three and five year horizon, performance of the Charities Pool Investments, as displayed in the table below, was above the benchmark. With effect from 22 July 2022, the Charities Pool transferred its investments from the Artemis Income Fund to the Artemis Income (Exclusions) Fund, which is an unconstrained, multigap strategy that aims to generate a rising income stream combined with long-term capital growth. The fund invests in UK equities and can also hold international equities and bonds. Shares in companies that derive more than 20% of their revenues from tobacco, gambling, weapons and fossil fuels are excluded.

Fund	2022/23		2021/22	
	3 year	5 year	3 year	5 year
FTSE All Share	14.1%	5.6%	7.3%	6.2%
Fund outperformance	0.3%	0.6%	2.0%	1.5%

Reserves

The charity is wholly supported by the City of London Corporation which is committed to maintain and preserve Epping Forest out of its City's Cash Funds. These Funds are used to meet the deficit on running expenses on a year by year basis. Consequently, a reserves policy is considered by the trustee to be inappropriate. Free reserves of £6,109 were held

as at 31 March 2023 (2021/22: £nil) relating to surplus unrestricted donation income held in reserve.

Principal Risks and Uncertainties

The charity is committed to a programme of risk management as an element of its strategy to preserve the charity's assets. In order to embed sound practice the senior leadership team ensures that risk management policies are applied, that there is an on-going review of activity and that appropriate advice and support is provided. A key risk register has been prepared for the charity, which has been reviewed by the Trustee. This identifies the potential impact of key risks and the measures which are in place to mitigate such risks.

The principal risks faced by the charity, and actions taken to manage them are as follows:

Risk	Actions to manage risks
Health & Safety incidents/Catastrophic Health and Safety Failure	Staff roles linked to essential and desirable training needs. Continual and annual review Clear role and responsibilities set out in documentation and reinforced by training. Structure of local H&S meeting arrangements enables cascading of decisions, issues, responsibilities, and communications. H&S checks undertaken annually for all refreshments and food outlets under licence in the forest, excluding ice cream vans. Provide support to staff where possible.
Decline in Assets condition	Schedule of statutory checks and visits carried out by City Surveyor or delegated to site. Joint inspection of all buildings including residential by site and City Surveyor to capture maintenance needs. Improvements to Great Gregories. Capital funding being sought for essential works to Aldersbrook changing facilities.
Raised Reservoirs	Weekly inspection of reservoirs / dams. Statutory inspection visits by engineer every six months. Complete works on Birch Hall Park Pond. Undertake surveys and investigate funding options for works on other ponds.
Invasive Non-Native Species (INNS)	Develop an INNS policy - particular focus on Oak Processionary Moth, although other pathogens and areas of concern to be tackled. Track works done to mitigate the spread of Oak Processionary Moth in Epping Forest.
Loss of forest and buffer land and/or concession of prescriptive rights	Audits of all forest compartments to be completed. Work with City Surveyor's and Comptroller and City Solicitor's Departments to consider whether legal action is required to settle disputes.
Loss of knowledge of skilled staff/difficulties in recruitment	Succession plan approved and to be reviewed annually. Talent Management Strategy to be developed but deferred awaiting outcome of TOM process. Increase documentation of memory-based knowledge.

Risk	Actions to manage risks
	<p>Ensure that information needed for emergency situations and out of hours is written down forming part of a pack. Move collected data onto the GIS system.</p> <p>Ability to recruit overlapping positions to allow transfer of knowledge. Budgetary consideration and proactive support from HR</p>
Public behaviour	<p>Public Spaces Protection Orders (PSPO's) are in place. These and other dog control measures are monitored and action taken where appropriate.</p> <p>Multi-disciplinary approach with enforcement and outreach team.</p> <p>Develop relationships with local authority neighbours, police services, fire service etc.</p>
Pathogens	<p>Implement actions arising from Massaria survey. Annual inspection of all Rhododendron and Larch to ensure Ramorum disease does not spread.</p> <p>Develop a biosecurity policy for whole Forest, building on Ramorum security policy approach. Measures will be integrated into the INNS Action Plan for completion in 2024.</p>
Development Consents close to Forest Land	<p>Continue to influence the Epping Forest District Council, London Borough of Waltham Forest and other surrounding local plans. Look to embed the Epping Forest Special Area of Conservation (SAC) Mitigation Strategy in Local Plans and to ensure robust monitoring of the effectiveness of mitigation measures.</p> <p>Development and ongoing work on the Forest Transport Strategy</p>
Financial management and loss of income	<p>Working to deficit budget reduction targets by increasing income generation e.g., from car parking charges.</p> <p>Further efficiencies and income enhancement to be sought.</p>
Declining Site of Special Scientific Interest (SSSI)/Special Area of Conservation (SAC) Condition	<p>Application for a further Countryside Stewardship grant is likely to be submitted in 2023.</p> <p>Create plan of action for 5 compartments within existing resources to ensure consideration of priorities for CSS application.</p>
Severe Weather Events	<p>Incident Management Plan updated to incorporate wildfire planning and JESIP protocols for joint action across authorities.</p> <p>Site visits by fire services to confirm infrastructure is satisfactory have been scheduled.</p> <p>Tree safety survey has identified necessary works. Relevant works are being prioritised and options for employing additional staff or contractors to carry them out are being considered.</p>

Risk	Actions to manage risks
Wanstead Park – Heritage at Risk Register	Identify potential funding / partners and submit bid. Funders may include HLF
Major Incident resulting in prolonged ‘Access Denial’	The Emergency Action Plan was tested successfully during the pandemic using JESIP (Joint Emergency Services Interoperability Principles) and has been implemented and supported by additional measures.

TRUSTEE'S RESPONSIBILITIES

The Trustee is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Charity law requires the Trustee to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under charity law the Trustee must not approve the financial statements unless the Trustee is satisfied that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period. In preparing these financial statements, the Trustee is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustee is responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable the Trustee to ensure that the financial statements comply with the Charities Act 2011. The Trustee is also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustee is aware:

- there is no relevant audit information of which the charity's auditors are unaware; and
- the Trustee has taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Financial statements are published on the Trustee's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Trustee's website is the responsibility of the Trustee. The Trustee's responsibility also extends to the ongoing integrity of the financial statements contained therein.

Adopted and signed for on behalf of the Trustee.

Henry Nicholas Almroth Colthurst, Deputy
Chairman of Finance Committee of
The City of London Corporation
Guildhall, London

Randall Keith Anderson, Deputy
Deputy Chairman of Finance
Committee of The City of London
Corporation, Guildhall, London

Guildhall, London

XX November 2023

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF EPPING FOREST

****Updated report for 2022/23 to be provided****

Opinion

We have audited the financial statements of Epping Forest for the year ended 31 March 2023 which comprise the Statement of Financial Activities, Balance Sheet and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2023 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charities in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustee with respect to going concern are described in the relevant sections of this report.

Other information

The Trustee is responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other

than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the Trustee's report; or
- sufficient and proper accounting records have not been kept by the charity; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustee

As explained more fully in the Trustee's responsibilities statement set out on page 13 and 14, the Trustee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustee is responsible for assessing the charities 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 Trustee either intends to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011, and report in accordance with the Acts and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

We obtained an understanding of the legal and regulatory frameworks within which the charity operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Charities Act 2011 together with the Charities SORP (FRS102) 2019. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

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

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

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

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

internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

This report is made solely to the charities Trustee, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charities Trustee 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 charity and the charity's Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

Crowe U.K. LLP

Statutory Auditor

55 Ludgate Hill, London, EC4M 7JW

31 January 2024

Crowe U.K. LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	Unrestricted Funds 2022/23 £	Restricted Funds 2022/23 £	2022/23 Total Funds £	2021/22 £
Income from:					
Voluntary activities	2	562,471	255,714	818,185	728,776
Charitable activities	3	2,480,124	-	2,480,124	2,001,464
Grant from City of London Corporation	4	4,878,582	-	4,878,582	4,527,135
Investments	5	11,212	-	11,212	3,171
Other income	6	-	-	-	3,112
Total income		7,932,389	255,714	8,188,103	7,263,658
Expenditure on:					
Charitable activities:					
Preservation of Epping Forest	7	7,470,548	130,588	7,601,136	7,351,365
Total expenditure		7,470,548	130,588	7,601,136	7,351,365
Net gains/(losses) on investments	12	(92)	-	(92)	185
Net expenditure		461,750	125,126	586,876	(87,522)
Transfers between funds					
				-	-
Net movement in funds		461,750	125,126	586,876	(87,522)
Reconciliation of funds:					
Total funds brought forward	17	6,171,657	126,806	6,298,463	6,385,985
Total funds carried forward	17	6,633,407	251,932	6,885,339	6,298,463

All of the above results are derived from continuing activities.

There were no other recognised gains and losses other than those shown above.

The notes on pages 21 to 36 form part of these financial statements.

BALANCE SHEET

AS AT 31 MARCH 2023

	Notes	2023 Total £	2022 Total £
Fixed assets:			
Heritage assets	10	377,950	378,911
Tangible assets	11	4,619,544	4,849,752
Investments	12	3,966	4,058
Total fixed assets		5,001,460	5,232,721
Current assets			
Stock		31,293	28,077
Debtors	13	531,993	443,120
Cash at bank and in hand		2,026,358	1,428,251
Total current assets		2,589,644	1,899,448
Creditors: Amounts falling due within one year	14	(643,680)	(769,946)
Net current assets/(liabilities)		1,945,964	1,129,502
Total assets less current liabilities		6,947,424	6,362,223
Creditors: Amounts falling due after more than one year	15	(62,085)	(63,760)
Total net assets		6,885,339	6,298,463
The funds of the charity:			
Restricted income funds	17	251,932	126,806
Unrestricted income funds	17	6,633,407	6,171,657
Total funds		6,885,339	6,298,463

The notes on pages 21 to 36 form part of these financial statements.

Approved and signed on behalf of the Trustee.

Caroline Al-Beyerty

Chamberlain of London and Chief Financial Officer

XX November 2023

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

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

(a) Basis of preparation

The financial statements of the charities, which is a public benefit entity under FRS102, have been prepared under the historical cost convention as modified by the valuation of investments which are held at fair value and in accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (second edition effective 1 January 2019) and the Charities Act 2011.

(b) Going concern

The financial statements have been prepared on a going concern basis as the Trustee considers that there are no material uncertainties about the charity's ability to continue as a going concern. The charity's governing documents place an obligation on the City of London Corporation to preserve the open spaces for the benefit of the public. Funding is provided from the City of London Corporation's City's Cash. On an annual basis, a medium-term financial forecast is prepared for City's Cash, covering the next 5 years from the period covered by these financial statements. The latest forecast anticipates that adequate funds will be available in the 12 months from the date of these financial statements being signed to enable the charity to continue to fulfil its obligations.

In making this assessment, the Trustee has considered the current high inflationary pressures on the financial position, including future income levels, planned expenditure and the liquidity of the charity over the next 12-month period. The assessment helps to provide assurances that the charity can continue to keep operating over the next 12-month period from these financial statements being signed. For this reason, the Trustee continues to adopt a going concern basis for the preparation of the financial statements.

(c) Key management judgements and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenditure. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of decisions about carrying values of assets and liabilities that are not readily apparent from other sources. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Management do not consider there to be any material revisions requiring disclosure.

In preparing the financial statements, management has made the following key judgements: useful economic life of fixed assets and the recovery of debts.

(d) Statement of Cash Flows

As per section 14.1 of the Charities SORP the Charity is not required to produce a statement of cash flows on the grounds that it is a qualifying entity.

A Statement of Cash Flows is included within the City's Cash Annual Report and Financial Statements 2021 which is publicly available at www.cityoflondon.gov.uk.

(e) Income

All income is included in the Statements of Financial Activities (SOFA) when the charity is legally entitled to the income; it is more likely than not that economic benefit associated with the transaction will come to the charity and the amount can be quantified with reasonable certainty. Income consists of donations, charges for services and use of facilities, contributions, grants (including government grants), investment income, interest, sales and rental income.

The City of London Corporation's City's Cash meets the deficit on running expenses of the charity and also provides funding for certain capital works. This income is considered due each year end once the deficit on running expenses and capital works funding has been confirmed, and is recognised in the SOFA at this point.

(f) Expenditure

Expenditure is accounted for on an accruals basis and has been classified under the principal categories of 'expenditure on raising funds' and 'expenditure on charitable activities'. Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required, and the amount of the obligation can be measured reliably.

Governance costs include the costs of governance arrangements which relate to the general running of the charity as opposed to the direct management of functions inherent in the activities undertaken. These include the costs associated with constitutional and statutory requirements such as the cost of Trustee meetings.

Support costs (including governance costs) include activities undertaken by the City Corporation on behalf of the charity, such as human resources, digital services, legal support, accounting services, committee administration, public relations and premises costs. These costs are recharged, and the basis of the cost allocation is set out in note 8.

The Trustee, the City Corporation, accounts centrally for all payroll related deductions. As a result, the charity accounts for all such sums due as having been paid.

(g) Pension costs

Staff are employed by the City of London Corporation and are eligible to contribute to the City of London Local Government Pension Fund, which is a funded defined benefit scheme. The estimated net deficit on the Fund is the responsibility of the City of London Corporation

as a whole, as one employer, rather than the specific responsibility of any of its three main funds (City Fund, City's Cash and Bridge House Estates) or the trusts it supports.

The Fund's estimated net liability has been determined by independent actuaries in accordance with FRS102 as £142.6m as at 31 March 2023 (£832.7m as at 31 March 2022). Since any net deficit is apportioned between the financial statements of the City of London's three main funds, the charity's Trustee does not anticipate that any of the liability will fall on the charity. The charity is unable to identify its share of the pension scheme assets and liabilities and therefore the Pension Fund is accounted for as a defined contribution scheme in these financial statements.

Barnett Waddingham, an independent actuary, carried out the latest triennial actuarial assessment of the scheme as at 31 March 2022, using the projected unit method. The 31 March 2022 valuation was carried out in 2022/23 and has set the contribution rates for the period 01 April 2023 to 31 March 2026 at 21%. Contribution rates adopted for the financial years 2020/21, 2021/22 and 2022/23 had been set at 21%.

(h) Taxation

The charity meets the definition of a charitable trust for UK income tax purposes, as set out in Paragraph 1 Schedule 6 of the Finance Act 2010. Accordingly, the charity is exempt from UK taxation in respect of income or capital gains under part 10 of the Income Tax Act 2007 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

(i) Fixed Assets

Heritage Land and Associated Buildings

Epping Forest comprises 2,485 hectares (6,142 acres) of land stretching 12 miles from Manor Park in East London to just north of Epping in Essex, together with associated buildings. The object of the charity is the preservation of Epping Forest in perpetuity as an Open Space for the recreation and enjoyment of the public. Epping Forest is considered to be inalienable (i.e. may not be disposed of without specific statutory powers).

Land and the original associated buildings are considered to be heritage assets. In respect of the original land and buildings, cost or valuation amounts are not included in these financial statements as reliable cost information is not available and a significant cost would be involved in the reconstruction of past accounting records, or in the valuation, which would be onerous compared to the benefit to the users of these accounts.

Additions to the original land and capital expenditure on buildings and other assets would be included as fixed assets at historic cost, less provision for depreciation and any impairment, where this cost can be reliably measured. Heritage assets are reviewed annually for indicators of impairment and adjusted accordingly if required.

Tangible fixed assets

Assets that are capable of being used for more than one year and have a cost greater than £50,000 are capitalised. Such assets are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is charged in the year of acquisition, on a

straight-line basis, in order to write off each asset over its estimated useful life as follows. Land is not depreciated.

	Years
Operational buildings	30 to 50
Improvements and refurbishments to buildings	up to 30
Equipment	5 to 25
Infrastructure	up to 20
Heavy vehicles and plant	5

(j) Investments

Investments are made in the City of London Charities Pool (charity number 1021138) which is an investment mechanism operating in a similar way to a unit trust. This enables the City of London Corporation to “pool” small charitable investments together and consequently obtain better returns than would be the case if investments were made individually.

Investments are valued at bid-price. Gains and losses for the year on investments held as fixed assets are included in the Statement of Financial Activities.

(k) Stocks

Stocks are valued at the lower of cost or net realisable value. All stocks are finished goods and are held for resale as part of the charity operation.

(l) Cash

Cash and cash equivalents include cash in hand, overdrafts (if any) and short term deposits and other instruments held as part of the Corporation’s treasury management activities with original maturities of three months or less.

(m) Funds structure

Income, expenditure and gains/losses are allocated to particular funds according to their purpose:

Restricted funds – These include income that is subject to specific restrictions imposed by donors, with related expenditure deducted when incurred.

Unrestricted income funds – these funds can be used in accordance with the charitable object at the discretion of the Trustee and include both income generated by assets held representing unrestricted funds. Specifically, this represents any surplus of income over expenditure for the charity which is carried forward to meet the requirements of future years, known as free reserves.

Designated funds – these are funds set aside by the Trustee out of unrestricted funds for a specific purpose.

(n) Insurance

The charity, elected Members and staff supporting the charity's administration are covered by the City Corporation's insurance liability policies, and otherwise under the indemnity the City Corporation provides to Members and staff, funded from City's Cash.

2. INCOME FROM VOLUNTARY ACTIVITIES

	Unrestricted funds	Restricted funds	Total 2022/23	Unrestricted funds	Restricted funds	Total 2021/22
	£	£	£	£	£	£
Grants	523,293	255,654	778,947	237,774	264,469	502,243
Donations and legacies	39,178	60	39,238	894	225,639	226,533
Total	562,471	255,714	818,185	238,668	490,108	728,776

3. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2022/23	Unrestricted funds 2021/22
	£	£
Charges for use of facilities	1,845,995	1,359,149
Sales	145,405	100,784
Rental income	488,724	541,531
Total	2,480,124	2,001,464

4. INCOME FROM THE CITY OF LONDON CORPORATION

	Unrestricted funds 2022/23	Unrestricted funds 2021/22
	£	£
Revenue and capital grants from City of London Corporation	4,878,582	4,527,135

5. INCOME FROM INVESTMENTS

	Unrestricted funds 2022/23 £	Unrestricted funds 2021/22 £
Interest	<u>11,212</u>	<u>3,171</u>

6. OTHER INCOME

	Unrestricted funds 2022/23 £	Unrestricted funds 2021/22 £
Other income	<u>-</u>	<u>3,112</u>

Income for the year included:

Grants – being amounts received from organisations towards programmes operated by the charity.

Donations – being amounts received from the public through donation boxes at the Temple and at the View. A donations page has also been created on the Epping Forest webpage, inviting and enabling the public to make on-line donations to either the Epping Forest Common Toad Conservation Project or the Epping Forest New Sculptures and Trail campaign. Donations income also refers to income generated from contributions and sponsorship.

Grants from the City of London Corporation – being the amount received from the City of London Corporation’s City’s Cash to meet the deficit on running expenses of the charity, alongside funding for capital purchases.

Investment income – being the amount received from the Charities Pool and interest receivable on cash balances held on behalf of the Trust.

Charitable activities – being amounts generated from the sales of leaflets, books, maps cards and other publications relating to Epping Forest; charges made to the public for the use of facilities, admissions and services and from rental income.

7. EXPENDITURE

Expenditure on charitable activities

	Direct costs £	Support costs £	Total 2022/23 £	Direct costs £	Support costs £	Total 2021/22 £
Preservation of Epping Forest	<u>6,137,313</u>	<u>1,463,823</u>	<u>7,601,136</u>	<u>6,225,588</u>	<u>1,125,777</u>	<u>7,351,365</u>

Charitable activity

Expenditure on the charitable activities includes labour, premises costs, equipment, materials and other supplies and services incurred in the running of Epping Forest.

Auditor's remuneration and fees for other services

Crowe U.K. LLP are the auditors of the City of London's City's Cash Fund and provide assurance services to all of the different charities of which it is Trustee. In 2022/23 an audit fee of £5,500 was recharged (2021/22: £5,000). No other services were provided to the charity by its auditors during the year (2021/22: £nil).

8. SUPPORT COSTS

Support costs include activities undertaken by the City of London Corporation on behalf of the Charity, such as human resources, digital services, legal support, accounting services, committee administration and premises costs. Such costs are determined on a departmental basis, and are allocated on a cost recovery basis to the charity based on time spent, with associated office accommodation charged proportionately to the space occupied by the respective activities, with the split of costs as follows:

	Charitable activities £	Governance £	2022/23 £	2021/22 £
Department:				
Chamberlain	175,703	-	175,703	170,320
Comptroller & City Solicitor	30,698	-	30,698	32,965
Town Clerk	-	151,410	151,410	104,294
City Surveyor	336,134	-	336,134	334,933
Natural Environment directorate	536,894	-	536,894	223,295
Other governance & support costs	83,324	5,500	88,824	89,877
Digital Services	144,160	-	144,160	170,093
Sub-total	1,306,913	156,910	1,463,823	1,125,777
Reallocation of governance costs	156,910	(156,910)	-	-
Total support costs	1,463,823	-	1,463,823	1,125,777

All support costs are undertaken from unrestricted funds. Governance costs are allocated based on a proportion of officer time spent on the administration of Trustee and Committee related meetings.

9. DETAILS OF STAFF COSTS

All staff that work on behalf of the charity are employed by the City Corporation. The average number of people directly undertaking activities on behalf of the charity during the year was 67 (2021/22: 77).

Amounts paid in respect of employees directly undertaking activities on behalf of the charity were as follows:

	2022/23	2021/22
	£	£
Salaries and wages	2,274,886	2,237,668
National Insurance costs	229,211	213,948
Employer's pension contributions	448,193	478,609
Total emoluments of employees	2,952,290	2,930,225

The number of directly charged employees whose emoluments (excluding employer's pension contribution and national insurance contribution) for the year were over £60,000 was 1.0 (2021/22: 1.0).

	2022/23	2021/22
£70,000 - £79,999	1.0	1.0

Remuneration of Key Management Personnel

The charity considers its key management personnel to comprise the Members of the City of London Corporation, acting collectively for the City Corporation in its capacity as the Trustee, and the Director of Open Spaces who manages the seven open spaces funded by the City of London Corporation. A proportion of the Directors' employment benefits are allocated to this charity.

Support is also provided by other chief officers and their departments from across the City of London Corporation, including the Town Clerk and Chief Executive, Chamberlain, Comptroller and City Solicitor and City Surveyor.

The amount of employee benefits received by key management personnel totalled £87,357 (2021/22: £45,781). No members received any remuneration for acting on behalf of the Trustee, with directly incurred expenses reimbursed, if claimed. No expenses were claimed in 2022/23 (2021/22: nil).

10. HERITAGE ASSETS

	2019	2020	2021	2022	2023
	£	£	£	£	
Cost					
At 1 April	388,382	388,382	388,382	388,382	388,382
At 31 March	388,382	388,382	388,382	388,382	388,382
Depreciation					
At 1 April	5,628	6,589	7,550	8,510	9,471
Charge for the year	961	961	960	961	961
At 31 March	6,589	7,550	8,510	9,471	10,432
Net book value					
At 31 March	381,793	380,832	379,872	378,911	377,950
At 31 March	382,754	381,793	380,832	379,872	378,911

Since 1878 the primary purpose of the charity has been the preservation of Epping Forest for the recreation and enjoyment of the public. As set out in Note 1(i), the original heritage land and buildings are not recognised in the Financial Statements. Policies for the preservation and management of Epping Forest are contained in the Epping Forest Conservation Management Plan. Records of heritage assets owned and maintained by Epping Forest can be obtained from the Director of Open Spaces at the principal address as stated on page 34.

11. TANGIBLE FIXED ASSETS

	Land and Buildings	Infrastructure	Vehicles and Plant	Equipment	Total
	£	£	£	£	£
Cost					
At 1 April 2022	3,942,370	4,340,120	305,528	409,738	8,997,756
Additions		146,844	53,050	-	199,894
At 31 March 2023	3,942,370	4,486,964	358,578	409,738	9,197,650
Depreciation					
At 1 April 2022	1,895,618	1,744,626	157,665	350,097	4,148,004
Charge for the year	163,720	231,723	25,904	8,755	430,102
At 31 March 2023	2,059,338	1,976,349	183,569	358,852	4,578,106
Net book value					
At 31 March 2023	1,883,032	2,510,615	175,009	50,886	4,619,544
At 31 March 2022	2,046,752	2,595,494	147,865	59,641	4,849,752

12. FIXED ASSET INVESTMENTS

The investments are held in the City of London Corporation Charities Pool, a charity registered in the UK with the Charity Commission (charity number 1021138). The Charities Pool is a UK registered unit trust.

The value of investments held by the charity are as follows:

	2023	2022
	£	£
Market value 1 April	4,058	3,873
Gain/(loss) for the year	(92)	185
Market value 31 March	3,966	4,058
Cost 31 March	438	438
Units held in Charities Pool	438	438

The geographical spread of listed investments as at 31 March 2023 was as follows:

	Held	Held	Total at 31	Held	Held	Total at 31
	in the	outside the	March	in the	outside the	March
	UK	UK	2023	UK	UK	2022
	£	£	£	£	£	£
Equities	3,218	540	3,758	3,299	463	3,762
Pooled Units	130	-	130	239	-	239
Cash held by Fund Manager	78	-	78	57	-	57
Total	3,426	540	3,966	3,595	463	4,058

13. DEBTORS – AMOUNTS DUE WITHIN ONE YEAR

	2023	2022
	£	£
Rental debtors	33,220	24,576
Prepayments and accrued income	34,924	39,049
Recoverable VAT	126,115	119,586
Other debtors	337,734	259,909
Total	531,993	443,120

14. CREDITORS – AMOUNTS DUE WITHIN ONE YEAR

	2023	2022
	£	£
Trade creditors	248,097	263,919
Accruals	263,142	352,531
Deferred income	76,037	123,899
Other creditors	56,404	29,597
Total	643,680	769,946

Deferred income relates to rental income received in advance for periods after the year-end.

	2023	2022
	£	£
Deferred income analysis within creditors:		
Balance at 1 April	123,899	70,619
Amounts released to income	(123,899)	(70,619)
Amounts deferred in the year	76,037	123,899
Balance at 31 March	76,037	123,899

15. CREDITORS – AMOUNTS DUE AFTER MORE THAN ONE YEAR

	2023	2022
	£	£
Sundry deposits	62,085	63,760

16. ANALYSIS OF NET ASSETS BY FUND

At 31 March 2023	Unrestricted Income Funds		Restricted Funds	Total at 31 March 2023	Total at 31 March 2022
	General Funds	Designated Funds			
	£	£			
Heritage Assets	-	377,950	-	377,950	378,911
Tangible Assets	-	4,619,542	-	4,619,542	4,849,752
Investments	-	3,966	-	3,966	4,058
Current Assets	711,874	1,625,838	251,932	2,589,644	1,899,448
Current Liabilities	(643,680)	-	-	(643,680)	(769,946)
Non-Current Liabilities	(62,085)	-	-	(62,085)	(63,760)
Total	6,109	6,627,296	251,932	6,885,337	6,298,463

At 31 March 2022	Unrestricted Income Funds		Restricted Funds	Total at 31 March 2022	Total at 31 March 2021
	General Funds	Designated Funds			
	£	£			
Heritage Assets	-	378,911	-	378,911	379,872
Tangible Assets	-	4,849,752	-	4,849,752	4,971,853
Investments	-	4,058	-	4,058	3,873
Current Assets	833,706	938,936	126,806	1,899,448	1,490,011
Current Liabilities	(769,946)	-	-	(769,946)	(411,114)
Non-Current Liabilities	(63,760)	-	-	(63,760)	(48,510)
Total	-	6,171,657	126,806	6,298,463	6,385,985

17. MOVEMENT IN FUNDS

At 31 March 2023	Total as at 1 April 2022 £	Income £	Expenditure £	Gains & (losses) £	Transfers £	Total as at 31 March 2023 £
Restricted funds:						
Campaign Donations	725	60	-	-	-	785
Countryside Stewardship Scheme	126,081	207,654	(82,588)	-	-	251,147
Wanstead Park Wetlands Project Funding from Greater London Authority (GLA)						
Heritage of London Trust funding for Phase One Landing Stage Works at The Grotto	-	38,000	(38,000)	-	-	-
	-	10,000	(10,000)	-	-	-
Total restricted funds	126,806	255,714	(130,588)	-	-	251,932
Unrestricted funds:						
General funds	-	7,289,843	(6,987,561)	-	(296,173)	6,109
Designated funds:						
Tangible fixed assets	4,849,752	199,894	(430,102)	-	-	4,619,544
Heritage assets	378,911	-	(961)	-	-	377,950
Capital fund	418,483	427,652	(50,973)	-	-	795,162
Sports ground deposit	4,153	-	-	(92)	-	4,061
Golf course machinery fund	57,717	-	-	-	(45,000)	12,717
Knighton Wood maintenance	5,801	-	-	-	-	5,801
Branching Out project	42,423	-	-	-	-	42,423
Future green infrastrucure fund	6,002	-	(951)	-	-	5,051
Cattle purchase fund	107,765	-	-	-	45,023	152,788
Wanstead Park/Flats future projects fund	100,000	-	-	-	-	100,000
South Lodge The Warren	200,650	-	-	-	296,150	496,800
Ancient Trees Maintenance	-	15,000	-	-	-	15,000
Total designated funds	6,171,657	642,546	(482,987)	(92)	296,173	6,627,297
Total unrestricted funds	6,171,657	7,932,389	(7,470,548)	(92)	-	6,633,407
Total funds	6,298,463	8,188,103	(7,601,136)	(92)	-	6,885,339

At 31 March 2022	Total as at 1 April 2021 £	Income £	Expenditure £	Gains & (losses) £	Transfers £	Total as at 31 March 2022 £
Restricted funds:						
Campaign Donations	90	635	-	-	-	725
Transport for London Cycle Stands	-	9,000	(9,000)	-	-	-
Countryside Stewardship Scheme	-	264,469	(138,388)	-	-	126,081
Orion Harriers	-	216,004	-	-	(216,004)	-
Total restricted funds	90	490,108	(147,388)	-	(216,004)	126,806
Unrestricted funds:						
General funds	-	6,598,676	(6,558,078)	-	(40,598)	-
Designated funds:						
Tangible fixed assets	4,971,853	56,874	(460,113)	-	281,138	4,849,752
Heritage assets	379,872	-	(961)	-	-	378,911
Capital fund	549,620	118,000	(184,003)	-	(65,134)	418,483
Sports ground deposit	3,968	-	-	185	-	4,153
Golf course machinery fund	27,716	-	-	-	30,001	57,717
Knighton Wood maintenance	5,801	-	-	-	-	5,801
Branching Out project	42,423	-	-	-	-	42,423
Future green infrastructure fund	6,824	-	(822)	-	-	6,002
Cattle purchase fund	97,168	-	-	-	10,597	107,765
Wanstead Park/Flats future projects fund	100,000	-	-	-	-	100,000
South Lodge The Warren	200,650	-	-	-	-	200,650
Total designated funds	6,385,895	174,874	(645,899)	185	256,602	6,171,657
Total unrestricted funds	6,385,895	6,773,550	(7,203,977)	185	216,004	6,171,657
Total funds	6,385,985	7,263,658	(7,351,365)	185	-	6,298,463

Purposes of restricted funds

Restricted funds have been set aside by the Trustee for the following purposes:

- i. *Campaign Donations* - donations can be made on the Epping Forest webpage, to either the Epping Forest Common Toad Conservation Project or the Epping Forest New Sculptures and Trail campaign. In total £60 was received in restricted donations during the year (2021/22: £635) which is restricted income for 'Campaign Donations'.
- ii. *Countryside Stewardship Scheme* – 10 year grant funding from the Rural Payment Agency towards a specific programme administered by the charity providing financial incentives for farmers, woodland owners, foresters and land managers to look after and improve the environment. At 31 March 2023, £251,147 was held in a restricted fund for the Countryside Stewardship Scheme (2021/22: £126,081).
- iii. *Wanstead Park Wetlands Project Funding* – grant funding from the Greater London Authority (GLA) to support the Wetlands Project at Wanstead Park. £38,000 grant funding was received from the GLA in 2022/23 which was all fully spent by 31 March 2023.
- iv. *Heritage of London Trust Funding* - £10,000 was received from the Heritage of London Trust during 2022/23 to fund the Phase One Landing Stage Works project at The Grotto. The grant monies were fully spent by 31 March 2023.

Purposes of designated funds

Designated funds have been set aside by the Trustee for the following purposes:

- i. *Fixed Assets* – these are included 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. At 31 March 2023 the net book value of fixed assets relating to direct charitable purposes amounted to £4,997,493 (2021/22: £5,228,663).
- ii. *Heritage Assets* – additions to land and capital expenditure on buildings and other assets are included as fixed assets at historic cost, less provision for depreciation and any impairment. The net book value of heritage assets to direct charitable purposes at 31 March 2023 was £377,950 (2021/22: £378,911).
 - iii. *Capital Fund* - the Epping Forest capital fund was established under the Epping Forest and Open Spaces Act 1878. The fund finances the purchase, construction, or repair of Forest buildings and can also be used to purchase further charitable land. The income of the fund is comprised of income from the sale of buildings and by any contribution the City of London Corporation may wish to make to the fund. Capital property receipts of £427,652 (2021/22: £118,000) were received in 2022/23 primarily relating to easements from Woodredon Farm and Mornington Road, Woodford. Proceeds were credited to the Epping Forest Fund which can be used for the acquisition of Forest land or capital projects in the Forest.
 - iv. *Sports grounds deposit* – sum of money was invested in 1968 relating to the Sports ground.
 - v. *Golf course machinery fund* – the purpose of this fund is to provide for the future replacement of plant and equipment at Chingford Golf Course. At 31 March 2023, the fund balance relating to the Golf course machinery fund amounted to £12,717 (2021/22: £57,717). During 2022/23, two mowers were purchased at a cost of £45,000 which was funded through this reserve.
 - vi. *Knighton Wood maintenance* - a gift was made in 1930 to be spent on maintaining the beauty of Knighton Wood. The unused balance of the fund was invested in 1931 for future use. Charity Pool units relating to E.N. Buxton Knighton Wood were sold in 2016/17. It is anticipated that the balance of £5,801 will be spent in 2023/24.
 - vii. *Branching Out project* - Epping Forest was awarded a £4.76m Stage 3 grant by Heritage Lottery Fund in March 2009, towards the £6.8m cost of the 'Branching Out' project. The fund is used to finance the costs of the project that are not met by the grant and are to be provided by Epping Forest. The scheme was completed in 2017/18. Verification of final accounts is underway.
 - viii. *Future green infrastructure fund* - The Green Arc Partnership takes a strategic view of future 'green' infrastructure, principally the provision of further public open space in London's peri-urban fringe and metropolitan green belt. The City of London as the lead authority holds the funding and meets expenditure when required. Expenditure amounted to £951 in 2022/23 (2021/22: £822).
 - ix. *Cattle purchase fund* - The purpose of this fund is to provide for the future purchase of cattle. Surplus net income of £45,023 from sale of livestock and produce was transferred into reserve as at 31 March 2023 (2021/21: £10,597) to fund future herd expansion at Epping Forest
 - x. *Wanstead Park/Flats future projects fund* - the City of London Corporation received a payment of £195,000 as a fee-in-lieu-of-rent in compensation for the temporary use of part of Wanstead Flats for 90 days spanning the 2012 Olympic and Paralympic Games. No expenditure incurred during the accounting period. The balance of £100,000 will be used for future projects at Wanstead Park and Wanstead Flats.
 - xi. *South Lodge The Warren* - in August 2020, the charity received a cash settlement of £200,650 from the RSA Insurance Group in relation to a subsidence damage claim at South Lodge, on the Warren Estate). The full amount was transferred into reserve. These funds were set aside by the Trustee to fund replacement for operational needs elsewhere in the Forest.

- xii. *Ancient Trees Maintenance* – a designated reserve was established in 2022/23 for the purpose of funding the maintenance of ancient trees at Epping Forest. A £15k contribution was received from the Lord Mayor during 2022/23 to support this purpose.

18. RELATED PARTY TRANSACTIONS

The City Corporation is the sole Trustee of the charity, as described on page 2. The City Corporation provides various services to the charity, the costs of which are recharged to the charity. This includes the provision of banking services, charging all transactions to the charity at cost and crediting or charging interest at a commercial rate. The cost of these services is included within expenditure, as set out in note 6.

The charity is consolidated within the accounts of City's Cash, a fund of the City of London Corporation (the City Corporation, the Corporate Trustee of the charity), by virtue of the deemed control arising from the provision of the shortfall between the charity's income and expenditure by City's Cash, whose place of business is Guildhall, London EC2P 2EJ. The principal purpose of City's Cash is to manage its investments in properties, stocks and shares to provide returns which allows the City Corporation to use the income for the provision of services that are of importance to the City and Greater London as well as nationally and internationally, and to maintain the asset base so that income will be available to fund services for the benefit of future generations. The financial statements of City's Cash can be obtained from the address provided above.

The charity is required to disclose information on related party transactions with bodies or individuals that have the potential to control or influence the charity. Members are required to disclose their interests, and these can be viewed online at www.cityoflondon.gov.uk.

Members and senior staff are requested to disclose all related party transactions, including instances where their close family has made such transactions.

Figures in brackets represent the amounts due at the balance sheet date. Other figures represent the value of the transactions during the year.

Related party transactions				
Related party	Connected party	2022/23 £	2021/22 £	Detail of transaction
City of London Corporation	The City of London Corporation is the Trustee for the charity	4,878,582	4,527,135	The City of London Corporation's City's Cash meets the deficit on running expenses of the charity
		(nil)	(nil)	
		1,463,823	1,125,777	Administrative services provided for the charity
		(nil)	(nil)	
		11,212	3,171	Distribution from the Charities Pool
		(nil)	(nil)	

REFERENCE AND ADMINISTRATION DETAILS

CHARITY NAME: Epping Forest

Registered charity number: 232990

PRINCIPAL OFFICE OF THE CHARITY & THE CITY CORPORATION:

Guildhall, London, EC2P 2EJ

TRUSTEE:

The Mayor and Commonalty & Citizens of the City of London

SENIOR MANAGEMENT:

Chief Executive

John Barradell OBE - The Town Clerk and Chief Executive of the City of London Corporation (resigned 31 December 2022)

Ian Thomas CBE – The Town Clerk and chief Executive of the City of London Corporation (appointed 06 February 2023)

Treasurer

Caroline Al-Beyerty - The Chamberlain & Chief Financial Officer of the City of London Corporation

Solicitor

Michael Cogher - The Comptroller and City Solicitor of the City of London Corporation

Environment Department

Juliemma McLoughlin – Executive Director of Environment

Sally Agass – Interim Director of Natural Environment (resigned 31 March 2023)

AUDITORS:

Crowe U.K. LLP, 55 Ludgate Hill, London, EC4M 7JW

BANKERS:

Lloyds Bank Plc., P.O.Box 1000, BX1 1LT

INVESTMENT ADVISORS:

Artemis Investment Management Limited, Cassini House, 57 St. James's Street, London, SW1A 1LD

Contact for The Chamberlain & Chief Financial Officer, to request copies of governance documents & of the Annual Report of City's Cash:

CHBOffice-BusinessSupport@cityoflondon.gov.uk

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West Wickham Common and Spring Park Wood
Coulsdon and other Commons

Annual Report and Financial Statements for
the year ended 31 March 2023

Charity registration numbers 232988 and 232989

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ORIGINS OF THE CHARITY

West Wickham, Spring Park and Coulsdon and other Commons is a collection of separate sites comprising of over 275-hectares of area of open space, made up of natural chalk grassland, wooded pasture, copse and natural wooded areas, including several veteran species. Its natural and cultural heritage are of national importance, the legacy of centuries of interaction between people and the environment. The Coulsdon and other Commons were designated as part of the South London Downs National Nature Reserve in 2019.

Acquisition

In 1883 the City of London Corporation bought the freehold to the greater part of Coulsdon Common as one of the four Coulsdon Commons. Further acquisitions were made in 1924 (a strip of land on the north side of Stites Hill Road and part of Rydons Wood), 1936 (the remainder of Rydons Wood), 1939 (the area known as Merlewood) and 2003 (an enclosure which was the site of a windmill). The City of London Corporation also owns a plot of land adjacent to, but not part of Coulsdon Common that is occupied by the Merlewood Estate Office, tied accommodation for its Rangers and the Lodge Garden. This land is not public open space. In 1926, the City of London Corporation was given the woodland at Spring Park as a gift from Colonel Sir Arthur and Stephen Hallam Farnaby Lennard of Wickham Court. In 1927, the area of open meadow between the woodland and the Addington Road was sold to the City of London Corporation from the same vendors for a cost of £1,623 2s 6d.

The City of London Corporation bought the four Coulsdon Commons, including Kenley, in 1883 from the Lord of the Manor of Coulsdon, Edmund Byron. During the First World War the Air Ministry requisitioned the whole Common (20.6 hectares) to form part of Kenley Aerodrome. After the war only the northern half was returned but 25 ha of adjacent agricultural land was compulsory purchased and given to the City in substitution for the land lost to the airfield, now owned by the Ministry of Defence (MoD). In 1965 the City of London Corporation extended its holding when it bought land between Welcomes Road and Kenley Lane. Then in 1983 the City acquired land outside the perimeter track of the airfield that was no longer required for military purposes. Finally, in 2004, a small parcel of land, (0.63 hectares) linking Kenley and Coulsdon Commons was returned from the MoD.

Farthing Downs was also part of the 1883 acquisition. Prior to this, it belonged to the Lord of the Manor of Coulsdon. In 2002 New Hill, together with Eight and Ten Acre, was bought at auction by the City of London Corporation from a developer. In 2004, Woodplace Farm Fields to the west of Farthing Downs were also purchased by the City of London Corporation, following a successful local fund-raising appeal.

Riddlesdown Common was the last of the four 'Coulsdon Common' also acquired in 1883. Coombes Wood and Donkey Field were acquired in 1929, the Bull Pen in 1973, Riddlesdown Quarry and adjacent Quarry Field in 1996, and the Riddlesdown Cottage plot in 2006.

TRUSTEE'S ANNUAL REPORT

STRUCTURE AND GOVERNANCE

GOVERNING DOCUMENTS

The governing document is the Corporation of London (Open Spaces) Act 1878. The charities are constituted as charitable trusts.

GOVERNANCE ARRANGEMENTS

The Mayor and Commonalty and Citizens of the City of London (also referred to as 'the City Corporation' or 'the City of London Corporation'), a body corporate and politic, is the trustee of West Wickham Common and Spring Park Wood Coulsdon and other Commons. The City Corporation is trustee acting by the Court of Common Council of the City of London in its general corporate capacity and that executive body has delegated responsibility in respect of the administration and management of these charities to various committees and sub-committees of the Common Council, membership of which is drawn from 125 elected Members of the Common Council and external appointees to those committees. In making appointments to committees, the Court of Common Council will take into consideration any particular expertise and knowledge of the elected Members, and where relevant, external appointees. External appointments are made after due advertisement and rigorous selection to fill gaps in skills. Elected Aldermen and Members of the City of London Corporation are appointed to the Epping Forest and Commons Committee governing West Wickham Common and Spring Park Wood Coulsdon and other Commons by the Court of Common Council of the City of London Corporation.

Members of the Court of Common Council are unpaid for support provided to the charity and are elected by the electorate of the City of London. The Key Committees which had responsibility for directly managing matters related to the charities during 2022/23 were as follows:

- **Policy and Resources Committee** – responsible for allocating resources and administering the charity.
- **Finance Committee** – responsible for controlling budgets, support costs and other central charges that affect the charity as a whole.
- **Audit and Risk Management Committee** – responsible for overseeing systems of internal control and making recommendations to the Finance Committee relating to the approval of the Annual Report and Financial Statements of the charity.
- **Epping Forest & Commons Committee** – responsible for the activities undertaken at West Wickham Common and Spring Park Wood, Coulsdon and Other Commons approving budget allocations for the forthcoming year and acting as Trustees of the charity.
- **West Wickham, Spring Park and Coulsdon Commons Consultation Group** - provides a forum for local residents and users to comment upon both the management of Coulsdon Common and its neighbouring public open spaces: Kenley Common (with its World War II-era airfield), Riddlesdown, and Farthing Downs and New Hill.
- **Corporate Services Committee** - responsible for personnel and establishment matters throughout the City of London, including negotiations with the recognised trade unions.

All of the above committees are ultimately responsible to the Court of Common Council of the City of London. Committee meetings are held at the Trustee's discretion in public (except where it is not considered in the charity's best interests to do so), supporting a decision-making process which is clear, transparent and publicly accountable.

The charity is consolidated within City's Cash as the City of London Corporation exercises operational control over their activities. City's Cash is a fund of the City Corporation that can be traced back to the 15th century and has been 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 City's Cash to use the income for the provision of services 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 trustee believes that good governance is fundamental to the success of the charities. An initial review of governance was undertaken to ensure that the charity is effective in fulfilling its objectives, and further more detailed work is to commence in 2023/24 as part of a review of the City of London Corporation's Natural Environment charities. Reference is being made to the good practices recommended within the Charity Governance Code, with a focus on ensuring regulatory compliance and the ongoing maintenance of an efficient and effective portfolio of charities that maximise impact for beneficiaries.

ORGANISATIONAL STRUCTURE AND DECISION-MAKING PROCESS

The charities are administered in accordance with their governing instruments and the City Corporation's own corporate governance and administration framework, including Committee Terms of Reference, Standing Orders, Financial Regulations and Officer Scheme of Delegations. These governance documents can be obtained via a request to the email address stated on page 33.

Each Member by virtue of their membership of the Court of Common Council, its relevant committees and sub-committees, has a duty to support the City Corporation in the proper exercise of its functions and in meeting its duties as trustee of the charities by faithfully acting in accordance with charity law, the Terms of Reference of the relevant committee or sub-committee, and the City of Corporation's agreed corporate governance framework as noted above, backed up by its standards regime.

As part of the City of London Corporation's restructure, the Open Spaces Department has merged with Planning & Transportation and Port Health & Environmental Services to form a new Environment Department, and West Wickham Common and Spring Park Wood Coulsdon and other Commons became part of the Environment Department from 1 April 2022.

INDUCTION AND TRAINING OF MEMBERS

The City Corporation makes available to its Members, seminars and briefings on various aspects of its activities, including those concerning the charities, to enable Members to carry out their duties efficiently and effectively. Induction meetings are provided on specific aspects of the work of West Wickham Common and Spring Park Wood Coulsdon and other Commons. If suitable seminars or other training options are identified that are relevant to the charities, Members are advised of these opportunities.

OBJECTIVES AND ACTIVITIES

The objectives of the charities are the preservation and maintenance of West Wickham Common and Spring Park Wood Coulsdon, as Open Spaces for the recreation and enjoyment of the public.

Purposes of the charity as set out in the governing document, the Corporation of London (Open Spaces) Act 1878 and the Open Spaces Act 2018:

- West Wickham and Spring Park Wood and Coulsdon and other Commons to be kept as open space for public recreation.
- Natural aspect to be preserved.
- Protect the timber and other trees, pollards, shrubs, underwood and herbage.
- Land to be unenclosed and un-built upon, except those features required for better attainment of the Act and deemed necessary by the City.
- Byelaws protecting the site and its features to be enforced.
- Encroachments to be resisted and abated.

Main activities undertaken in relation to these purposes:

- Practical conservation management activities to maintain the biodiversity of the open spaces, including tree surgery work on the veteran oaks, bracken suppression and management of firebreaks, scrub, chalk grassland and wetland habitats.
- Providing volunteering opportunities to encourage community involvement.
- Providing and maintaining facilities for informal recreation.
- Grazing with cattle, sheep and goats.
- Protecting the open spaces and its users from harm by patrolling, enforcing byelaws, resisting encroachments, challenging threats and managing assets.
- Providing educational activities and events.
- Surveying and monitoring, for wildlife, visitor use, archaeological investigations and pollution monitoring.
- Managing and protecting Scheduled Monuments, including Farthing Downs, a scheduled ancient monument and Kenley airfield and the World War II heritage assets.
- Managing and creating chalk downland and woodland pasture.

West Wickham and Spring Park Wood and Coulsdon and other Commons natural and cultural heritage are of national importance, the legacy of centuries of interaction between people and the environment. As we progress through the 2020's and beyond the challenge of protecting this valuable resource will increase as pressures from environmental and human factors mount.

Aims of the charity

- Maintain the biodiversity of West Wickham and Spring Park Wood and Coulsdon and other Commons by managing habitats to favourable condition and achieving conservation gains that benefit the site and beyond. *Governing document link: preserve natural aspect, protect the timber and other trees, pollards, shrubs, underwood, and herbage.*
- Encourage the sustainable use of West Wickham and Spring Park Wood and Coulsdon and other Commons for recreation and promote community involvement in all aspects of the site. *Governing document link: commons acquired by the City to be kept as open spaces for the recreation and enjoyment of the public.*
- Protect West Wickham and Spring Park Wood and Coulsdon and other Commons and its users from harm. Challenge threats and maintain assets, including heritage assets, in good condition. *Governing document link: open spaces kept unenclosed and unbuilt upon. Shall by all lawful means prevent, resist and abate enclosures, encroachments and buildings upon. The City may from time to time make and alter byelaws.*

The West Wickham and Spring Park Wood and Coulsdon and other Commons Management Plans describe the strategy for achieving these aims.

Volunteers

Group volunteering returned to normal activities following the disruptions of 2020/21 and 2021/22. Individual volunteering for activities such as litter picking and livestock checking continued and increased with all six commons receiving requests from locals wanting to help out in some way. There was a marked increase in younger people wanting to get involved, notably through the Duke of Edinburgh Award Scheme. We also saw an increase in corporate volunteering across all six sites.

Volunteer numbers have increased from 546 in 2021/22 to 991 in 2022/23 and the total number of hours they contributed also increased, from 2,310 to 3,159 in the same period.

Remuneration Policy

The charities senior staff are employees of the City Corporation and, alongside all staff, pay is reviewed annually. The City Corporation is committed to attracting, recruiting and retaining skilled people and rewarding employees fairly for their contribution. As part of this commitment, staff are regularly appraised and, subject to performance, eligible for the payment of recognition awards.

The above policy applies to staff within the charities key management personnel, as defined within note 7 to the financial statements.

The charity is committed to equal opportunities for all employees. An Equality and Inclusion Board has been established to actively promote equality, diversity inclusion in service delivery and employment practices. The Board is responsible for monitoring the delivery of the Equality and Inclusion Action Plan and progress against the Equality Objectives. This also includes addressing the City Corporation's gender, ethnicity and disability pay gaps.

The Equality, Diversity, and Inclusion (EDI) sub-committee is currently overseeing the update of our four-yearly Equality Objectives in accordance with the Equality Act 2010. The draft objectives were reviewed by Policy and Resources and Corporate

Services Committees in April 2023. Following committee approval, a period of 12 weeks consultation with stakeholders will be undertaken and then analysis of consultation responses and amendments made in August 2023. Amendments will then go to September's EDI Sub-Committee and Policy and Resources and Corporate Services Committees and then to Court of Common Council for approval in October 2023.

Senior staff posts of the City Corporation are individually evaluated and assessed independently against the external market allowing each post to be allocated an individual salary range within the relevant grade, which incorporates market factors as well as corporate importance.

Fundraising

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. The legislation defines fundraising as "soliciting or otherwise procuring money or other property for charitable purposes". Although West Wickham Common and Spring Park Wood Coulsdon and other Commons charities does not undertake widespread fundraising from the general public, any such amounts receivable are presented in the financial statements as "voluntary income" including grants.

In relation to the above we confirm that all solicitations are managed internally, without involvement of commercial participators or professional fund-raisers, or third parties. The day-to-day management of all income generation is delegated to the executive team, who are accountable to the trustee. The charities are not bound by any regulatory scheme and does not consider it necessary to comply with any voluntary code of practice.

There is a donations page on the Farthing Downs webpage, inviting and enabling the public to make on-line donations to the Farthing Downs Interpretation Improvements campaign.

The charity has received no complaints in relation to fundraising activities in 2022/23 (2021/22: nil). Individuals are not approached for funds, hence the charities do not consider it necessary to design specific procedures to monitor such activities.

Public benefit statement

The Trustee confirms that it has referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing West Wickham Common and Spring Park Wood Coulsdon and other Commons aims and objectives and in planning future activities. The purposes of the charities are the preservation in perpetuity of West Wickham Common and Spring Park Wood Coulsdon and other Commons as an open space for the recreation and enjoyment of the public.

Consequently, the Trustee considers that West Wickham Common and Spring Park Wood Coulsdon and other Commons operates to benefit the general public and satisfies the public benefit test.

REFERENCE AND ADMINISTRATIVE DETAILS

The administrative details of the charities are stated on page 33.

ACHIEVEMENTS AND PERFORMANCE

West Wickham and Coulsdon Commons teams were still dealing with some of the disruptions arising from the previous Covid-19 period in early 2022 but by early spring the team were back to operating at full capacity, ensuring that the sites remained open and accessible. We were pleased to see our volunteer numbers and activities return to and surpass previous levels.

West Wickham and Coulsdon Commons' 2022/23 aims together with their outcomes were:

Staff - Following the completion of the corporate restructure phase 2 and agreement of the new staff structure permission was given to recruit to our vacant post in 2023.

Countryside Stewardship – Established an evidence-based monitor and review system to record the habitat management work across our sites using mapping and photography.

Countryside Management:

Grassland – continued with the work programme designed for the maintenance of species-rich chalk grassland habitats through grazing and hay-cutting that satisfies prescription from Natural England and enhances and enriches biodiversity across all sites.

Scrub – controlled scrub to create and maintain open downland landscape focusing on chemical-free “tree-popping”. This facilitates larger grazing areas and enhances the mosaic of grassland habitats across the sites.

Woodland – Completed tree safety management. Coppiced sweet chestnut compartment at Spring Park as part of the 16-year rotation. Undertook essential ash dieback clearance on Kenley Common and New Hill.

Events - Restarted our programme of walks, talks and guided events which were cancelled during the Covid-19 pandemic. We achieved 21 educational walks/talks as well as 13 other events that were attended by 757 people.

Volunteers - lifted restrictions on volunteering across the 6 sites within the charities.

Trial of the Nofence® (virtual fencing) – Trial of technology completed and will become part of our standard operation for the use of cattle to manage our sites.

Budget management - Achieved financial savings as required through a combination of reducing expenditure and appropriate income generation activities. The café concession trial planned for Riddlesdown did not happen due to the operator withdrawing.

Corporate Restructure - Supported the development of the City of London Corporation's new corporate restructure Phase 2.

PLANS FOR FUTURE PERIODS

Key projects for 2023/24 include:

Staff - Recruit to our vacant conservation ranger post to strengthen our biodiversity monitoring and stewardship across all the charities sites.

Countryside Stewardship – Continue to deliver agreed programme of nature conservation works across the charities to enhance the quality of the sites and develop our evidence-based monitor and review system to record habitat changes. As part of our funded Capital Works programme continue hedge laying at Spring Park and Farthing Downs

Grassland – Continue with the work programme designed for the maintenance of species-rich chalk grassland habitats through grazing and hay-cutting that satisfies prescription from Natural England and enhances and enriches biodiversity across all sites.

Scrub – Continue controlling scrub to create and maintain open downland landscapes focusing on Farthing Downs, Riddlesdown and Kenley Common

Woodland – Undertake all tree safety works identified in the 2022 surveys. Coppice sweet chestnut compartment at spring park as part of the 16-year rotation. Undertake further remedial ash dieback work on Kenley Common and New Hill.

Events – Continue with the development and delivery of a programme of walks, talks and guided events across both charities.

Volunteers – Continue to provide and develop further opportunities for volunteering across the 6 sites within the charities.

Budget management - Achieve financial savings as required through a combination of reducing expenditure and appropriate income generation activities.

The Trustee does not consider there to be any material uncertainty around going concern and further detail regarding this is set out on page 20.

FINANCIAL REVIEW

Overview of Financial Performance

Income

In 2022/23 the charity's total income for the year was £1,423,599 an overall increase of £138,079 against the previous year (£1,285,520). The principal source of income was from City of London Corporation's City's Cash fund (see below).

Income from Charitable Activities comprised £40,975 from fees charged (2021/22: £58,322), £66,344 from rents (2021/22: £43,568) and £19,924 from sales (2021/22: £14,776). 2022/23 saw increased sales of livestock as well as increased income generated from rents. The decline in fees and charges income is attributable to reduced income from car parking charges.

In total grant income of £23,411 was received in the year, towards programmes administered by the charities (2021/22: £116,951). The main reason for the reduction in income was that 2021/22 was the final year of the Heritage Lottery Fund grant (£80,266) towards the Kenley Revival project. No such income was received in 2022/23.

- A government grant of £23,411 (2021/22: £36,685) was received from the Rural Payment Agency in relation to Agri - environment schemes that provide funding to farmers and land managers to farm in a way that supports biodiversity, enhances the landscape, and improves the quality of water, air and soil. The reduction in grant income was due to the transition to the new Countryside Stewardship Scheme (CSS).

Donations – included contributions towards corporate volunteering events and for free events such as guided walks, as well as amounts donated by the public at walks and talks advertised via Eventbrite. In total £8,544 was received during the year (2021/22: £3,456). Donations can be made on the Farthing Downs webpage to the Farthing Downs Interpretation Improvements project. In total £130 was received during the year (2021/22: £2,394). The full amount was held as at 31 March 2023 in a restricted fund for 'Campaign Donations'.

An amount of £1,264,271 (2021/22: £1,046,052) was received from the City of London Corporation's City's Cash as a contribution towards the running costs of the charities.

Expenditure

Total expenditure for the year relating to charitable activities expenditure was £1,421,870 (2021/22: £1,126,927). The increase in expenditure is owing to a higher number of cyclical building works taking place during the year.

Funds held

The charity's total funds held increased by £1,729 to £576,605 as at 31 March 2023 (2021/22: increased by £158,593 to £574,876).

A restricted fund of £2,524 (2021/22: £2,394) was held at year-end. This relates to Campaign Donations for the Farthing Downs Interpretation Improvements project.

The charity's designated funds consist of unrestricted income funds which the Trustee has chosen to set aside for specific purposes. Such designations are not legally

binding, and the Trustee can decide to “undesignated” these funds at any time. Designations as at 31 March 2023 totalled £570,809 (2021/22: £571,742). The decrease in designated funds relates to depreciation charges having been incurred relating to tangible fixed assets.

A general fund of £3,272 (2021/22: £740) relates to surplus unrestricted donation income available for spending on the charity’s purposes.

Details of all funds held, including their purposes, is set out within note 14 to the financial statements.

Reserves

The charities are wholly supported by the City of London Corporation which is committed to maintain and preserve West Wickham Common and Spring Park Wood Coulsdon and other Commons out of its City’s Cash Funds. These Funds are used to meet the deficit on running expenses on a year by year basis. Consequently, these charities only have minimal free reserves relating to unrestricted donations received but do not require specific reserves as minimum working capital and a reserves policy is considered by the trustee to be inappropriate.

Donations are now being sought and these may be carried forward, but there is currently no intention to hold them as a minimum amount owing to the deficit funded status of the Charity.

Principal Risks and Uncertainties

The Trustee is committed to a programme of risk management as an element of its strategy to preserve the charities assets. In order to embed sound practice the senior leadership team ensures that risk management policies are applied, that there is an on-going review of activity and that appropriate advice and support is provided. A key risk register has been prepared for the charities, which has been reviewed by the Trustee. This identifies the potential impact of key risks and the measures which are in place to mitigate such risks.

The principal risks faced by the charities, and actions taken to manage them are as follows:

Risk	Actions to manage risks
Maintenance of buildings and other structures	Monthly site infrastructure checks.
Damage to sites	Recruit to the vacant Conservation Ranger post.
Local Planning Issues	Recruit to the vacant Conservation Ranger post. Seek advice and support from colleagues in the Planning and Development Division.
Tree Diseases and other Pests	Ensure staff training is kept updated to enable timely identification of pest and knowledge of correct treatment/prevention. Annual tree inspections undertaken through qualified personnel. Active involvement with leading partners such as Forestry Commission and Natural England. Measures in place for staff, volunteers and contractors including public messages.

Risk	Actions to manage risks
	Review The Commons' Tree Safety Policy tri-annually.
Pollution	Attend meetings of the local Flood Action Group. Liaise with City Solicitors regarding liabilities.
Budget reduction and income loss	Keep risk under regular review.
Climate and Weather	Review and update plan bi-annually. Fire management and monitoring policies and plans in place and link to staff training and local emergency services. Storm monitoring & management policies across all sites linked to high staff awareness and training. Understanding of the potential impacts of climate change on the open spaces. Engagement in climate change research and debate.
Industrial action by emergency services	Implement appropriate controls within the Fire Management Plan and The Commons Days on which industrial action takes place are classed as 'high risk' days and 'The Commons Habitat Fire Action Plan' will be enacted accordingly (e.g., extra patrols; suspension of any work where fire is a component). Maps within the 'Major Emergency Plan' will help in a slow response/unfamiliar fire crew/army reserves scenario. Proactive work to manage firebreaks and residential boundaries to increase the resilience of Coulsdon Common (and other Commons) to wildfire will also help in a slow/no response scenario. A water bowser is available on site for use by staff to damp down peat after a fire (not for firefighting). Staff are conversant with the content of the CoL's 'Industrial Action Contingency Advice' document as it applies to their site. This includes ensuring the safety of livestock. High-risk activities such as tree-climbing would be paused or have additional controls applied should the emergency services be unavailable. All planned events are risk-assessed to ensure appropriate controls are in place to address fire, health and safety, and other risks. If it is considered that it would be unsafe to proceed with an event in the absence of external emergency service availability, a decision would be taken to modify, postpone or cancel as appropriate.

TRUSTEE'S RESPONSIBILITIES

The Trustee is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Charity law requires the Trustee to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under charity law the Trustee must not approve the financial statements unless the Trustee is satisfied that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period. In preparing these financial statements, the Trustee is required to:

- select suitable accounting policies and then apply them consistently.
- make judgements and accounting estimates that are reasonable and prudent.
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustee is responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable the Trustee to ensure that the financial statements comply with the Charities Act 2011. The Trustee is also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustee is aware:

- there is no relevant audit information of which the charity's auditors are unaware; and
- the Trustee has taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Financial statements are published on the Trustee's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Trustee's website is the responsibility of the Trustee. The Trustee's responsibility also extends to the ongoing integrity of the financial statements contained therein.

Adopted and signed for on behalf of the Trustee.

Henry Nicholas Almroth Colthurst, Deputy
Chairman of Finance Committee of
The City of London Corporation
Guildhall, London

Randall Keith Anderson, Deputy
Deputy Chairman of Finance
Committee of The City of London
Corporation, Guildhall, London

Guildhall, London

xx December 2023

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF WEST WICKHAM COMMON AND SPRING PARK WOOD COULSDON AND OTHER COMMONS

****Updated report to be provided by Crowe****

Opinion

We have audited the financial statements of West Wickham Common and Spring Park Wood Coulsdon and Other Commons ('the charity') for the year ended 31 March 2023 which comprise the statement of financial activities, the balance sheet and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Charity's affairs as at 31 March 2023 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustee with respect to going concern are described in the relevant sections of this report.

Other information

The Trustee is responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the Trustee's report; or
- sufficient and proper accounting records have not been kept by the Charity; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustee

As explained more fully in the Trustee's responsibilities statement set out on page 12 and 13, the Trustee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustee is responsible for assessing the Charity'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 Trustee either intends to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011, and report in accordance with the Acts and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in

accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

We obtained an understanding of the legal and regulatory frameworks within which the Charity operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Charities Act 2011 together with the Charities SORP (FRS102) 2019. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

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

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

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

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

Use of our report

This report is made solely to the charity's Trustee, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's Trustee 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 charity and the charity's Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

Crowe U.K. LLP

Statutory Auditor

55 Ludgate Hill, London, EC4M 7JW

XX December 2023

Crowe U.K. LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	Unrestricted Funds 2022/23 £	Restricted Funds 2022/23 £	Total Funds 2022/23 £	Unrestricted Funds 2021/22 £
Income from:					
Voluntary activities	2	31,955	130	32,085	122,802
Charitable activities	3	127,243	-	127,243	116,666
Grant from City of London Corporation	4	1,264,271	-	1,264,271	1,046,052
Total income		1,423,469	130	1,423,599	1,285,520
Expenditure on:					
Charitable activities:					
Preservation and operation of West Wickham Common and Spring Park Wood	5	1,421,870	-	1,421,870	1,126,927
Total expenditure		1,421,870	-	1,421,870	1,126,927
Net income/(expenditure)		1,599	130	1,729	158,593
Transfers between funds		-	-	-	-
Net movement in funds		1,599	130	1,729	158,593
Reconciliation of funds:					
Total funds brought forward	14	572,482	2,394	574,876	416,283
Total funds carried forward	14	574,081	2,524	576,605	574,876

All of the above results are derived from continuing activities.

There were no other recognised gains and losses other than those shown above.

The notes on pages 20 to 32 form part of these financial statements.

BALANCE SHEET**AS AT 31 MARCH 2023**

	Notes	2023 Total £	2022 Total £
Fixed assets:			
Heritage assets	8	575,365	575,365
Tangible assets	9	5,024	5,957
Intangible assets	10	420	420
Total fixed assets		580,809	581,742
Current assets			
Debtors	11	33,836	12,240
Cash at bank and in hand		164,091	52,151
Total current assets		197,927	64,391
Current liabilities			
Creditors: Amounts falling due within one year	12	(202,131)	(71,257)
Net current (liabilities)/assets		(4,204)	(6,866)
Total assets less current liabilities		576,605	574,876
The funds of the charity:			
Restricted income funds	14	2,524	2,394
Unrestricted income funds	14	574,081	572,482
Total funds		576,605	574,876

The notes on pages 20 to 32 form part of these financial statements

Approved and signed on behalf of the Trustee.

Caroline Al-Beyerty

Chamberlain of London and Chief Financial Officer

XX December 2023

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items that are considered material in relation to the financial statements of the charities.

(a) Basis of preparation

The financial statements of the charities, which is a public benefit entity under FRS102, have been prepared under the historical cost convention as modified by the valuation of investments which are held at fair value and in accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (second edition effective 1 January 2019) and the Charities Act 2011.

(b) Going concern

The financial statements have been prepared on a going concern basis as the Trustee considers that there are no material uncertainties about the charities ability to continue as a going concern. The governing documents place an obligation on the City of London Corporation to preserve the open spaces for the benefit of the public. Funding is provided from the City of London Corporation's City's Cash. On an annual basis, a medium-term financial forecast is prepared for City's Cash covering the next 5 years from the period covered by these financial statements. The latest forecast anticipates that adequate funds will be available in the next 12 months from the date of these financial statements being signed to enable the charities to continue to fulfil its obligations.

In making this assessment, the Trustee has considered the potential ongoing impact of current high inflationary pressures on the financial position, including future income levels and planned expenditure and the liquidity of the charity over the next 12-month period. For this reason, the Trustee continues to adopt a going concern basis for the preparation of the financial statements.

(c) Key management judgements and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenditure. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of decisions about carrying values of assets and liabilities that are not readily apparent from other sources. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Management do not consider there to be any material revisions requiring disclosure.

In preparing the financial statements, management has made the following key judgements: useful economic life of fixed assets.

(d) Statement of Cash Flows

The Trust has taken advantage of the exemption in FRS102 (paragraph 1.12b) from the requirement to produce a statement of cash flows on the grounds that it is a qualifying entity. A Statement of Cash Flows is included within the City's Cash Annual Report and Financial Statements 2022 which is publicly available at www.cityoflondon.gov.uk.

(e) Income

All income is included in the Statements of Financial Activities (SOFA) when the charities are legally entitled to the income; it is more likely than not that economic benefit associated with the transaction will come to the charities and the amount can be quantified with reasonable certainty. Income consists of donations, charges for use of facilities, contributions, grants, sales and rental income.

The City of London Corporation's City's Cash meets the deficit on running expenses of the charities and also provides funding for certain capital works. This income is considered due each year end once the deficit on running expenses and capital works funding has been confirmed, and is recognised in the SOFA at this point.

(f) Expenditure

Expenditure is accounted for on an accruals basis and has been classified under the principal categories of 'expenditure on raising funds' and 'expenditure on charitable activities'. Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charities to that expenditure, it is probable that settlement will be required, and the amount of the obligation can be measured reliably.

Governance costs include the costs of governance arrangements which relate to the general running of the charities as opposed to the direct management of functions inherent in the activities undertaken. These include the costs associated with constitutional and statutory requirements such as the cost of Trustee meetings.

Support costs (including governance costs) include activities undertaken by the City Corporation on behalf of the charities, such as human resources, digital services, legal support, accounting services, committee administration, public relations and premises costs. These costs are recharged and the basis of the cost allocation is set out in note 7.

The Trustee, the City Corporation, accounts centrally for all payroll related deductions. As a result, the charities account for all such sums due as having been paid.

(g) Pension costs

Staff are employed by the City of London Corporation and are eligible to contribute to the City of London Local Government Pension Fund, which is a funded defined benefit scheme. The estimated net deficit on the Fund is the responsibility of the City of London

Corporation as a whole, as one employer, rather than the specific responsibility of any of its three main funds (City Fund, City's Cash and Bridge House Estates) or the trusts it supports.

The Fund's estimated net liability has been determined by independent actuaries in accordance with FRS102 as £142.6m as at 31 March 2023 (£832.7m as at 31 March 2022). Since any net deficit is apportioned between the financial statements of the City of London's three main funds, the charity's Trustee does not anticipate that any of the liability will fall on the charity. The charity is unable to identify its share of the pension scheme assets and liabilities and therefore the Pension Fund is accounted for as a defined contribution scheme in these financial statements.

Barnett Waddingham, an independent actuary, carried out the latest triennial actuarial assessment of the scheme as at 31 March 2022, using the projected unit method. The 31 March 2022 valuation was carried out in 2022/23 and has set the contribution rates for the period 01 April 2023 to 31 March 2026 at 21%. Contribution rates adopted for the financial years 2020/21, 2021/22 and 2022/23 had been set at 21%.

(h) Taxation

The charities meets the definition of a charitable trust for UK income tax purposes, as set out in Paragraph 1 Schedule 6 of the Finance Act 2010. Accordingly, the charities are exempt from UK taxation in respect of income or capital gains under part 10 of the Income Tax Act 2007 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

(i) Fixed Assets

Heritage Land and Associated Buildings

West Wickham Common and Spring Park Wood Coulsdon and other Commons comprises 277 hectares (685 acres) of land located in the London Boroughs of Bromley and Croydon, together with associated buildings. The objects of the charities are the preservation of West Wickham Common and Spring Park Wood Coulsdon and other Commons in perpetuity as an Open Space for the recreation and enjoyment of the public. West Wickham Common and Spring Park Wood Coulsdon and other Commons is considered to be inalienable (i.e. they may not be disposed of without specific statutory powers).

Land and the original associated buildings are considered to be heritage assets. In respect of the original land and buildings, cost or valuation amounts are not included in these financial statements as reliable cost information is not available and a significant cost would be involved in the reconstruction of past accounting records, or in the valuation, which would be onerous compared to the benefit to the users of these accounts. Heritage assets are reviewed annually for impairment.

Additions to the original land and capital expenditure on buildings and other assets are included as fixed assets at historic cost, less provision for depreciation and any impairment, where this cost can be reliably measured.

Tangible fixed assets

Assets that are capable of being used for more than one year and have a cost greater than £50,000 are capitalised. Such assets are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is charged from the year of acquisition, on a straight-line basis, in order to write off each asset over its estimated useful life as follows. Land is not depreciated.

	Years
Infrastructure	up to 20
Heavy vehicles and plant	5

Intangible fixed assets

Intangible assets comprise website design relating to the Kenley Revival project 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 the SOFA.

(j) Stocks

Stocks are valued at the lower of cost or net realisable value. All stocks are finished goods and are held for resale as part of the charities operations.

(k) Cash

Cash and cash equivalents include cash in hand, overdrafts (if any) and short term deposits and other instruments held as part of the Corporation's treasury management activities with original maturities of three months or less.

(l) Funds structure

Income, expenditure and gains/losses are allocated to particular funds according to their purpose:

Restricted funds – These include income that is subject to specific restrictions imposed by donors, with related expenditure deducted when incurred.

Unrestricted income funds – these funds can be used in accordance with the charitable objects at the discretion of the Trustee and include both income generated by assets held representing unrestricted funds. Specifically, this represents any surplus of income over expenditure for the charities which is carried forward to meet the requirements of future years, known as free reserves.

Designated funds – these are funds set aside by the Trustee out of unrestricted funds for a specific purpose.

(m) Insurance

The charity, elected Members and staff supporting the charity's administration are covered by the City Corporation's insurance liability policies, and otherwise under the indemnity the City Corporation provides to Members and staff, funded from City's Cash.

2. INCOME FROM VOLUNTARY ACTIVITIES

	Unrestricted income funds	Restricted income funds	Total 2022/23	Unrestricted income funds 2021/22
	£	£	£	£
Grants	23,411	-	23,411	116,951
Donations and legacies	8,544	130	8,674	5,851
Total	31,955	130	32,085	122,802

3. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted income funds 2022/23	Unrestricted income funds 2021/22
	£	£
Charges for use of facilities	40,975	58,322
Sales	19,924	14,776
Rental income	66,344	43,568
Total	127,243	116,666

4. INCOME FROM THE CITY OF LONDON CORPORATION

	Unrestricted income funds 2022/23	Unrestricted income funds 2021/22
	£	£
Revenue and capital grants from City of London Corporation	1,264,271	1,046,052

Income for the year included:

Grants – being amounts received from organisations towards programmes operated by the charity. Grant income includes a government grant received from the Countryside Stewardship Scheme (CSS) which provides funding to farmers and land managers to farm in a way that supports biodiversity, enhances the landscape, and improves the quality of water, air and soil. There are no unfulfilled conditions or other contingencies relating to this grant income and no other forms of government assistance have been received in the year.

Donations – being amounts received from the public for walks and talks advertised via Eventbrite. Donations can be made on the Farthing Downs webpage, to the Farthing Downs Interpretation Improvements project.

Contributions – being amounts contributed towards corporate volunteering events and by the public towards free events such as guided walks.

Charitable activities – being amounts generated from the sales of livestock and woodland products such as timber and charcoal; from charges made for the use of facilities, such as for car parking, for filming on City Commons and from rental of catering facilities, licence fees and wayleave licences.

Grants from the City of London Corporation – being the amount received from the City of London Corporation’s City’s Cash to meet the deficit on running expenses of the charities, alongside funding for capital purchases.

5. EXPENDITURE

Expenditure on charitable activities

	Direct costs £	Support costs £	Total 2022/23 £	Direct costs £	Support costs £	Total 2021/22 £
Preservation and operation of West Wickham Common and Spring Park Wood	<u>1,180,769</u>	<u>241,101</u>	<u>1,421,870</u>	<u>945,897</u>	<u>181,030</u>	<u>1,126,927</u>

Charitable activity

Expenditure on the charitable activities includes labour, premises costs, equipment, materials and other supplies and services incurred in the running of West Wickham Common and Spring Park Wood Coulsdon and other Commons.

Auditor’s remuneration and fees for other services

Crowe U.K. LLP are the auditors of the City of London’s City’s Cash Fund and provide assurance services to all of the different charities of which it is Trustee. The City of London Corporation charges the audit fee to its City’s Cash Fund. In 2022/23 an audit fee of £5,500 was recharged (2021/22: £5,000). No other services were provided to the charity by its auditors during the year (2021/22: £nil).

6. SUPPORT COSTS

Support costs include activities undertaken by the City of London Corporation on behalf of the charities, such as human resources, digital services, legal support, accounting services, committee administration and premises costs. Such costs are determined on a departmental basis, and are allocated on a cost recovery basis to the charities based on time spent, with associated office accommodation charged proportionately to the space occupied by the respective activities, with the split of costs as follows:

Support costs

	Charitable activities £	Governanc e £	2022/23 £	2021/22 £
Department:				
Chamberlain	39,239	-	39,239	37,332
Comptroller & City Solicitor	6,240	-	6,240	6,684
Town Clerk	-	30,774	30,774	21,146
City Surveyor	31,067	-	31,067	31,315
Natural Environment directorate	92,882	-	92,882	40,842
Other governance & support costs	10,244	5,500	15,744	14,493
Digital Services	25,155	-	25,155	29,218
Sub-total	204,827	36,274	241,101	181,030
Reallocation of governance costs	36,274	(36,274)	-	-
Total support costs	241,101	-	241,101	181,030

All support costs are undertaken from unrestricted funds. Governance costs are allocated based on a proportion of officer time spent on the administration of Trustee and Committee related meetings.

7. DETAILS OF STAFF COSTS

All staff that work on behalf of the charities are employed by the City Corporation. The average number of people directly undertaking activities on behalf of the charities during the year was 14 (2021/22: 13).

Amounts paid in respect of employees directly undertaking activities on behalf of the charities were as follows:

	2022/23 £	2021/22 £
Salaries and wages	396,903	373,470
National Insurance costs	41,816	37,659
Employer's pension contributions	90,248	89,351
Total emoluments of employees	528,967	500,480

The number of directly charged employees whose emoluments (excluding employer's NI and pension contribution) for the year were over £60,000 was £nil (2021/22: £nil).

Remuneration of Key Management Personnel

The charities considers its key management personnel to comprise the Members of the City of London Corporation, acting collectively for the City Corporation in its capacity as the Trustee, and the Director of Natural Environment who manages the seven open spaces funded by the City of London Corporation. A proportion of the Directors' employment benefits are allocated to these charities.

Support is also provided by other chief officers and their departments from across the City of London Corporation, including the Town Clerk and Chief Executive, Chamberlain, Comptroller and City Solicitor and City Surveyor.

The amount of employee benefits received by key management personnel totalled £15,113 (2021/22: £7,315). No members received any remuneration for acting on behalf of the Trustee, with directly incurred expenses reimbursed, if claimed. Expenses totalling £nil were claimed in 2022/23 (2021/22: £nil).

8. HERITAGE ASSETS

Heritage assets represent the historic cost of restoring the blast pens on Kenley airfield.

	2019 £	2020 £	2021 £	2022 £	2023 £
Cost					
At 1 April	418,248	462,673	463,341	409,394	575,365
Additions	44,425	668	89,053	165,971	-
Transfers	-	-	-	-	-
At 31 March	462,673	463,341	552,394	575,365	575,365
Depreciation					
At 1 April	-	-	-	-	-
Impairment	-	-	143,000	-	-
At 31 March	-	-	143,000	-	-
Net book value					
At 31 March 2023	462,673	463,341	409,394	575,365	575,365
At 31 March 2022	418,248	462,673	463,341	409,394	575,365

Since 1892 the primary purpose of the charities has been the preservation of West Wickham Common and Spring Park Wood Coulsdon and other Commons for the recreation and enjoyment of the public. As set out in note 1(i), the original heritage land and buildings are not recognised in the Financial Statements. Policies for the preservation and management of West Wickham Common and Spring Park Wood Coulsdon and other Commons are contained in the West Wickham Common and Spring Park Wood Coulsdon and other Commons Conservation Plans. Records of heritage assets owned and maintained by West Wickham Common and Spring Park Wood Coulsdon and other Commons can be obtained from the Executive Director Environment at the principal address as stated on page 33.

9. TANGIBLE FIXED ASSETS

	Infrastructure	Plant	Total
	£	£	£
Cost			
At 1 April 2022	730	8,955	9,685
At 31 March 2023	730	8,955	9,685
Depreciation			
At 1 April 2022	146	3,582	3,728
Charge for the year	37	896	933
At 31 March 2023	183	4,478	4,661
Net book value			
At 31 March 2023	547	4,477	5,024
At 31 March 2022	584	5,373	5,957

10. INTANGIBLE FIXED ASSETS

	Website development £
Cost	
At 1 April 2022	29,120
Additions	-
At 31 March 2023	29,120
Depreciation	
At 1 April 2022	28,700
Charge for the year	-
At 31 March 2023	28,700
Net book value	
At 31 March 2023	420
At 31 March 2022	420

11. DEBTORS – AMOUNTS DUE WITHIN ONE YEAR

	2023 £	2022 £
Rental debtors	607	514
Recoverable VAT	28,213	7,099
Other debtors	5,016	4,627
Total	33,836	12,240

Other debtors consist of amounts owed by non-property related customers of £5,016 (2021/22: £4,627).

12. CREDITORS – AMOUNTS DUE WITHIN ONE YEAR

	2023 £	2022 £
Trade creditors	23,151	16,238
Accruals	67,115	9,836
Deferred income	13,378	9,208
Sundry deposits	31,735	31,164
Other creditors	66,752	4,811
Total	202,131	71,257

Other creditors consist of sundry creditors. Deferred income relates to rental income received in advance for periods after the year-end.

	2023 £	2022 £
Deferred income analysis within creditors:		
Balance at 1 April	9,208	9,293
Amounts released to income	(9,208)	(9,293)
Amounts deferred in the year	13,378	9,208
Balance at 31 March	13,378	9,208

13. ANALYSIS OF NET ASSETS BY FUND

At 31 March 2023	Unrestricted income funds		Restricted funds	Total at 31 March 2023	Total at 31 March 2022
	General funds	Designated funds			
	£	£	£	£	£
Heritage assets	-	575,365	-	575,365	575,365
Tangible assets	-	5,024	-	5,024	5,957
Intangible assets	-	420	-	420	420
Current assets	205,405	(10,002)	2,524	197,927	64,391
Current liabilities	(202,131)	-	-	(202,131)	(71,257)
Total	3,274	570,807	2,524	576,605	574,876

At 31 March 2022	Unrestricted income funds		Restricted funds	Total at 31 March 2022	Total at 31 March 2021
	General funds	Designated funds			
	£	£			
Heritage assets	-	575,365	-	575,365	409,394
Tangible assets	-	5,957	-	5,957	6,889
Intangible assets	-	420	-	420	-
Current assets	71,997	(10,000)	2,394	64,391	165,127
Current liabilities	(71,257)	-	-	(71,257)	(165,127)
Total	740	571,742	2,394	574,876	416,283

14. MOVEMENT IN FUNDS

At 31 March 2023	Total as at 1 April 2022		Income	Expenditure	Transfers	Total as at 31 March 2023
	£	£				
Restricted funds:						
Campaign Donations		2,394	130		-	2,524
Total restricted funds		2,394	130	-	-	2,524
Unrestricted funds:						
General funds		740	1,423,469	(1,420,937)	-	3,272
Designated funds:						
Capital reserve funds		571,742	-	(933)	-	570,809
Total funds		574,876	1,423,599	(1,421,870)	-	576,605

At 31 March 2022	Total as at 1 April 2021		Income	Expenditure	Transfers	Total as at 31 March 2022
	£	£				
Restricted funds:						
Kenley Revival Project		-	80,266	-	(80,266)	-
Campaign Donations		-	2,394	-	-	2,394
		-	82,660	-	(80,266)	2,394
Unrestricted funds:						
General funds		-	1,125,535	(1,124,795)	-	740
Designated funds:						
Capital reserve funds		416,283	77,325	(2,132)	80,266	571,742
Total funds		416,283	1,285,520	(1,126,927)	0	574,876

The restricted fund for 'Campaign Donations' represents funds received from the public through donations. A donations page on the Farthing Downs webpage invites

and enables the public to make on-line donations to the Farthing Downs Interpretation Improvements project. In total £130 was received during the year (2021/22: £2,394).

Purposes of general funds

A general fund of £3,272 (2021/22: £740) relates to surplus unrestricted donation income received.

Purposes of designated funds

Designated funds have been set aside by the Trustee for the following purposes in relation to the Kenley Revival project:

- i. *Tangible Assets* – these are included 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. At 31 March 2023 the net book value of tangible assets relating to direct charitable purposes amounted to £5,024 (2021/22: £5,957).
- ii. *Heritage Assets* – this represents the historic cost of restoring the blast pens on Kenley airfield. The net book value of heritage assets relating to direct charitable purposes at 31 March 2023 was £575,365 (2021/22: £575,365).
- iii. *Intangible Assets* - comprise website design relating to the Kenley Revival project 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. At 31 March 2023 the net book value of intangible fixed assets relating to direct charitable purposes amounted to £420 (2021/22: £420).

The Kenley Revival project aims to conserve the historic airfield structures associated with Kenley Airfield during World War II and to promote the heritage resource to make it accessible to a wider range of people.

15. RELATED PARTY TRANSACTIONS

The City Corporation is the sole Trustee of these charities, as described on page 2. The City Corporation provides various services, the costs of which are recharged to the charities. This includes the provision of banking services, charging all transactions to the charities at cost and crediting or charging interest at a commercial rate. The cost of these services is included within expenditure, as set out in note 5.

The charity is consolidated within the accounts of City's Cash, a fund of the City of London Corporation (the City Corporation, the Corporate Trustee of the charity), by virtue of the deemed control arising from the provision of the shortfall between the charity's income and expenditure by City's Cash, whose place of business is Guildhall, London EC2P 2EJ. The principal purpose of City's Cash is to manage its investments in properties, stocks and shares to provide returns which allows the City Corporation to use the income for the provision of services that are of importance to the City and Greater London as well as nationally and internationally, and to maintain the asset base so that income will be available to fund services for the benefit of future generations. The financial statements of City's Cash can be obtained from the address provided above.

The charities are required to disclose information on related party transactions with bodies or individuals that have the **Page 379** control or influence the charities.

Members are required to disclose their interests, and these can be viewed online at www.cityoflondon.gov.uk.

Members and senior staff are requested to disclose all related party transactions, including instances where their close family has made such transactions.

Figures in brackets represent the amounts due at the balance sheet date. Other figures represent the value of the transactions during the year.

Related party	Connected party	2022/23 £	2021/22 £	Detail of transaction
City of London Corporation	The City of London Corporation is the Trustee for the charity	1,264,271 (nil)	1,046,052 (nil)	The City of London Corporation's City's Cash meets the deficit on running expenses of the charity
		241,101 (nil)	181,030 (nil)	Administrative services provided for the charity

REFERENCE AND ADMINISTRATION DETAILS

CHARITY NAMES: West Wickham Common and Spring Park Wood Coulsdon and other Commons

Registered charity numbers: 232988 and 232989

PRINCIPAL OFFICE OF THE CHARITIES & THE CITY CORPORATION:

Guildhall, London, EC2P 2EJ

TRUSTEE:

The Mayor and Commonalty & Citizens of the City of London

SENIOR MANAGEMENT:

Chief Executive

John Barradell OBE - The Town Clerk and Chief Executive of the City of London Corporation (resigned 31 December 2022)

Ian Thomas CBE – The Town Clerk and Chief Executive of the City of London Corporation (appointed 06 February 2023)

Treasurer

Caroline Al-Beyerty - The Chamberlain and Chief Financial Officer of the City of London Corporation

Solicitor

Michael Cogher - The Comptroller and City Solicitor of the City of London Corporation

Environment Department

Juliemma McLoughlin – Executive Director of Environment

Sally Agass – Interim Director of Natural Environment (resigned 31 March 2023)

AUDITORS:

Crowe U.K. LLP, 55 Ludgate Hill, London, EC4M 7JW

BANKERS:

Lloyds Bank Plc., P.O.Box 1000, BX1 1LT

Contact for The Chamberlain & Chief Financial Officer, to request copies of governance documents & of the Annual Report of City's Cash:

CHBOffice-BusinessSupport@cityoflondon.gov.uk

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City's Cash Group and Other Charities of the City of London

Initial Audit findings Report to the Audit and Risk Committee

Year ended 31 March 2023

Presented to the Audit and Risk Committee on 6 November 2023

Strictly Private and Confidential

The Audit and Risk Committee
The City of London
PO Box 270
Guildhall
London
EC2P 2EJ

Dear Members of the Audit and Risk Committee

I have pleasure in submitting our initial audit findings report for the year ended 31 March 2023. The primary purpose of this report is to communicate to the Audit and Risk Committee, Corporation of London (in the context of the group), Directors (In the context of the Power Stations) & Trustees (in the context of the Natural Environment entities) the significant findings arising from our audit that we believe are relevant to those charged with governance.

I look forward to discussing our report with you, as well as any further matters you may wish to raise with us, and I shall be attending the Audit and Risk Committee meeting with Rachel Laws.

I would like to take this opportunity to express our appreciation for the assistance provided to us by the finance team and the other staff at the charity during this year's audit.

Yours sincerely

Tina Allison
Partner

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1. Executive summary

Our report to you

We are pleased to present our Initial Audit Findings Report to the Audit and Risk Committee and we welcome the opportunity to discuss our findings with you at your meeting on 6 November 2023.

The primary purpose of this report is to communicate to the Audit and Risk Committee and the Trustees the significant findings arising from our audit to date that we believe are relevant to those charged with governance.

In accordance with International Standards on Auditing (UK) the matters in this report include

- the results of our work on areas of significant audit risk
- our views about significant qualitative aspects of the group’s accounting practices, including accounting policies, accounting estimates and financial statement disclosures
- significant difficulties, if any, encountered during the audit
- any significant matters arising during the audit and written representations we are requesting
- unadjusted misstatement identified during the audit
- circumstances that affect the form and content of our auditor’s report, if any
- any other significant matters arising during the audit that, in our professional judgment, are relevant to the oversight of the financial reporting process

We have included comments in relation to the above where relevant in the subsequent sections of this report.

We also report to you any significant deficiencies in internal control identified during our audit which, in our professional judgment, are of sufficient importance to merit your attention.

Audit status update

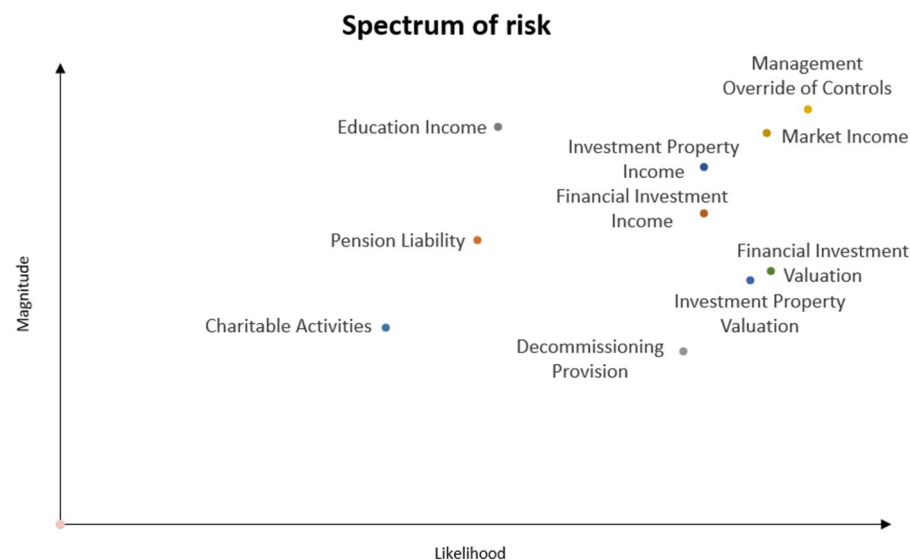
The matters in this report are as understood by us as at 18 October 2023, which is the papers deadline for the 6 November Audit and Risk Committee meeting.

Due to the timing gap between the papers deadline and the Committee meeting itself, we are expecting significant progression on several of the outstanding areas by the time of the committee meeting and as such, we will be able to provide a verbal update in the committee meeting.

Following the conclusion of the audit and prior to the financial statements being approved, we will re-issue our findings report updated for our final conclusions and highlighting any changes in our understanding.

Conclusions in relation to the areas of significant audit risk

As explained in our Audit Planning Report, in line with ISA (UK) 315 (Revised), we have considered the inherent risks, including the likelihood and magnitude of a potential misstatement, as shown in the chart below.



Our risk assessment process is tailored to each individual entity, and as such, the risks outlined below do not apply to all entities covered within this report. As such, we have included in the list below an indication as to which entities each risk applies to.

As per the planning report, Tina Allison is the group RI and will be signing audit opinions for the Group and the Power Stations. Vincent Marke (who is also a partner in Crowe UK's Non-Profit and Social Purpose audit team) is the RI on the Natural Environments and Sundry Trust entities and will be signing the audit opinion on these. Both of these groups of audits are progressing and details of any findings will be communicated in due course.

The initial audit findings report will include all entities listed below. However, our updated report which will be issued on completion of the audit work listed in Section 2 and Section 3 as outstanding will not include the Other charities within the Corporation subject to Audit as a separate report will be issued to cover these entities.

- A. City's Cash**
- B. Natural Environment charities (previously known as open spaces)**
- C. Power station companies**
- D. Other charities within the Corporation subject to Audit**

In line with our audit plan we focussed our work on the significant audit risks identified.

- Revenue recognition – Investment Property Income (A)
- Revenue recognition – Financial Investment Income (A, D)
- Revenue recognition – Education Income (A)
- Revenue recognition – Market Income (A)
- Revenue recognition – Charitable Activities (B, D)
- Revenue recognition – Voluntary Income* (B, D)
- Estimates and judgements – Financial Investment Valuation (A, B, D)
- Estimates and judgements – Investment Property Valuation (A)
- Estimates and judgements – Pension Liability (A)
- Estimates and judgements – Decommissioning Provision (A, C)

- Management Override of Controls (A, B, C, D)

* During our fieldwork we identified an additional significant risk in relation to the Revenue Recognition - Voluntary Income (B, D), this was communicated to management.

Other audit findings

[Section 3](#) sets out various comments on other important matters which we have identified from our audit.

Fraud and irregularities

[Section 4](#) sets out the Trustees and our responsibilities in respect of fraud and irregularities.

Audit materiality

The audit materiality for the financial statements set as part of our audit planning took account of the level of activity of / funds held. For City's Cash was set at 2% of investment (overall) and 1.5% of income (specific), as appropriate for the financial statement area concerned. We have used overall materiality just for our testing on investments and specific materiality for all other areas of testing.

Please note, our Audit Planning Report issued at the planning stage stated that we would use 2% of income for our materiality levels. During the course of the audit there was a change to this specific materiality level, this was formally communicated with management and the detail has been included in [Appendix 4](#).

We have reviewed this level of materiality based on the draft financial statements for the year ended 31 March 2023 and are satisfied that it continues to be appropriate with 2% of investments (£60.8m) and 1.5% of income (£2.9m).

We set separate audit materiality levels for each of the group's subsidiary entities. Details of these separate materiality levels are set out in [Appendix 4](#).

Unadjusted misstatements

We report to you any unadjusted individual errors other than where we consider the amounts to be trivial, and for this purpose we have determined trivial to be 5% of our audit materiality.

We have listed in [Appendix 1](#) the misstatements we have identified which have not been adjusted by management. The unadjusted errors identified at the time

of issuing this report would result in an increase of £1.6k in the net income recorded in the Statement of Financial Activities and management have concluded that this is not material. We will be requesting confirmation from the Trustees in our audit representation letter that you do not wish to adjust for these misstatements.

There are ongoing discussions with management over several other potential adjusting items and once we have concluded on these, we will issue an updated Audit Findings Report to confirm the total effect on net income for unadjusted errors.

Audit completion and our Audit Reports

We have carried out our audits in accordance with our Audit Planning Report which was sent to you and the senior management team on 9 October 2023. At the time of writing this report the following areas remained outstanding:

- The audit file is subject to both partner review and an engagement quality control review.
- Fraud (ISA 240) question responses
- Receipt of remaining related party declarations
- Receipt of outstanding information on education income & completion of the respective work.
- Receipt of sample on school's other debtors & prepayments.
- Completion of substantive work around expenditure.
- Pensions – completion of work around the valuation of the assets (some queries with GT)
- Conclusion of extent of RAAC issue ([section 2.8](#) below)
- Fixed assets – query WIP depreciation
- Receipt of responses to Payroll queries/ provision of OS contracts.
- Conclusion of query in relation to City's Cash allocation of central cash balance.
- Completion of our journals testing

- Receipt of management Impairment review of Goodwill recognised in City's Cash in relation to Power Stations
- Finalisation of consolidation review & address queries over eliminating journals
- Receipt of all Investment & bank confirmations from respective investment managers, custodians & banks.
- Receipt of Private Minutes and completion of review of these.
- Finalisation of our review of IT General Controls.
- Completion of the going concern and post-Balance Sheet events reviews.
- Review of the final financial statements.
- Receipt of the signed letter of representation ([Appendix 5](#)).

We will report to you orally in respect of any modifications to the findings or opinions contained in this report that arise from progressing these outstanding matters.

Responsibilities and ethical standards

We have prepared this report taking account of the responsibilities of the Trustees and ourselves set out in [Appendix 6](#) of this report.

The matters included in this report have been discussed with the charity's management during our audit and at our closing meeting on 9 October 2023. Sonia Virdee and Liton Rahman have seen a draft of this report and we have incorporated their comments and/or proposed actions where relevant.

2. Significant audit risks

As reported in our Audit Planning Report, ISA (UK) 315 (Revised) was applicable this year, and required us to consider a spectrum of inherent risk, considering both the likelihood and magnitude of a possible misstatement, with risks close to the upper end of the spectrum of inherent risk considered to be 'significant risks'.

Risk is considered in the context of how, and the degree to which, inherent and control risk factors affect the likelihood and magnitude of a misstatement occurring. Such factors may be qualitative or quantitative, and include complexity, subjectivity, change, uncertainty or susceptibility to misstatement due to management bias or other fraud risk factors.

In addition, the auditing standards also set out a number of areas considered to always be a significant risk. Our audit response in respect of risks not identified as significant is set out in [Section 3](#).

We have commented below on the results of our work in these areas as well as on any additional significant risks, judgements or other matters in relation to the financial statements of City's Cash Group and Other Charities of the City of London identified during our audit.

2.1 Revenue recognition – Investment property Income (A)

Key related judgements

Investment property income of one of the largest revenue streams for City's Cash, totalling £70.3m in 2023.

Investment property income is comprising mostly of routinely invoiced income, there have been rent-free periods offered in the year and rent holidays requiring more complex accounting. In addition, the quarterly invoicing pattern usually followed, leads to the need to partially defer invoiced income at yearend.

This revenue stream also includes revenue released from deferred lease premiums attached to long term leases where City's Cash is the lessor.

Given the relative size of this revenue stream and complexities arising over cut-off and lease accounting, we consider there to be a significant risk over this revenue stream.

Crowe response

As part of our audit work we included the following tests:

- We reviewed the income recognition policy to ensure it is aligned with FRS 102 and is being appropriately applied and disclosed.
- Documented and reviewed the systems and controls in place over investment property income. This is a key area of control to ensure that

you have recognised all income that is due and closely managed and monitored the debtor ledger.

- Carried out analytical procedures and substantive testing on all investment property income streams including reconciliations to the relevant systems and other records.
- Reviewed a sample of transactions and bank receipts either side of the year end date to ensure these have been recognised in the appropriate period.
- Obtained a breakdown of investment property income for the year and reconciled to the trial balance.
- Verified a sample of property receipts to supporting tenancy agreements and invoices.
- Reviewed the year-end deferred income balances, testing a sample to support and re-calculating the split of any invoices as appropriate.
- Reviewed the long-term lease premium accounting treatments to ensure they had been accounted for in accordance with the relevant accounting standards, and that they are being released.

Our conclusions and other comments

Our testing of investment property income is nearly complete and pending final reviews.

At this stage, our testing of investment property income has not highlighted any material issues in relation to the recognition of this income stream.

2.2 Revenue recognition – Financial Investment Income (A, D)

Key related judgements

Investment income in City's Cash (£5.2m) and the City of London Charities Pool is derived from the various investment holdings including listed investments, private equity, multi-asset and infrastructure fund holdings and bank deposits. City's Cash and the City of London Charities Pool co- invests with the City of London Pension Fund and Bridge House Estates into a number of holdings, with a portion of the value and investment income then apportioned to each entity from this central pool.

The Charities Pool entity acts as a pooled investment vehicle for the smaller charities within the City of London, responsible for managing their collective portfolios and dividing any income received in proportion to the units the other charities hold in the entity.

In addition, Hampstead Heath Trust holds a standalone portfolio along with Sir William Coxen Trust Fund which both also generate income through interest and dividends.

The primary risk for this revenue stream is over the accuracy of the central split of the income allocated to City's Cash and the Charities Pool and in turn the entities invested in the Pool, as well as the completeness of the investment income reported for the year in each entity, where it might be necessary to accrue for income not yet received.

Crowe response

As part of our audit work we included the following tests:

- Agreed the income reported in the investment managers' reports and bank interest to the nominal ledger and third party sources and reviewed cut off to check that the income had been appropriately recognised.

- Reviewed the relevant AAF01/06 controls reports for the investment managers and custodians to gain assurance that there are appropriate controls in place to accurately report income to the Corporation and Charity.
- Reviewed the allocation of investment income to City's Cash and the Charities Pool, ensured it is in line with the proportion of the investment holdings allocated to each entity.
- Reviewed the split of investment income to the charities holding units in the Charities Pool, to ensure it has been calculated correctly and income for the full year has been allocated.

Our conclusions and other comments

Our testing of financial investment income is nearly complete and pending final reviews. We are still waiting on some direct confirmations from Investment Managers and Custodians.

Our testing of financial investment income did not highlight any material issues in relation to the recognition of this income stream.

2.3 Revenue recognition – Education Income (A)

Key related judgements

Income through tuition and other related fees is one of the primary revenue streams in City's Cash, amounting to £105.7m in 2023. This income stream is generated from the three schools and one higher education body that the entity operates; City of London School, City of London School for Girls, City of London Freeman's School and Guildhall School of Music and Drama.

We consider the primary risks to lie over the completeness of this income – ensuring correct cut-off of termly invoices at year-end along with the correct application of any discounts.

Crowe response

As part of our audit work we included the following tests:

- Gained an understanding of the systems and controls in place around education income, including controls over pupil management and invoicing at each school.

- Completed a proof-in-total over education fee income at each school using pupil data and fixed tuition fees lists for each school.
- Completed testing on the underlying inputs into this proof in total, including any discounts offered in the year.
- Reviewed a sample of tuition and other education fee income, agreeing it to support and receipt to the bank.
- Performed cut-off testing around the year end to ensure income has been recognised in the correct years and income has been deferred appropriately.

Our conclusions and other comments

During our reconciliation of education income back to the accounts, we identified £4.7m of education income which was incorrectly double counted in income and reserves. We have included this as an adjusted error in [Appendix 1](#). We have also noted this as a control point in [Appendix 2](#) as management failed to notice this error and have included a recommendation for the financial statements to be reviewed before being sent to us.

At the time of writing this report, our sample testing on this area is outstanding with management. We are also waiting on management to review a possible adjustment in relation to a prior year journal. We will provide a verbal update at the Committee if progress has been made.

2.4 Revenue recognition – Market Income (A)

Key related judgements

Market income (£12.2m) consists of rental and similar income from the markets that City's Cash operates, being Billingsgate and Smithfield. Whilst comprising primarily of routinely invoiced income, the Covid-19 pandemic led to the introduction of rent-free periods and rent holidays requiring more complex accounting. In addition, the quarterly invoicing pattern followed leads to the need to partially defer invoiced income at year-end.

This revenue stream also includes revenue from related non-rental sources such as service charge and car parking income.

Given the relative size of this revenue stream we consider there to be a significant risk over this revenue stream, primarily over cut-off and completeness.

Crowe response

As part of our audit work we included the following tests:

- Reviewed a sample of transactions and bank receipts either side of the year end date to ensure these have been recognised in the appropriate period.
- Obtained a breakdown of market income for the year and reconciled to the trial balance.
- Verified a sample of market income receipts to supporting agreements and invoices.
- Reviewed the year-end deferred income balances, testing a sample to support and re-calculating the split of any invoices as appropriate.
- Performed cut off testing on either side of the year end of market income.

Our conclusions and other comments

Our work cut off of this income is still ongoing. We are currently discussing with management the best way to trace through to bank rather than PARIS statements.

At this stage, our testing of this income did not highlight any material issues in relation to the recognition of market income.

2.5 Revenue recognition – Charitable Activities (B, D)

Key related judgements

In addition to the funding received from City's Cash, the various charities within the City's Cash group generate revenue through a variety of activities. This includes revenue generated from sources such as car parking, café sales, use of sports grounds and admission fees.

Due to the varying nature of these revenue streams each requiring different recognition criteria to be considered, we consider there to be a significant risk around completeness of this revenue stream.

Crowe response

As part of our audit work we included the following tests:

- Obtained an understanding of systems and controls over all material revenue streams within this category.
- Reviewed the revenue recognition policy for each material revenue stream to ensure it is compliant with the applicable accounting standards.
- Tested a sample of charitable activity income substantively from nominal and agreeing it to supporting documentation and receipt to bank.
- Tested a sample of charitable activity income from source documentation to nominal and receipt into the bank.
- Performed cut-off testing by reviewing transactions around yearend.

- Obtained an understanding of systems and controls over all material revenue streams within this category.
- Reviewed the revenue recognition policy for each material revenue stream to ensure it is compliant with the applicable accounting standards.
- Tested a sample of voluntary income substantively from nominal and agreeing it to supporting documentation and receipt to bank.
- Tested a sample of voluntary income from source documentation to nominal and receipt into the bank.
- Performed cut-off testing by reviewing transactions around year end.

Our conclusions and other comments

At the time of writing this report, we are still finalising our work in this area. Following the completion of this we will provide an update to the conclusions of this work and communicate any controls findings we have identified.

Our conclusions and other comments

At the time of writing this report, we are still finalising our work in this area. Following the completion of this we will provide an update to the conclusions of this work and communicate any controls findings we have identified.

2.6 Revenue recognition - Voluntary Income (B, D)

Key related judgements

Included within the Natural Environment entities and the City of London Girls Bursary Fund is voluntary income. Due to the varying nature of these revenue streams each requiring different recognition criteria to be considered, we consider there to be a significant risk for this revenue stream.

We consider there to be a significant risk over this revenue stream, primarily over cut-off and completeness.

Crowe response

As part of our audit work we included the following tests:

2.7 Estimates and judgements – Financial Investment Valuation (A, B, D)

Key related judgements

The financial investments portfolio within City’s Cash represented £977.2m as at 31 March 2023. There is a risk regarding the existence / ownership of the assets in the investment portfolio and their correct valuation.

As the investments are held and managed by third party service providers it is important that:

- the Entity has sufficient controls in place to mitigate the risks associated with outsourcing services; and
- the controls in operation by the third-party service provider over the ownership and management of the Entity’s assets are sufficient; and their associated income streams are sufficiently robust.

Crowe response

Our focus was on your own internal procedures to manage and control the investments as well as the controls being operated by both the investment

managers and the custodian, including consideration of the relevant AAF01/06 controls reports. We obtained valuations directly from the investment managers.

We reviewed the reconciliations between the reports from the investment managers and the custodian's report and the records independently maintained to confirm ownership and to identify potential anomalies or significant movements in the year (particularly in relation to purchases and disposals).

We also reviewed the cash flows to, from and between the investment managers and the tracking of these movements.

Our conclusions and other comments

As part of our testing, we have obtained direct confirmation from the respective investment managers for both listed and unlisted investments. We are currently awaiting a number of investment managers and custodians reports. We are liaising with these parties to obtain these.

For our testing on listed investments, we have corroborated the values of the investments held by City's Cash to third party sources. We have not found any issues as part of this work.

On unlisted investments, we have undertaken additional work on these investments to assess whether there are any indicators of a required impairment, including assessments of the fund performance and reviews of post year-end information.

Where they have been prepared and have been available, we have also reviewed the AAF 01/06, or equivalent controls reports, for the investment managers and custodians. We are currently awaiting the receipt of various reports, however we have not yet noted any issues.

In addition to the above, we have undertaken extra substantive tests of detail covering additions, disposals and recognition of management fees. At the time of this report, the review process on these areas is still in progress.

2.8 Estimates and judgements - Investment Property Valuation (A)

Key related judgements

Investment properties held by City's Cash totalled £2,002m as at 31 March 2023, including the former Barking Power Station site owned by the subsidiary Barking Power Limited. These properties are valued independently by two firms registered as valuers with the Royal Institution of Chartered Surveyors ("RICS")

as at 31 March each year. Investment properties are carried in the financial statements at fair value.

FRS102 requires revaluation to be made with sufficient regularity to ensure that the carrying value does not differ materially from that which would be determined using fair value at the reporting date.

Crowe response

We reviewed the investment property valuation report with consideration to judgements and estimates used by the valuer with reference to market data. We also tested the inputs provided to the valuer by the entity and the ownership status via land registry.

We also reviewed the valuation adjustment and ensured any gains/losses on revaluation have been appropriately recognised in the Statement of Comprehensive Income.

Our conclusions and other comments

Valuation reports review

As with the prior year, we have engaged Cluttons as an auditor's expert to complete a review of the City's Estate valuation report prepared by JLL, consisting of a high-level review of the full report and a more detailed review of five selected properties. This has also included challenging the methodology and inputs used by JLL to determine their reasonableness.

The valuations prepared by JLL have been noted as being relatively aggressive; whilst the properties reviewed all fall into the expectations set by Cluttons, two of the five properties reviewed sit at the upper boundary. We have concluded with the aid of this review that the approach adopted by JLL is reasonable however, with satisfactory explanations obtained where a property's value has not moved in line with wider market trends.

Cluttons have also completed a review of the valuation report for the former Barking power station site, prepared by Gerald Eve. Again we note that the valuation of £127.5m is at the top end of the range expected (£111m - £127.5m) however we are satisfied that the approach by GE is reasonable and the value falls within expectations.

Whilst we note that the site's development is still in its early stages and the approval process for the new market is ongoing, we would not expect any

issues or delays with this to fundamentally change the value of the property as it is valued on the basis of being developed for City's Cash proposed use.

At the time of writing, the review process for this area is currently ongoing. We will provide a verbal update on this at the committee meeting.

Ongoing RAAC review

We note that there is scope for properties within the portfolio to be affected by the ongoing nationwide issues with reinforced autoclaved aerated concrete (RAAC), as a number were constructed or renovated during the period it was used.

The valuations have been prepared on the basis that no RAAC is present in the properties and therefore could be materially impacted should RAAC be found to have been used in the core framework of the building.

We understand that the City of London have launched a Corporation-wide working party to identify and survey any buildings that are potentially affected, though this is unlikely to be completed prior to the signing of the audit opinion due to the scale of the review and inspections required.

Depending on the progress of this review however there may be a need for City's Cash to disclose a contingent liability within the accounts for any remedial works, should a possible obligation arise.

We will continue to review the status of this review up to the signing of the accounts and work alongside City's Cash management to ensure a suitable disclosure is included in the accounts to reflect the current position at signing. We will also provide a verbal update on this at the committee meeting.

2.9 Estimates and judgements – Pension Liability (A)

Key related judgements

The assumptions surrounding the FRS102 pension liability (£65.6m) calculations performed by the actuaries can make a significant difference to the result disclosed in the financial statements.

The City Corporation operates a funded defined benefit pension scheme, The City of London Pension Fund, for its staff employed on activities relating predominantly to the three principal funds for which it is responsible (City Fund, City's Cash and Bridge House Estates).

At present, City's Cash includes the pension scheme liability in the accounts as reported under IAS19, with a conversion not made to FRS102 on the grounds of the difference not being material. There is a risk that this difference may in fact be material or otherwise significant.

Crowe response

As part of our audit work we included the following tests:

- Benchmarked the assumptions used by the actuary in calculating the FRS102 pension liability.
- Assessed the difference in calculating the liability between IAS19 and FRS102 to determine whether it is material or otherwise significant.
- Verified scheme assets to third party documentation.
- Verified (on a sample basis) the input data provided to the actuary to HR and payroll records.
- Verified the apportionment methodology of the pension liability across the 3 City of London funds.

Our conclusions and other comments

Our work is largely complete in this area subject to the following and any points raised as per of the final review process:

- We have now completed our review of Grant Thornton work papers who were completing the audit of the pension scheme.
- Review of the prior year adjustment that has been made in relation to the updated 21/22 triennial valuation.
- Verification of the methodology around the apportionment of the pension liability across the 3 City of London funds.

2.10 Estimates and judgements – Decommissioning Provision (A, C)

Key related judgements

Included within the accounts of Barking Power Limited is a provision (£26.5m) for the decommissioning of the site in preparation for future development. This provision has a number of key assumptions regarding expected costs and the time period over which they will be incurred.

Given the size of the provision and its reliance on judgemental inputs, we consider there to be a significant risk over the valuation of the provision.

Crowe response

As part of our audit work we included the following tests:

- Obtained and reviewed management's estimation of the provision.
- Gained an understanding of the key inputs to the provision calculation, agreed them to supporting documentation as appropriate.
- Reviewed costs incurred post year-end to ensure that they are in line with management's forecast to corroborate the accuracy of the provision made.

Our conclusions and other comments

As part of our work on provisions, we have confirmed the calculations, estimates, and judgements used by management are reasonable and correct. We have made enquiries to determine the basis of the provision and undertaken tests to assess the controls surrounding the inclusion of costs within. We have agreed a sample of underlying costs held within the provision to the underlying support to confirm these have been included within the calculation at the correct value.

Partner review has now taken place and we are clearing down review comments.

We found no issues as part of our testing. However, the review process is still ongoing in this area and further queries may arise as a result.

2.11 Management override of controls (A, B, C, D)

Auditing standards require us to consider as a significant audit risk area of potential or actual management override of controls. In completing our audit we have therefore considered the following matters.

Significant accounting estimates and judgements

ISA (UK) 540 (Revised) Auditing Accounting Estimates and Related Disclosures requires additional audit focus over management's estimates, including undertaking separate risk assessments for both inherent and control

risks. In respect of the former, consideration is given to the estimation uncertainty, the subjectivity and the complexity of the estimate. We are also required to consider whether the disclosures made in the financial statements are reasonable.

Management have made a number of necessary significant accounting estimates and judgements which impact the financial statements. We identified the following for specific audit review:

- Financial Investment Valuation [significant risk]
- Investment Property Valuation (including considerations of a potential contingent liability due to RAAC) [significant risk]
- Pension Liability [significant risk]
- Decommissioning Provision [significant risk]
- Assessment of impairment of assets.
- Assessment of impairment of goodwill (City's Cash)
- Assessment of the remaining useful life of assets.
- The classification of accounts between short term investments and cash and cash equivalents.
- The split of recharged expenditure between the various entities of the City of London Corporation.

Estimates and judgements that are not considered to be significant risks are set out in [Section 3](#).

It is important that you are satisfied that the assumptions used by management are appropriate and we will ask you to provide a written representation to us to confirm this.

Controls around journal entries and the financial reporting process

We reviewed and carried out sample testing on the charity's controls around the processing of journal adjustments (how journals are initiated, authorised and processed) and the preparation of the annual financial statements. We also considered the risk of potential manipulation by journal entry to mask fraud.

We note that only Chamberlain (finance) staff, whether they work in the corporate team or one of the units, are able to post journals and whilst journals

under £100k are not subject to management review or spot checks, they should be accompanied by relevant supporting documentation. All journals over £100k are reviewed in the form of managers' reviewing regular reports detailing these journals and approving them on the Oracle system.

Whilst this threshold is deemed satisfactory for City's Cash due to the level of materiality, this threshold for reviewing journals for some Sundry Trusts and the Natural Environment entities is not sufficient due to their lower level of materiality. We have included a recommendation in [Appendix 2](#) to lower the threshold of journal review for Sundry Trusts and the Natural Environment entities and include independent spot checks for journals under the £100k threshold for City's Cash as a two-tiered approach to journal reviews.

At the time of writing this report, our work on journals is incomplete as we require support for our selected sample of journals from management.

Significant transactions outside the normal course of business

We are required to consider the impact on the financial statements if there are any significant transactions occurring outside of the normal course of the business.

No such transactions were notified to us by management, nor did any such transactions come to our attention during the course of our work.

3. Other audit findings

In addition to matters relating to the significant audit risks as reported in [Section 2](#), we have also noted the following matters from our audit work which we should bring to your attention.

3.1 Going concern

We explained in our Audit Planning Report that in preparing the financial statements to comply with Financial Reporting Standard 102 the Trustees and management are required to assess the charity's ability to continue as a going concern. In assessing whether the going concern assumption is appropriate, the Trustees and management are required to consider all available information about the future of the charity in the period of at least, but not limited to, twelve months from the date when the financial statements are approved and authorised for issue.

The trustees' going concern assessment is a key area of emphasis and importance for our audit and, in accordance with the requirements of ISAs (UK), our audit report includes a specific reference to going concern.

Where trustees identify possible events or scenarios, other than those with a remote probability of occurring, that could lead to failure, then these should be disclosed in the financial statements.

Trustees may consider and take account of realistic mitigating responses open to them, considering the likely success of any response.

We have discussed this with the management and explained that our work on going concern includes the following:

- reviewing the period used by Trustees to assess the ability of City's Cash Group and Other Charities of the City of London to continue as a going concern,
- examining budgets and forecasts prepared by management covering the period of the going concern assessment to ensure that these appropriately support the trustees' conclusion,
- reviewing the accuracy of past budgets and forecasts by comparing the budget for the current year against actual results for the year, and

- reviewing any other information or documentation which the Trustees have used in their going concern assessment.

Our conclusions and other comments

As at 31 March 2023 City's Cash Group and Other Charities of the City of London is reporting total reserves of £2,912.3m (2022: £2,845.4m). City's Cash Group and Other Charities of the City of London's operating deficit for the year is £251.5m (2022: £95.6m surplus).

The cash balance at year end is £25.1m (2022: £20.1m) and financial investments amounted to £1,041.6m (2022: £1,174.7m) and investment properties of £2,002m (2022: £2,112.9m).

At the time of writing this report we are awaiting management's paper on going concern and supporting budgets and forecasts. Our work on this area is therefore still ongoing however we have nothing to note at this time that would bring the going concern assumption into question.

We will be seeking representations that the Board has considered the forecasts and is satisfied that the going concern basis is appropriate.

We have included as [Appendix 9](#) some further guidance on going concern which may be of help to the trustees.

3.2 Estimates and judgements

As noted in [Section 2](#), management have made a number of necessary significant accounting estimates and judgements which impact the financial statements.

We identified the following non-significant estimates and judgements for specific audit review:

- Assessment of impairment of assets.
- Assessment of impairment of goodwill (City's Cash)
- Assessment of the remaining useful life of assets.

- The classification of accounts between short term investments and cash and cash equivalents.
- The split of recharged expenditure between the various entities of the City of London Corporation.

It is important that you are satisfied that the assumptions used by management are appropriate and we will ask you to provide a written representation to us to confirm this.

Assessment of impairment of assets

We have not identified any issues on the impairment of assets as part of our testing on this area and have nothing to note on this.

Assessment of impairment of goodwill (City's Cash)

At the time of writing this report, we are awaiting a paper from management on their assessment of the impairment of goodwill in relation to the Power Stations. We will provide an update on this after completion of the work.

Assessment of the remaining useful life of assets

We have discussed tangible assets below in [Section 3.9](#).

The classification of accounts between short term investments and cash and cash equivalents

We have noted a potential issue on the classification between short term investments and cash and at the time of writing this report, management are investigating this.

The split of recharged expenditure between the various entities of the City of London Corporation

Our work on recharge is complete and at the review stage of the process.

3.3 Income

International Standards on Auditing (ISA (UK) 240) presumes there is always a significant risk of material misstatement due to fraud in revenue recognition, unless this is rebutted.

Whilst we deem the income streams detailed above to be significant (see [Section 2](#)) we do not consider other income streams to be significant due to their expected immaterial nature.

Across all income streams the key risks remain the same:

- Completeness (has all income due been appropriately recognised in the period?).
- Cut off (has income been recognised in the appropriate period?).
- Fund allocation (have donor restrictions on the use of the income been appropriately captured in the financial statements?).
- Accuracy (where income is owed at year end, is it likely to be received or should it be provided against?).

3.4 Payroll

Payroll is one of the largest single expenditure items for City's Cash totalling £100.8m in 2023 (2022: £95.7m). Other entities under the scope of this report also incur significant payroll costs, which are recharged from the central payroll function within the Corporation of London.

As payroll is processed centrally and allocated to the various organisations within the Corporation we have taken a holistic approach to the testing.

Crowe response

As part of our audit, we reviewed the controls in place over monthly processing including the reconciliation of the payroll to the nominal ledger.

We also performed analytical procedures that considered gross pay, deductions, and staff numbers year on year to ensure that all trends and relationships appeared reasonable and that the totals agreed with the ledger.

Additionally, we verified a sample of staff between the payroll and other HR records and agree their costs to supporting documentation on a sample basis.

Our conclusions and other comments

At the time of writing this report, we have queries in relation to the detailed sample test in progress and subsequent manager and partner reviews are continuing. We are also waiting on management to provide information on disclosures. We will provide a verbal update at the committee.

3.5 Grant expenditure

A number of grants are made through the Central Grants Programme across a wide range of charitable causes in London. The programme has four funding themes;

- Stronger Communities
- Enjoying Green Spaces and Natural Environments
- Inspiring London through Culture
- Education and employment support

In addition to this, as part of the Corporation of London's response to the Covid-19 pandemic, City's Cash is funding a £50m business support scheme. This consist of multiple grants of c.£100k aimed to support businesses within the City of London. Total Grants expenditure in the year is £30.1m.

Crowe response

As part of our testing, we agreed a sample of grants to supporting documentation and payment and reviewed the agreements to ensure they have been appropriately recognised. We also performed cut-off testing around year-end in order to ensure that grants have been recognised within the correct financial period.

Our conclusions and other comments

At the time of writing this report our testing on grant expenditure is incomplete due to delays in obtaining the relevant information to sample from. We will provide an update on this once our testing has been concluded.

3.6 Barking Power Limited

Barking Power Limited's primary objective is to decommission the power station on its site, as such no income has been generated in the year.

Expenditure

Expenditure in the year is made up of £7m (2022: £2.1m) of cost of sales and £0.3m (2022: £0.6m) of administrative expenses.

Our audit work on cost of sales agreed the expenditure recognised to the movement in the decommissioning provision ([Section 2](#)). For the administrative

expenditure we agreed a sample of expenditure items to supporting documentations.

Deferred Taxation

As a result of the revaluation a deferred tax liability has arisen, as at the 31 March 2023 this amounts to £23m (2022: £32.8m).

As part of our audit work, we reviewed the calculation and agreed taxation rates used to relevant guidance.

Audit Fee

We are currently reviewing the recognition of the audit fees for both BPL and TPSL and will provide an update on this at the Committee.

Intercompany Balances

At year end, BPL owe £7m (2022: £5.3m) to associated undertakings. BPL are not income generating and do not have sufficient cash to meet these liabilities, they will therefore need to drawdown on their loan facility with the City of London to meet these as they fall due.

As part of our audit work we have agreed the balance due to TPSL to their accounts, and the amounts owed to City of London to supporting calculations.

We have no further issues to report in our work completed.

3.7 Thames Power Limited

Thames Power Services Limited provide management services to BPL in connection with their operations.

Income

Income for the year ended 31 March 2023 is £227k, (2022: £316k), this is primarily made up of fees due from BPL in relation to management charges for the services paid for by the City of London, plus an additional 5% charge added by TPSL.

As part of our audit work, we have agreed the income to the charges raised by City of London and recalculated the 5% uplift as per TPSL's service agreement.

Additionally, we reviewed the income accounts for the periods March 2023 and April 2023 to consider the risk of cut off, we noted there had been no activity in this time.

Expenditure

Cost of sales in the year amounted to £213k (2022: £304k), this is for charges by City of London for staff costs, utilities, legal support and consumables.

As part of our audit work, we agreed these costs to the annual invoice issued by City of London.

Audit Fee Accrual

As part of our testing, we noted that the audit fee accrued for in the financial statements was different to the audit fee included in the Audit Planning Report issued for both BPL and TPSL. Although this was trivial for BPL, it was above our reporting threshold for TPSL (£1.6k) and has been included in [Appendix 1](#) below as an unadjusted error.

As above, we are currently reviewing the recognition of the audit fees for both BPL and TPSL and will provide an update on this at the Committee.

Intercompany Balances

As at 31 March 2023, TPSL have a debtor balance of £899k (2022: £672k) due from BPL and a creditor balance of £780k (2022: £568k) due to City of London. At the time of the audit, these balances remain outstanding.

TPSL do not have sufficient cash funds to settle the liability due to City of London, and will be unable to do this until BPL settle their debt. This has been discussed further above.

We have no further issues to report in our work completed.

3.8 Rental and School Debtors

Rental Debtors

Our work on post year end credit notes is still ongoing. We are currently discussing with management the best way to trace through to bank rather than PARIS statements.

We will provide an update on this once the work has been completed and reviewed.

School Debtors

Management have been unable to provide a breakdown from a source external to finance of the school debtor tuition fees amounting to £2,169k at GSMD in order to complete our detailed and recoverability testing. Of this

balance we have a breakdown of £500k for the non-tuition fee element which we have tested. We have therefore included this as a control point in [Appendix 2](#) and added a recommendation to ensure management are aware of the year end position for tuition fee debtors at the year end.

3.9 Tangible assets

City's Cash Group and Other Charities of the City of London hold £330.5m (2022: £292.6m) of Tangible Assets, of this £250.1m (2022: £224.2m) relates to Freehold and £37.3m (2022: £38.2m) to Plant & Machinery.

Crowe response

As part of our audit work we included the following tests:

- Reconciled the fixed asset register to the trial balance and accounts.
- Recalculated the depreciation for all material classes of assets to ensure the correct amount had been included in the Statement of Comprehensive Income.
- Tested a sample of additions, disposals and assets under construction to ensure they had been added/removed from the fixed asset register.

Our conclusions and other comments

When reviewing the capitalisation policy, we noted that it is £50k for all entities with the City of London and whilst this was deemed sufficient for assets in City's Cash due to their size, we deem this threshold to be too high for some of the Sundry Trusts and Natural Environment entities due to their smaller level of materiality. We have noted this as a control finding in [Appendix 2](#) and recommend that the capitalisation policy for the Sundry Trusts and Natural Environment entities is reviewed.

As part of our additions testing, we noted that these were not being captured in a timely manner for some of the Sundry Trusts and Natural Environment entities.

As part of our work on the fixed assets of City's Cash and reviewing of depreciation and the remaining useful life of assets, we noted there is around £6m of fixed assets which are not being depreciated. Management have reviewed the fixed asset register and confirmed an adjustment of £746k to depreciation should be made. We have included this as an adjusted error in [Appendix 1](#) below.

This is currently under investigation with management but a possible adjustment may need to be recognised as this is material.

We are also waiting on management to respond on a potential issue on classification of fixed assets, however this will not impact the overall net book value of fixed asset.

3.10 Almshouses & Natural Environment entities

At the time of writing this report we are awaiting information from management about the City of London Almshouses Work in Progress and need to complete work for the remaining Natural Environment entities. Once work has been completed, we will communicate with management our findings and any control deficiencies identified Report and Financial Statements

3.11 Report and Financial Statements

As noted in the Responsibilities of the City of London Corporation statement, the Corporation are responsible for preparing the Annual Report and the

financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

We would expect management to prepare monthly management accounts which include comparisons to budgets and year to date progress. As part of the audit process we noted that City's Cash Group and Other Charities of the City of London do not prepare management accounts. We have noted this as a control finding in [Appendix 2](#) and included a recommendation for management accounts to be prepared and reviewed each month.

We have reviewed the annual report and financial statements and provided comments to management who are in the process of addressing these and updating the Annual Report and financial statements as appropriate. The annual report and financial statements are still pending a second partner review (engagement quality control reviewer).

4. Fraud and irregularities and our audit reporting

Audit reporting on detecting irregularities, including fraud

In line with ISA (UK) 700 our audit report includes an additional comment to explain to what extent the audit was considered capable of detecting irregularities, including fraud.

Irregularities are acts of omission or commission which are contrary to the prevailing laws or regulations. Fraud includes both fraudulent financial reporting and misstatements resulting from misappropriation of assets.

Our responsibility is to obtain reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error. The additional reporting requirements this year placed increased emphasis on our understanding of the risks to City's Cash Group and Other Charities of the City of London from fraud and irregularities. Our audit included discussions with management and those charged with governance to obtain their assessment of the risk that fraud may cause a significant account balance to be materially misstated as well as other procedures to obtain sufficient appropriate audit evidence.

City's Cash Group and Other Charities of the City of London has systems in place for the review and authorisation of expenditure and journals by management, including dual authorisation and segregation of duties between those posting transactions and those approving payments up to £100k.

We obtained an understanding of the legal and regulatory frameworks within which the group operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were together with the FRS 102, Companies Act and Charities SORP. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

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

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

In accordance with International Auditing Standards, we planned our audit so that we have a reasonable expectation of detecting material misstatements in the financial statements or accounting records including any material misstatements resulting from fraud, error or non-compliance with law or regulations.

However, owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements of the financial statements may not be detected even though the audit is properly planned and performed in accordance with the ISAs (UK). No internal control structure, no matter how effective, can eliminate the possibility that errors or irregularities may occur and remain undetected. In addition, because we use selective testing in our audit, we cannot guarantee that errors or irregularities, if present, will be detected. Accordingly, our audit should not be relied upon to disclose all such misstatements or frauds, errors or instances of non-compliance as may exist.

We have also included in [Appendix 7](#) some fraud risks that Trustees and management should be aware of.

Trustee responsibilities

The primary responsibility for safeguarding the charity's assets and for the prevention and detection of both irregularities and fraud rests with the trustees and management of the organisation. It is important that management, with oversight of those charged with governance, place a strong emphasis on fraud prevention and fraud deterrence. This involves a commitment to creating a culture of honest and ethical behaviours which can be reinforced by an active oversight by those charged with governance.

As in past years, the following statements will be included in the letter of representation which we require from the Members when the financial statements are approved.

- The Members acknowledge their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and errors, and the trustees believe they have fulfilled those responsibilities.
- The Members have assessed that there is no significant risk that the financial statements are materially misstated as a result of fraud.
- The Members are not aware of any fraud or suspected fraud affecting the charity involving management, those charged with governance or

employees who have a significant role in internal control or who could have a material effect on the financial statements.

- The Members are not aware of any allegations by employees, former employees, regulators or others of fraud, or suspected fraud, affecting the charity's financial statements.

We draw your attention to bullet point 2 above which presupposes that an assessment has been made. We have not been made aware of any actual or potential frauds which could affect the 2023 financial statements, or in the period since the previous year end.

Appendix 1 - Reporting audit adjustments

Unadjusted misstatements

International Standards on Auditing (UK) require that we report to you all misstatements which we identified as a result of the audit process but which were not adjusted by management, unless those matters are clearly trivial in size or nature.

The following misstatements were identified during our audit work and up to the date of this report have not been adjusted in the draft financial statements. We have summarised below the potential overall impact of these items on the financial statements.

Adjustment description	Debit/(credit) income £k	net	Debit/(credit) assets £k	net	Debit/(credit) opening reserves £k
1. Thames Power Services Limited audit fee accrual Dr Expenditure Cr Audit fee accrual	1.6	(1.6)			

Adjusted misstatements

The following misstatements, which have been corrected by management, were also identified during our audit work and up to the date of this report. No further adjustments to the financial statements are required for these items and this information is provided to assist you in understanding the financial statements completion process and to fulfil your governance responsibilities.

Adjustment description	Debit/(credit) income £k	net	Debit/(credit) assets £k	net	Debit/(credit) opening reserves £k
1. Schools income double counted in income and reserves Dr Schools income £4,707,052 Cr Schools expenditure £4,707,052	4,707	(4,707)			
2. Missing depreciation Dr Depreciation expenditure Cr Accumulated depreciation	746			(746)	

Appendix 2 - Systems and controls

We have set out below certain potential improvements to the charity's processes and controls which we noted during our audit work and which we believe merit being reported to you.

Our evaluation of the systems of control at City's Cash Group and Other Charities of the City of London was carried out for the purposes of our audit and accordingly it is not intended to be a comprehensive review of your business processes. It would not necessarily reveal all weaknesses in accounting practice or internal controls which a special investigation might highlight, nor irregularities or errors not material in relation to the financial statements.

In order to provide you with a clearer picture of the significance of issues raised, we have graded the issues raised by significance/priority before any corrective actions are taken: We have also included below a brief update on the matters we raised last year.

High	These findings are significant and require urgent action.	(0 comments in this category)
Medium	These findings are of a less urgent nature, but still require reasonably prompt action.	(5 comments in this category)
Low	These findings merit attention within an agreed timescale.	(0 comments in this category)

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Audit finding and recommendation	Priority	Management response
<p>1. GSMD – Tuition Fees</p> <p>Management have been unable to provide a breakdown from a source external to finance of the school debtor tuition fees amounting to £2,169k at GSMD in order to complete our detailed and recoverability testing. Of this balance we have a breakdown of £500k for the non-tuition fee element which we have tested.</p> <p>We recommend management review their schedules to ensure they are aware of the year end position for tuition fee debtors at the year end.</p>		<p>The total debt of £2,169k includes various sources of income, with some billed through Oracle and others not. Management provided detailed reports from the Student billing system (SITS) for each activity that contributes to debtors. Reports were submitted separately for Senior School, Junior School, regional centres (under 18 provision), student accommodation, and debt invoiced via Oracle AR systems. While the figures were not consolidated, comprehensive information on each element giving rise to debtors was supplied.</p>

Audit finding and recommendation	Priority	Management response
<p>2. Journals review</p> <p>We note that only Chamberlain (finance) staff, whether they work in the corporate team or one of the units, are able to post journals and whilst journals under £100k are not subject to management review or spot checks, they should be accompanied by relevant supporting documentation. All journals over £100k are reviewed in the form of managers' reviewing regular reports detailing these journals and approving them on the Oracle system.</p> <p>Whilst this threshold is deemed satisfactory for City's Cash due to the level of materiality, this threshold for reviewing journals for some Sundry Trusts and the Natural Environment entities is not sufficient due to their lower level of materiality.</p> <p>Our recommendation is to lower the threshold of journal review for Sundry Trusts and the Natural Environment entities and include independent spot checks for journals under the £100k threshold for City's Cash as a two-tiered approach to journal reviews.</p>		<p>We appreciate the auditors' recommendation regarding the threshold for journal reviews. We have carefully considered this suggestion, but after a careful consideration, we believe that lowering the threshold would be excessively time-consuming, given the scale of our operations.</p> <p>We want to assure the auditors that despite the threshold, robust controls are in place. All journals, regardless of the amount, are posted only by Chamberlain (finance) staff and the CBF & Charities Finance Team. Furthermore, for journals exceeding £100k, detailed supporting documentation is mandatory, and these journals are rigorously reviewed and approved by managers using the Oracle system.</p> <p>Additionally, our existing controls, including segregation of duties and regular budget monitoring, provide a safeguard against potential issues. While we understand the value of independent spot checks, we believe the current two-tiered approach, with rigorous oversight of high-value transactions and strong controls for all transactions, strikes an appropriate balance between efficiency and accountability within our organisation. We remain committed to the integrity of our financial processes and will continue to monitor and refine our controls to uphold the highest standards of financial management.</p>

Audit finding and recommendation	Priority	Management response
<p>3. Capitalisation policy</p> <p>When reviewing the capitalisation policy, we noted that it is £50k for all entities with the City of London and whilst this was deemed sufficient for assets in City’s Cash due to their size, we deem this threshold to be too high for some of the Sundry Trusts and Natural Environment entities due to their smaller level of materiality.</p> <p>We recommend that the capitalisation policy for the Sundry Trusts and Natural Environment entities is reviewed.</p>		<p>We appreciate the auditors' diligence in reviewing our capitalisation policy. The current threshold of £50k has been applied uniformly across all entities within the City of London.</p> <p>However, we value the auditors' perspective and acknowledge the unique nature of some of our Sundry Trusts and Natural Environment entities. We are currently undergoing a charity review of our Sundry Trusts and Natural Environment and will therefore consider this recommendation as part of this review.</p> <p>We will ensure that our capitalisation policy is periodically revisited and adjusted if necessary to align with best practices and the unique needs of our diverse entities.</p>

Audit finding and recommendation	Priority	Management response
<p>4. Management accounts</p> <p>We would expect management to prepare monthly management accounts which include comparisons to budgets and year to date progress. As part of the audit process we noted that City’s Cash Group and some of the Other Charities of the City of London do not prepare management accounts.</p> <p>We recommend that management accounts to be prepared and reviewed each month.</p>		<p>This has been a challenging year for the Financial Services Division (FSD), starting 2022/23 with 32 vacancies. Despite efforts to recruit into these roles it been extremely challenging, plus several staff have moved onto new roles outside of FSD or left the organisation. Leaving a huge gap in skills and knowledge. In addition, a back log of audits on City Fund has restrained our resources further. Although interim measures have been put in place, management have gained support from Chief Officers and Finance Committee to move to quarterly management reporting to help prioritise resources and tackle other pressures the department continues to face.</p> <p>For the charities, an ongoing review of management information provided is underway, including consideration of the format and content of any reporting that is already undertaken.</p> <p>In addition, the Financial Services Division is undergoing a transformation journey, plus procuring a new ERP system which provides an opportunity to address challenges faced this year. Reporting of monthly management accounts will be under consideration for 2024/25.</p>

Audit finding and recommendation	Priority	Management response
<p>5. Double counting of income</p> <p>During our reconciliation of education income back to the accounts, we identified £4.6m of education income which was incorrectly double counted in income and reserves. We have included this as an adjusted error in Appendix 1 below. We have also noted this as a control point as management failed to notice this error and have included a</p> <p>We recommend that the financial statements are reviewed before being sent to us.</p>		<p>In light of this finding, we recognise the importance of enhancing our internal controls to prevent similar errors in the future. As part of our ongoing commitment to improving our processes, we will review and strengthen our year-end procedures comprehensively. This will include a meticulous examination of the reconciliation of education income to the accounts.</p> <p>Specifically, we will address your recommendation by instituting a robust review process before the financial statements are sent to you for audit. This additional layer of scrutiny will help identify and rectify any potential discrepancies or errors prior to the audit stage.</p>

We have set out below the systems and control issues on which we reported after our audit last year together with an update on how the points raised have been addressed including information on the progress made at the time of the audit of the 2022 financial statements.

Status		Priority
Recommendation fully implemented or no longer relevant		These findings merit attention within an agreed timescale.
Recommendation partially implemented		These findings are of a less urgent nature, but still require reasonably prompt action.
These findings merit attention within an agreed timescale.		These findings are significant and require urgent action.

Observations and recommendations in 2022	Priority	Status	Update 2023
<p>1. Year-end procedures</p> <p>As part of our audit testing we have noted a number of adjustments (see Appendix 1) which relate to year end adjustments such as unallocated cash balances at year end and rental debtor credit notes which had not been considered by management in the preparation of the financial statements. We also note a large number of manual adjustments occur in the preparation of the financial statements. We would expect management to have a robust year end process in place to ensure the financial statements presented for audit have considered and reviewed any year end adjustments performed or required.</p> <p><i>Crowe recommendation</i></p> <p>We therefore recommend City’s Cash review year end procedures and ensure that each account is appropriately reviewed and considered in the preparation of the financial statements.</p>			<p>Due to key personnel transitioning into new roles within the organisation, including some who have recently left, we were faced with challenges in reviewing our year-end procedures this year. However, recognising the importance of this process, additional resources were bought in starting from scratch, we are also seizing the opportunity to enhance our procedures comprehensively in the coming year. We plan to meticulously review all existing processes, meticulously documenting them to ensure they are easily transferable to new staff members. Our goal is to create standardised operating procedures (SOPs) and develop training materials, such as videos and manuals, to facilitate the seamless onboarding of new officers.</p> <p>Additionally, we are actively engaging with our auditors to ensure that the quality of our working papers meets the highest standards and aligns with their expectations.</p>

Observations and recommendations in 2022	Priority	Status	Update 2023
<p>2. Related party declarations</p> <p>As part of normal processes at the City of London Corporation all members are expected to complete a declaration of interests each year. We noted from our audit work that 26 members did not complete a declaration this year. This is a control breakdown and limits the Corporation’s ability to produce accurate information for the related parties disclosures.</p> <p><i>Crowe recommendation</i></p> <p>We recommend the importance of these declarations is stressed to Members and procedures put in place to ensure they are all completed and submitted on a timely basis.</p> <p><i>Crowe Update</i></p> <p>Whilst the Corporation as a whole have worked to improve the return rate, we note that this remains an ongoing issue, with declarations outstanding as at the time of writing. It is expected this number will reduce, however any declarations not received increases the risk a related party transaction being missed.</p>			<p>Despite our best efforts to address the recommendations raised in the past, we have encountered a recurring challenge. The issue stems from the numerous changes in Members, which have led to lapses in ensuring that related party declarations are completed upon departure.</p> <p>To tackle this challenge head-on, we are actively working with Town Clerks to reinforce our controls and ensure that related party declarations are diligently completed in all cases. We are committed to learning from these experiences and strengthening our processes to prevent similar occurrences in the future.</p>

Appendix 3 - Entities

Entities	Type	Main objectives	Audit/Independent
Consolidated Entities			
Ashtead Common	Charity	The objective of the charity is the preservation in perpetuity of the common at Ashtead as an open space for the recreation and enjoyment of the public.	IE
Burnham Beeches	Charity	The objectives of the charity are the preservation and maintenance of Burnham Beeches and Stoke common, as Open Spaces for the recreation and enjoyment of the public and to maintain their natural aspect.	Audit
Epping Forest	Charity	The objective of the charity is the preservation of Epping Forest in perpetuity, as an open space for the recreation and enjoyment of the public. The open space consists of the lands known as Epping Forest including Wanstead Park and Highams Park in Essex. Various buffer lands have been acquired by the City Corporation around the edges of Epping Forest.	Audit
Hampstead Heath /Hampstead Heath Trust	Charity	The objective of the charity is the preservation and maintenance of Hampstead Heath in perpetuity, as an open space for the recreation and enjoyment of the public.	Audit
Highgate Wood and Queen's Park Kilburn	Charity	The objective of the charity is the maintenance and preservation in perpetuity of the open spaces known as Highgate Wood and Queen's Park Kilburn, as public parks or open spaces for use by the public for exercise and recreation.	Audit
West Ham Park	Charity	The objectives of the charity are to hold West Ham Park on trust forever "as open public grounds and gardens for the resort and recreation for adults and as playground for children and youth". The City of London Corporation agreed to maintain and preserve the Park for this purpose at its own cost.	Audit
West Wickham and Spring Park Wood, Coulsdon and Other Commons	Charity	The objectives of the charities are the preservation and maintenance of West Wickham Common and Spring Park Wood Coulsdon, as Open Spaces for the recreation and enjoyment of the public.	Audit
Sir Thomas Gresham	Charity	The objectives of the charity are the provision of eight Almshouses known as the Gresham Almshouses; the annual payment of an allowance to the almsfolk; and the annual payment to the four Gresham college lecturers as detailed below.	IE
Barking Power Limited	Company	Decommissioning of the power station is the principal business of the Company and, because it receives minimal external revenue, this is financed by a loan from the City of London Corporation	Audit

Thames Power Services Limited	Company	To provide management services to Barking Power Limited in connection with operation and decommissioning of Barking Power Station.	Audit
Other Entities			
Corporation of London Charities Pool	Charity	The key objective of the charity is to provide small charities linked with the City of London the opportunity to obtain better returns than could generally be achieved if investments were made individually	Audit
City Education Trust Fund	Charity	The purposes for which the City Educational Trust Fund was established under section 25 of the City of London Various Powers Act 1967 declared that the capital and interest of the fund shall be applied by the City of London Corporation as it thinks fit	IE
City of London School Bursary and Awards Fund	Charity	The objective of the charity is the promotion of education	IE
City of London School for Girls Bursary Fund and City of London School for Girls Scholarships and Prizes Fund	Charity	The objective of the charity is the promotion of education (including physical training) by the provision of bursaries and other forms of financial assistance for fees and/or other costs incurred through attendance at the School to enable pupils to further their education at the School.	Audit
City of London Freemen's School Bursary Fund	Charity	The objective of the charity is the promotion of education (including physical training) by the provision of bursaries and other forms of financial assistance for fees and / or other costs incurred through attendance at the School to enable pupils to further their education at the School	IE
The City of London Corporation Combined Education Charity	Charity	The objects of the charity are to further the education of persons (including persons born or resident in the City of London and those attending educational institutions in the City of London or the other London boroughs) attending or proposing to attend secondary, further or higher educational institutions by the provision of grants or financial assistance and by arranging or supporting education and training to extend or complement courses provided by such institutions.	IE
Emanuel Hospital	Charity	From 22 October 2019, the objectives were amended to become for the public benefit, the relief of need by reason of age, ill-health, disability, financial hardship or other disadvantage of persons who are resident or have been resident in Greater London	IE
Sir William Coxen Trust Fund	Charity	The object of the charity is to apply income for the benefit of all or any of the Orthopedic Hospitals of England or other hospitals or charitable institutions carrying out similar work (preference should be to the Royal National Orthopedic Hospital Charity of Great Portland Street, London). Assistance is granted to eligible organisations (usually registered charities) in the form of donations and grants.	IE
Samuel Wilson's Loan Trust	Charity	The objective of the charity is the relief of young people in need by reason of ill-health,	IE

		disability, financial hardship or other disadvantage for the public benefit by: a) the provision of loans to individuals, partnerships and companies preparing for or engaged in any trade, manufacture, business or profession in the area comprising greater London and the counties of Buckinghamshire, Essex, Hertfordshire, Kent, Surrey, East Sussex and West Sussex; b) investing in shares of companies preparing for or engaged in any trade, manufacture, business or profession in the area comprising greater London and the counties of Buckinghamshire, Essex, Hertfordshire, Kent, Surrey, East Sussex and West Sussex.	
City of London Almshouses	Charity	The objective of the charity is the provision of Almshouses for poor or aged persons, giving preference to freemen of the City of London, their wives, widows, sons and daughters and where practicable to married couples.	Audit
Keats House	Charity	The objective of the charity is to preserve and maintain and restore for the education and benefit of the public the land with the buildings known as Keats House as a museum and live memorial to John Keats and as a literary meeting place and centre.	IE

Appendix 4 - Materiality

Materiality and identified misstatements

As we explained in our Audit Planning Report, we do not seek to certify that the financial statements are 100% correct; rather we use the concept of “materiality” to plan our sample sizes and also to decide whether any errors or misstatements discovered during the audit (by you or us) require adjustment. The assessment of materiality is a matter of professional judgement but overall a matter is material if its omission or misstatement would reasonably influence the economic decisions of a user of the financial statements.

Our overall audit materiality for the financial statements as a whole took account of the level of activity of / funds held by each entity and was set at 2% of investments, 1.5%* of income or 2% of Expenditure as appropriate for each entity.

We reassessed materiality based on the draft financial statements, and the following is a summary of the overall materiality levels we applied to the separate entities within the group.

*Change of materiality from planning report – please note, as formally communicated to Sonia Virdee on 11 September 2023, following completion of our internal planning review process and internal technical discussions, it was deemed appropriate to decrease the overall materiality from 2% to 1.5% for City’s cash. It is a normal part of the audit process for this to be potentially revised as part of the review of the planning file. Our materiality guidance states we should use a % within between 1% - 2%. The prior year materiality for City’s cash was 1.5% on the basis that it was a first-year audit for Crowe, with a view to increasing in the subsequent year. However, since having further technical discussions, it was deemed that given such a significant % of the City’s cash team are new it was determined to lower this back down to the mid-way point of 1.5%.

Entity	Materiality calculation	Planning Materiality £'000	Final Materiality £'000	Reporting threshold £'000
City’s Cash	1.5% of income (Specific materiality – used for all areas of testing except investments)	3,380	2,990	149
	2% of investments (Overall materiality – used only for investments)	65,752	60,872	3,044
Consolidated Audited Entities				
Burnham Beeches	2% of expenditure	25	30	2
Epping Forest	2% of expenditure	147	152	8

Hampstead Heath /Hampstead Heath Trust	2% of expenditure	186	191	10
Highgate Wood and Queen's Park Kilburn	2% of expenditure	27	30	2
West Ham Park	2% of expenditure	29.5	29	1
West Wickham and Spring Park Wood, Coulsdon and Other Commons	2% of expenditure	22.5	28	1
Barking Power Limited	2% of fixed assets	3,330	2,500	127
	2% of expenditure	54	147	7.3
Thames Power Services Limited	2% of expenditure	6	4	1

Appendix 5 - Draft Representation Letter

This letter must be typed on your official letterhead. It should be considered by the [Board] at the same time as the as both the Consolidated and Parent Charity's Annual Report and Financial Statements; and the Minutes should record the [Board's] approval of the letter.

The letter should be dated at the date of the approval of the financial statements.

Crowe U.K. LLP
55 Ludgate Hill
London
EC4M 7JW

Dear Crowe,

We provide this letter in connection with your audit of the financial statements of City's Cash Group and Other Charities of the City of London for the year ended 31 March 2023 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the financial position of the group and of the charity as at 31 March 2023 and of the results of the group's and the charity's operations for the year then ended in accordance with UK Generally Accepted Accounting Practice ("UK GAAP").

We confirm that the following representations are made in respect of the group and the parent charity on the basis of sufficient enquiries of management and staff with relevant knowledge and experience and, where appropriate, of inspection of supporting documentation and that, to the best of our knowledge and belief, we can properly make each of these representations to you. If completion of the audit is delayed we authorise Caroline Al-Beyerty to provide an update to all representations sought.

1. We have fulfilled our responsibility for the fair presentation of the financial statements in accordance with UK GAAP.
2. We acknowledge as trustees our responsibility for making accurate representations to you.
3. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and errors, and we believe we have appropriately fulfilled those responsibilities.

4. We have provided you with all accounting records and relevant information, and granted you unrestricted access to persons within the entity, for the purposes of your audit.
5. All the transactions undertaken by the group and the charity have been properly reflected and recorded in the accounting records or other information provided to you.
6. The methods, the data, and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting standards.
7. We confirm that we consider the key assumptions used in the preparation of the valuations of the investment properties to be appropriate and that we have not withheld any information that may affect the valuation of these properties.
8. We have considered the adjustments in Appendix 1, proposed by you. In our judgement, these adjustments are appropriate given the information available to us. We further confirm that we have now made these adjustments to the financial statements.
9. We do not wish to adjust the financial statements for the actual errors set out in Appendix 1 as we believe that the errors are immaterial, both individually and in aggregate, to the financial statements as a whole.

10. We are not aware of any actual or possible litigation or claims against the company whose effects should be considered when preparing the financial statements.
11. All grants, donations and other incoming resources, the receipt of which is subject to specific terms and conditions, have been notified to you. There have been no breaches of terms or conditions in the application of such incoming resources.
12. We are not aware of any breaches of our charitable trusts and have advised you of the existence of all endowments and funds maintained by us.
13. There have been no events since the balance sheet date which require disclosure or which would materially affect the amounts in the financial statements. Should any material events occur which may necessitate revision of the figures in the financial statements, or inclusion in a note thereto, we will advise you accordingly. We specifically authorise Caroline Al-Beyerty, Chamberlain and Chief Financial Officer, to provide an update for you to cover the time period between the signing of this letter and the date of your audit report.
14. We have assessed that there is no significant risk that the financial statements are materially misstated as a result of fraud.
15. We are not aware of any fraud or suspected fraud affecting the group or the charity involving those charged with governance, management or other employees who have a significant role in internal control or who could have a material effect on the financial statements.
16. We are not aware of any allegations by employees, former employees, regulators or others of fraud, or suspected fraud, which would have an impact on the financial statements.
17. We are not aware of any frauds that have not been included in the fraud log/ register provided to you.
18. We are not aware of any known or suspected instances of non-compliance with those laws and regulations which provide a legal framework within which the group and charity conducts its business.
19. We confirm that complete information has been provided to you regarding the identification of related parties and that we are not aware of any

significant transactions with related parties other than matters that we consider have been appropriately and adequately disclosed.

20. We confirm we have appropriately accounted for and disclosed related party relationships and transactions in accordance with applicable accounting standards and with the recommendations of the applicable FRS 102, Companies Act and Charity SORP'.
21. We have no plans or intentions that might materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
22. The group and parent have satisfactory title to all assets and there are no liens or encumbrances on the parent's assets, except for those that are disclosed in the financial statements.
23. There are no liabilities or contingent liabilities or guarantees that we have given to third parties other than those disclosed in the financial statements.
24. In the event that we publish the trustees' report, independent auditor's report and financial statements electronically, we acknowledge our responsibility for ensuring that controls over the maintenance and integrity of the entity's web site are adequate for this purpose.
25. We confirm that, having considered our expectations and intentions for the next twelve months and the availability of working capital, the group and parent are a going concern. We are unaware of any events, conditions, or related business risks beyond the period of assessment that may cast significant doubt on their ability to continue as a going concern.

Yours faithfully

.....

Trustee
Signed on behalf of the [board]

Date

Appendix 6 - Responsibilities and ethical standards

Audit purpose and approach

Our audit work has been undertaken for the purposes of forming our audit opinions on the financial statements of the City's Cash Group and Other Charities of the City of London prepared by management with the oversight of the Members and has been carried out in accordance with International Standards on Auditing (UK) ('ISAs').

Our work combined substantive procedures (involving the direct verification of transactions and balances on a test basis and including obtaining confirmations from third parties where we considered this to be necessary) with a review of certain of your financial systems and controls where we considered that these were relevant to our audit.

Financial statements

The Members of City's Cash Group and Other Charities of the City of London are responsible for the preparation of the consolidated financial statements on a going concern basis (unless this basis is inappropriate). The Members are also responsible for ensuring that the financial statements give a true and fair view, that the process your management go through to arrive at the necessary estimates or judgements is appropriate, and that any disclosure on going concern is clear, balanced and proportionate.

Legal and regulatory disclosure requirements

In undertaking our audit work we considered compliance with the following legal and regulatory disclosure requirements, where relevant.

- Companies Act 2006
- Charities Act 2011
- Financial Reporting Standard 102 (FRS 102)
- The Charities SORP (FRS 102)

Directors' responsibilities (Power Station entities only)

Under the provisions of the Companies Act, the Directors' Report is required to include a statement confirming for each director who was a director at the time of the approval of the financial statements that:

- they have each taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information; and
- so far as they are aware there is no relevant audit information of which the company's auditor is unaware.

Ethical Standard

We are required by the Ethical Standard for auditors issued by the Financial Reporting Council ('FRC') to inform you of all significant facts and matters that may bear upon the integrity, objectivity and independence of our firm.

Crowe U.K. LLP has procedures in place to ensure that its partners and professional staff comply with both the relevant Ethical Standard for auditors and the Code of Ethics adopted by The Institute of Chartered Accountants in England and Wales.

As explained in our audit planning report, in our professional judgement there are no relationships between Crowe U.K. LLP and City's Cash Group and Other Charities of the City of London or other matters that would compromise the integrity, objectivity and independence of our firm or of the audit partner and audit staff. We are not aware of any further developments which should be brought to your attention.

Independence

International Standards on Auditing (UK) require that we keep you informed of our assessment of our independence.

We confirm that we have carried non-audit services as detailed below. We have not identified any other issues with regards to integrity, objectivity and independence and, accordingly, we remain independent for audit purposes.

In communicating with those charged with governance of the group we consider those charged with governance of the subsidiary entities to be informed about matters relevant to them.

The matters in this report are as understood by us as at 18 October 2023, which is the papers deadline for the 6 November Audit and Risk Committee meeting. Due to the number of areas outstanding will advise you of any changes in our

understanding, if any, during our meeting prior to the financial statements being approved.

Non-audit services

We have considered the non-audit services we have provided in the period and have concluded that there are no facts or matters that bear upon the integrity, objectivity and independence of our firm or of the audit partner and audit staff related to the provision of such services which we should bring to your attention. Our fees for non-audit services in the year have been as follows.

Teachers' Pension work	£19,800
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Use of this report

This report has been provided to the Audit and Risk Committee to consider and ratify on behalf of Those Charged with Governance, in line with your governance structure. We accept no duty, responsibility or liability to any other parties, since this report has not been prepared, and is not intended, for any other purpose. It should not be made available to any other parties without our prior written consent.

Appendix 7 - Fraud risks

As part of our audit procedures we make enquiries of management to obtain their assessment of the risk that fraud may cause a significant account balance to contain a material misstatement. However, we emphasise that the responsibility to make and consider your own assessment rests with yourselves and that the Members, Audit and Risk Committee and management should ensure that these matters are considered and reviewed on a regular basis.

Usually fraud in the charity sector is not carried out by falsifying the financial statements. Falsifying statutory financial statements usually provides little financial benefit, as compared to say a plc where showing a higher profit could lead to artificial share prices or unearned bonuses. However, falsifying financial statements can be used to permit a fraud or to avoid detection. As a generality, charities represented by its management and its trustees do not actively try to falsify financial statements as there are not the same incentives to do so. In the charity world fraud is usually carried out through misappropriation or theft.

The trustees should be aware that the Charity Commission provides guidance (updated in September 2022) on how to protect your charity from fraud including information about fraud, how to spot it and what you can do to protect against it.

The Charity Commission's first guiding principle recognises that fraud will always happen. It is therefore important that, as part of setting their overall risk appetite, the Members consider fraud within their tolerance for the risks associated with the management of the organisation's (and group's) funds. The development and continued assurance of a robust counter fraud control framework should then contribute to the organisation matching the risk appetite and tolerance agreed by the Members.

We have shared with management our guidance and a framework on conducting fraud risk assessments.

A fraud risk assessment is an objective review of the fraud risks facing an organisation to ensure they are fully identified and understood. This includes ensuring:

- fit for purpose counter fraud controls are in place to prevent and deter fraud and minimise opportunity, and

- action plans are in place to deliver an effective and proportionate response when suspected fraud occurs including the recovery of losses and lessons learnt.

Good practice suggests that to be most effective the risk assessment should be undertaken at a number of levels within the organisation:

- Organisational – to assess the key policy, awareness raising and behavioural (including leadership commitment) requirements that need to be in place to build organisational resilience to counter fraud.
- Operational – a detailed analysis of the fraud risk and counter fraud control framework at the operational level – by function (activity) or individual business unit (including programmes and projects).

Any fraud risk assessment should not be seen as a standalone exercise but rather an ongoing process that is refreshed on a regular basis. Carrying out the fraud risk assessment may reveal instances of actual or suspected fraud. Should this happen next steps will be determined on circumstances, the existing control framework (including any response plan(s)), and in consultation with the key members of the organisation's management team.

Considering risks of fraud

There is evidence that during times of economic instability there is an increased risk of fraud. This may be because resource constraints can reduce internal controls and oversight and also because individuals facing hardship may be more likely to consider fraudulent practices.

The following provides further information on the three kinds of fraud that charities such as City's Cash Group and Other Charities of the City of London should consider.

a) *Frauds of extraction*

This is where funds or assets in possession of the charity are misappropriated. Such frauds can involve own staff, intermediaries or partner organisations since they require assets that are already in the possession of the entity being extracted fraudulently. This could be by false invoices, overcharging or making unauthorised grant payments.

Essentially such frauds are carried out due to weaknesses in physical controls over assets and system weaknesses in the purchases, creditors and payments cycle. The cycle can be evaluated by considering questions such as who authorises incurring a liability and making a payment. On what evidence? Who records liabilities and payments? Who pays them and who checks them?

The close monitoring of management accounts, ledger entries and strict budgetary controls are also generally seen as an effective way of detecting and deterring frauds in this area.

Staff should be made aware of the increasing use of mandate fraud. This is where when the fraudster gets the organisation to change a direct debit, standing order or bank transfer mandate by purporting to be a supplier or organisation to which the charity makes regular payments.

Insufficient due diligence around requests to amend supplier or payroll details has led to payments to unauthorised individuals so sufficient checks in these areas is of increasing importance. All employees should exercise real scepticism and not make any payments which are not properly supported and / or outside the normal payment mechanisms.

The Fraud Advisory Panel latest research shows the following as the fraud risks on the horizon:

- *Staff fraud. As people feel the effects of the cost-of-living crisis on their finances.*
- *Ransomware, particularly targeting network-attached storage. There has been a recent increase in these types of attack.*
- *E-commerce / online shopping fraud. In the lead-up to Black Friday (25 November), Cyber Monday (28 November), and the busy Christmas shopping period.*
- *Supply chain fraud. As some businesses and individuals find themselves in financial difficulty. To boost resilience, government is looking to create standard templates for supply chain contracts.*

A new survey has found that 12% of charities had experienced cybercrime in the previous 12 months, prompting the Charity Commission to highlighting this

issue to charities recently and warning them against the risk of online fraud. Furthermore, the survey also pointed to a potential lack of awareness of the risks facing charities online and note that just over 24% have a formal policy in place to manage the risk and only around 55% of charities reported that cyber security was a fairly or very high priority in their organisation. The Commission's discussion of this can be found here:

<https://www.gov.uk/government/news/charities-at-risk-of-underestimating-online-fraud-as-one-in-eight-experienced-cybercrime-last-year>

b) Backhanders and inducements

There is also an inherent risk that individuals who are able to authorise expenditure or influence the selection of suppliers can receive inducements to select one supplier over the other. This risk can be mitigated by robust supplier selection and tendering procedures.

There is also the risk that once a donation of money or aid has been authorised and released in the UK, this could be diverted, probably into the underground economy, as a result of inducements paid in the destination country. Charities should be aware of the requirements and extent of the UK Bribery Act 2010, as this extends their liability to actions beyond the shores of the UK and to cover the actions of their intermediaries and agents. Organisations are required to put in place proportionate measures to prevent backhanders and inducements from being paid, either by their workers, agents or intermediaries or to their workers, agents or intermediaries.

c) Frauds of diversion

This is where income or other assets due to City's Cash Group and Other Charities of the City of London are diverted before they are entered into the accounting records or control data. Essentially, it is easy to check what is there but very difficult to establish that it is all there. Therefore, ensuring the completeness of income provided to a charity becomes difficult.

It is important to consider the different income streams and when and how they are received. So income received directly into the charity's bank account will be a lower risk than income being received by home based fundraisers.

Appendix 8 - External developments

We have summarised below some of the developments and changes in the charity sector over the recent period which we believe may be of interest and relevant to you. Please note that this information is provided as a summary only and that you should seek further advice if you believe that you have any specific related issues or intend to take or not take action based on any of the comments below.

We believe it is important to keep our clients up to date on the issues that affect them and, as a part of our ongoing communication, we regularly hold webinars and therefore encourage you to visit our website (<https://www.crowe.com/uk/croweuk/industries/webinars>) or register to our mailing list (nonprofits@crowe.co.uk) to stay updated on these. Any webinars which you have missed remain available on demand on our website.

Governance

The Charities Act 2022: Implementation

The Charities Act 2022 (the Act) received Royal Assent on 24 February 2022 and brings into force a number of key changes to the Charities Act 2011, aimed at simplifying a number of processes.

The Charity Commission are currently working through implementing the various changes brought about by the legislation, and have set out an indicative timetable here: <https://www.gov.uk/guidance/charities-act-2022-implementation-plan>

Other provisions of the Act in force from 31 October 2022

- Section 5: Orders under section 73 of the Charities Act 2011
- Section 8: Power of the court and the Commission to make schemes
- Section 32: Trustee of charitable trust: status as trust corporation
- Section 36: Costs incurred in relation to Tribunal proceedings etc
- Part of Section 37: Public notice as regards Commission orders etc.
- Part of Section 40 and Schedule 2: Minor and consequential amendments

Provisions of the Act expected to come into force Spring 2023

- Sections 9-14 and 35a: Permanent endowment
- Sections 17-23: Charity land

- Section 24 and Schedule 1: Amendments of the Universities and College Estates Act 1925
- Sections 25-28: Charity names
- Section 38 and 39: Connected persons
- Part of Section 40 and Schedule 2: Minor and consequential amendments

Provisions of the Act expected to come into force Autumn 2023

- Section 1-3: Charity constitutions
- Section 29: Powers relating to appointments of trustees
- Section 31: Remuneration etc of charity trustees etc
- Sections 33-35: Charity mergers
- Section 37: For remaining purposes
- Section 40 and Schedule 2: For remaining purposes

The key provisions of the Act that have been implemented to date are set out below, and further information can be found here:

<https://www.gov.uk/guidance/charities-act-2022-guidance-for-charities>

Failed appeals

The Act introduces new rules granting the power for trustees to apply *cy-près*, allowing charities more flexibility in response to a charity appeal that has failed, allowing *donations* to be applied for another charitable purposes rather than having to be returned to donors under certain conditions:

- i) The donation is a single gift of £120 or less; and the Trustees reasonably believe that during the financial year the total amount received from the donor for the specific charitable purpose is £120 or less (unless the donor states in writing that the gift must be returned if the charitable purposes fail); or
- ii) The donor, after all agreed actions have been taken, cannot be identified or found; or
- iii) The donor cannot be identified (for example cash collections)

The Charity Commission published guidance in relation to failed appeals on 31 October 2022, which can be found here:

<https://www.gov.uk/government/publications/charity-fundraising-appeals-for-specific-purposes>

The Charity Commission has also updated its guidance [CC20 'Charity fundraising: a guide to trustee duties'](#) to reflect these changes.

The Fundraising Regulator has also published guidance, further details of which are provided below.

Payments to Trustees for providing goods to the charity

The Charities Act 2011 provided a statutory power for charities, in certain circumstances, to pay trustees for providing a service to a charity beyond usual trustee duties.

The Act extends this power to allow, in certain circumstances for payments to trustees for providing goods to the charity.

Updated guidance can be found here:

<https://www.gov.uk/guidance/payments-to-charity-trustees-what-the-rules-are>

The Charity Commission has also updated its guidance [CC29 'Conflicts of interest: a guide for charity trustees'](#) and [CC11 'Trustee expenses and payments'](#) to reflect these changes.

Power to amend Royal Charters

Royal Charter charities are able to use a new statutory power to change sections in their Royal Charter which they cannot currently change, if that change is approved by the Privy Council.

Updated guidance can be found here: <https://www.gov.uk/guidance/royal-charter-charities>

Responsible investments guidance

The Charity Commission ran a public consultation in April 2021 in respect of updated guidance for responsible investments. Previous Charity Commission guidance was based on the outdated Bishop of Oxford case in 1992.

The outcome of this case recognised that there were times when a charity may wish to pursue an ethical approach to its investments, but that this was a secondary consideration to maximising investment income. The results of the Charity Commission consultation were published on 18 August 2021.

During the consultation two charities were granted permission to bring a case relating to responsible investment to the High Court, The Ashden Trust and the Mark Leonard Trust.

Their investment policies, approved by the High Court, were based on scientific evidence of climate change and excluded, as far as practically possible, investments not aligned with the goals of the Paris Agreement. The charities were seeking clarification of the law. Previous case law in the 1992 Bishop of Oxford case established the principle that charity trustees should maximise return on their investments and ought not to take into account ethical or moral considerations that could cause financial detriment to the charity. There were exceptions to these where an investment directly conflicted with the charity's purposes or indirectly conflicts with its work.

The new High Court ruling charities are able to exclude specific investments from their portfolio should they not align with their charitable purpose, as long as it can be demonstrated that appropriate decision-making processes have been followed. The below extract of paragraph 78 of the judgement clarifies the relevant law that should be referred to when considering responsible investment policies:

1. *"Trustees' powers of investment derive from the trust deeds or governing instruments (if any) and the Trustee Act 2000.*
2. *Charity trustees' primary and overarching duty is to further the purposes of the trust. The power to invest must therefore be exercised to further the charitable purposes.*
3. *That is normally achieved by maximising the financial returns on the investments that are made; the standard investment criteria set out in s.4 of the Trustee Act 2000 requires trustees to consider the suitability of the investment and the need for diversification; applying those*

criteria and taking appropriate advice is so as to produce the best financial return at an appropriate level of risk for the benefit of the charity and its purposes.

4. *Social investments or impact or programme-related investments are made using separate powers than the pure power of investment.*
5. *Where specific investments are prohibited from being made by the trustees under the trust deed or governing instrument, they cannot be made.*
6. *But where trustees are of the reasonable view that particular investments or classes of investments potentially conflict with the charitable purposes, the trustees have a discretion as to whether to exclude such investments and they should exercise that discretion by reasonably balancing all relevant factors including, in particular, the likelihood and seriousness of the potential conflict and the likelihood and seriousness of any potential financial effect from the exclusion of such investments.*
7. *In considering the financial effect of making or excluding certain investments, the trustees can take into account the risk of losing support from donors and damage to the reputation of the charity generally and in particular among its beneficiaries.*
8. *However, trustees need to be careful in relation to making decisions as to investments on purely moral grounds, recognising that among the charity's supporters and beneficiaries there may be differing legitimate moral views on certain issues.*
9. *Essentially, trustees are required to act honestly, reasonably (with all due care and skill) and responsibly in formulating an appropriate investment policy for the charity that is in the best interests of the charity and its purposes. Where there are difficult decisions to be made involving potential conflicts or reputational damage, the trustees need to exercise good judgment by balancing all relevant factors in particular the extent of the potential conflict against the risk of financial detriment.*
10. *If that balancing exercise is properly done and a reasonable and proportionate investment policy is thereby adopted, the trustees have complied with their legal duties in such respect and cannot be*

criticised, even if the court or other trustees might have come to a different conclusion."

A full copy of the judgement can be found here:

<https://www.bailii.org/ew/cases/EWHC/Ch/2022/974.html>

The Charity Commission has indicated that it will publish updated CC14 guidance in Summer 2023.

Guidance on hybrid working launch by ACAS

ACAS recently published guidance for employers on hybrid working, following the extended period of remote working as a result of the coronavirus pandemic.

The guidance is broken down into the following five sections:

- Considering hybrid working for your organisation
- Consulting and preparing to introduce hybrid working
- Creating a hybrid working policy
- Treating staff fairly in hybrid working; and
- Supporting and managing staff in hybrid working

The guidance also considers other legal matters that employers should consider, including data and privacy issues, health and safety issues and working time requirements.

The guidance can be found [here](#).

Charity Commission: Consultation on Charity Use of Social Media

On 17 January 2023 the Charity Commission published a consultation on draft guidance for charities on their use of social media.

The aim of the guidance is to help trustees improve their understanding in this area, and to encourage charities to adopt a policy on social media as a way to set their charity's approach. The guidance does not introduce new trustee duties but seeks to make clear how existing duties are relevant to a charity's use of social media.

The guidance sets out that social media use can raise issues and risks for charities, relating to problematic content:

- posted or shared by the charity on its own social media channels
- posted by the public or third parties on a charity’s social media channel
- posted on a personal social media account that can be reasonably associated with the charity

It is important that charities have their say and engage with the consultation, to ensure that the relevant considerations can impact decision making.

The consultation closed on 14 March 2023, and the Charity Commission are now considering the responses received. An analysis of the responses and the final guidance is expected in the Summer. The consultation can be found here: <https://www.gov.uk/government/consultations/draft-guidance-charities-use-of-social-media>

Charity Commission: Manage financial difficulties in your charity arising from cost of living pressures

In December 2022 the Charity Commission published additional guidance “Manage financial difficulties in your charity arising from cost of living pressures”, recognising that many charities are facing difficult circumstances as a result of rapidly increasing costs. At the same time, some charities are also experiencing an increase in demand, in particular those charities providing services to people in need, further compounded by donors also suffering from the similar issues thereby leading to reduced income for some charities.

The guidance reminds trustees of their responsibilities in providing effective financial stewardship and ensuring that any decisions made are in the best interest of the charity. Key is the evaluation of the charity’s financial position, and robust and regular reviews of the cashflow forecasts, to ensure the charity is able to continue to carry out its charitable activities, identifying any potential shortfalls and enabling actions to be taken in a timely manner.

The guidance can be obtained here: <https://www.gov.uk/guidance/manage-financial-difficulties-in-your-charity-arising-from-cost-of-living-pressure>

Charity Commission: Internal financial controls for charities (CC8)

In April 2023 the Charity Commission published updated guidance “Internal financial controls for charities (CC8)”

The guidance has been updated to reflect changes in legislation and practise across the sector, including new areas such as mobile payment systems (e.g. Apple Pay) and donations of cryptoassets. Existing guidance has also been refreshed in areas such as payments to related parties and operating internationally.

An updated checklist is also included in the guidance to allow charities to assess themselves against the new guidance.

The guidance can be obtained here:

<https://www.gov.uk/government/publications/internal-financial-controls-for-charities-cc8/internal-financial-controls-for-charities>

Compliance

Updated guidance on Campaigning and political activity

In November 2022, the Charity Commission published updated guidance on campaigning and political activity for charities (CC9) following the passing of the Elections Act 2022.

Although the basic legal position regarding charity campaigning has not changed, this guidance focuses first on the freedoms and possibilities for charities to campaign, and then on the restrictions and risks that trustees must bear in mind.

As with previous guidance, it also includes guidance on areas of good practice.

The updated guidance can be found here:

<https://www.gov.uk/government/publications/speaking-out-guidance-on-campaigning-and-political-activity-by-charities-cc9>

Charities and terrorism

The Charity Commission guidance on ‘Charities and Terrorism’, first published in December 2012, has been updated in November 2022.

The guidance forms Chapter 1 of the Charity Commissions compliance toolkit, which provides advice and information on key aspects of the UK’s counter-terrorism legislation, highlights how particular provisions are likely to affect charities and their work, explains the various ‘terrorism lists’ that exist and advises trustees what to do if they discover their charity may be working with or connected to people or organisations on terrorism lists.

The updated toolkit signposts to new guidance from the Crown Prosecution Service on proscription offences and terrorist financing offences and cases involving humanitarian, development and peacebuilding work overseas.

The updated toolkit can be found here:

<https://www.gov.uk/government/publications/charities-and-terrorism>

Fundraising Regulator: Annual complaints report

In October 2022 the Fundraising Regulator has published its latest Annual Complaints Report which covers the period 1 April 2021 to 31 March 2022. The report analyses complaints received by the Fundraising Regulator and complaints reported to 56 of the UK's largest fundraising charities.

The number of complaints to the sample charities rose proportionally for most methods in line with increased fundraising activity – with 13 of the 23 fundraising methods having increased complaint numbers in 2021/22 compared to 2020/21. However, the overall number of complaints had decreased since 2019/20 which is reflective of changes in fundraising activity and public mood during the pandemic, as well as demonstrating the sector's commitment to high standards of fundraising.

Over the same period, complaints about fundraising methods including charity bags (77), digital (74), collections and addressed mail (both 48) accounted for the majority of the 381 complaints within the Fundraising Regulator's scope. Vulnerability was also a theme threaded into many of the complaints we received. We encourage charities to develop policies to guide how fundraisers interact with people in vulnerable circumstances and keep up to date records about donors who may be vulnerable.

You can see the full report [here](#).

Fundraising Regulator: 'Failed appeals' guidance

Following the changes introduced by the Charities Act 2022 ('the Act'), the Fundraising Regulator has also published guidance 'What to do if you raise more donations than you need, don't raise enough, or cannot achieve your purpose'

The guidance includes practical measures that can be taken to avoid triggering the legal requirements of the Act, such as the inclusion of a secondary purpose in appeals literature.

The guidance should be read in conjunction with the guidance issued by the

Charity Commission noted above.

The guidance is available here: <https://www.fundraisingregulator.org.uk/more-from-us/news/what-do-if-you-raise-more-donations-you-need-dont-raise-enough-or-cannot-achieve>

Gender pay reporting

Any employer with 250 or more employees on a specific date each year (the 'snapshot date') must report their gender pay gap data. For most entities the snapshot date is the 5 April of each year.

You must report and publish your gender pay gap information within a year of your snapshot date. You must do this for every year that you have 250 or more employees on your snapshot date.

Guidance on what and how to report can be found here:

<https://www.gov.uk/government/publications/gender-pay-gap-reporting-guidance-for-employers>

Financial and other reporting

FRS Consultation: Amendments to FRS 102

On 15 December 2022 the Financial Reporting Council issued FRED 82 "Draft amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland and other FRSs – Periodic Review".

FRED 82 proposes a number of changes resulting from the second periodic review of FRS 102 and other Financial Reporting Standards. The proposals include: a new model of revenue recognition in FRS 102 and FRS 105 based on the IFRS 15 five-step model for revenue recognition with appropriate simplifications; a new model of lease accounting in FRS 102 based on IFRS 16 on-balance sheet model (again with appropriate simplifications); and various other incremental improvements and clarifications.

The FRED is accompanied by a consultation stage impact assessment, and the anticipated implementation date will be periods commencing on or after 1 January 2025.

The consultation closed on 30 April 2023, and the FRC will now proceed to review the responses received. The consultation documents can be obtained here: <https://www.frc.org.uk/consultation-list/2022/fred-82>

Charity Commission: Changes to the Annual Return

In June 2022, the Charity Commission began consulting on a range of changes to its Annual Return, through which it hopes to gather more data about charities. There have not been major changes to the Annual Return since 2018, and the Commission has stated its desire to be more data driven and the Annual Return feeds many of the Commissions analyses.

The consultation closed on 1 September 2022, and the Charity Commission published its consultation response on 21 December 2022.

The updated Annual Return includes 17 new questions, a number of which are aimed at gathering more in-depth information on charity income streams and the extent of any overseas activities.

New questions in the updated Annual Return include:

- What was the value of your charity's single highest value donation received from a corporate donor during the financial period of this return?
- What was the value of your charity's single highest value donation received from an individual during the financial period of this return?
- What was the value of your charity's single highest value donation received from a related party during the financial period of this return?
- How was income from outside of the United Kingdom received by your charity in the financial period of this return?
- Does your charity have formal written agreements in place with any partners delivering charitable activities on its behalf outside of the United Kingdom?

Annex 8 contains a full list of the revised Annual Return questions that are set out in the Charities (Annual Return) Regulations 2022 that came into force on 1 January 2023.

Guidance will be published by the Charity Commission in early 2023 to provide additional details on the information being requested and the reason why.

For some charities, the additional questions will require a significant amount of data collection, and we recommend charities obtain the list of questions and begin collating the information required as soon as possible.

The Annual Return needs to be completed by all charities with an annual income of £10,000 plus, within 10 months of the end of their financial year.

Full details of the outcome of the consultation, along with guidance on completing the annual return can be found here:

<https://www.gov.uk/government/consultations/charity-commission-revisions-to-the-annual-return-2023-25>

NCSC publishes "Cyber Threat Report: UK Charity Sector"

The National Cyber Security Centre has published a report outlining the cyber threats currently facing charities of all sizes.

The 2022 DCMS Cyber Security Breaches Survey, which measures the policies and processes organisations have for cyber security, as well as the impact of breaches and attacks, highlighted 30% of UK charities had identified a cyber-attack in the last 12 months, with 38% of these having an impact on the service.

The report notes that the charity sector is particularly vulnerable as they can hold significant amounts of sensitive or valuable data, making them attractive targets, alongside a perception that charities have fewer resources to commit to cyber security.

The report provides details of the commonly perpetrated cyber-attacks, as well as a number of recommendations and links to guidance to assist charities strengthen their defences.

A copy of the report can be obtained here:

https://www.ncsc.gov.uk/files/Cyber_threat_report-UK-charity-sector.pdf

In addition, the Charity Commission has updated its guidance 'Protect your charity from fraud and cybercrime'. The updated guidance includes a number of links to organisations and resources helping to protect against fraud and cybercrime.

FRC publishes "What makes a good Annual Report and Accounts" report

In December 2022, the FRC published its latest report on the attributes of a good Annual Report and Accounts ('ARA') from their perspective as an improvement regulator. It draws on previous FRC publications alongside their day to day work.

The report states that 'A high-quality ARA:

- *complies with relevant accounting standards, laws and regulations, and codes;*
- *is responsive to the needs of stakeholders in an accessible way; and*
- *demonstrates the corporate reporting principles and effective communication characteristics outlined in this publication.'*

Whilst the report is focused on corporate reporting, there are a number of quick tips and pointers, along with examples, which might be of interest when preparing your Trustees' Annual Report.

The full report can be found here:

<https://www.frc.org.uk/getattachment/d3e86b16-22b6-4aa7-a6fe-1dc83657335f/What-Makes-a-Good-Annual-Report-and-Accounts.pdf>

Sustainability Reporting and the Charity SORP

Sustainability and environmental issues continue to be high priority for all sectors. The Charity SORP Committee produced a briefing note reflecting on the current approach to sustainability reporting.

The Committee sought to identify whether elements of sustainability reporting should be introduced into the trustees' annual report, and discuss preferred options should this be the case.

The current SORP asks charities to identify the difference their work has made to society as a whole.

The Committee noted that additional support would likely be required to enable charities to comply with additional reporting requirements, and the need to address the scope of the sector. The current requirements are different for large charities, this would need to remain consistent in order to avoid burdening smaller charities.

The full briefing can be found [here](#).

Our guidance on climate change can be accessed [here](#).

We have recently published a review of annual reports, all including a relevant disclosure, which identified a wide variety in the level of detail provided and the format used. A copy of our report, which includes examples of best practice and areas of improvement can be obtained [here](#).

Guidance on Fundraising Reporting Requirements

The Fundraising Regulator has published new research and updated guidance to support compliance with the fundraising reporting requirements in the Charities (Protection and Social Investment) Act 2016).

The Fundraising Regulator has reviewed the annual reports of almost 200 charities with income over £1m to provide a benchmark for the sector and highlight good practice and identify areas for improvement.

The research had noted that an increasing number of charities reported on their fundraising approaches and complaints compared to previous years, however only a low proportion of the reports reviewed included a statement on how fundraising carried out on their behalf is monitored or a statement of how they protect the public and vulnerable donors.

The results of the review can be found here:

<https://www.fundraisingregulator.org.uk/more-from-us/resources/charities-act-2016-analysis-july-2022>

and the updated guidance can be found here:

<https://www.fundraisingregulator.org.uk/more-from-us/resources/charities-act-2016-fundraising-reporting-requirements-guidance>

Taxation

Consultation: Charity tax compliance

The Government has launched a consultation into several aspects of tax compliance by charities to consider how to reform some of the tax relief rules that are not working as intended.

The consultation seeks views on a number of areas, including:

- preventing donors from obtaining a financial benefit from their donation
- preventing abuse of the charitable investment rules
- closing a gap in non-charitable expenditure rules
- sanctioning charities that do not meet their Filing and Payment Obligations

It is important that charities have their say and engage with the consultation, to ensure that the relevant considerations can impact decision making.

The consultation closes on 20 July 2023, and response can be submitted by email to charitypolicy.taxteam@hmrc.gov.uk.

The consultation can be found here:

<https://www.gov.uk/government/consultations/charities-tax-compliance/consultation-charities-tax-compliance>

Autumn Statement 2022

The Chancellors Autumn Statement 2022 was published in November 2022.

The key measures relevant for charities are set out below. A copy of the full statement can be found here:

<https://www.gov.uk/government/publications/autumn-statement-2022-documents>

National Minimum Wage (NMW) and National Living Wage (NLW)

Following recommendations from the Low Pay Commission, the NLW will increase for individuals aged 23 and over to £10.42 an hour from 1 April 2023.

The NMW will also increase from 1 April 2023 as follows:

- Increasing the rate for 21-22 year olds to £10.18 an hour;
- Increasing the rate for 18-20 year olds to £7.49 an hour;
- Increasing the rate for 16-17 year olds to £5.28 an hour;
- Increasing the apprentice rate to £5.28 an hour; and
- Increasing the accommodation offset rate to £9.10 an hour

Income tax additional rate threshold

The income tax additional rate threshold will be lowered from £150,000 to £125,140 from 6 April 2023.

Corporation tax rate

The planned increase in the Corporation Tax rate to 25% for companies with over £250,000 in profits will go ahead. Small companies with profits up to £50,000 will continue to pay corporation tax at 19%, with profits between these two figures subject to a tapered rate.

Business Rates: Retail, Hospitality and Leisure Relief

Support for eligible retail, hospitality, and leisure businesses is being extended and increased from 50% to 75% business rates relief up to £110,000 per business in 2023-24.

Gift Aid: Extension to gift aid claims on debt waivers

HMRC have now amended their detailed guidance notes to confirm that the donations made from a waiver of a right to either a refund or loan repayment are eligible for gift aid.

This could be useful for a theatre which cancels a show and asks patrons if they will donate the price paid for the tickets instead of claiming a refund. Or a school which receives fee deposits. A child leaves and the School asks the parents if they will donate any remaining fee deposit to the school. They can now claim gift aid on the amount waived by the donor.

As ever there are conditions. There needs to be a record of a formal waiver held by the charity. For a small amount (HMRC give the example of tickets to a fundraising events) an exchange of emails confirming that no refund is required and that the amount is to be treated as a donation should be enough. The charity then needs to keep the emails in case HMRC want to check the donation.

For larger amounts HMRC expect there to be a legally enforceable document in place which makes clear: 1) how much is being waived 2) that the donor is giving up all legal rights to any future repayment and 3) confirmation that the amount waived is to be treated as a donation for gift aid purposes. This means putting in place a deed of waiver or release, which will require legal input.

Other gift aid rules still all need to be met, such as having a gift aid declaration, and the donor not receiving any significant benefits in return for the donation.

The guidance can be found here:

<https://www.gov.uk/government/publications/charities-detailed-guidance-notes/chapter-3-gift-aid>.

VAT: Changes to Penalty Regime

For VAT accounting periods starting on or after 1 January 2023 there are new penalties for VAT returns that are submitted late and VAT which is paid late, in

addition the way interest is charged has also changed. The changes are aimed at simplifying and separating penalties and interest.

The system has changed to a penalty points system, where for each return submitted late, a penalty point is issued. The penalty point threshold is determined by the accounting period, with a higher threshold for more frequently submissions. When the threshold is reached, a penalty of £200 will be issued, with a further £200 penalty for each further late submission.

Penalty points will have a lifetime of 2 years, after which they will expire. The period is calculated from the month after the month in which the failure occurred, e.g. submission due January 2024, so the penalty point will expire in February 2026.

Once a taxpayer reaches the threshold, all points accrued will be reset to zero when the following conditions are met:

- A period of compliance; and
- The taxpayer has submitted all submission in the previous 2 years (even if late).

The new late payment penalty will apply in instances where the return is submitted on time but the payment is not. This penalty considers the length of the delay in making payment and the penalty increases over time.

As part of the new penalty regime, HMRC has also updated its Late Payment Interest ('LPI') rules to bring these in line with other tax regimes.

Full details of the updated regime can be found here:

<https://www.gov.uk/guidance/penalty-points-and-penalties-if-you-submit-your-vat-return-late>

Museum & Galleries VAT Refund Scheme

On 6 December 2022 the Department for Digital, Culture, Media & Sport announced that the latest round of applications from eligible museums and galleries is now open.

The closing date for applications is 5pm on 1 March 2023.

Full details of the process can be found here:

<https://www.gov.uk/guidance/applying-for-the-vat-refund-scheme-for-museums-and-galleries>

Application forms can be obtained by emailing vat33a@dcms.gov.uk

Appendix 9 - Understanding the changes to ISA (UK) 315

ISA (UK) 315 (Revised) comes into effect for periods starting in December 2021 and later (i.e. years ending 31 March 2023). The changes to the standard are fairly fundamental, and are intended to change the way that audit firms approach the identification of risks of material misstatement¹, and by extension, how they respond to these risks. We have set out in the table below the key changes to ISA (UK) 315 and the potential impact on the audit of City’s Cash Group and Other Charities of the City of London.

Key change	Potential impact on the audit
A more robust risk identification and assessment process, with a separate assessment required of inherent risk and control risk	Additional requests for information to enhance understanding of the systems, processes and controls, including but not limited to: <ul style="list-style-type: none"> - More information regarding the entity’s risk assessment process and monitoring of internal controls - Policies and procedure manuals, flowcharts and other supporting information to support our understanding of the information systems relevant to the preparation of the financial statements
Enhanced procedures relating to exercising professional scepticism, and additional documentation requirements	Additional requests for information to clarify areas where evidence obtained appears to contradict information already considered in the audit.
Increased focus on information technology	Additional requests for information to enhance understanding of the IT environment, including: <ul style="list-style-type: none"> - Information on the IT applications used by City’s Cash Group and Other Charities of the City of London, including the extent of any automated procedures - Information on the supporting IT infrastructure (i.e. network, operating systems and related hardware and software) and any third party hosting or outsourcing of IT

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¹ Risk of material misstatement: The risk that the financial statements are materially misstated prior to audit. This consists of two components, described as follows at the assertion level:

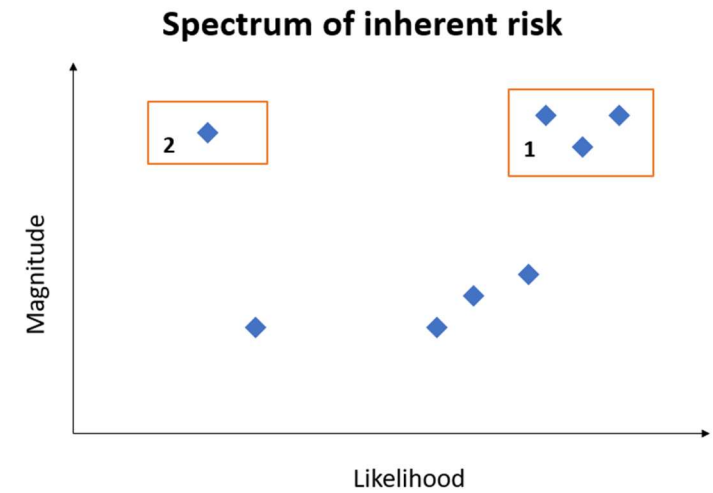
(a) Inherent risk – The susceptibility of an assertion about a class of transaction, account balance or disclosure to a misstatement that could be material, either individually or when aggregated with other misstatements, before consideration of any related controls.

(b) Control risk – The risk that a misstatement that could occur in an assertion about a class of transactions, account balance or disclosure and that could be material, either individually or when aggregated with other misstatements, will not be prevented, or detected and corrected, on a timely basis by the entity’s controls.

Key change	Potential impact on the audit
	<ul style="list-style-type: none"> - information on the access controls in place over the use of IT applications, including the setting up and removal of user accounts
<p>Inclusion of specific controls where auditors are required to identify and perform design and implementation thereon.</p>	<p>Additional requests for information in respect of the systems, processes and controls in respect of:</p> <ul style="list-style-type: none"> - Non-standard journal entries - where the journal entries are automated or manual and are used to record non-recurring, unusual transactions or adjustments - Standard journal entries - where the journal entries are automated or manual and are susceptible to unauthorized or inappropriate intervention or manipulation - Other controls identified based on auditor judgement, including but not limited to: <ul style="list-style-type: none"> o Controls that address risks that are assessed as higher on the spectrum of inherent risk (not determined to be a significant risk); o Controls related to reconciling detailed records to the general ledger; or o Complementary user entry controls, if using a service organisation.
<p>A new stand-back requirement when an audit is nearing completion, to evaluate classes of transactions, account balances and disclosures that are material (either quantitatively or qualitatively) but have not been identified as significant and confirm the previous assessed remains appropriate.</p>	<p>Additional audit work may be required where the assessed risk of material classes of transactions, account balances and disclosures are re-evaluated as higher than at the completion of the audit planning.</p>

ISA (UK) 315 (Revised) also introduces the concept of a ‘*spectrum of inherent risk*’. Risk is considered in the context of how, and the degree to which, inherent risk factors affect the likelihood and magnitude of a misstatement occurring. Such factors may be qualitative or quantitative, and include complexity, subjectivity, change, uncertainty or susceptibility to misstatement due to management bias or other fraud risk factors.

The assessment of an inherent risk close to the upper end of the spectrum is indicative of a significant risk (Box 1), however the combination of likelihood and magnitude means that a significant risk could potentially have a low likelihood but the magnitude could be very high if it occurred (Box 2).



We have set out below further details on the inherent risk factors, along with examples of each within a non-profit context.

Inherent Risk Factor	Description per ISA (UK) 315	Examples in a non-profit context
Complexity	Arises either from the nature of the information or in the way that the required information is prepared, including when such preparation processes are more inherently difficult to apply.	<ul style="list-style-type: none"> - A complex group structure, with multiple subsidiaries, branches, in disparate locations and/or joint ventures, which may also include overseas operations - A complex IT environment, such as fundraising information held in a CRM system that is not integrated with the accounting system - The calculation of the actuarial valuation of defined benefit pension schemes
Subjectivity	<p>Arises from inherent limitations in the ability to prepare required information in an objective manner, due to limitations in the availability of knowledge or information, such that management may need to make an election or subjective judgment about the appropriate approach to take and about the resulting information to include in the financial statements.</p> <p>Because of different approaches to preparing the required information, different outcomes could result from appropriately applying the requirements of the applicable financial reporting framework.</p> <p>As limitations in knowledge or data increase, the subjectivity in the judgments that could be made by reasonably knowledgeable and independent individuals, and the diversity in possible outcomes of those judgments, will also increase.</p>	<ul style="list-style-type: none"> - The assessment of whether a grant is performance related, and the associated impact on income recognition - The selection of the accounting policy adopted in respect of legacy income - Selection of assumptions used in preparing the actuarial valuation of defined benefit pension schemes - Determination of the useful economic life and residual value of fixed assets - Determination of any provisions for bad and/or doubtful debts - The assessment of any provisions for dilapidations
Change	Results from events or conditions that, over time, affect the entity's business or the economic, accounting, regulatory, industry or other aspects of the environment in which it operates, when the effects of those events or conditions are reflected in the required information.	<ul style="list-style-type: none"> - Loss of a major funder and the corresponding impact on going concern - Development of a new income stream or activity - Expansion into new locations, such as the opening of an overseas branch - A change in legislation and any impact on operations, for example changes to health and safety legislation

Inherent Risk Factor	Description per ISA (UK) 315	Examples in a non-profit context
Uncertainty	<p>Arises when the required information cannot be prepared based only on sufficiently precise and comprehensive data that is verifiable through direct observation.</p> <p>In these circumstances, an approach may need to be taken that applies the available knowledge to prepare the information using sufficiently precise and comprehensive observable data, to the extent available, and reasonable assumptions supported by the most appropriate available data, when it is not.</p> <p>Constraints on the availability of knowledge or data, which are not within the control of management (subject to cost constraints where applicable) are sources of uncertainty and their effect on the preparation of the required information cannot be eliminated.</p>	<ul style="list-style-type: none"> - The outcome of a pending litigation or claim, and the determination of any potential liability or contingent liability disclosure - The assessment of any provisions for dilapidations - The assumptions and judgements applied in the preparation of budgets and forecasts to support going concern
Susceptibility to misstatement due to management bias or other fraud risk factors insofar as they affect inherent risk	<p>Results from conditions that create susceptibility to intentional or unintentional failure by management to maintain neutrality in preparing the information.</p> <p>Management bias is often associated with certain conditions that have the potential to give rise to management not maintaining neutrality in exercising judgment (indicators of potential management bias), which could lead to a material misstatement of the information that would be fraudulent if intentional.</p> <p>Such indicators include incentives or pressures insofar as they affect inherent risk (for example, as a result of motivation to achieve a desired result, such as a desired profit target or capital ratio), and opportunity, not to maintain neutrality.</p>	<ul style="list-style-type: none"> - Compliance with funding conditions, including the allocation of expenditure and the assessment of any provision in respect of clawbacks - Loan covenants at risk of being breached - Significant transactions with related parties - Significant amount of non-routine or non-systematic transactions including intercompany transactions and journal entries at the reporting date.

Inherent Risk Factor	Description per ISA (UK) 315	Examples in a non-profit context
Other inherent risk factors	<p>Other inherent risk factors, that affect susceptibility to misstatement of an assertion about a class of transactions, account balance or disclosure may include:</p> <ul style="list-style-type: none"> The quantitative or qualitative significance of the class of transactions, account balance or disclosure; or The volume or a lack of uniformity in the composition of the items to be processed through the class of transactions or account balance, or to be reflected in the disclosure. 	<ul style="list-style-type: none"> Lack of personnel with appropriate accounting and financial reporting skills. Control deficiencies – particularly in the control environment, risk assessment process and process for monitoring, and especially those not addressed by management. Past misstatements, history of errors or a significant amount of adjustments at period end.

ISA (UK) 315 requires auditors to consider that the risk of material misstatement may occur at two levels – the overall financial statement level, and at the assertion level for classes of transactions, balances and disclosures.

Assertions are defined in ISA (UK) 315 as *'Representations, explicit or otherwise, with respect to the recognition, measurement, presentation and disclosure of information in the financial statements which are inherent in management representing that the financial statements are prepared in accordance with the applicable financial reporting framework. Assertions are used by the auditor to consider the different types of potential misstatements that may occur when identifying, assessing and responding to the risks of material misstatement.'*

We have set out below the assertions and a short description of how they pertain to classes of transactions, balances and disclosures.

Assertions about classes of transactions and events, and related disclosures, for the period under audit	Assertions about account balances, and related disclosures, at the period end
(i) Occurrence—transactions and events that have been recorded or disclosed have occurred, and such transactions and events pertain to the entity.	(i) Existence—assets, liabilities and equity interests exist.
(ii) Completeness—all transactions and events that should have been recorded have been recorded, and all related disclosures that should have been included in the financial statements have been included.	(ii) Rights and obligations—the entity holds or controls the rights to assets, and liabilities are the obligations of the entity.
(iii) Accuracy—amounts and other data relating to recorded transactions and events have been recorded appropriately, and related disclosures have been appropriately measured and described.	(iii) Completeness—all assets, liabilities and equity interests that should have been recorded have been recorded, and all related disclosures that should have been included in the financial statements have been included.

Assertions about classes of transactions and events, and related disclosures, for the period under audit	Assertions about account balances, and related disclosures, at the period end
<p>(iv) Cut off—transactions and events have been recorded in the correct accounting period.</p>	<p>(iv) Accuracy, valuation and allocation—assets, liabilities and equity interests have been included in the financial statements at appropriate amounts and any resulting valuation or allocation adjustments have been appropriately recorded, and related disclosures have been appropriately measured and described.</p>
<p>(v) Classification—transactions and events have been recorded in the proper accounts.</p>	<p>(v) Classification—assets, liabilities and equity interests have been recorded in the proper accounts.</p>
<p>(vi) Presentation—transactions and events are appropriately aggregated or disaggregated and clearly described, and related disclosures are relevant and understandable in the context of the requirements of the applicable financial reporting framework.</p>	<p>(vi) Presentation—assets, liabilities and equity interests are appropriately aggregated or disaggregated and clearly described, and related disclosures are relevant and understandable in the context of the requirements of the applicable financial reporting framework.</p>

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Appendix 1 – list of the charities

Charities marked with a (**) have individual trustees; for the charity marked with (***) the Corporation is Trustee acting through the Court of Aldermen. The Corporation is Trustee of all other charities.

Audited entities

1. The City of London Charities Pool (charity no. 1021138)
2. City of London School for Girls Bursary Fund and the City of London School for Girls Scholarships & Prizes Fund (charity nos. 276251 and 276251-5; one set of financial statements for these linked charities)
3. City of London Almshouses (charity no. 1005857)

Entities subject to independent examination

4. City Educational Trust Fund (charity no. 290840)
5. City of London School Bursary & Awards Fund (charity no. 276654)
6. City of London Freeman's School Bursary Fund (charity no. 284769)
7. City of London Combined Education Charity (charity no. 312836)
8. Emanuel Hospital (charity no. 206952) ***
9. Sir William Coxen Trust Fund (charity no. 206936) **
10. Samuel Wilson's Loan Charity (charity no. 206964) **

Entities where no audit or independent examination is required

1. City of London Combined Relief of Poverty (charity no. 1073660)
2. King George's Field (charity no. 1085967)
3. Guildhall Library Centenary Fund (charity no. 206950)
4. Charities administered in connection with the City of London Freeman's School (23 separate charities) (charity no. 312120)

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The City of London Charities Pool

Annual Report and Financial Statements for the year
ended 31 March 2023

Charity registration number 1021138

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TRUSTEE ANNUAL REPORT

STRUCTURE AND GOVERNANCE

GOVERNING DOCUMENTS

The governing documents are the scheme approved by the Charity Commission on 23 January 2012, which replaced a previous governing Scheme dated 20 July 1967.

GOVERNANCE ARRANGEMENTS

The Mayor and Commonalty and Citizens of the City of London (also referred to as 'the City Corporation' or 'the City of London Corporation'), a body corporate and politic, is the Trustee of The City of London Charities Pool. The City Corporation is Trustee acting by the Court of Common Council of the City of London in its general corporate capacity and that executive body has delegated responsibility in respect of the administration and management of this charity to various committees and sub-committees of the Common Council, membership of which is drawn from 125 elected Members of the Common Council and external appointees to those committees. In making appointments to committees, the Court of Common Council will take into consideration any particular expertise and knowledge of the elected Members, and where relevant, external appointees. External appointments are made after due advertisement and rigorous selection to fill gaps in skills.

Members of the Court of Common Council are unpaid for support provided to the Charity and are elected by the electorate of the City of London. The key Committee which had responsibility for directly managing matters related to the charity during 2022/23 was the Finance Committee which has delegated its authority to the Financial Investment Board (one of its sub-committees). As of 1 April 2023, the Financial Investment Board has been replaced by the Investment Committee. The Board is responsible for the Investment Strategy of the Charities Pool including the monitoring of the professional investment manager, Artemis Investment Management, which manages the investments on a daily basis. The above committees are ultimately responsible to the Court of Common Council of the City of London. Committee meetings are held at the Trustee's discretion in public (except where it is considered not to be in the charity's best interests to do so), supporting a decision-making process which is clear, transparent and publicly accountable. Details of the membership of Committees of the City Corporation are available at www.cityoflondon.gov.uk.

The Trustee believes that good governance is fundamental to the success of the charity. Following a comprehensive governance review, during which reference was made throughout to the good practices recommended in the Charity Governance Code, some governance and administration are being implemented, ensuring that the charity is compliant with regulations and efficient and effective in maximising impact for beneficiaries.

ORGANISATIONAL STRUCTURE AND DECISION-MAKING PROCESS

The charity is administered in accordance with its governing instruments and the City Corporation's own corporate governance and administration framework, including Committee Terms of Reference, Standing Orders, Financial Regulations and Officer Scheme of Delegations. These governance documents can be obtained via a request to the email address stated on page 28.

Each Member by virtue of their membership of the Court of Common Council, its relevant committees and sub-committees, has a duty to support the City Corporation in the proper exercise of its functions and in meeting its duties as trustee of the charity by faithfully acting in accordance with charity law, the Terms of Reference of the relevant committee or sub-committee, and the City Corporation's agreed corporate governance framework as noted above, backed up by its standards regime.

INDUCTION AND TRAINING OF MEMBERS

The City Corporation makes available to its Members, seminars and briefings on various aspects of its activities, including those concerning the charity, to enable Members to carry out their duties efficiently and effectively. Induction meetings are provided on specific aspects of the work of The City of London Charities Pool. If suitable seminars or other training options are identified that are relevant to the charity, Members are advised of these opportunities.

OBJECTIVES AND ACTIVITIES

The key objective of the charity is to provide small charities linked with the City of London the opportunity to obtain better returns than could generally be achieved if investments were made individually.

In so doing, the Charities Pool provides income to enable these small charities to pursue their respective objectives.

Investment Policy

The investment policy is to seek an absolute return over the long term in order to provide for the outlay to meet the needs of the unitholders, whilst preserving the fund's capital base in real terms. In pursuance of the objective, the City Corporation has adopted an investment strategy using bonds, equities and cash. The fund had no direct investments in bonds as at 31 March 2023 (31 March 2022: £Nil).

The charity considers proactive engagement with the companies in which it invests to be the most effective means of understanding and influencing the social, environmental and governance policies of those companies. It expects investment managers to take steps to ensure that these factors are adequately addressed in the selection, retention and realisation of investments as far as such factors may affect investment performance.

Fundraising

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. The legislation defines fundraising as “*soliciting or otherwise procuring money or other property for charitable purposes*”. The City of London Charities Pool does not undertake fundraising activity, hence the charity does not consider it necessary to design specific procedures to monitor such activities.

Public benefit statement

The Trustee confirms that it has referred to the guidance contained in the Charity Commission’s general guidance on public benefit when reviewing The City of London Charities Pool’s aims and objectives and in planning future activities. The purpose of the charity is to provide small charities linked with the City of London the opportunity to obtain better returns than could generally be achieved if investments were made individually. Consequently, the Trustee considers that the charity operates to benefit the general public and satisfies the public benefit test.

REFERENCE AND ADMINISTRATIVE DETAILS

The administrative details of the charity are stated on page 28.

ACHIEVEMENTS AND PERFORMANCE

Over the course of 2022/23 the Charities Pool investment strategy delivered an absolute return (gross of fees) of +2.22% which was below the FTSE All Share Index benchmark return of +2.92% (2021/22: the investment strategy gained +11.1% versus +13.0% from the benchmark) which was reflective of a challenging investment environment following the worst year in global financial markets since the 2008 financial crisis, characterised by volatility with increases in inflation and commodity prices, changing interest rate expectations, and the continued Russian/Ukrainian war.

With effect from 22 July 2022, the Charities Pool transferred its investments from the Artemis Income Fund to the Artemis Income (Exclusions) Fund, which is an unconstrained, multi-cap strategy that aims to generate a rising income stream combined with long-term capital growth. The Fund invests in UK equities, and can also hold international equities and bonds. Shares in companies that derive more than 20% of their revenues from tobacco, gambling, weapons and fossil fuels are excluded.

The charity distributed a total of £888,811 to unitholders during the year (2021/22: £1,198,994) which is used by the participating charities to meet their objectives.

PLANS FOR FUTURE PERIODS

The effects of the downturn in financial markets and volatility had an impact upon the value of the investments held by the charity. Whilst positive growth is anticipated in the global stock markets during 2023/24, the risk of recession currently remains present. These factors impact the level of distributable income available to meet the grant-making objectives of the charity.

The Trustee is monitoring the situation and will continue with the running of the Charities Pool and with distributing the fund's net income to the underlying charities.

FINANCIAL REVIEW

Overview of Financial Performance

Review of the Charity's Financial Position

The Charities Pool is invested in a strategy which predominantly holds UK equities. The market value of investments as at 31 March 2023 decreased in value to £22,195,028 (2021/22: £22,939,193). The investments continue to be managed effectively and as such the charity remains a going concern.

Principal Funding Sources of the Charity

The sole source of funding for the Charities Pool is the dividend and interest income from the underlying investments.

Income

In 2022/23 the charity's total income for the year was £1,015,465, an overall decrease of £487,218 against the previous year of £1,502,683 (2021/22: increase of £125,556). This was due to a decrease in dividend pay-outs and no new unit subscriptions in 2022/23 compared to 2021/22.

Income comprised £1,015,465 from investments (2021/22: £1,329,966), being £1,013,607 from managed investments (2021/22: £1,329,726) and £1,858 from interest receivable (2021/22: £240). New unit subscriptions to the fund totalled £Nil, (2021/22: 2 unitholders, £172,717). Further information on new subscriptions is stated in Note 16.

Expenditure

Total expenditure for the year was £1,226,895 (2021/22: £1,340,899), with charitable activities expenditure in the year totalling £1,100,240 (2021/22: £1,198,994). Distributions for the year, paid out to unitholders in September and March of each year, totalled 35.81 pence/unit (2021/22: 48.25 pence/unit), amounting to £888,811 (2021/22: £1,198,994). During the year, 2 unit holders took a decision to redeem units totalling £211,429 (2021/22: 0 unitholders, £Nil). Further details on redemptions are reported in Note 16.

Expenditure on raising funds for the year was £126,655 (2021/22: £141,905). This consists of managed investment expenses payable on the fund in the year of £112,322 (2021/22: £127,768). These are processed as movements on the capital balances and are treated as disposals. Hence, they are deducted from the Fixed Investments balances. Expenditure for 2022/23 also includes audit fees £5,500 (2021/22: £5,000) and administration fees £8,742 (2021/22: £8,788).

Funds held

The charity's total funds held on behalf of unitholders decreased by £744,164 or -3.22% to £22,349,870 as at 31 March 2023 (2021/22: increased to £23,094,034). This decrease is mainly the result of a loss on investments of £532,734 (2021/22: gain of £1,042,804) as well as a redemption of units of £211,429 (2021/22: £nil redemptions). There were no new subscriptions of units during the year (2021/22: £172,717).

The underlying investments are managed by Artemis Investment Management LLP, with the performance of the fund measured against the fund manager benchmark, being the FTSE All Share Index. Investments held in the Charities Pool performed just below the average benchmark level, generating a gross return of +2.22% for 2022/23 (2021/22: +11.1%) compared with the FTSE All Share Index benchmark return of +2.92% (2021/22: +13.0%). However, over the longer-term performance of the Charities Pool investments, as displayed in the table below, was above benchmark.

Fund	31 March 2023		31 March 2022	
	3 year	5 year	3 year	5 year
Fund	+14.06%	+5.64%	+7.3%	+6.2%
FTSE All Share	+13.81%	+5.04%	+5.3%	+4.7%
Fund Outperformance	+0.26%	+0.61%	+2.00%	+1.50%

Details of the funds held, including their purpose, is set out within Note 13 to the financial statements.

Reserves

The objective of the City of London Charities Pool is to maximise revenue returns and capital growth on behalf of its unitholders, with all incoming resources distributed to the unitholders each year. The free reserves of the charity are held to cover working capital needs. The Trustee believes that an amount of £15,000 should be held at present, which will be subject to annual review. Given the nature of the charity's reserves (being the accumulated fund, undistributed income and invested units at cost less profit distributed on redemptions), total reserves levels are above the minimum required to cover working capital needs; undistributed income funds are within the target range (see note 13).

Principal Risks and Uncertainties

The charity is committed to a programme of risk management as an element of its strategy to preserve the charity's assets. In order to embed sound practice the senior leadership team ensures that risk management policies are applied, that there is an on-going review of activity and that appropriate advice and support is provided. A key risk register has been prepared for the charity, which has been reviewed by the Trustee. This identifies the potential impact of key risks and the measures which are in place to mitigate such risks. These have been affected by the economic volatility which is also mentioned under "Plans for Future Periods" (page 5).

The principal risks faced by the charity, and actions taken to manage them are as follows:

Risk	Actions to manage risks
Decline in income	<ul style="list-style-type: none"> • Implementing strict controls. • The charity's funds are invested by a professional fund manager. • The Financial Investment Board regularly monitors the performance of this fund manager. • A large number of unitholders exit the pool at the same time.
Where the Trustee has a conflict of interest	<ul style="list-style-type: none"> • Those concerned having a specific understanding of trust law. • Adopting the protocol for disclosing any potential conflict.
Losing directly employed staff and/or the support staff	<ul style="list-style-type: none"> • Documenting systems, plans and projects • Having any necessary training programmes

TRUSTEE'S RESPONSIBILITIES

The Trustee is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Charity law requires the Trustee to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under charity law the Trustee must not approve the financial statements unless the Trustee is satisfied that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period. In preparing these financial statements, the Trustee is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustee is responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable the Trustee to ensure that the financial statements comply with the Charities Act 2011. The Trustee is also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustee is aware:

- there is no relevant audit information of which the charity's auditors are unaware; and
- the Trustee has taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Financial statements are published on the Trustee's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Trustee's website is the responsibility of the Trustee. The Trustee's responsibility also extends to the ongoing integrity of the financial statements contained therein.

Adopted and signed for on behalf of the Trustee.

Henry Nicholas Almroth Colthurst, Deputy

Chairman of Finance Committee
The City of London Corporation
Guildhall, London

Randall Keith Anderson, Deputy

Deputy Chairman of Finance Committee
of the City of London Corporation

XX December 2023

**INDEPENDENT AUDITOR'S REPORT TO THE
TRUSTEE OF THE CITY OF LONDON CHARITIES POOL**

Awaiting report to be provided by Crowe

Awaiting report to be provided by Crowe

Awaiting report to be provided by Crowe

Awaiting report to be provided by Crowe

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 MARCH 2023

		Unrestricted Funds	
	Notes	2022/23 Total Funds £	2021/22 Total Funds £
Income from:			
Charitable Activities	2	-	172,717
Investments	3	1,015,465	1,329,966
Total income		1,015,465	1,502,683
Expenditure on:			
Raising funds	4	126,655	141,905
Charitable activities	6	1,100,240	1,198,994
Total expenditure		1,226,895	1,340,899
Net (losses)/gains on investments	9	(532,734)	1,042,804
Net movement in funds		(744,164)	1,204,588
Reconciliation of funds:			
Total funds brought forward	14	23,094,034	21,889,446
Total funds carried forward	14	22,349,870	23,094,034

All of the above results are derived from continuing activities.

There were no other recognised gains and losses other than those shown above.

The notes on pages 17 to 27 form part of these financial statements.

BALANCE SHEET

AS AT 31 MARCH 2023

	Notes	2023 Total £	2022 Total £
Fixed assets:			
Investments	9	21,756,589	22,603,776
Current assets			
Debtors	10	525,425	228,238
Investments	9	438,439	335,417
Total current assets		963,864	563,655
Creditors: Amounts falling due within one year			
Creditors	11	(370,583)	(73,397)
Total Creditors: Amounts falling due within one year		(370,583)	(73,397)
Net current assets		593,281	490,258
Total assets less current liabilities		22,349,870	23,094,034
The funds of the charity:			
Unitholders' funds	14	22,349,870	23,094,034

The notes on pages 17 to 27 form part of these financial statements

Approved and signed on behalf of the Trustee.

Caroline Al-Beyerty

XX December 2023

CASHFLOW STATEMENT

AS AT 31 MARCH 2023

	Notes	2022/23 Total £	2021/22 Total £
Cash flows from operating activities:			
Net cash (used in) operating activities	15	(1,314,313)	(1,385,540)
Cash flows from investing activities:			
Interest and income from investments		1,015,465	1,329,966
Proceeds from sale of investments		8,871,800	5,433,435
Purchase of investments		(8,557,347)	(5,555,342)
Net cash provided by investing activities		1,329,918	1,208,059
Cash flows from financing activities:			
Net (Payment)/Receipt from sale/purchase of new units		(211,429)	172,717
Net cash (used in)/provided by financing activities		(211,429)	172,717
(Decrease) in cash in the year		(195,824)	(4,764)
Change in cash and cash equivalents in the reporting period			
Cash and cash equivalents at the beginning of the reporting period		290,776	295,540
Cash and cash equivalents at the end of the reporting period		94,952	290,776

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

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

(a) Basis of preparation

The financial statements of the charity, which is a public benefit entity under FRS102, have been prepared under the historical cost convention, and in accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (second edition effective 1 January 2019) and the Charities Act 2011.

(b) Going concern

The City of London Charities Pool is a common investment fund operating in a similar way to a unit trust. The financial statements have been prepared on a going concern basis as the Trustee considers that there are no material uncertainties about the charity's ability to continue as a going concern. The charity only spends the income that is generated from its investments, so maintaining its capital base. The latest forecast anticipates that adequate funds will be available in the 12 months from the signing of these financial statements to enable the charity to continue to fulfil its obligations. In making this assessment, the Trustee has considered the current economic volatility on the value of investment assets held, future income levels and the liquidity of the charity over the 12-month period following the signing of these financial statements.

The fund will continue to operate for as long as charities use its services which in turn will depend upon the investment performance of the Pool and the financial circumstances of each charity.

As a result of enquiries made with unitholders, the Trustee has a reasonable expectation that the Pool has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Trustee continues to adopt a going concern basis for the preparation of the financial statements.

(c) Key management judgements and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenditure. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of decisions about carrying values of assets and liabilities that are not readily apparent from other sources. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Management do not consider there to be any material revisions requiring disclosure.

(d) Income

All income is included in the Statements of Financial Activities (SOFA) when the charity is legally entitled to the income; it is more likely than not that economic benefit associated with the transaction will come to the charity and the amount can be quantified with reasonable certainty. Income consists of dividends, interest receivable on cash held by the fund manager and new units subscriptions.

(e) Expenditure

Expenditure is accounted for on an accruals basis and has been classified under the principal categories of 'expenditure on raising funds' and 'expenditure on charitable activities'. Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required, and the amount of the obligation can be measured reliably.

The charity does not employ any staff. Officers of the City Corporation provide financial and governance administrative assistance to the charity when required. From 2021/22, the City Corporation, as Trustee, has taken a decision to seek reimbursement for the administration fees incurred from each of its charities.

(f) Taxation

The charity meets the definition of a charitable trust for UK income tax purposes, as set out in Paragraph 1 Schedule 6 of the Finance Act 2010. Accordingly, the charity is exempt from UK taxation in respect of income or capital gains under part 10 of the Income Tax Act 2007 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

(g) Investments

Investments held within the Charities Pool are managed by Artemis Investment Management LLP. All of the securities held are listed on a stock exchange. Investments are valued annually at the bid-market price at the close of business on 31 March. Cash balances held within the investment portfolio as part of the portfolio strategy, but with a maturity date of less than one year are classified as current asset investments. Gains and losses for the year on investments held as fixed assets are included in the Statement of Financial Activities.

(h) Funds structure

Income, expenditure and gains/losses are allocated to particular funds according to their purpose:

Unrestricted income funds – these funds can be used in accordance with the charitable objects on behalf of the unitholders by the Trustee and include income generated from those assets representing unrestricted funds.

(i) Indemnity insurance

The City of London Corporation takes out indemnity insurance in respect of all its activities. The charity does not contribute to the cost of that insurance.

2. INCOME FROM NEW UNITS SUBSCRIPTIONS

	Total 2022/23	Total 2021/22
	£	£
New units subscriptions	-	172,717
	No.	No.
New units purchased	-	18,420

3. INCOME FROM INVESTMENTS

	Total 2022/23	Total 2021/22
	£	£
Income from Investments held	1,013,607	1,329,726
Interest receivable	1,858	240
Total	1,015,465	1,329,966

4. EXPENDITURE ON RAISING FUNDS

	Direct Costs £	Support Costs £	Total 2022/23 £	Total 2021/22 £
Investment management fees	112,322	14,269	126,591	127,768
Fair Value	64	-	64	349
Total	112,386	14,269	126,655	128,117

5. SUPPORT COSTS

	Support Costs £	Total 2022/23 £	Total 2021/22 £
Audit Fees	5,500	5,500	5,000
Internal Legal fees	27	27	-
Administration Fees	8,742	8,742	8,788
Total	14,269	14,269	13,788

6. EXPENDITURE ON CHARITABLE ACTIVITIES

	Total 2022/23 £	Total 2021/22 £
Distributions to unitholders	888,811	1,198,994
Redemptions - disposal of units	211,429	-
Total	1,100,240	1,198,994
Distributions - pence/unit	35.81	48.25
Redemptions - number of units	25,350	-

7. AUDITOR'S REMUNERATION

Crowe U.K. LLP are the auditors of the City of London's City's Cash Fund and provide assurance services for all of the different charities of which it is Trustee. In 2022/23 an audit fee of £5,500 was recharged (2021/22: £5,000). No other services were provided to the charity by its auditors during the year (2021/22: £Nil).

8. TRUSTEE EXPENSES

The members of the Finance Committee of the City of London Corporation acting on behalf of the Trustee did not receive any remuneration or reimbursement of expenses during 2022/23 (2021/22: £Nil).

9. INVESTMENTS

Analysis of movement in investments:

	2023 £	2022 £
Market value 1 April	22,603,776	21,439,065
Additions	8,557,347	5,555,342
Disposals	(8,871,800)	(5,433,435)
Gain/(Loss) for the year	(532,734)	1,042,804
Market value 31 March	21,756,589	22,603,776
Cash held by Fund Manager	438,439	335,417
Total investments at 31 March	22,195,028	22,939,193
Historic cost 31 March	20,903,135	20,486,543

Total investments as at 31 March are split as follows:

Market value	2023	2022
	£	£
Long-term	21,756,589	22,603,776
Short-term	438,439	335,417
	22,195,028	22,939,193

The geographical spread of investments at 31 March was as follows:

	Held in the UK	Held outside the UK	Total at 31 March 2023
	£	£	£
Equities	18,010,057	3,019,287	21,029,344
Pooled Units	727,245	-	727,245
Cash held by Fund Manager	438,439	-	438,439
Total	19,175,741	3,019,287	22,195,028

	Held in the UK	Held outside the UK	Total at 31 March 2022
	£	£	£
Equities	18,652,149	2,604,862	21,257,011
Pooled Units	1,346,765	-	1,346,765
Cash held by Fund Manager	335,417	-	335,417
Total	20,334,331	2,604,862	22,939,193

10. DEBTORS

	2023	2022
	£	£
Accrued income	520,328	228,238
Recoverable VAT	5,097	-
Total	525,425	228,238

Accrued income represents those dividends confirmed as receivable prior to 31 March each year but not received as at that date.

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023	2022
	£	£
Other creditors	27,096	28,756
Bank Overdraft	343,487	44,641
Total	370,583	73,397

12. MOVEMENT IN UNIT-HOLDERS FUNDS DURING THE YEAR

	2023		2022	
	Units	£	Units	£
Funds Subscribed				
Balance at 1 April	2,493,464	12,238,578	2,475,044	12,065,861
Redemptions during the year	(25,350)	(198,313)	-	-
Subscriptions during the year	-	-	18,420	172,717
Invested units at cost	2,468,114	12,040,265	2,493,464	12,238,578

The unit-holders values show the purchase costs and the original amounts paid for the units sold at the transaction dates since inception of the City of London Charities Pool.

13. ANALYSIS OF NET ASSETS BETWEEN FUNDS

At 31 March 2023	Unrestricted Income Funds	
General Fund	Total at 31 March 2023	Total at 31 March 2022
	£	£
Fixed assets – investments	21,756,589	22,603,776
Current Assets	963,864	563,655
Current Liabilities	(370,583)	(73,397)
Total	22,349,870	23,094,034

14. MOVEMENT IN FUNDS

As at 31 March 2023	Total as at 1 April 2022	Income	Expenditure	Gains & (Losses)	Transfers	Total as at 31 March 2023
	£	£	£	£	£	£
General Funds:						
Accumulated Fund	13,371,050	1,015,465	(1,015,466)	(532,734)	-	12,838,315
Undistributed Income	9,858	-	-	-	-	9,858
Invested Units at Cost	12,238,577	-	(198,313)	-	-	12,040,264
Profit Distributed on redemptions	(2,525,451)	-	(13,116)	-	-	(2,538,567)
Total Unit Holder Funds	23,094,034	1,015,465	(1,226,895)	(532,734)	-	22,349,870

As at 31 March 2022	Total as at 1 April 2021	Income	Expenditure	Gains & (Losses)	Transfers	Total as at 31 March 2022
	£	£	£	£	£	£
General Funds:						
Accumulated Fund	12,238,246	-	-	1,042,804	-	13,371,050
Undistributed Income	20,791	309	(11,242)	-	-	9,858
Invested Units at Cost	12,065,860	172,717	-	-	-	12,238,577
Profit Distributed on redemptions	(2,525,451)	-	-	-	-	(2,525,451)
Total Unit Holder Funds	21,889,446	173,026	(11,242)	1,042,804	-	23,094,034

Purpose of the accumulated fund

The accumulated fund represents unrealised gains/(losses) in respect of current subscriptions from unitholders.

Purpose of the undistributed income fund

This represents income receivable by the Pool which has not been distributed to subscribers/unit holders.

Total unit-holder funds

The market value per unit as at 31 March 2023 is £9.055 (2022: £9.264). This is calculated by dividing the total value of unit-holders funds as stated above by the total number of units invested (see Note 11).

15. NOTE TO THE STATEMENT OF CASH FLOWS

Reconciliation of net income/(expenditure) to net cash flow from operating activities.

	2022/23	2021/22
	£	£
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	(744,164)	1,204,588
Adjustments for:		
Interest and income from investments	(1,015,465)	(1,329,966)
Loss/(Gain) on investments	532,734	(1,042,804)
Net redemptions/(new subscriptions)	211,429	(172,717)
(Increase) in Debtors	(297,187)	(47,543)
Increase/(Decrease in Creditors)	(1,660)	2,902
Net cash (used in) operating activities	(1,314,313)	(1,385,540)

16. RELATED PARTIES

The City of London Corporation is the sole Trustee of both the City of London Charities Pool and of a number of the charities which are unitholders within the Pool.

The charity is required to disclose information on related party transactions with bodies or individuals that have the potential to control or influence the charity. Members are required to disclose their interests, and these can be viewed online at www.cityoflondon.gov.uk.

Related Party	Connected Party	2022/23 £	2021/22 £	Detail of transaction
City of London Corporation	The City of London Corporation is the Trustee for the charity	8,742	8,788	Administration costs charged by the City of London

17. STATEMENT OF FUNDS HELD BY UNIT-HOLDERS

The charity holds funds on behalf of charities which have met the terms of the provisions of the Pool's New Governing Scheme dated 23 January 2012. A schedule of the charities, their respective invested amounts, their market values and distributed funds for the financial year being reported is provided below.

Unit-holder funds	2023 £
Unit-holder funds (per summary of underlying charities)	22,348,772
Other Adjustments	1,098
Total of unit-holder funds	22,349,870

**CITY OF LONDON CHARITIES POOL DISTRIBUTION AND
MARKET VALUE STATEMENT 2022-23**

<u>Class or Subscriber</u>	<u>Commissi on No.</u>	<u>No. of Units at 31st March 2023</u>	<u>Net Amount Subscribed</u>	<u>Market Value (Bid price) 31st March 2022</u>	<u>Market Value (Bid price) 30th September 2022</u>	<u>Market Value (Bid price) 31st March 2023</u>	<u>Distributed 2022/23 1/2 year to Sep 22</u>	<u>Distributed 2022/23 1/2 year to Mar 23</u>
(Per Unit Values)				£9.264	£8.293	£9.055	20.62p	15.19p
<u>Education</u>								
<u>City of London School</u>								
Bursary and Awards Funds	276654	416,870	£2,297,194.57	£3,861,883.68	£3,457,176.87	£3,774,757.85	£85,963.77	£63,318.38
<u>City of London School for Girls</u>								
Scholarships and Prizes	276251-5	9,780	£44,716.77	£90,601.92	£81,107.28	£88,557.90	£2,016.76	£1,485.48
Bursary Funds	276251	455,832	£2,304,438.13	£4,222,827.65	£3,780,295.65	£4,127,558.76	£93,998.22	£69,236.32
<u>City of London Freeman's School</u>								
Charities Administered (In Connection With)	312120	24,140	£82,620.93	£223,632.96	£200,197.30	£218,587.70	£4,977.97	£3,666.62
Bursary Fund	284769	149,423	£1,080,215.26	£1,384,254.67	£1,239,191.45	£1,353,025.27	£30,812.88	£22,695.86
Sub-Total Education		1,056,045	£5,809,185.66	£9,783,200.88	£8,757,968.55	£9,562,487.48	£217,769.60	£160,402.66

<u>Class or Subscriber</u>	<u>Commission No.</u>	<u>No. of Units at 31st March 2023</u>	<u>Net Amount Subscribed</u>	<u>Market Value (Bid price) 31st March 2022</u>	<u>Market Value (Bid price) 30th September 2022</u>	<u>Market Value (Bid price) 31st March 2023</u>	<u>Distributed 2022/23 1/2 year to Sep 22</u>	<u>Distributed 2022/23 1/2 year to Mar 23</u>
(Per Unit Values)				£9.264	£8.293	£9.055	20.62	15.19
<u>City's Cash General</u>								
Highgate Wood & Queen's Park Kilburn	232986	18,728	£18,728.00	£173,496.19	£155,314.63	£169,582.04	£3,861.95	£2,844.60
<u>Epping Forest</u>								
Epping Forest	232990	438	£438.00	£4,057.63	£3,632.41	£3,966.09	£90.32	£66.53
<u>Miscellaneous Trusts</u>								
City Educational Trust Fund	290840	423,949	£442,314.60	£3,927,463.54	£3,515,884.27	£3,838,858.20	£87,423.55	£64,393.61
Guildhall Library Centenary Fund	206950	0	£0.00	£11,422.51	£0.00	£0.00	£0.00	£0.00
Samuel Wilson's Loan Charity	206964	268,993	£1,135,925.37	£2,491,951.15	£2,230,806.67	£2,435,731.62	£55,469.70	£40,857.35
City of London Almshouses Trust	1005857	86,077	£417,370.50	£797,417.33	£713,851.83	£779,427.24	£17,750.15	£13,074.24
The CoL Combined Education Charity	312836	126,861	£650,382.18	£1,175,240.30	£1,052,080.78	£1,148,726.36	£26,160.31	£19,268.92
St Thomas Gresham Charities	221982	74	£365.56	£685.54	£613.70	£670.07	£15.26	£11.24
Hampstead Heath Trust	803392-1	65,359	£317,644.74	£605,485.78	£542,033.78	£591,825.75	£13,477.84	£9,927.38
City of London Archeological Trust	268160	46,298	£278,338.71	£428,904.67	£383,957.53	£419,228.39	£9,547.22	£7,032.20
The CoL Combined Relief of Poverty Charity	1073660	46,832	£320,940.83	£433,851.65	£388,386.08	£424,063.76	£9,657.34	£7,113.31
Partnership for Young London	1062226	10,638	£74,997.97	£98,550.43	£88,222.82	£96,327.09	£2,193.69	£1,615.81
Vickers Dunfee Memorial Benevolent Fund	238878	19,280	£133,996.00	£178,609.92	£159,892.46	£174,580.40	£3,975.78	£2,928.44
Emanuel Hospital	206952	298,542	£2,439,636.43	£2,989,112.98	£2,675,868.33	£2,703,297.81	£66,536.29	£45,345.54
Sub-Total		1,412,069.00	£6,231,078.89	£13,316,249.62	£11,910,545.29	£12,786,284.82	£296,159.40	£214,479.17
Total as at 31 March 2023		2,468,114	£12,040,264.55	£23,099,450.50	£20,668,513.84	£22,348,772.30	£513,929.00	£374,881.83

<u>Class or Subscriber</u>	<u>Commission No.</u>	<u>No. of Units at 31st March 2022</u>	<u>Net Amount Subscribed</u>
Total as at 31st March 2022		2,493,464	£12,238,577.73

<u>Class or Subscriber</u>	<u>Commission No.</u>	<u>No. of Units at 31st March 2023</u>	<u>Market Value 31st March 2022</u>	<u>Market Value of Units 30th September 2022</u>	<u>Market Value 31st March 2023</u>
Mid-Market Price			£9.268	£8.001	£9.057
Purchase Price			£9.273	£8.299	£9.061
Selling Price			£9.264	£8.293	£9.055

1st April 2022 Purchases

Nil

1st April 2022 Sales

Guildhall Library Centenary Fund	206950	-1,233	-£1,233.00		-£11,422.51
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Balances as at 30 September 2022

2,492,231	£12,237,344.73	£20,668,513.84
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1st October 2022 Sales:

Emanuel Hospital	206952	-24,117	-£197,080.18		-£200,006.56
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1st October 2022 Purchases:

Nil

Balances as at 31st March 2023		2,468,114	12,040,265		22,348,772
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REFERENCE AND ADMINISTRATION DETAILS

CHARITY NAME: The City of London Charities Pool

Registered charity number: 1021138

PRINCIPAL OFFICE OF THE CHARITY & THE CITY CORPORATION:

Guildhall, London, EC2P 2EJ

TRUSTEE:

The Mayor and Commonalty & Citizens of the City of London

SENIOR MANAGEMENT:

Chief Executive

Ian Thomas - The Town Clerk and Chief Executive of the City of London Corporation
(started February 2023)

John Barradell OBE - The Town Clerk and Chief Executive of the City of London Corporation
(retired December 2022)

Treasurer

Caroline Al-Beyerty – The Chamberlain and Chief Financial Officer of the City of London Corporation

Solicitor

Michael Cogher - The Comptroller and City Solicitor of the City of London Corporation

AUDITORS:

Crowe U.K. LLP, 55 Ludgate Hill, London, EC4M 7JW

BANKERS:

Lloyds Bank Plc., P.O. Box 1000, BX1 1LT

INVESTMENT MANAGER:

Artemis Investment Management LLP, Cassini House, 57 St James's Street, London, SW1A 1LD

Contact for The Chamberlain, to request copies of governance documents:

CHBOffice-BusinessSupport@cityoflondon.gov.uk

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King George's Field–City of London

Annual Report and Financial Statements for the year
ended 31 March 2023

Charity registration number 1085967

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ORIGINS OF THE CHARITY

The King George's Field was established in 1936 as a memorial to King George V, the intention being to provide much needed open space for sports, games and recreation. The City of London Corporation was a Trustee of a King George's Field which was originally situated in Vine Street, Minories. In 1973 this site was acquired by compulsory purchase order by the Greater London Council and in return that council transferred to the City Corporation a plot of land in Portsoken Street which was laid out as a children's playground. The playground was closed in 1981, and the space then used as a garden for general public use.

TRUSTEE'S ANNUAL REPORT

STRUCTURE AND GOVERNANCE

GOVERNING DOCUMENTS

The governing document is the Trust deed dated 19 December 1939. The charity is constituted as a charitable trust.

GOVERNANCE ARRANGEMENTS

The Mayor and Commonalty and Citizens of the City of London (also referred to as 'the City Corporation' or 'the City of London Corporation'), a body corporate and politic, is the Trustee of King George's Field–City of London. The City Corporation is Trustee acting by the Court of Common Council of the City of London in its general corporate capacity and that executive body has delegated responsibility in respect of the administration and management of this charity to various committees and sub-committees of the Common Council, membership of which is drawn from 125 elected Members of the Common Council and external appointees to those committees. In making appointments to committees, the Court of Common Council will take into consideration any particular expertise and knowledge of the elected Members, and where relevant, external appointees. External appointments are made after due advertisement and rigorous selection to fill gaps in skills.

Members of the Court of Common Council are unpaid and are elected by the electorate of the City of London. The Key Committees which had responsibility for directly managing matters related to the charity during 2022/23 were as follows:

- **Finance Committee** - responsible for administering the Trust on behalf of the Trustee.
- **Audit and Risk Management Committee** – responsible for overseeing systems of internal control and making recommendations to the Finance Committee relating to the approval of the Annual Report and Financial Statements of the charity.
- **Open Spaces and City Gardens Committee** (renamed Natural Environment Board after 31 March 2023) – the committee is the overarching policy and strategic body in relation to the activities of the City Corporation's Environment Department. It is also responsible for the day to day management of the gardens, churchyards and green spaces in the City under the control of the Common Council.

Individuals collectively act as Trustee by virtue of positions that they hold in the City of London Corporation in accordance with the governing document. They act as a Trustee during their tenure of these positions.

All of the above committees are ultimately responsible to the Court of Common Council of the City of London. Committee meetings are held at the Trustee's discretion in public (except where it is not considered in the charity's best interests to do so), supporting a decision-making process which is clear, transparent and publicly accountable.

Governance Arrangements (continued)

The charity is consolidated within City Fund as the City of London Corporation exercises operational control over their activities. City Fund is a fund of the City Corporation responsible for delivering the functions of a local authority and a police authority for the Square Mile.

The Trustee believes that good governance is fundamental to the success of the charity. An initial review of governance was undertaken to ensure that the charity is effective in fulfilling its objectives, and further more detailed work is to commence in 2023/24 as part of a review of the City of London Corporation's Natural Environment charities. Reference is being made to the good practices recommended within the Charity Governance Code, with a focus on ensuring regulatory compliance and the ongoing maintenance of an efficient and effective portfolio of charities that maximise impact for beneficiaries.

As part of the City of London Corporation's Target Operating Model (TOM) restructure, the Open Spaces Department has merged with Planning & Transportation and Port Health & Environmental Services to form a new Environment Department. King George's Field became part of the Environment Department from 1 April 2022.

OBJECTIVES AND ACTIVITIES

The objective for King George's Field–City of London is to preserve in perpetuity a recreational and playing field as a memorial to King George V, under the provisions of the King George's Fields Foundation.

Public benefit statement

The Trustee confirms that it has referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing King George's Field–City of London's aims and objectives and in planning future activities. The purpose of the charity is to preserve in perpetuity a recreational and playing field as a memorial to King George V, under the provisions of the King George's Fields Foundation.

Consequently, the Trustee considers that King George's Field–City of London operates to benefit the general public and satisfies the public benefit test.

REFERENCE AND ADMINISTRATIVE DETAILS

The administrative details of the charity are stated on page 14.

ACHIEVEMENTS AND PERFORMANCE

King George's Field was maintained during the year at a cost of £20,987 (2021/22: £19,277); this was met by the City of London's City Fund.

PLANS FOR FUTURE PERIODS

The aim for King George's Field is to preserve in perpetuity a recreational and playing field as a memorial to King George V under the provisions of the King George's Fields Foundation.

The Trustee will continue with its plans in line with the charity's objectives.

There are no improvements scheduled for 2023/24 other than general grounds maintenance.

FINANCIAL REVIEW

Income

In 2022/23 the charity total income for the year was £20,987, an overall increase of £1,710 against the previous year (£19,277).

The only contributor to income was an amount of £20,987 (2021/22: £19,277) received from the City of London Corporation's City Fund as a contribution towards the running costs of the charity. The charity is supported wholly by the City of London Corporation and expenditure in the year was offset by this income.

Expenditure

Total expenditure for the year was £20,987, all being for the category charitable activities (2021/22: £19,277) Activities consist mainly of grounds maintenance costs £18,491 (2021/22: £16,881), premises maintenance costs of £2,397 (2021/22: £2,296) and administrative support of £100 (2021/22: £100), see note 4.

Funds held

There are no funds held for this charity as at 31 March 2023 (2021/22: £nil).

Reserves policy

The charity is wholly supported by the City of London Corporation which is committed to maintain and preserve King George's Field-City of London out of its City Fund. These Funds are used to meet the deficit on running expenses on a year by year basis. Consequently, this charity has no free reserves and a reserves policy is considered by the Trustee to be inappropriate.

Principal Risks and Uncertainties

The charity is committed to a programme of risk management as an element of its strategy to preserve the charity's assets. In order to embed sound practice the senior leadership team ensures that risk management policies are applied, that there is an on-going review of activity and that appropriate advice and support is provided. A key risk register has been prepared for the charity, which has been reviewed by the Trustee. This identifies the potential impact of key risks and the measures which are in place to mitigate such risks.

Risk	Actions to manage risks
Health & Safety	Good Health & Safety culture amongst staff; contractor protocol in place; regular review of site health and safety by peer review; comprehensive training programme and hierarchy of responsibilities. It is accepted that when providing a hands-on service and dealing with the public, a certain level of risk is inevitable and therefore cannot be removed completely.
Extreme weather and climate change risk	City Climate Adaptation Strategy now adopted. Emergency Plan in place; monitoring of warning systems; Extreme Weather Policy adopted for the Charity.

Risk	Actions to manage risks
	Current level of risk cannot be removed completely.
Poor repair and maintenance of buildings (inadequate planned or reactive maintenance)	Most pressing repairs/assets at risk have been escalated through the Cyclical Works Programme (CWP) or identified and submitted as target projects under the City Corporation's projects procedure. Seeking to further lower current risk level
Impact of development	Monitoring of local planning applications. Respond to consultation on host and neighbouring Borough local plans.
Pests and diseases	Comprehensive tree management system in place, along with training of staff in early identification and treatment. Some residual risk accepted (natural cycles).
Poor Public Behaviour	Including crime, irresponsible dog owners, rough sleepers, user conflict, trespassing and alcohol. Continue to develop strong relationship with CoL Police, community outreach teams and supported by use of outsourced security team at key times.
Budget Reductions Implications	Budgets monitored and reprofiled monthly; non-essential works cancelled and focus on increasing income to offset budget reduction. Review of staffing structures required in order to align with Target Operating Model.
Major Incident	Emergency Plan reviewed and updated annually, forming regular item on Divisional H&S meeting agenda. Superintendent attends Corporate Resilience Forum and disseminates learning. All staff have received counter terrorism awareness training.

STATEMENT OF FINANCIAL ACTIVITIES**FOR THE YEAR ENDED 31 MARCH 2023**

		Unrestricted Funds	Unrestricted Funds
	Notes	2022/23	2021/22
		£	£
Income from:			
Grant from City of London Corporation	2	20,987	19,277
Total income		20,987	19,277
Expenditure on:			
Charitable activities	3,4	20,987	19,277
Total expenditure		20,987	19,277
Net income/(expenditure)		-	-
Reconciliation of funds:			
Total funds brought forward	6	-	-
Total funds carried forward	6	-	-

All of the above results are derived from continuing activities.

There were no other recognised gains and losses other than those shown above.

The notes on pages 9 to 13 form part of these financial statements.

Balance Sheet
as at 31 March 2023

	Notes	2023 Total £	2022 Total £
Current assets		-	-
Total current assets		-	-
Current liabilities		-	-
Total net assets		-	-
The funds of the charity:			
Restricted income funds		-	-
Unrestricted income funds	6	-	-
Total funds		-	-

The notes on page 9 to 13 form part of these financial statements

Approved and signed on behalf of the Trustee.

Caroline Al-Beyerty

Chamberlain of London and Chief Financial Officer

XX December 2023

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

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

(a) Basis of preparation

The financial statements of the charity, which is a public benefit entity under FRS102, have been prepared under the historical cost convention and in accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (second edition effective 1 January 2019) and the Charities Act 2011.

(b) Going concern

The financial statements have been prepared on a going concern basis as the Trustee considers that there are no material uncertainties about the charity's ability to continue as a going concern. The governing documents place an obligation on the City of London Corporation to preserve the open spaces for the benefit of the public. Funding is provided from the City of London Corporation's City Fund. The Trustee considers the level of grant funding received and plans activities as a result of this. On an annual basis, a financial forecast is prepared for City Fund.

In making this assessment the Trustee has considered the financial position of the charity in light of planned expenditure over the 12-month period from the date of signing these financial statements. The global pandemic of Coronavirus did not have an impact on income as the Charity has no income streams which would be affected by the closure of King George's Field. The charity is funded by the City of London Corporation's City Fund and the charity will be able to reduce its expenditure principally on grounds maintenance. For these reasons the Trustee continues to adopt a going concern basis for the preparation of the financial statements.

(c) Key management judgements and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenditure. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of decisions about carrying values of assets and liabilities that are not readily apparent from other sources. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Management do not consider there to be any material revisions requiring disclosure.

ACCOUNTING POLICIES (continued)

(d) Statement of Cash Flows

As per section 14.1 of the Charities SORP the Charity is not required to produce a statement of cash flows on the grounds that it is a small entity.

(e) Income

All income is included in the Statements of Financial Activities (SOFA) when the charity is legally entitled to the income; it is more likely than not that economic benefit associated with the transaction will come to the charity and the amount can be quantified with reasonable certainty. Income consists of a grant from the Trustee, the City Corporation.

The City of London Corporation's City Fund meets the deficit on running expenses of the charity. This income is recognised in the SOFA when it is due from City Fund.

(f) Expenditure

Expenditure is accounted for on an accruals basis and has been classified under the principal category of 'expenditure on charitable activities'. Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required, and the amount of the obligation can be measured reliably.

The charity does not employ any staff. Officers of the City Corporation provide administrative assistance to the charity when required. Costs incurred by the City Corporation in the administration and management of the charity are recharged.

(g) Taxation

The charity meets the definition of a charitable trust for UK income tax purposes, as set out in Paragraph 1 Schedule 6 of the Finance Act 2010. Accordingly, the charity is exempt from UK taxation in respect of income or capital gains under part 10 of the Income Tax Act 2007 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

(h) Funds structure

Income, expenditure and gains/losses are allocated to particular funds according to their purpose:

Unrestricted income funds – these funds can be used in accordance with the charitable objects at the discretion of the Trustee and include both income generated by assets held within the permanent endowment fund and from those representing unrestricted funds. Specifically, this represents the surplus of income over expenditure for the charity which is carried forward to meet the requirements of future years, known as free reserves.

(i) Indemnity insurance

The Charity, elected Members and staff supporting the charity's administration are covered by the City Corporations insurance liability policies and otherwise under the indemnity the City Corporation provides to Members and staff, funded from City Fund.

2. INCOME FROM THE CITY OF LONDON CORPORATION

	Unrestricted funds 2022/23 £	Unrestricted funds 2021/22 £
Revenue grant from City of London Corporation	<u>20,987</u>	<u>19,277</u>

Income for the year included:

Grants from the City of London Corporation – being the amount received from the City of London Corporation's City Fund to meet the deficit on running expenses of the charity.

3. EXPENDITURE

Expenditure on charitable activities	Unrestricted funds 2022/23 £	Unrestricted funds 2021/22 £
Grounds maintenance costs	18,491	16,881
Surveyors maintenance costs	2,397	2,296
Support Costs (See note 4)	100	100
Total	<u>20,987</u>	<u>19,277</u>

Expenditure on the charitable activities includes labour, premises costs, equipment, materials, other supplies and services and administration fees incurred in the running of King George's Field-City of London.

4. SUPPORT COSTS

	Charitable activities £	2022/23 £	2021/22 £
Department: Chamberlain	100	100	100
<hr/>			
Total support costs	100	100	100

Following a review from 2021/22, the City Corporation, as Trustee, took a decision to seek reimbursement for the administration fees incurred from each of its charities.

5. TRUSTEE EXPENSES

The members of the Finance Committee of the City of London Corporation are not remunerated and expenses are not reimbursed for acting on behalf of the Trustee during 2022/23 (2021/22: nil).

6. MOVEMENT IN FUNDS

At 31 March 2023	Total as at 1 April 2022 £	Income £	Expenditure £	Total as at 31 March 2023 £
Unrestricted funds: General funds	-	20,987	(20,987)	-

At 31 March 2022	Total as at 1 April 2021 £	Income £	Expenditure £	Total as at 31 March 2022 £
Unrestricted funds: General funds	-	19,277	(19,277)	-

7. RELATED PARTY TRANSACTIONS

The City Corporation is the sole Trustee of the charity, as described on page 2.

The charity is required to disclose information on related party transactions with bodies or individuals that have the potential to control or influence the charity. Members are required to disclose their interests, and these can be viewed online at www.cityoflondon.gov.uk.

Members and senior staff are requested to disclose all related party transactions, including instances where their close family has made such transactions.

Figures in brackets in the following table set out amounts due(to)/from another entity at the balance sheet date. Other figures represent the value of transactions during the year.

Related party	Connected party	2022/23 £	2021/22 £	Detail of transaction
City of London Corporation	The City of London Corporation is the Trustee for the charity	20,987 (nil)	19,277 (nil)	The City of London Corporation's City Fund meets the deficit on running expenses of the charity.

REFERENCE AND ADMINISTRATION DETAILS

CHARITY NAME: King George's Field–City of London

Registered charity number: 1085967

PRINCIPAL OFFICE OF THE CHARITY & THE CITY CORPORATION:

Guildhall, London, EC2P 2EJ

TRUSTEE:

The Mayor and Commonalty & Citizens of the City of London

SENIOR MANAGEMENT:

Chief Executive John Barradell OBE - The Town Clerk and Chief Executive of the City of London Corporation (resigned 31 December 2022)

Ian Thomas CBE – The Town Clerk and Chief Executive of the City of London Corporation (appointed 06 February 2023)

Treasurer

Caroline Al-Beyerty - The Chamberlain and Chief Financial Officer of the City of London Corporation

Solicitor

Michael Cogher - The Comptroller and City Solicitor of the City of London Corporation

Environment Department

Juliemma McLoughlin – Executive Director of Environment

Bankers

Lloyds Bank Plc., P.O.Box 1000, BX1 1LT

Contact for The Chamberlain & Chief Financial Officer, to request copies of governance documents & of the Annual Report of City Fund:

CHBOffice-BusinessSupport@cityoflondon.gov.uk

Guildhall Library Centenary Fund

Annual Report and Financial Statements for the year
ended 31 March 2023

Charity registration number 206950

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ORIGINS OF THE CHARITY

The Charity in its current form is a merger of three very small charities following a review of these within the City Corporation in 2011. The assets of the English Philological Endowment Fund (Charity number 306000) and the Alderman Sir Samuel Wilson Charity (unregistered) were transferred to the Guildhall Library Centenary Fund.

It covers all the City of London collections outlined under *Objectives and Activities for the public benefit*. The key overall target is for the funds to be acquired and used for the purchase and conservation of items for and in these collections as the need arises. Additionally, the Fund will seek to identify small projects that deliver on the cross-collection nature of the charity and in particular the education of the public, potentially using funds as partner funding for external grant applications.

TRUSTEE'S ANNUAL REPORT

STRUCTURE AND GOVERNANCE

GOVERNING DOCUMENTS

The governing document of the charity is the Trust deed dated 7 March 1929 which was amended on 9 June 2011. Under the powers of the Charities Act 2011 this amendment has taken into account the transfer of the assets of the English Philological Endowment Fund (Charity number 306000) and the Alderman Samuel Wilson's Gift of Harbinger's Portraits (unregistered). The charity is constituted as a charitable trust.

GOVERNANCE ARRANGEMENTS

The Mayor and Commonalty and Citizens of the City of London (also referred to as 'the City Corporation' or 'the City of London Corporation'), a body corporate and politic, is the Trustee of Guildhall Library Centenary Fund. The City Corporation is Trustee acting by the Court of Common Council of the City of London in its general corporate capacity and that executive body has delegated responsibility in respect of the administration and management of this charity to various committees and sub-committees of the Common Council, membership of which is drawn from 125 elected Members of the Common Council and external appointees to those committees. In making appointments to committees, the Court of Common Council will take into consideration any particular expertise and knowledge of the elected Members, and where relevant, external appointees. External appointments are made after due advertisement and rigorous selection to fill gaps in skills.

Members of the Court of Common Council are unpaid and are elected by the electorate of the City of London. The Key Committees which had responsibility for directly managing matters related to the charity during 2021/22 were as follows:

- **Policy and Resources Committee** – responsible for allocating resources and administering the charity.
- **Investment Committee** – responsible for the strategic oversight and monitoring of the performance of the charity's investments which are managed by three separate sub-committees, namely the Financial Investment Board, the Property Investment Board and the Social Investment Board.
- **Audit and Risk Management Committee** – responsible for overseeing systems of internal control and making recommendations to the Finance Committee relating to the approval of the Annual Report and Financial Statements of the charity.
- **Culture, Heritage and Libraries Committee** – responsible for the activities undertaken by the Guildhall Library Centenary Fund charity and acting as Trustee of the charity.

The Culture, Heritage and Libraries Committee of the City of London Corporation administers the Charity on behalf of the Trustee. This committee comprises Aldermen and Common Councilmen elected to the City of London Corporation who are

appointed to this committee in accordance with the usual procedures of committee membership of the City of London Corporation.

All the above committees are ultimately responsible to the Court of Common Council of the City of London. Committee meetings are held at the Trustee's discretion in public (except where it is considered not to be in the charity's best interests to do so), supporting a decision-making process which is clear, transparent and publicly accountable.

The Trustee believes that good governance is fundamental to the success of the charity. A comprehensive review of governance was carried out resulting in the recommendation that the charity be closed. Reference was made to the good practices recommended within the Charity Governance Code throughout this review, with a focus on ensuring regulatory compliance and delivering an efficient and effective portfolio of charities that maximise impact for beneficiaries where possible.

OBJECTIVES AND ACTIVITIES

The objective for Guildhall Library Centenary Fund is to advance the education and training of the public through the provision and conservation of library, archive, museum and gallery collections. Following the agreement to close the charity (see 'Achievements and Performance' below, the funds of the charity will be spent out on this objective before the charity is closed.

Public benefit statement

The Trustee confirms that it has referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing Guildhall Library Centenary Fund's aims and objectives and in planning future activities. The purpose of the charity is to advance the education and training of the public, in particular but not exclusively by the purchase of works of art, books, prints and articles of historical, archaeological or literary interest for the Guildhall Library.

Consequently, the Trustee considers that Guildhall Library Centenary Fund operates to benefit the general public and satisfies the public benefit test.

REFERENCE AND ADMINISTRATIVE DETAILS

The administrative details of the charity are stated on page 19.

ACHIEVEMENTS AND PERFORMANCE

A decision was taken in January 2022 to close the charity given the charity's modest funds and the resulting challenges the charity will face in continuing to meet its charitable purpose in the future. The funds will be spent out in furtherance of the of the charitable purposes of the GLCF, being to advance the education and training of the public, in particular but not exclusively by the provision of library, archives, museum and gallery services. Once spent, the charity will be wound up and removed from the Register of Charities.

PLANS FOR FUTURE PERIODS

The restricted fund relates to a grant of £5,000 to the charity in 2019/2020 to support the conservation and boxing of the Charles Lamb Society Collection. These funds will need to be spent in accordance with the terms of that grant before the charity can be closed.

It is expected that the charity will be closed by 2024/25 at the latest, and therefore the charity is no longer considered to be a going concern.

FINANCIAL REVIEW

Overview of Financial Performance

Income

In 2022/23 the charity's total income for the year was £324, an overall decrease of £319 against the previous year (2021/22: £643) all of which relates to dividends and interest.

Expenditure

In 2022/23 the charity's total expenditure for the year was £854. Total expenditure for 2021/22 was £4,236 the decrease of £3,382 predominately relates to a reduction in legal fees. The expenditure in the 2022/23 year relates to internal legal fees relating to the proposed closure of the charity of £204 (2021/22: £4,236) and administrative support of £650 (2021/22: £1,200): from 2021/22, the City Corporation, as Trustee, took a decision to seek reimbursement for the administration fees incurred from each of its charities which were charged for the first time in 2021/22.

Investments

All investments were disposed of during the year as part of plans to close the charity (2021/22: £11,423 held in investments).

Funds held

The charity's total funds held decreased by £541 to £17,176 as at 31 March 2023 (2021/22: £17,717).

Unrestricted Funds decreased in the year to £12,176 (2021/22: £12,717) reflecting net expenditure in the year. There was no change to the Restricted Funds.

Details of all funds held, including their purposes, is set out within note 9 to the financial statements.

Reserves policy

The free reserves of the charity are held to cover working capital needs. The Trustee believes that a minimum amount of £2,000 should be held at present, which will be subject to annual review. As at 31 March 2023 the charity held £12,176 as free reserves, which will be spent out as part of the winding up of the charity as detailed above on page 3.

Principal Risks and Uncertainties

The charity is committed to a programme of risk management as an element of its strategy to preserve the charity's assets. In order to embed sound practice the senior leadership team ensures that risk management policies are applied, that there is an on-going review of activity and that appropriate advice and support is provided. A key risk register has been prepared for the charity, which has been reviewed by the Trustee. This identifies the potential impact of key risks and the measures which are in place to mitigate such risks.

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	Unrestricted Funds £	Restricted Funds £	2022/23 Total Funds £	2021/22 Total Funds £
Income from:					
Investments	2	324	-	324	643
Total income		324	-	324	643
Expenditure on:					
Charitable activities	3	854	-	854	4,236
Total expenditure		854	-	854	4,236
Net gains/(losses) on investments	8	-	-	-	520
Net unrealised gains/(loss) on investments	8	(11)	-	(11)	(68)
Net income and net movement in funds		(541)	-	(541)	(3,141)
Transfers between funds		-	-	-	-
Net movement in funds		(541)	-	(541)	(3,141)
Reconciliation of funds:					
Total funds brought forward	10	12,717	5,000	17,717	20,858
Total funds carried forward	10	12,176	5,000	17,176	17,717

All of the above results are derived from continuing activities.

There were no other recognised gains and losses other than those shown above.

The notes on pages 8 to 14 form part of these financial statements.

BALANCE SHEET

AS AT 31 MARCH 2023

	Notes	2023 Total £	2022 Total £
Fixed assets:			
Investments	8	-	11,423
Total fixed assets		-	11,423
Current assets			
Cash at bank and in hand		17,176	6,295
Total current assets		17,176	6,295
Total net assets		17,176	17,718
The funds of the charity:			
Restricted income funds	10	5,000	5,000
Unrestricted income funds	10	12,176	12,717
Total funds		17,176	17,717

The notes on pages 8 to 14 form part of these financial statements.

Approved and signed on behalf of the Trustee.

Caroline Al-Beyerty

Chamberlain of London and Chief Financial Officer

XX December 2023

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

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

(a) Basis of preparation

The financial statements of the charity, which is a public benefit entity under FRS102, have been prepared under the historical cost convention and in accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (second edition effective 1 January 2019) and the Charities Act 2011.

The financial statements are not prepared on a going concern basis due to the anticipated closure of the charity.

(b) Key management judgements and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenditure. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of decisions about carrying values of assets and liabilities that are not readily apparent from other sources. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Management do not consider there to be any material revisions requiring disclosure.

(c) Statement of Cash Flows

As per section 14.1 of the Charities SORP the Charity is not required to produce a statement of cash flows on the grounds that it is a small entity.

(d) Income

All income is included in the Statements of Financial Activities (SOFA) when the charity is legally entitled to the income; it is more likely than not that economic benefit associated with the transaction will come to the charity and the amount can be quantified with reasonable certainty. Income consists of managed investments.

(e) Expenditure

Expenditure is accounted for on an accruals basis and has been classified under the principal category of 'expenditure on charitable activities'. Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity

to that expenditure, it is probable that settlement will be required, and the amount of the obligation can be measured reliably.

The charity does not employ any staff. Officers of the City Corporation provide administrative assistance to the charity when required. From 2021/22, the City Corporation, as Trustee, took a decision to seek reimbursement for the administration fees incurred from each of its charities.

(f) Taxation

The charity meets the definition of a charitable trust for UK income tax purposes, as set out in Paragraph 1 Schedule 6 of the Finance Act 2010. Accordingly, the charity is exempt from UK taxation in respect of income or capital gains under part 10 of the Income Tax Act 2007 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

(g) Heritage Assets

On acquisition, heritage assets are initially recorded in the balance sheet at cost (for those acquired by purchase) or at valuation (for those acquired by donation), where such information is available.

In 2020/21, it was discovered that three paintings hung in Guildhall Art Gallery were legally owned by the Guildhall Library Centenary Fund, following a transfer from another charity in a 2011 scheme (which did not specifically name the assets). The paintings are held to advance education and training of the public in line with the objects of the Charity.

The Trustee does not consider that reliable cost or valuation information can be obtained for the paintings because of their unique features and the lack of comparable market values, and the lack of a valuation at the original date of transfer. Furthermore, the Trustee believes that the cost of obtaining a valuation of these assets would be onerous compared with the benefit that would be derived by users of the financial statements in assessing their stewardship of the assets. The Charity does not therefore recognise these assets on its balance sheet.

In accordance with the requirement of Section 34 of FRS 102 and Section 18 of SORP FRS 102, note 7 to the financial statements provides additional disclosures on the nature and significance of the charity's heritage assets, and access information.

(h) Investments

Investments are made in the City of London Charities Pool (charity number 1021138) which is an investment mechanism operating in a comparable way to a unit trust. This enables the City of London Corporation to "pool" small charitable investments together and consequently obtain better returns than would be the case if investments were made individually.

Investments are valued at bid-price. Gains and losses for the year on investments held as fixed assets are included in the Statement of Financial Activities.

(i) Funds structure

Income, expenditure and gains/losses are allocated to particular funds according to their purpose:

Permanent endowment fund – this fund consists of funds which are held in perpetuity for the benefit of the charity as a result of conditions imposed by the original donors and trusts. Income generated from the investments which represent these funds can be spent on the charitable purpose of the charity, hence is allocated to the unrestricted income fund. Gains/losses on the underlying assets remain as part of the endowment.

Restricted funds – These include income that is subject to specific restrictions imposed by donors, with related expenditure deducted when incurred.

Unrestricted income funds – these funds can be used in accordance with the charitable objects at the discretion of the Trustee and include both income generated by assets held within the permanent endowment fund and from those representing unrestricted funds. Specifically, this represents the surplus of income over expenditure for the charity which is carried forward to meet the requirements of future years, known as free reserves.

(j) Indemnity insurance

The City of London Corporation takes out indemnity insurance in respect of all its activities. The charity does not contribute to the cost of that insurance.

2. INCOME FROM INVESTMENTS

	Unrestricted funds 2022/23 £	Unrestricted funds 2021/22 £
Interest	324	643
Total	324	643

3. EXPENDITURE

	Unrestricted funds			Unrestricted funds		
	Direct costs	Support costs	Total	Direct costs	Support costs	Total
	£	£	2022/23 £	£	£	2021/22 £
Other	204	650	854	3,036	1,200	4,236
Total	204	650	854	3,036	1,200	4,236

The expenditure in the 2022/23 year includes legal fees of £204 (2021/22: £3,036) and administrative support of £650 (2020/21: £1,200), see note 4.

4. SUPPORT COSTS

	Charitable activities £	2022/23 £	2021/22 £
Department:			
Chamberlain	650	650	1,200
Sub-total	650	650	1,200
<hr/>			
Total support costs	650	650	1,200

5. TRUSTEE EXPENSES

The members of the Culture, Heritage and Libraries Committee of the City of London Corporation acting on behalf of the Trustee did not receive any remuneration or reimbursement of expenses during 2022/23 (2021/22: nil).

6. HERITAGE ASSETS

The Guildhall Library Centenary Fund holds three items which meet the definition of heritage assets, being two paintings by Alexander Ripplingille and one by Sir John Newton, referred to as the 'Harbinger paintings'.

The three paintings are held by the Guildhall Art Gallery which is free to the public and accessible during opening hours; and they are preserved and managed by the staff of the Gallery who are considered to be experts in this field. One painting is currently hanging whilst the other two are in store; members of the public can request a viewing of any paintings not on current display by contacting the Gallery team, and all paintings held in the collection are accessible online via the London Picture Archive.

The paintings are held on a long term basis for use in the charity's objects.

Whilst no reliable cost or valuation information is available, and obtaining such valuation would be onerous given the size and activities of the charity, it is helpful (as per Charity SORP 18.26) for the users of the financial statements to be aware that the insurance values of the three paintings is £20,463.

7. INVESTMENTS

The investments are held in the City of London Corporation Charities Pool, a charity registered in the UK with the Charities Commission (charity number 1021138). The Charities Pool is a UK registered unit trust.

The value of investments held by the charity are as follows:

	2023	2022
	£	£
Market value 1 April	11,423	10,902
Additions	-	-
Disposals	-	-
Gain/(Loss) for the year	-	520
Market value 31 March	-	11,422
Cost 31 March	-	1,233
Units held in Charities Pool	-	1,233

During 2022/23 existing charity pool units were disposed of and the proceeds are now held as cash.

8. ANALYSIS OF NET ASSETS BY FUND

At 31 March 2023	Unrestricted funds General funds £	Restricted funds £	Total at 31 March 2023 £
Current assets	12,176	5,000	17,176
Total	12,176	5,000	17,176

At 31 March 2022	Unrestricted funds General funds £	Restricted funds £	Total at 31 March 2022 £
Fixed assets - investments	11,422	-	11,422
Current assets	1,295	5,000	6,295
Total	12,717	5,000	17,717

9. MOVEMENT IN FUNDS

At 31 March 2023	Total as at 1 April 2022 £	Income £	Expenditure £	Gains & (losses) £	Unrealised gains & (losses) £	Transfers £	Total as at 31 March 2023 £
Restricted funds:	5,000	-	-	-	-	-	5,000
Unrestricted funds:							
General funds	12,717	324	(854)	-	(11)	-	12,176
Total funds	17,717	324	(854)	-	(11)	-	17,176

At 31 March 2022	Total as at 1 April 2021 £	Income £	Expenditure £	Gains & (losses) £	Unrealised gains & (losses) £	Transfers £	Total as at 31 March 2022 £
Endowment funds:							
Permanent endowment	10,902	-	-	520	-	(11,422)	-
Restricted funds:	5,000	-	-	-	-	-	5,000
Unrestricted funds:							
General funds	4,956	643	(4,236)	-	(68)	11,422	12,717
Total funds	20,858	643	(4,236)	520	(68)	-	17,717

Purpose of endowment funds

The permanent endowment fund is held in perpetuity as a capital fund to generate income for the activities of the charity and represents the original assets of the charity, reported at current market value. Any income from this fund is accounted for within unrestricted income funds.

In 2021/22 restrictions were lifted from the endowment fund and it was transferred to unrestricted funds.

Purpose of restricted funds

In 2019/20 the charity received a grant of £5,000 to contribute towards specific works at the Guildhall Library, therefore the grant is being held in a Restricted Fund until the works are able to take place.

10. RELATED PARTY TRANSACTIONS

The City Corporation is the sole Trustee of the charity, as described on page 2.

The charity is required to disclose information on related party transactions with bodies or individuals that have the potential to control or influence the charity. Members are required to disclose their interests, and these can be viewed online at www.cityoflondon.gov.uk.

Members and senior staff are requested to disclose all related party transactions, including instances where their close family has made such transactions.

Figures in brackets represent the amounts due at the balance sheet date.

Related party	Connected party	2022/23 £	2021/22 £	Detail of transaction
City of London Corporation	The City of London Corporation is the Trustee for the charity	324 (nil)	643 (nil)	Distribution from the Charities Pool

REFERENCE AND ADMINISTRATION DETAILS

CHARITY NAME: Guildhall Library Centenary Fund

Registered charity number: 206950

PRINCIPAL OFFICE OF THE CHARITY & THE CITY CORPORATION:

Guildhall, London, EC2P 2EJ

TRUSTEE:

The Mayor and Commonalty & Citizens of the City of London

SENIOR MANAGEMENT:

Chief Executive

Ian Thomas - The Town Clerk and Chief Executive of the City of London Corporation (appointed 06 February 2023)

John Barradell OBE - The Town Clerk and Chief Executive of the City of London Corporation (retired 31 December 2022)

Treasurer

Caroline Al-Beyerty - The Chamberlain and Chief Financial Officer of the City of London Corporation

Solicitor

Michael Cogher - The Comptroller and City Solicitor of the City of London Corporation

BANKERS:

Lloyds Bank Plc., P.O. 1000 BX1 1LT

INVESTMENT ADVISORS:

Artemis Investment Management Limited, Cassini House, 57 St. James's Street, London, SW1A 1LD

Contact for The Chamberlain & Chief Financial Officer, to request copies of governance documents:

CHBOffice-BusinessSupport@cityoflondon.gov.uk

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City Educational Trust Fund

Annual Report and Financial Statements for the year
ended 31 March 2023

Charity registration number 290840

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ORIGINS OF THE CHARITY

The charity was established by section 25 of the City of London Various Powers Act 1967 which declared that the previous Coal Market Fund (holding the balance of funds remaining in respect of the appropriation of the City of London Coal Market to other purposes when that market ceased to exist) and designated the “City Educational Trust Fund”, was under that Act designated the “City Educational Trust Fund”. Further, from the passing of the Act on 20 December 1967 the Act provided that the fund was to be held by the City Corporation acting by the Common Council, and the capital and interest applied for specified charitable purposes for the advancement of education.

TRUSTEE'S ANNUAL REPORT

STRUCTURE AND GOVERNANCE

GOVERNING DOCUMENTS

This Trust was constituted by section 25 of the City of London Various Powers Act 1967 as a charitable trust.

GOVERNANCE ARRANGEMENTS

The Mayor and Commonalty and Citizens of the City of London (also referred to as 'the City Corporation' or 'the City of London Corporation'), a corporation by prescription, is the Trustee of the City Educational Trust Fund. The City Corporation is Trustee acting by the Court of Common Council of the City of London in its general corporate capacity and that executive body has delegated responsibility in respect of the administration and management of this charity to various committees and sub-committees of the Common Council, membership of which is drawn from 125 elected Members of the Common Council and external appointees to those committees. In making appointments to committees, the Court of Common Council will take into consideration any particular expertise and knowledge of the elected Members, and where relevant, external appointees. External appointments are made after due advertisement and rigorous selection to fill gaps in skills.

Members of the Court of Common Council are unpaid for support provided to the City Educational Trust Fund and are elected by the electorate of the City of London. The Education Board (a committee of the Court of Common Council) has principal responsibility for administering the charity for the Trustee under the City Corporation's usual corporate governance and delegation framework. The Education Board comprises Aldermen and Commoners appointed to the committee in accordance with the usual procedures for committee membership. The Key Committees which had responsibility for directly managing matters related to the charity during 2022/23 were as follows:

- Education Board - responsible for reviewing the charitable activities and instigating any changes to the administrative arrangements which are considered necessary to maximise the effectiveness of the charity and ensure compliance with the City Corporation's duties as Trustee:
- Audit & Risk Management Committee – responsible for overseeing systems of internal control and making recommendations to the Finance Committee relating to the approval of the Annual Report and Financial Statements of the charity.
- Finance Committee – responsible for approval of the Annual Report and Financial Statements.

The Education Charity Sub (Education Board) Committee was decommissioned in 2022 and all functions related to the day-to-day management and administration of the charity reverted to the Education Board which undertakes these functions on behalf of the City Corporation as Trustee under delegated authority from the Court of Common Council as the body responsible for exercising the powers of the City Corporation as Trustee.

All of the above committees are ultimately responsible to the Court of Common Council of the City of London. Committee meetings are held at the Trustee's discretion in public (except where it is considered not to be in the charity's best interests to do so), supporting a decision-making process which is clear, transparent and publicly accountable.

The Trustee believes that good governance is fundamental to the success of the charity. Following a comprehensive governance review, during which reference was made throughout to the good practices recommended in the Charity Governance Code, a significant new strategic grant making and administration programme is now in place, ensuring that the charity is compliant with regulations and efficient and effective in maximising impact for beneficiaries.

OBJECTIVES AND ACTIVITIES

The purposes for which the City Educational Trust Fund was established under section 25 of the City of London Various Powers Act 1967 declared that the capital and interest of the fund shall be applied by the City of London Corporation as it thinks fit, for one or more of the following purposes as it may from time to time determine:

- (1) for the advancement of the objects of the City University constituted by Royal Charter granted on 23 May 1966, or any of such objects or for other educational purposes connected with, or related to the said university; and
- (2) without prejudice to the generality of the foregoing paragraph, for the advancement of education in science and technology, business management and commerce by the promotion of research, study, teaching and training in and of such subjects, or any of them, or without prejudice to the generality of the foregoing, for the advancement of the study and teaching biology and ecology, or for the advancement of research, study and teaching in and of the cultural arts.

Investment Policy

The charity's investments are held in units of the City of London Charities Pool (registered charity 1021138). The investment policy is to provide a real increase in annual income in the long term whilst preserving the value of the capital base. The annual report and financial statements of the Charities Pool (which include an analysis of investment performance against objectives set) are available from the Chamberlain of London, at the email address stated on page 19.

Public benefit statement

The Trustee confirms that it has referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the City Educational Trust Fund's aims and objectives and in planning future activities. The purposes of the charity are: to advance the objects of the City University or any such objects for educational purposes connected with or related to said university, and to advance education in science and technology, business management and commerce by promoting research, study teaching and training in biology, ecology or the advancement of research and teaching of the cultural arts.

Consequently, the Trustee considers that the City Educational Trust Fund operates to benefit the general public and satisfies the public benefit test.

Policy on grant making

The charity has established its grant making policy to achieve its objects, as laid out above, for the public benefit. There is a partnership in place, which was assessed by adequate and appropriate resources which ensured the activities matched the charity's criteria. These guidelines are available from the e-mail address mentioned on page 19. The assessment, management and oversight of the charity's grant making is provided by the Central Grants Unit (CGU) within the Town Clerk's department, which is an internal department of The City of London Corporation. Grants are recognised in the Statement of Financial Activities when they have been approved by the Trustee and notified to the beneficiaries.

The Trustee has approved a proposal whereby the charity is engaging in a significant strategic grant making exercise to distribute its remaining funds held ahead of closure. The CGU have worked to identify an appropriate partner with whom this strategic grant making can be delivered, and commitments of funds are being considered alongside this decision and against the size of the remaining funds to be distributed, rather than via open grant making exercises.

REFERENCE AND ADMINISTRATIVE DETAILS

The administrative details of the charity are stated on page 19.

ACHIEVEMENTS AND PERFORMANCE

In July 2021 it was agreed that to maximise impact for beneficiaries, alongside efficiency and effectiveness of the charity's management, the CETF's funds would be spent out on a high impact grant programme over a 3–5-year period and followed by closure of the charity.

During 2022/23 a brief was developed to deliver a project via strategic relationships with sector partners to enable primary school teachers to access cultural opportunities to enhance the teaching in and of the cultural arts in primary schools.

In February 2023 it was agreed that the CETF would work with the charity A New Direction (charity no. 1126216) which would be appointed as the lead partner to deliver this project going forwards. A New Direction are an award-winning organisation working to enhance the capacity of children and young people (CYP) to own their creativity, shape culture and achieve their creative potential. An initial grant of £50k was awarded to A New Direction in 22/23 to develop the strategic consortium required for delivery. This project will provide opportunity for teachers to experience and develop their own skills and interests within cultural arts, that will in turn disseminate to students' own learning of arts across multiple subject areas within the classroom, enabling long-term reach and meeting the objects of the Charity.

PLANS FOR FUTURE PERIODS

Following the year end, a thorough assessment of a detailed proposal from A New Direction was completed and approved, with a grant of £650k awarded. This proposal was for an initial 14-month pilot phase which is required to enable a consultative and co-designed project, as well as providing an opportunity to test delivery and build appetite to maximise impact. The project itself will then be delivered across 3 academic years with further funding yet to be approved; following this 3-year delivery, it is expected that the charity will have completed its planned spending programme and will be in a position to close.

The Trustee does not consider there to be any material uncertainty around going concern and further detail regarding this is set out on page 13.

FINANCIAL REVIEW

Overview of Financial Performance

Income

In 2022/23 the charity's total income for the year was £159,624, an overall decrease of £46,337 from the previous year (2021/22: £205,961), due to a fall in investment income yields in the year. All income received was from investments.

Expenditure

Total expenditure for the year was £78,990 (2021/22: £8,434), comprising grant commitments (£50,000; 2021/22: £nil) and support costs recharged by the City of London Corporation for the administration of the charity (£28,990; 2021/22: £8,434). The increase in expenditure was due to the first full year of implementation of the new strategic grant making programme, resulting in increased management and administration costs and one new grant commitment in the year, to the charity A New Direction One (2021/22: no new grants were awarded).

Investments performance

Over the course of 2022/23 the Charities Pool investment strategy delivered an absolute return (gross of fees) of +2.22% which was below the FTSE All Share Index benchmark return of +2.92% (2021/22: the investment strategy gained +11.1% versus +13.0% from the benchmark). However, over the longer-term three and five year horizon, performance of the Charities Pool investments, as displayed in the table below, was above benchmark. With effect from 22 July 2022, the Charities Pool transferred its investments from the Artemis Income Fund to the Artemis Income (Exclusions) Fund, which is an unconstrained, multi-cap strategy that aims to generate a rising income stream combined with long-term capital growth. The Fund invests in UK equities and can also hold international equities and bonds. Shares in companies that derive more than 20% of their revenues from tobacco, gambling, weapons and fossil fuels are excluded.

	2022/23		2021/22	
	3 year	5 year	3 year	5 year
City of London Charities Pool	14.06%	5.64%	7.35%	6.16%
FTSE All Share	13.81%	5.04%	5.31%	4.69%
Fund outperformance	+0.26%	+0.61%	+2.04%	+1.46%

Funds held

The charity's total funds held decreased by 0.2% to £4,340,407 as at 31 March 2023 (2021/22: £4,348,848). Within the total funds held, £3,896,067 (2021/22: £3,984,878) represent expendable endowment funds which are held to generate income for the primary objectives of the charity. Any income arising from the endowment is accounted for within unrestricted funds. Unrestricted income funds amounted to £444,340 (2021/22: £363,970).

Details of all funds held, including their purposes, is set out in Note 11 of the financial statements.

Reserves policy

The Reserves Policy is to maintain the expendable endowment of the charity in investments in the Charities Pool administered by the City of London Corporation and use the investment income in accordance with the objectives of the charity. The Trustee has the discretion to distribute the expendable endowment as grants as deemed appropriate. The free reserves of the charity are held to cover working capital needs.

The Trustee believes that a minimum amount of £28,000 to cover support costs should be held as working capital at present; this will be subject to annual review. At 31 March 2023, the charity held £444,340 as free reserves. It is planned that the excess free reserves will be spent as part of the strategic grant making programme over the next 3 years with the charity ultimately distributing all its funds before closing. As part of this the post year end grant to A New Direction for £650,000 (see 'Plans for Future Periods' on page 5 above) utilised both free reserves and expendable endowment.

Principal Risks and Uncertainties

As part of the wider work of the Corporate Charity Review, risk registers have been developed and reported to the relevant Committees acting as Trustee. The City Educational Trust Fund has a risk register which is monitored by officers and reported to Committee when updates on the Charity are tabled, at least annually.

TRUSTEE RESPONSIBILITIES

The Trustee is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Charity law requires the Trustee to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under charity law, the Trustee must not approve the financial statements unless the Trustee is satisfied that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period. In preparing these financial statements, the Trustee is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustee is responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable the Trustee to ensure that the financial statements comply with the Charities Act 2011. The Trustee is also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustee is aware:

- there is no relevant audit information of which the charity's auditors are unaware; and
- the Trustee has taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Financial statements are published on the Trustee's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Trustee's website is the responsibility of the Trustee. The Trustee's responsibility also extends to the ongoing integrity of the financial statements contained therein.

Adopted and signed for on behalf of the Trustee.

Henry Nicholas Almroth Colthurst, Deputy
Chairman of Finance Committee of
The City of London Corporation
Guildhall, London

Randall Keith Anderson, Deputy
Deputy Chairman of Finance
Committee of The City of London
Corporation

Xx December 2023

**INDEPENDENT EXAMINER'S REPORT TO THE
TRUSTEE OF CITY EDUCATIONAL TRUST FUND**

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	Unrestricted Funds £	Endowment Funds £	2022/23 Total Funds £	2021/22 Total Funds £
Income from:					
Investments	2	159,624	-	159,624	205,961
Total income		159,624	-	159,624	205,961
Expenditure on:					
Charitable activities	3	78,990	-	78,990	8,434
Total expenditure		78,990	-	78,990	8,434
Net (losses)/gains on investments	8	-	(88,811)	(88,811)	179,112
Net (losses) on short term deposit		(264)	-	(264)	(1,990)
Net income and net movement in funds		80,370	(88,811)	(8,441)	374,649
Reconciliation of funds:					
Total funds brought forward	11	363,970	3,984,878	4,348,848	3,974,199
Total funds carried forward	11	444,340	3,896,067	4,340,407	4,348,848

The above results were derived from continuing activities.

There were no other recognised gains and losses other than those shown above.

The Notes on pages 13 to 18 form part of these financial statements.

BALANCE SHEET**AS AT 31 MARCH 2023**

	Notes	2023 Total £	2022 Total £
Fixed assets			
Investments	8	3,838,858	3,927,669
Total fixed assets		3,838,858	3,927,669
Current assets			
Cash at bank and in hand		501,549	432,753
Total current assets		501,549	432,753
Creditors: Amounts falling due within one year			
	9	-	(11,574)
Net current assets		501,549	421,179
Total net assets		4,340,407	4,348,848
The funds of the charity:			
Endowment funds	11	3,896,067	3,984,878
Unrestricted income funds	11	444,340	363,970
Total funds		4,340,407	4,348,848

The notes on pages 13 to 18 form part of these financial statements

Approved and signed on behalf of the Trustee.

Caroline Al-Beyerty

Chamberlain of London and Chief Financial Officer

XX December 2023

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

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

(a) Basis of preparation

The financial statements of the charity, which is a public benefit entity under FRS102, have been prepared under the historical cost convention and in accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (second edition effective 1 January 2019) and the Charities Act 2011.

(b) Going concern

The financial statements have been prepared on a going concern basis as the Trustee considers that there are no material uncertainties about the charity's ability to continue as a going concern. In 2022/23 one grant was awarded for £50,000. The latest forecast anticipates that adequate funds will be available in the 12 months from the date of signing these financial statements to enable the charity to continue to fulfil its obligations.

In making this assessment, the Trustee has considered the current high inflationary pressures on the value of investment assets held and likely challenging markets for investment performance, future income levels, expenditure requirements and the liquidity of the charity over the 12 months period from the date of the signed accounts. It has not identified any indication that the charity will not be able to meet liabilities, including planned commitments, as they fall due. For this reason, the Trustee continues to adopt a going concern basis for the preparation of the financial statements.

(c) Key management judgements and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenditure. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of decisions about carrying values of assets and liabilities that are not readily apparent from other sources. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Management do not consider there to be any material estimates or revisions requiring disclosure.

(d) Statement of Cash Flows

As per section 14.1 of the Charities SORP the Charity is not required to produce a statement of cash flows on the grounds that it is a small entity.

(e) Income

All income is included in the Statements of Financial Activities (SOFA) when the charity is legally entitled to the income; it is more likely than not that economic benefit associated with the transaction will come to the charity and the amount can be quantified with reasonable certainty. Income consists of investment income and interest on cash balances.

(f) Expenditure

Expenditure is accounted for on an accruals basis and has been classified under the principal category of 'expenditure on charitable activities'. Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required, and the amount of the obligation can be measured reliably. The liability can only be derecognised where payment of a grant award is no longer probable.

The charity does not employ any staff. Officers of the City Corporation provide financial and governance administrative assistance to the charity when required and these costs are recharged to the charity.

(g) Taxation

The charity meets the definition of a charitable trust for UK income tax purposes, as set out in Paragraph 1 Schedule 6 of the Finance Act 2010. Accordingly, the charity is exempt from UK taxation in respect of income or capital gains under part 10 of the Income Tax Act 2007 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

(h) Investments

Investments are made in the City of London Charities Pool (charity number 1021138) which is an investment mechanism operating in a similar way to a unit trust. This enables the City of London Corporation to "pool" small charitable investments together and consequently obtain better returns than would be the case if investments were made individually.

Investments are valued at bid-price. Gains and losses for the year on investments held as fixed assets are included in the Statement of Financial Activities.

(i) Funds structure

Income, expenditure and gains/losses are allocated to particular funds according to their purpose:

Expendable endowment fund – this fund consists of endowment funds that are expendable as a result of conditions imposed by the original donors and trusts. Funds can also be invested to generate income which can be spent on the charitable purpose of the charity, which is allocated to the unrestricted income fund.

Unrestricted income funds – these funds can be used in accordance with the charitable objects at the discretion of the Trustee and include both income generated by assets held within the expendable endowment fund and from those representing unrestricted funds. Specifically, this represents the surplus of income over expenditure for the charity which is carried forward to meet the requirements of future years, known as free reserves.

(j) Insurance

The charity, elected Members and staff supporting the charity's administration are covered by the City Corporation's insurance liability policies, and otherwise under the indemnity the City Corporation provides to Members and staff, funded from City's Cash.

2. INCOME FROM INVESTMENTS

	Unrestricted funds 2022/23 £	Unrestricted funds 2021/22 £
Investment income	151,817	204,558
Interest	7,807	1,403
Total	159,624	205,961

3. EXPENDITURE ON CHARITABLE ACTIVITIES

	Unrestricted funds			Unrestricted funds total
	Direct costs £	Support costs £	Total 2022/23 £	2021/22 £
Grants Awarded	50,000	28,990	78,990	8,434
Totals	50,000	28,990	78,990	8,434

4. ANALYSIS OF SUPPORT COSTS

Support costs are allocated based on direct costs on charitable activities.

	Charitable activities £	Governance costs £	Total 2022/23 £	Total 2021/22 £
Legal fees	929	-	929	11
Management fees	23,969	-	23,969	3,914
Finance and administration fees	2,092	-	2,092	2,759
Independent Examination Fees	-	2,000	2,000	1,750
Sub- total	26,990	2,000	28,990	8,434
Reallocation of governance costs	2,000	(2,000)	-	-
Total support costs	28,990	-	28,990	8,434

5. ANALYSIS OF GRANTS AWARDED

Reconciliation of grants payable:	2022/23	2021/22
	£	£
Commitments at 1 April	11,574	11,574
Commitments made in the year	50,000	-
Grants paid in the year	(61,574)	-
Commitments at 31 March (note 9)	-	11,574

One grant was awarded in 2022/23 for £50,000 (2021/22: no grants were awarded).

6. INDEPENDENT EXAMINER'S REMUNERATION

In 2022/23 an independent examination fee of £2,000 was recharged (2021/22: £1,750). No other services were provided to the charity by its independent examiners during the year (2021/22: £nil).

7. TRUSTEE EXPENSES

The Members of the City of London Corporation acting on behalf of the Trustee did not receive any remuneration or reimbursement of expenses during 2022/23 (2021/22: nil).

8. INVESTMENTS

The investments are held in the City of London Corporation Charities Pool, a charity registered in the UK with the Charity Commission (charity number 1021138). The Charities Pool is a UK registered unit trust.

The value of investments held by the charity are as follows:

	2023	2022
	£	£
Market value 1 April	3,927,669	3,748,557
Gain/(Loss) for the year	(88,811)	179,112
Market value 31 March	3,838,858	3,927,669
Cost 31 March	442,314	442,314
Units held in Charities Pool	423,949	423,949

The type of listed investments held as at 31 March was as follows:

	Held in the UK	Held outside the UK	Total at 31 March 2023	Held in the UK	Held outside the UK	Total at 31 March 2022
	£	£	£	£	£	£
Equities	3,114,849	522,085	3,636,934	447,755	3,193,195	3,640,950
Pooled Units	125,915	-	125,915	231,732	-	231,732
Cash held by Fund Manager	76,009	-	76,009	54,987	-	54,987
Total	3,316,773	522,085	3,838,858	734,474	3,193,195	3,927,669

9. CREDITORS – Amounts due within one year

	2023	2022
	£	£
Grants awarded	-	11,574

10. ANALYSIS OF NET ASSETS BY FUND**At 31 March 2023**

	Unrestricted: general funds	Endowment funds	Total at 31 March 2023
	£	£	£
Fixed assets - investments	-	3,838,858	3,838,858
Current assets	444,340	57,209	501,549
Total	444,340	3,896,067	4,340,407

At 31 March 2022

	Unrestricted: general funds	Endowment funds	Total at 31 March 2022
	£	£	£
Fixed assets - investments	-	3,927,669	3,927,669
Current assets	375,544	57,209	432,753
Current liabilities	(11,574)	-	(11,574)
Total	363,970	3,984,878	4,348,848

11. MOVEMENT IN FUNDS

At 31 March 2022	Total as at 1 April 2022	Income	Expenditure	Gains & (losses)	Total as at 31 March 2023
	£	£	£	£	£
Endowment funds:					
Expendable endowment	3,984,878	-	-	(88,811)	3,896,067
Unrestricted funds:					
General funds	363,970	159,624	(78,990)	(264)	444,340
Total funds	4,348,848	159,624	(78,990)	(89,075)	4,340,407

At 31 March 2021	Total as at 1 April 2021 £	Income £	Expenditure £	Gains & (losses) £	Total as at 31 March 2022 £
Endowment funds:					
Expendable endowment	3,805,766	-	-	179,112	3,984,878
Unrestricted funds:					
General funds	168,433	205,961	(8,434)	(1,990)	363,970
Total funds	3,974,199	205,961	(8,434)	177,122	4,348,848

Purpose of the endowment fund

The expendable endowment fund is invested in the City of London Charities Pool to generate income for the activities of the charity and represents the original assets of the charity, reported at current market value. Any income from this fund is accounted for within unrestricted income funds.

Purpose of unrestricted funds

The general fund comprises the accumulation of income surpluses as a result of unspent investment income after grants are charged to this fund. Any undistributed annual income is held for use in future years in accordance with the objectives of the trust.

12. RELATED PARTY TRANSACTIONS

The City Corporation is the sole Trustee of the charity, as described on page 2.

The charity is required to disclose information on related party transactions with bodies or individuals that have the potential to control or influence the charity. Members are required to disclose their interests, and these can be viewed online at www.cityoflondon.gov.uk.

Members and senior staff are requested to disclose all related party transactions, including instances where their close family has made such transactions.

Figures in brackets represent the amounts due at the balance sheet date. Other figures represent the value of the transactions during the year.

Related party	Connected party	2022/23 £	2021/22 £	Detail of transaction
City of London Charities Pool (charity registration no. 1021138)	The charity's investments are held in units of the Charities Pool, of which the Corporation is also Trustee	151,817	204,558	Distribution from the Charities Pool
		(-)	(-)	
City of London Corporation	The City of London Corporation is the Trustee for the charity	28,990	8,434	Central Grants Unit management and administration fees
		(-)	(-)	

REFERENCE AND ADMINISTRATION DETAILS

CHARITY NAME: City Educational Trust Fund

Registered charity number: 290840

PRINCIPAL OFFICE OF THE CHARITY & THE CITY CORPORATION:

Guildhall, London, EC2P 2EJ

TRUSTEE:

The Mayor and Commonalty & Citizens of the City of London

SENIOR MANAGEMENT:

Chief Executive

Ian Thomas - The Town Clerk and Chief Executive of the City of London Corporation (appointed 06 February 2023)

John Barradell OBE - The Town Clerk and Chief Executive of the City of London Corporation (retired 31 December 2022)

Treasurer

Caroline Al-Beyerty - The Chamberlain of the City of London Corporation and Chief Financial Officer

Solicitor

Michael Cogher - The Comptroller and City Solicitor of the City of London Corporation

INDEPENDENT EXAMINERS:

Crowe U.K. LLP, 55 Ludgate Hill, London, EC4M 7JW

BANKERS:

Lloyds Bank Plc., P.O. 1000 BX1 1LT

INVESTMENT ADVISORS:

Artemis Investment Management Limited, Cassini House, 57 St. James's Street, London, SW1A 1LD

Contact for The Chamberlain & Chief Financial Officer, to request copies of governance documents:

CHBOffice-BusinessSupport@cityoflondon.gov.uk

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The City of London Corporation Combined Relief of Poverty Charity

Annual Report and Financial Statements for the year
ended 31 March 2023

Charity registration number 1073660

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ORIGINS OF THE CHARITY

The charity was established with the name of The Jenner Bequest (1073660) by a Charity Commission Scheme dated 11 December 1996. The charity's funds were derived from part of the residuary estate of Mr Jenner, which was originally bequeathed upon trust for the Lord Mayor of London's Fund for the benefit of widows and orphans of Freemen of the City of London. On 9 June 2011, following a review of various charities associated with or under the trusteeship of the City of London, the Charity Commission granted a Scheme to administer The Jenner Bequest as one charity with two other historic charities also benefiting Freemen and/or their families and operating for the relief of need/poverty; and the charity was renamed : The City of London Corporation Combined Relief of Poverty Charity. The two other charities were the Sir John Philpot's Charity (206932), established by his Will of 1381; and Mary Wilkes's Charity (206934) established by her Will of 18 July 1800.

TRUSTEE'S ANNUAL REPORT

STRUCTURE AND GOVERNANCE

GOVERNING DOCUMENTS

The constitution of this charity is set out in its governing scheme issued by The Charity Commission for England and Wales on 9 June 2011.

GOVERNANCE ARRANGEMENTS

The Mayor and Commonalty and Citizens of the City of London (also referred to as 'the City Corporation' or 'the City of London Corporation'), a corporation by prescription, is the Trustee of the City of London Corporation Combined Relief of Poverty Charity (CRPC). The City Corporation is Trustee acting by the Court of Common Council of the City of London in its general corporate capacity and that executive body has delegated responsibility in respect of the administration and management of this charity to various committees and sub-committees of the Common Council, membership of which is drawn from 125 elected Members of the Common Council and external appointees to those committees. In making appointments to committees, the Court of Common Council will take into consideration any particular expertise and knowledge of the elected Members and, where relevant, external appointees. External appointments are made after due advertisement and rigorous selection to fill gaps in skills.

Members of the Court of Common Council are unpaid for support provided to the charity and elected by the electorate of the City of London. The key committees which had responsibility for directly managing matters related to the charity during 2022/23 were as follows:

- The City of London's Community and Children's Services Committee – administers the charity on behalf of the Trustee. This committee comprises Aldermen and Commoners appointed to this committee in accordance with the City of London's usual procedures for committee membership.
- Audit & Risk Management Committee – responsible for overseeing systems of internal control and making recommendations to the Finance Committee relating to the approval of the Annual Report and Financial Statements of the charity.
- Finance Committee – responsible for approval of the Annual Report and Financial Statements.

All the above committees are ultimately responsible to the Court of Common Council of the City of London. Committee meetings are held at the Trustee's discretion in public (except where it is considered not to be in the charity's best interests to do so), supporting a decision-making process which is clear, transparent and publicly accountable.

The Trustee believes that good governance is fundamental to the success of the charity. Reference was made to the good practices recommended within the Charity Governance Code throughout this review, ensuring regulatory compliance and the ongoing maintenance of an efficient and effective charity that maximises impact for beneficiaries.

OBJECTIVES AND ACTIVITIES

The objective of the charity is the relief of those in need by reason of poverty, old age, ill health, accident or infirmity who are either the widow, widower or child of a Freeman of the City of London or who reside in the City of London or the London boroughs by the provision of grants, items and services or such other support as the Trustee determines.

The charity falls under the policy of the Stronger Communities theme of the City of London Corporation's Central Grants Programme. Grants issued through this theme will be awarded to projects or services that are being delivered for the benefit of communities or beneficiaries within the City of London and its housing estates across London.

Investment policy

The charity's investments are held in units of the City of London Charities Pool (registered charity 1021138). The investment policy is to provide a real increase in annual income in the long term while preserving the value of the capital base. The Annual Report and Financial Statements of the Charities Pool (which include an analysis of investment performance against set objectives) are available from the Chamberlain of London, at the email address stated on page 16

Public benefit statement

The Trustee confirms that it has referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the City of London Corporation Combined Relief of Poverty Charity's aims and objectives, and in planning future activities. The purpose of the charity is as stated above.

Consequently, the Trustee considers that the City of London Corporation Combined Relief of Poverty Charity operates to benefit the general public and satisfies the public benefit test.

Policy on grant making

The charity has established its grant-making policy to achieve its objects, as laid out above, for the public benefit. Applications are assessed via a robust process to ensure that the proposed activities for funding will be supported by adequate and appropriate resources and will be used only for activities that match the charity's criteria. These guidelines are available from the Town Clerk at the City of London Corporation. The assessment, management and oversight of the Charity's grant making is provided by the Central Grants Unit, which is an internal department of the City of London Corporation. Grants are recognised in the Statement of Financial Activities when they have been approved by the Trustee and notified to the beneficiaries.

ACHIEVEMENTS AND PERFORMANCE

At the meeting of the Community and Children's Services Committee in September 2020, it was agreed that the City of London Combined Relief of Poverty Charity (CRPC) should seek to make grants that were more strategic to maximise the benefit to beneficiaries. However, it operates under the Stronger Communities geographical restrictions in the City of London, having previously been considered that maximum impact can be generated for beneficiaries from the charity's very modest funds by focusing its activities within an area where the City Corporation has particular local knowledge and stakeholder relationships.

The charity awarded one strategic grant in 2021/22 to the First Love Foundation, which ran into the 2022/23 financial year. The grant was in response to the growing need for foodbank and poverty advice services during and subsequent to the COVID-19 pandemic. The grant was awarded to work with residents of the City of London and surrounding boroughs, to fund a project worker, food parcels and associated project costs of delivering a bespoke foodbank and advice service. There was significant uptake of the provision, with the grant ending in June 2022.

In 2022/23 it was decided that the best, most strategic and impactful approach would be to award a grant to a single organisation that provides direct support to beneficiaries in line with CRPC's objects. Therefore, in March 2023, a grant of £82,790 over two years to Family Action was approved. The funding was to allow Family Action to deliver a food pantry service to residents in the City of London and surrounding boroughs, based in Artizan Street Library to support low-income and vulnerable families in the Aldgate Area. Funding will cover set-up costs, salary costs and food subsidies for beneficiaries in the City of London or bordering boroughs, providing relief to those in need by reason of poverty or ill health.

PLANS FOR FUTURE PERIODS

The charity will be included in a project to assess the monitoring and evaluating carried out by the Central Grants Unit, and the learning from this will be used to ensure that funded projects are on track and delivered to their outlined aims.

The Trustee does not consider there to be any material uncertainty around going concern. Further detail regarding this is set out in Note 1b to the financial statements.

FINANCIAL REVIEW

Overview of Financial Performance

Income

In 2022/23 the charity's total income for the year was £18,969, a decrease of £4,159 from the previous year (£23,128). All income received was from investments.

Expenditure

Total expenditure for the year was £86,019 (2021/22: £66,357). In the year, the charity awarded one grant for £82,790 (2021/22: £60,000, one grant) of which £50,000 was committed from unrestricted funds and £32,790 from restricted funds – the grant was made for the wider purposes of the charity and, as there were no calls on the original restricted purpose, the grant could be awarded using both restricted and unrestricted funds. Additionally, there were £3,229 of support costs (2021/22: £6,357) incurred in administering the charity.

Investment performance

Over the course of 2022/23 the Charities Pool investment strategy delivered an absolute return (gross of fees) of +2.22% which was below the FTSE All Share Index benchmark return of +2.92% (2021/22: the investment strategy gained +11.1% versus +13.0% from the benchmark). However, over the longer term, three- and five-year horizon, performance of the Charities Pool investments, as displayed in the table below, was above benchmark. With effect from 22 July 2022, the Charities Pool transferred its investments from the Artemis Income Fund to the Artemis Income (Exclusions) Fund, which is an unconstrained, multi-cap strategy that aims to generate a rising income stream combined with long-term capital growth. The Fund invests in UK equities, and can also hold international equities and bonds. Shares in companies that derive more than 20% of their revenues from tobacco, gambling, weapons and fossil fuels are excluded.

	2022/23		2021/22	
	3 year	5 year	3 year	5 year
City of London Charities Pool	14.06%	5.64%	7.35%	6.16%
FTSE All Share	13.81%	5.04%	5.31%	4.69%
Fund outperformance	0.26%	0.61%	2.04%	1.46%

Funds held

The charity's total funds held decreased by £76,928 (14.5%) to £456,069 at 31 March 2023 (2021/22: £532,997). Within the total funds held, £113,260 represents expendable and permanent endowment funds (2021/22: £115,881) of which £3,785 (2021/22: £3,965) are permanently endowed funds which are held in perpetuity as a capital fund to generate income for the primary objectives of the charity. Any income arising from endowment funds is accounted for within unrestricted funds.

A restricted fund of £330,644 (2021/22: £371,595) was held at year end. This fund holds the net assets that transferred on 31 October 2018 from the Corporation of London Benevolent Association (charity number 206643) to be used for the purposes of this charity.

Unrestricted income funds amounted to £12,165 (2021/22: £45,521). These funds are held for use in future years, in accordance with the objectives of the charity.

Details of all funds held, including their purposes, is set out in Note 9 to the financial statements.

Reserves

This Reserves Policy is to maintain the endowment funds of the charity in investments in the Charities Pool administered by the City of London Corporation, and use the investment income, together with other funds, in accordance with the objectives of the charity. The Trustee has the discretion to distribute the expendable endowment, in addition to the unrestricted and restricted funds as grants as deemed appropriate. The free reserves of the charity are held to cover working capital needs.

The Trustee believes that a minimum amount of £10,000 should be held at present, which will be subject to annual review. At 31 March 2023, the charity held £12,165 as free reserves, amounts that are available to support charitable activities in future years. The charity currently holds free reserves in line with its target of £10,000.

Principal risks and uncertainties

The charity is committed to a programme of risk management as an element of its strategy to preserve the charity's assets. In order to embed sound practice, the senior leadership team ensures that risk management policies are applied, that there is an ongoing review of activity, and that appropriate advice and support is provided. As part of the wider work of the Corporate Charity Review, risk registers have been developed and reported to the relevant Committees acting as Trustee. The CRPC has a risk register which is monitored by officers and reported to Committee when updates on the charity are tabled.

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	Unrestricted Funds £	Restricted Funds	Endowment Funds £	2022/23 Total Funds £	2021/22 Total Funds £
Income from:						
Investments	2	18,969	-	-	18,969	23,128
Total income		18,969	-	-	18,969	23,128
Expenditure on:						
Charitable activities	3	51,950	34,069	-	86,019	66,357
Total expenditure		51,950	34,069	-	86,019	66,357
Net (losses)/gains on investments	7	(308)	(6,882)	(2,621)	(9,811)	19,786
Net (losses) on short term deposit		(67)	-	-	(67)	(1,046)
Net (expenditure) and net movement in funds		(33,356)	(40,951)	(2,621)	(76,928)	(24,489)
Net movement in funds		(33,356)	(40,951)	(2,621)	(76,928)	(24,489)
Reconciliation of funds:						
Total funds brought forward	10	45,521	371,595	115,881	532,997	557,486
Total funds carried forward	10	12,165	330,644	113,260	456,069	532,997

All of the above results are derived from continuing activities.

There were no recognised gains and losses other than those shown above.

The notes on pages 9 to 15 form part of these financial statements.

BALANCE SHEET

AS AT 31 MARCH 2023

	Notes	2023 Total £	2022 Total £
Fixed assets			
Investments	7	424,064	433,875
Total fixed assets		424,064	433,875
Current assets			
Cash at bank and in hand		114,795	99,122
Total current assets		114,795	99,122
Creditors: Amounts falling due within one year	8	(82,790)	-
Net Current Assets		32,005	99,122
Total Net Assets		456,069	532,997
The funds of the charity:			
Endowment funds	10	113,260	115,881
Restricted income funds	10	330,644	371,595
Unrestricted income funds	10	12,165	45,521
Total funds		456,069	532,997

The notes on pages 9 to 15 form part of these financial statements.

Approved and signed on behalf of the Trustee.

Caroline Al-Beyerty

Chamberlain of London and Chief Financial Officer

XX December 2023

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

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

(a) Basis of preparation

The financial statements of the charity, which is a public benefit entity under FRS102, have been prepared under the historical cost convention and in accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (second edition effective 1 January 2019) and the Charities Act 2011.

(b) Going concern

The financial statements have been prepared on a going concern basis as the Trustee considers that there are no material uncertainties about the charity's ability to continue as a going concern. The charity only spends the income that is generated from its investments, so maintaining its capital base. The latest forecast anticipates that adequate funds will be available in the 12 months from the date of signing these financial statements to enable the charity to continue to fulfil its obligations.

In making this assessment, the Trustee has considered the current high inflationary pressures on the value of investment assets held, future income levels, expenditure requirements and the liquidity of the charity over the 12-month period from the date of the signed accounts. It has not identified any indication that the charity will not be able to meet liabilities, including planned commitments, as they fall due. The policy of only approving grant commitments from available unrestricted income, provides the flexibility to ensure the long-term viability of the charity. For this reason, the Trustee continues to adopt a going concern basis for the preparation of the financial statements.

(c) Key management judgements and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenditure. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of decisions about carrying values of assets and liabilities that are not readily apparent from other sources. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Management do not consider there to be any material revisions requiring disclosure.

(d) Statement of cash flows

As per section 14.1 of the Charities SORP, the Charity is not required to produce a statement of cash flows on the grounds that it is a small entity.

(e) Income

All income is included in the Statements of Financial Activities (SOFA) when the charity is legally entitled to the income; it is more likely than not that economic benefit associated with the transaction will come to the charity and the amount can be quantified with reasonable certainty. Income consists of managed investment income and interest.

(f) Expenditure

Expenditure is accounted for on an accruals basis and has been classified under the principal category of 'expenditure on charitable activities'. Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required, and the amount of the obligation can be measured reliably. The liability can only be derecognised where payment of a grant award is no longer probable.

The charity does not employ any staff. Officers of the City Corporation provide financial and governance administrative assistance to the charity when required and these costs are recharged to the charity.

(g) Taxation

The charity meets the definition of a charitable trust for UK income tax purposes, as set out in Paragraph 1 Schedule 6 of the Finance Act 2010. Accordingly, the charity is exempt from UK taxation in respect of income or capital gains under part 10 of the Income Tax Act 2007 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

(h) Investments

Investments are made in the City of London Charities Pool (charity number 1021138) which is an investment mechanism operating in a similar way to a unit trust. This enables the City of London Corporation to "pool" small charitable investments together and consequently obtain better returns than would be the case if investments were made individually.

Investments are valued at bid price. Gains and losses for the year on investments held as fixed assets are included in the Statement of Financial Activities.

(i) Funds structure

Income, expenditure, gains and losses are allocated to particular funds according to their purpose:

Permanent endowment fund – this fund consists of funds held in perpetuity for the benefit of the charity as a result of conditions imposed by the original donors and trusts. Income generated from the investments which represent these funds can be spent on

the charitable purpose of the charity, hence is allocated to the unrestricted income fund. Gains/losses on the underlying assets remain as part of the endowment.

Expendable endowment fund – this fund consists of monies that are expendable as a result of conditions imposed by the original donors and trusts. Funds can also be invested to generate income which can be spent on the charitable purpose of the charity, as allocated to the unrestricted income fund. Gains/losses on the underlying assets remain as part of the endowment.

Restricted funds – these funds include income that is subject to specific restrictions imposed by donors, with related expenditure deducted when incurred.

Unrestricted income funds – these funds can be used in accordance with the charitable objects at the discretion of the Trustee and include both income generated by assets held within the restricted, permanent and expendable endowment funds and from those representing unrestricted funds. Specifically, this represents the surplus of income over expenditure for the charity, which is carried forward to meet the requirements of future years, known as ‘free reserves’.

(j) Insurance

The charity, elected Members and staff supporting the charity’s administration are covered by the City Corporation’s insurance liability policies, and otherwise under the indemnity the City Corporation provides to Members and staff, funded from City’s Cash.

2. INCOME FROM INVESTMENTS

	Unrestricted funds	Unrestricted funds
	2022/23	2021/22
	£	£
Investment income	16,771	12,010
Interest	2,198	11,118
Total	18,969	23,128

3. EXPENDITURE ON CHARITABLE ACTIVITIES

	Direct costs	Support costs	Total	Total
	£	£	2022/23	2021/22
	£	£	£	£
Grants awarded - Unrestricted	50,000	1,950	51,950	66,357
Grants awarded - Restricted	32,790	1,279	34,069	-
Total	82,790	3,229	86,019	66,357

4. ANALYSIS OF SUPPORT COSTS

	Charitable activities £	Total 2022/23 £	Total 2021/22 £
Independent examination fees	-	-	1,750
Legal fees	162	162	946
Management Fees	3,067	3,067	3,661
Total Support Costs	3,229	3,229	6,357

Support costs are allocated to charitable activities on the basis of direct costs.

5. ANALYSIS OF GRANTS

Reconciliation of grants payable:	2022/23	2021/22
	£	£
Commitments at 1 April	-	-
Commitments made in the year	82,790	60,000
Grants paid in the year	-	(60,000)
Commitments at 31 March	82,790	-

During the year, a grant was awarded to Family Action to deliver a food pantry service.

6. TRUSTEE EXPENSES

The Members of the Finance Committee of the City Corporation acting on behalf of the Trustee did not receive any remuneration or reimbursement of expenses during 2022/23 (2021/22: nil).

7. INVESTMENTS

The investments are held in the City of London Corporation Charities Pool, a charity registered in the UK with the Charity Commission (charity number 1021138). The Charities Pool is a UK registered unit trust.

The value of investments held by the charity are as follows:

	2023 £	2022 £
Market value 1 April	433,875	414,089
(Loss)/gain for the year	(9,811)	19,786
Market value 31 March	424,064	433,875
Cost 31 March	320,941	320,941
Units held in Charities Pool	46,832	46,832

The types of listed investments held at 31 March were as follows:

	Held in the UK	Held outside the UK	Total at 31 March 2023	Held in the UK	Held outside the UK	Total at 31 March 2022
	£	£	£	£	£	£
Equities	344,086	57,673	401,759	49,462	352,740	402,202
Pooled Units	13,909	-	13,909	25,599	-	25,599
Cash held by Fund Manager	8,396	-	8,396	6,074	-	6,074
Total	366,391	57,673	424,064	81,135	352,740	433,875

8. CREDITORS – Amounts due within one year

	2023	2022
	£	£
Grants awarded	82,790	-

9. ANALYSIS OF NET ASSETS BY FUND

At 31 March 2023	Unrestricted funds	Restricted funds	Endowment funds	Total at 31 March 2023
	General funds			
	£		£	£
Fixed assets - Investments	13,338	297,466	113,260	424,064
Current assets	48,827	65,968	-	114,795
Current liabilities	(50,000)	(32,790)	-	(82,790)
Total	12,165	330,644	113,260	456,069

At 31 March 2022	Unrestricted funds	Restricted funds	Endowment funds	Total at 31 March 2022
	General funds			
	£		£	£
Fixed assets - Investments	13,647	304,347	115,881	433,875
Current Assets	31,874	67,248	-	99,122
Total	45,521	371,595	115,881	532,997

10. MOVEMENT IN FUNDS

At 31 March 2023	Total as at 1 April 2022 £	Income £	Expenditure £	Gains & (losses) £	Total as at 31 March 2023 £
Endowment Funds					
Expendable	111,916	-	-	(2,531)	109,385
Permanent	3,965	-	-	(90)	3,875
Total Endowment Funds	115,881	-	-	(2,621)	113,260
Restricted Funds	371,595	-	(34,069)	(6,882)	330,644
Total Restricted Funds	371,595	-	(34,069)	(6,882)	330,644
General Funds	45,521	18,969	(51,950)	(375)	12,165
Total General Funds	45,521	18,969	(51,950)	(375)	12,165
Total Funds	532,997	18,969	(86,019)	(9,878)	456,069

At 31 March 2022	Total as at 1 April 2021 £	Income £	Expenditure £	Gains & (losses) £	Total as at 31 March 2022 £
Endowment Funds					
Expendable	106,812	-	-	5,104	111,916
Permanent	3,784	-	-	181	3,965
Total Endowment Funds	110,596	-	-	5,285	115,881
Restricted Funds	357,716	-	0	13,879	371,595
Total Restricted Funds	357,716	-	0	13,879	371,595
General Funds	89,174	23,128	(66,357)	(424)	45,521
Total General Funds	89,174	23,128	(66,357)	(424)	45,521
Total Funds	557,486	23,128	(66,357)	18,740	532,997

Purpose of the endowment funds

The permanent endowment fund is held in perpetuity as a capital fund to generate income for the activities of the charity and represents the original assets transferred from the Mary Wilkes's Charity, reported at current market value. Any income from this fund is accounted for within unrestricted income funds.

The expendable endowment fund represents the original expendable endowment of the charity and can be utilised at the discretion of the Trustee.

Purposes of restricted funds

This fund holds the net assets that were transferred in October 2018 from the now closed Corporation of London Benevolent Association (charity number: 206643) to be used for the purposes of the Combined Relief of Poverty Charity.

Unrestricted income funds

These funds can be used in accordance with the charitable objects at the discretion of the Trustee and include income generated by assets held within the permanent endowment fund and from those representing unrestricted funds. Specifically, this represents the surplus of income over expenditure for the charity which is carried forward to meet the requirements of future years, known as 'free reserves'.

11. RELATED PARTY TRANSACTIONS

The City Corporation is the sole Trustee of the charity, as described on page 2.

The charity is required to disclose information on related party transactions with bodies or individuals that have the potential to control or influence the charity. Members are required to disclose their interests, and these can be viewed online at www.cityoflondon.gov.uk.

Members and senior staff are requested to disclose all related party transactions, including instances where their close family has made such transactions.

Figures in brackets represent the amounts due at the balance sheet date. Other figures represent the value of the transactions during the year.

Related party	Connected party	2022/23 £	2021/22 £	Detail of transaction
Charities Pool Charity registration no. 1021138 City of London Corporation	The charity's investments are held in units of London Charities Pool	16,771 (-)	22,390 (-)	Distribution from the Charities Pool
City of London Corporation	The City of London Corporation is the Trustee for the charity	3,229 (-)	6,357 (-)	Management and administration fees (also includes the audit fee and finance time, no role of CGU)

REFERENCE AND ADMINISTRATION DETAILS

CHARITY NAME: The City of London Corporation Combined Relief of Poverty Charity

Registered charity number: 1073660

PRINCIPAL OFFICE OF THE CHARITY & THE CITY CORPORATION:

Guildhall, London, EC2P 2EJ

TRUSTEE:

The Mayor and Commonalty & Citizens of the City of London

SENIOR MANAGEMENT:

Chief Executive

Ian Thomas CBE – The Town Clerk and Chief Executive of the City of London Corporation (appointed 6 February 2023)

John Barradell OBE – The Town Clerk and Chief Executive of the City of London Corporation (retired 31 December 2022)

Treasurer

Caroline Al-Beyerty – The Chamberlain of the City of London Corporation and Chief Financial Officer

Solicitor

Michael Cogher – The Comptroller and City Solicitor of the City of London Corporation

BANKERS:

Lloyds Bank Plc., P.O. 1000 BX1 1LT

INVESTMENT FUND MANAGERS:

Artemis Investment Management LLP, Cassini House, 57 St. James's Street, London, SW1A 1LD

Contact for The Chamberlain & Chief Financial Officer, to request copies of governance documents:

CHBOffice-BusinessSupport@cityoflondon.gov.uk

Charities Administered in Connection with (ICW)
the City of London Freemen's School (CLFS)

Annual Report and Financial Statements for the
year ended 31 March 2023

Charity registration number 312120

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ORIGINS OF THE CHARITY

The City of London Corporation was appointed by the Charity Commission for England and Wales on 30 November 2011 as Trustee of the charitable funds governed by the Charities Administered in Connection with the City of London Freemen's School.

On 22 March 2022, the Charity Commission granted a further scheme, which altered and amended the 2011 scheme to merge the 23 individually held funds of any of those charities comprised in the Charities Administered ICW the CLFS which hold permanent endowment, to release the capital from its endowment restrictions to create a single fund with consolidated objectives, known as the CLFS Prizes Fund.

The funds of the charity are used to provide prizes in various subjects at the City of London Freemen's School. In the past, funds have also been used to assist children to study various subjects at the School and to aid former pupils who have gone on to study at universities.

TRUSTEE'S ANNUAL REPORT

STRUCTURE AND GOVERNANCE

GOVERNING DOCUMENTS

The Charity Commission for England and Wales made an Order on 30 November 2011 which appointed the City of London Corporation as Trustee of the charitable funds governed by this charity. The Schedule attached to the Order details the constituent charitable funds of the Charities Administered ICW the City of London Freemen's School.

During 2022/23, the charity submitted resolutions to the Charity Commission resolving to effect the merger of any of those charities comprised in the Charities Administered ICW the CLFS which hold permanent endowment, to release the capital from its endowment restrictions and to replace with the following purposes:

- the promotion of education (including physical education) by the provision of prizes or other suitable rewards or marks of distinction to pupils and former pupils at the City of London Freemen's School;
- the property of all funds shall be transferred to Fund 1 (the "new" general prizes charity) to hold as a restricted fund for the new purposes;
- the "Robert Sayers Youngs Trust Fund" has been identified as the general prizes charity and it has been resolved to change its name to "CLFS Prizes Fund".

The Charity Commission granted this scheme on 14 March 2022. Details and analysis of the merger of the funds is set out within note 9 to the financial statements.

GOVERNANCE ARRANGEMENTS

The Mayor and Commonalty and Citizens of the City of London (also referred to as 'the City Corporation' or 'the City of London Corporation'), a body corporate and politic, is the Trustee of the Charities Administered ICW the City of London Freemen's School. The City Corporation is Trustee acting by the Court of Common Council of the City of London in its general corporate capacity and that executive body has delegated responsibility in respect of the administration and management of this charity to various committees and sub-committees of the Common Council, membership of which is drawn from 125 elected Members of the Common Council and external appointees to those committees. In making appointments to committees, the Court of Common Council will take into consideration any particular expertise and knowledge of the elected Members, and where relevant, external appointees. External appointments are made after due advertisement and rigorous selection to fill gaps in skills. Members of the Court of Common Council are unpaid and are elected by the electorate of the City of London

The key Committee which has responsibility for directly managing matters related to the charity is the Board of Governors of the City of London Freemen's School, which is ultimately responsible to the Court of Common Council of the City of London.

Committee meetings are held in public, enabling the decision-making process to be clear, transparent and publicly accountable. Details of the membership of Committees of the City Corporation are available at www.cityoflondon.gov.uk.

The Trustee believes that good governance is fundamental to the success of the charity. A comprehensive review of governance is ongoing to ensure that the charity is effective in fulfilling its objectives. Reference is being made to the good practices recommended within the Charity Governance Code throughout this review. Focus is being placed on ensuring regulatory compliance and the ongoing maintenance of an efficient and effective portfolio of charities that maximise impact for beneficiaries.

OBJECTIVES AND ACTIVITIES

The objectives of the charity are to provide funds by awarding prizes in various subjects, and to assist children to study various subjects at school and also to aid school pupils who have gone on to university.

INVESTMENT POLICY

The charity's investments are held in units of the City of London Charities Pool (registered charity 1021138). The investment policy of the Charities Pool is to provide a real increase in annual income in the long term whilst preserving the value of the capital base. The annual report and financial statements of the Charities Pool (which include an analysis of investment performance against objectives set) are available from the Chamberlain of London & Chief Financial Officer, at the email address stated on page 18.

PUBLIC BENEFIT STATEMENT

The Trustee confirms that it has referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Charities Administered ICW the City of London Freeman's School's aims and objectives and in planning future activities. The purposes of the charity are to provide funds to assist children to study various subjects at school, and for some of the older funds, to aid school pupils who have gone on to university. Funds are also provided for prizes in various subjects.

Consequently, the Trustee considers that the Charities Administered ICW the City of London Freeman's School operates to benefit the general public and satisfies the public benefit test.

REFERENCE AND ADMINISTRATIVE DETAILS

The administrative details of the charity are stated on page 18.

ACHIEVEMENTS AND PERFORMANCE

The school awarded 247 prizes during the year (2021/22: 277).

PLANS FOR FUTURE PERIODS

The on-going targets are to continue to provide for prizes in various subjects, to continue to provide sums to assist children to study various subjects at the school and to assist in further education.

The Trustee does not consider there to be any material uncertainty around going concern and further detail regarding this is set out on page 10.

FINANCIAL REVIEW

Overview of Financial Performance

Income

In 2022/23 the charity's total income for the year was £15,950, an overall reduction of £2,889 against the previous year (2021/22: £18,839, an overall increase of £3,774 against the previous year).

Income from charitable activities comprised £6,997 from donations received (2021/22: £7,320). Investment income was £8,645 (2021/22: £11,447) and interest from cash balances was £309 (2021/22: £72).

Expenditure

Total expenditure for the year was £9,161 (2021/22: £6,661), of which £7,462 related to charitable activities and £1,699 related to support costs. This expenditure on charitable activities consisted of prizes awarded to pupils at the school.

Investments performance

Over the course of 2022/23 the Charities Pool investment strategy delivered an absolute return (gross of fees) of +2.22% which was below the FTSE All Share Index benchmark return of +2.92% (2021/22: the investment strategy gained +11.1% versus +13.0% from the benchmark). However, over the longer-term three and five year horizon, performance of the Charities Pool investments, as displayed in the table below, was above benchmark. With effect from 22 July 2022, the Charities Pool transferred its investments from the Artemis Income Fund to the Artemis Income (Exclusions) Fund, which is an unconstrained, multi-cap strategy that aims to generate a rising income stream combined with long-term capital growth. The Fund invests in UK equities and can also hold international equities and bonds. Shares in companies that derive more than 20% of their revenues from tobacco, gambling, weapons and fossil fuels are excluded.

	2022/23		2021/22	
	3 year	5 year	3 year	5 year
Fund	14.06%	5.64%	7.35%	6.16%
FTSE All Share	13.81%	5.04%	5.31%	4.69%
Fund outperformance	+0.25%	+0.60%	+2.04%	+1.47%

Funds held

The charity's total funds held increased by £1,745 (0.7%) to £245,075 as at 31 March 2023 (2021/22: total funds held increased by £21,987 (9.9%) to £243,330 as at 31 March 2022). Investment income was mostly offset by losses on investments held within the City of London Charities Pool based on valuations as at 31 March 2023 resulting in only a slight increase in funds held (2021/22: the increase in funds was largely due to gains of £9,809 on the investments held within the City of London Charities Pool based on valuations as at 31 March 2022).

The scheme granted by the Charity Commission on the 22 March 2022 released the restrictions relating to the permanent endowment funds of the associated charities.

Within the total funds held, £13,774 (2021/22: £13,860) represented permanent endowment funds which were transferred to the restricted fund.

The combined restricted funds amount to £231,216 (2021/22: £243,330) and are comprised of voluntary and investment income, and the released capital endowment funds. Any undistributed restricted income is held for use in future years in accordance with the objectives of the charity.

Income of £1,709 (2021/22: £1,502) arising from the capital held in the restricted funds was credited to the unrestricted fund and was offset by an equal amount of expenditure £1,709 (2021/22: £1,502).

Details of all funds held, including their purposes, is set out within note 9 to the financial statements.

Reserves policy

The charity holds an endowment fund, for which it maintains the capital base and uses the investment income in accordance with the objectives of the charity. Further to this, it holds a restricted fund which is utilised in accordance with the wishes of its donors. The free reserves of the charity are held to cover working capital needs. The trustee believes that an amount of £1,600 is required to be held as it represents 12 months of administration costs, which will be subject to annual review.

Current free reserves held are £231,215; this is above the minimum required, which is being factored into plans for future periods, including those noted on page 5.

Principal Risks and Uncertainties

The charity is committed to a programme of risk management as an element of its strategy to preserve the charity's assets. In order to embed sound practice the senior leadership team ensures that risk management policies are applied, that there is an on-going review of activity and that appropriate advice and support is provided. A key risk register has been prepared for the charity, which has been reviewed by the Trustee. This identifies the potential impact of key risks and the measures which are in place to mitigate such risks.

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	Unrestricted Funds £	Restricted Funds £	2022/23 Total Funds £	Comined 2021/22 Total Funds £
Income from:					
Voluntary income	2	-	6,997	6,997	7,320
Investments	3	1,709	7,245	8,954	11,519
Total income		1,709	14,241	15,950	18,839
Expenditure on:					
Charitable activities	4	1,709	7,452	9,161	6,661
Total expenditure		1,709	7,452	9,161	6,661
Net gains/ (losses) on investments	8	-	(5,044)	(5,044)	9,809
Net income/(expenditure) and net movement in funds		-	1,745	1,745	21,987
Reconciliation of total funds:					
Brought forward	7, 8	-	229,470	243,330	221,343
Carried forward	7, 8	-	231,215	245,075	243,330

All of the above results are derived from continuing activities.

There were no other recognised gains and losses other than those shown above.

The notes on pages 10 to 17 form part of these financial statements.

BALANCE SHEET**AS AT 31 MARCH 2023**

	Notes	2023 Total £	2022 Total £
Fixed assets:			
Investments	6	218,689	223,733
Total fixed assets		218,689	223,733
Current assets			
Cash at bank and in hand		26,386	19,597
Total current assets		26,386	19,597
Total net assets		245,075	243,330
The funds of the charity:			
Unrestricted funds	7, 8	-	-
Restricted funds	7, 8	245,075	243,330
Total funds		245,075	243,330

The notes on pages 10 to 17 form part of these financial statements.

Approved and signed on behalf of the Trustee.

Caroline Al-Beyerty

Chamberlain of London & Chief Financial Officer

XX December 2023

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

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

(a) Basis of preparation

The financial statements of the charity, which is a public benefit entity under FRS102, have been prepared under the historical cost convention and in accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (second edition effective 1 January 2019) and the Charities Act 2011.

(b) Going concern

The financial statements have been prepared on a going concern basis as the Trustee considers that there are no material uncertainties about the charity's ability to continue as a going concern. The charity only spends the income that is generated from donations and investments, so maintaining its capital base. The latest forecast anticipates that adequate funds will be available in the next five years to enable the charity to continue to fulfil its obligations.

In making this assessment, the Trustee has considered the current high inflationary pressures on the value of investment assets held, future income levels, expenditure requirements and the liquidity of the charity over the 12-month period from the date of the signed accounts. It has not identified any indication that the charity will not be able to meet liabilities, including planned commitments, as they fall due. The policy of only approving commitments from available income provides the flexibility to ensure the long-term viability of the charity despite previous reductions in investment values that occurred at the start of the pandemic. For this reason, the Trustee continues to adopt a going concern basis for the preparation of the financial statements.

(c) Key management judgements and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenditure. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of decisions about carrying values of assets and liabilities that are not readily apparent from other sources. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Management do not consider there to be any material revisions requiring disclosure.

(d) Statement of Cash Flows

As per section 14.1 of the Charities SORP the Charity is not required to produce a statement of cash flows on the grounds that it is a small entity.

(e) Income

All income is included in the Statements of Financial Activities (SOFA) when the charity is legally entitled to the income; it is more likely than not that economic benefit associated with the transaction will come to the charity and the amount can be quantified with reasonable certainty. Income consists of donations, investment income and interest.

(f) Expenditure

Expenditure is accounted for on an accruals basis and has been classified under the principal category of 'expenditure on charitable activities'. Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required, and the amount of the obligation can be measured reliably.

The charity does not employ any staff. Officers of the City Corporation provide additional administrative assistance to the charity when required. From 2021/22, the City Corporation, as Trustee, has taken a decision to seek full reimbursement for the administration incurred from each of its charities.

(g) Taxation

The charity meets the definition of a charitable trust for UK income tax purposes, as set out in Paragraph 1 Schedule 6 of the Finance Act 2010. Accordingly, the charity is exempt from UK taxation in respect of income or capital gains under part 10 of the Income Tax Act 2007 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

(h) Investments

Investments are made in the City of London Charities Pool (charity number 1021138) which is an investment mechanism operating in a similar way to a unit trust. This enables the City of London Corporation to pool small charitable investments together and consequently obtain better returns than would be the case if investments were made individually.

Investments are valued at bid-price. Gains and losses for the year on investments held as fixed assets are included in the Statement of Financial Activities.

(i) Funds structure

Income, expenditure, and gains/losses are allocated to particular funds according to their purpose:

Permanent endowment fund – this fund consisted of funds which were held in perpetuity for the benefit of the charity as a result of conditions imposed by the original donors and trusts. Income generated from the investments which represented these funds were able to be spent on the charitable purpose of the charity and were allocated to the restricted income fund. Gains/losses on the underlying assets remained as part of the endowment.

As a result of the merger of the linked charities in 2022/23, the charity's fund structure has changed which has resulted in the transfer of all permanent endowment funds to the restricted funds which have been released from their endowment restrictions.

Restricted funds – these include income that is subject to specific restrictions imposed by donors, with related expenditure deducted when incurred.

The restricted funds now include the funds of the permanent endowment which have been released from their endowment restrictions.

Unrestricted funds – these funds can be used in accordance with the charitable objects at the discretion of the Trustee and include income generated by assets held within the permanent endowment funds.

(j) Insurance

The charity, elected Members, and staff supporting the charity's administration are covered by the City Corporation's insurance liability policies, and otherwise under the indemnity the City Corporation provides to Members and staff, funded from City's Cash.

2. INCOME FROM VOLUNTARY ACTIVITIES

	Restricted funds 2022/23 £	Restricted funds 2021/22 £
Donations and legacies	6,997	7,320

3. INCOME FROM INVESTMENTS

	Unrestricted funds £	Restricted funds £	Total 2022/23 £
Investment income	1,709	6,936	8,645
Interest	-	309	309
Total	1,709	7,245	8,954

	Unrestricted funds £	Restricted funds £	Total 2021/22 £
Investment income	1,502	9,945	11,447
Interest	-	72	72
Total	1,502	10,017	11,519

4. EXPENDITURE ON CHARITABLE ACTIVITIES

	Unrestricted funds		Restricted funds	Total
	Direct costs	Support costs	Direct costs	
	£		£	£
2022/23				
Prizes awarded	10	1,699	7,452	9,161
2021/22				
Prizes awarded	102	1,400	5,159	6,661

Charitable activities consist of 247 prizes awarded to individuals (2021/22: 277 prizes).

5. TRUSTEE'S EXPENSES

The members of the City of London Corporation acting on behalf of the Trustee did not receive any remuneration or reimbursement of expenses during 2022/23 (2021/22: nil).

6. INVESTMENTS

The investments are held in the City of London Corporation Charities Pool, a charity registered in the UK with the Charity Commission (charity number 1021138). The Charities Pool is a UK registered unit trust.

The value of investments held by the charity are as follows:

	Total 2023	Total 2022
	£	£
Market value 1 April	223,733	205,514
Additions	-	8,410
Gain / (loss) for the year	(5,044)	9,809
Market value 31 March	218,689	223,733
Cost 31 March	141,978	141,978
Units held in Charities Pool	24,140	24,140

The type of listed investments held as at 31 March was as follows:

	Total at 31 March 2023	Total at 31 March 2022
	£	£
Equities	207,186	207,402
Pooled Units	7,173	13,200
Cash held by Fund Manager	4,330	3,131
Total	218,689	223,733

7. ANALYSIS OF NET ASSETS BY FUND

At 31 March 2022

	Unrestricted funds	Restricted funds	Total at 31 March 2023	Total at 31 March 2022
	£	£	£	£
Fixed assets - investments	-	218,689	218,689	223,733
Current assets	-	26,386	26,386	19,597
Total	-	245,075	245,075	243,330

At 31 March 2021

	Unrestricted funds	Restricted funds	Total at 31 March 2022	Total at 31 March 2021
	£	£	£	£
Fixed assets - investments	-	223,733	223,733	205,514
Current assets	-	19,597	19,597	15,829
Total	-	243,330	243,330	221,343

8. MOVEMENT IN FUNDS

At 31 March 2023	Total 1 April 2022 £	Income £	Expendi- ture £	Gains / (Losses) £	Total 31 March 2023 £
Unrestricted funds	-	1,709	(1,709)	-	-
Restricted funds	243,330	14,241	(7,452)	(5,044)	245,075
Total funds	243,330	15,950	(9,161)	(5,044)	245,075
		-	-	-	

At 31 March 2022	Total 1 April 2021 £	Income £	Expendi- ture £	Gains / (Losses) £	Total 31 March 2022 £
Unrestricted funds	-	1,502	(1,502)	-	-
Restricted funds	221,343	17,337	(5,159)	9,809	243,330
Total funds	221,343	18,839	(6,661)	9,809	243,330

A loss of £5,044 (2020/21: gain of £9,809) occurred on investments, based on valuations as at 31 March 2023.

Purpose of restricted funds

The purpose of this fund is to award prizes in various subjects, with any surplus income carried forward to be used in subsequent years. Awards are funded by donations and any investment income generated.

As a result of the merger of the linked charities in 2022/23, the charity's fund structure has changed which has resulted in the transfer of all permanent endowment funds to the restricted fund which have been released from their endowment restrictions.

Purpose of unrestricted funds

These funds can be used in accordance with the charitable objects at the discretion of the Trustee and include income generated by assets held within the permanent endowment funds.

9. MERGER

On 22 March 2022, the Charity Commission granted a further scheme, which altered and amended the 2011 scheme to merge the 23 individually held funds of any of those charities comprised in the Charities Administered ICW the CLFS which hold

permanent endowment, to release the capital from its endowment restrictions to create a single fund with consolidated objectives, known as the CLFS Prizes Fund.

The CLFS Prizes Fund is held in the restricted funds of the charity.

Analysis of principal SOFA components for 2022-23

	Restricted Fund £	Endowment Funds £	Restricted Fund (post-merger) £
Total income	15,950	-	15,950
Total expenditure	9,161	-	9,161
Net income/(expenditure)	6,790	-	6,790
Other gains/(losses)	(4,959)	(86)	(5,044)
Net movement in funds	1,831	(86)	1,745

Analysis of principal SoFA components for 2021-22

	Restricted Fund £	Endowment Funds £	Restricted Fund (post-merger) £
Total income	17,337	-	17,337
Total expenditure	5,159	-	5,159
Net income/(expenditure)	12,178	-	12,178
Other gains/(losses)	9,495	314	9,809
Net movement in funds	21,673	314	21,988
Total funds brought forward	207,797	13,546	221,343
Total funds carried forward	229,470	13,860	243,330

Analysis of net assets at the date of the merger

	Restricted Fund £	Endowment Funds £	Restricted Fund (post-merger) £
Net assets	231,301	13,774	245,075

10. RELATED PARTY TRANSACTIONS

The City Corporation is the sole Trustee of the charity, as described on page 2.

The charity is required to disclose information on related party transactions with bodies or individuals that have the potential to control or influence the charity. Members are required to disclose their interests, and these can be viewed online at www.cityoflondon.gov.uk.

Members and senior staff are requested to disclose all related party transactions, including instances where their close family has made such transactions.

Related party	Connected party	2022/23	2021/22	Detail of transaction
		£	£	
Charities Pool	The Trustee of the charity	8,645	11,447	Distribution from the Charities Pool
City of London Corporation	The City of London Corporation is the Trustee of the charity	1,699	1,400	Management and administration fees (charged for the first time in 2021/22)

REFERENCE AND ADMINISTRATION DETAILS

CHARITY NAME: Charities administered ICW the City of London Freeman's School

Registered charity number: 312120

PRINCIPAL OFFICE OF THE CHARITY & THE CITY CORPORATION:

Guildhall, London, EC2P 2EJ

TRUSTEE:

The Mayor and Commonalty & Citizens of the City of London

SENIOR MANAGEMENT:

Chief Executive

John Barradell OBE - the Town Clerk and Chief Executive of the City of London Corporation (retired 31 December 2022)

Ian Thomas CBE - the Town Clerk and Chief Executive of the City of London Corporation (appointed 1 January 2023)

Treasurer

Caroline Al-Beyerty - The Chamberlain & Chief Financial Officer of the City of London Corporation

Solicitor

Michael Cogher - the Comptroller and City Solicitor of the City of London Corporation

BANKERS:

Lloyds Bank Plc., P.O. Box 1000, BX1 1LT

INVESTMENT FUND MANAGERS:

Artemis Investment Management Limited, Cassini House, 57 St. James's Street, London, SW1A 1LD

Contact for The Chamberlain & Chief Financial Officer, to request copies of governance documents:

CHBOffice-BusinessSupport@cityoflondon.gov.uk

CLS Bursary and Awards Fund

Annual Report and Financial Statements for the year
ended 31 March 2023

Charity registration number 276654

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ORIGINS OF THE CHARITY

The City of London School Bursary Fund charity, and the various individual governing documents of City of London School Scholarships and Prizes Fund, were registered on 22 September 1978. The governing documents were replaced on 4 November 2011 by the governing scheme approved by The Charity Commission for England and Wales.

The Charity Commission granted a further scheme on the 22 December 2020, which altered and amended the 2011 scheme to merge the Funds, the City of London School Bursary Fund, and the City of London School Scholarships and Prizes Fund, to create a single fund with consolidated objectives, known as the CLS Bursary and Awards Fund.

TRUSTEE'S ANNUAL REPORT

STRUCTURE AND GOVERNANCE

GOVERNING DOCUMENTS

The governing document for the CLS Bursary and Awards Fund (charity registration: 276654), is the amending Scheme approved by The Charity Commission for England on 22 December 2020. This Scheme replaced the governing scheme approved by the Charity Commission for England and Wales on 4 November 2011.

GOVERNANCE ARRANGEMENTS

The Mayor and Commonalty and Citizens of the City of London (also referred to as 'the City Corporation' or 'the City of London Corporation'), a body corporate and politic, is the Trustee of the CLS Bursary and Awards Fund. The City Corporation is Trustee acting by the Court of Common Council of the City of London in its general corporate capacity and that executive body has delegated responsibility in respect of the administration and management of this charity to the Board of Governors of the City of London School. In making appointments to committees, the Court of Common Council will take into consideration any particular expertise and knowledge of the elected Members, and where relevant, external appointees. External appointments are made after due advertisement and rigorous selection to fill gaps in skills. Members of the Court of Common Council are unpaid for support provided to the charity, and are elected by the electorate of the City of London

The key Committee which has responsibility for directly managing matters related to the charity is the Board of Governors of the City of London School, which is ultimately responsible to the Court of Common Council of the City of London. Committee are held at the Trustee's discretion in public (except where it is considered not to be in the charity's best interests to do so), supporting a decision-making process which is clear, transparent and publicly accountable.

The Trustee believes that good governance is fundamental to the success of the charity. A comprehensive review has been carried out to ensure that the charity is effective in fulfilling its objectives, with governance changes made and operational recommendations in progress. Reference is being made to the good practices recommended within the Charity Governance Code throughout this review to ensure regulatory compliance and the ongoing maintenance of an efficient and effective portfolio of charities that maximise impact for beneficiaries.

OBJECTIVES AND ACTIVITIES

The City of London School was established by Act of Parliament in 1834 although it can trace its history back to the 15th century. The School aims to provide a first-class education in the widest sense to pupils from a diverse range of cultural, ethnic, religious and economic backgrounds. The School's goal is to enable each boy to leave the School well equipped to go on to University and a fulfilling career. The School offers a broad, balanced curriculum aimed at promoting the intellectual, practical, and creative development of pupils.

Boys are admitted at 10+, 11+, 13+ and 16 and normally remain until 18 years of age after having taken Advanced-Level and Pre-U examinations.

The objective of the charity is the promotion of education (including physical education) by the provision of:

- (a) bursaries and other forms of financial assistance for fees and/or other costs incurred through attendance at the School to enable pupils to further their education at the School; and
- (b) scholarships, prizes or other suitable rewards or marks of distinction to pupils and former pupils of the School and pupils of other schools with whom the school has cooperated under clause 4(14) of the governing document.

INVESTMENT POLICY

The charity's investments are held in units of the City of London Charities Pool (registered charity 1021138). The investment policy is to provide a real increase in annual income in the long term whilst preserving the value of the capital base. The annual report and financial statements of the Charities Pool (which include an analysis of investment performance against objectives set) are available from the Chamberlain of London & Chief Financial Officer, at the email address stated on page 19.

POLICY ON GRANT MAKING

The charity has established their grant making policy to achieve their objects, as laid out above, for the public benefit. Applications are assessed via a robust process to ensure the proposed activities for funding will be supported by adequate and appropriate resources and will be used only for activities that match the charity's criteria. The assessment, management and oversight of the charity's grant making is provided by the City of London School, which is part of the City of London Corporation. Grants are recognised in the Statement of Financial Activities when they have been approved by the Trustee and notified to the Beneficiaries.

PUBLIC BENEFIT STATEMENT

The Trustee confirms that it has referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the CLS Bursary and Awards Fund's aims and objectives and in planning future activities. The purposes of the charity are as stated above.

Consequently, the Trustee considers that the CLS Bursary and Awards Fund operates to benefit the general public and satisfy the public benefit test.

REFERENCE AND ADMINISTRATIVE DETAILS

The administrative details of the charity are stated on page 19.

ACHIEVEMENTS AND PERFORMANCE

The target for 2022/23 was to continue to contribute towards fees of pupils at the City of London School where financial hardship would cause the pupil to be unable to enter

or continue at the School. In line with this, 4 bursaries (2021/22: 13 bursaries) were awarded during the year amounting to £65,628 (2021/22: £233,010). A number of bursary pupils left the school during 22/23 so further applications are to be considered for bursary funding for future periods.

PLANS FOR FUTURE PERIODS

The objective for future periods is to continue to contribute towards the tuition fees payable to the City of London School for pupils who, but for financial assistance, would not be able to continue at or enter the School.

The Trustee does not consider there to be any material uncertainty around going concern and further detail regarding this is set out on page 12.

FINANCIAL REVIEW

Overview of Financial Performance

Income

In 2022/23, the charity's total income for the year was £153,973, an overall reduction of £48,908 against the previous year (2021/22: £202,881).

The key contributor to income was from investments, made up of investment income of £149,282 (2021/22: £201,143) from funds held in the Charities Pool which have fallen in value since the previous year, reflecting the impact of the ESG exclusions adopted by the Pool. Performance is expected to recover in the medium term. Income is also comprised of £4,691 (2021/22: £1,738) from interest on cash balances.

Expenditure

Total expenditure for the year was £72,274 (2021/22: £241,560), of which £65,628 was bursary awards, with £6,646 of support costs (2021/22: £233,010 was bursary awards, with £8,550 of support costs).

Investments performance

Over the course of 2022/23 the Charities Pool investment strategy delivered an absolute return (gross of fees) of +2.22% which was below the FTSE All Share Index benchmark return of +2.92% (2021/22: the investment strategy gained +11.1% versus +13.0% from the benchmark). However, over the longer-term three and five year horizon, performance of the Charities Pool investments, as displayed in the table below, was above benchmark.

With effect from 22 July 2022, the Charities Pool transferred its investments from the Artemis Income Fund to the Artemis Income (Exclusions) Fund, which is an unconstrained, multi-cap strategy that aims to generate a rising income stream combined with long-term capital growth. The Fund invests in UK equities and can also hold international equities and bonds. Shares in companies that derive more than 20% of their revenues from tobacco, gambling, weapons and fossil fuels are excluded. The transfer has resulted in a decrease in value of the Pool but performance is expected to recover in the medium term.

	2022/23		2021/22	
	3 year	5 year	3 year	5 year
Fund	14.06%	5.64%	7.35%	6.16%
FTSE All Share	13.81%	5.04%	5.31%	4.69%
Fund outperformance	+0.25%	+0.60%	+2.04%	+1.47%

Funds held

The charity's total funds held reduced by £5,584 to £4,051,610 as at 31 March 2023 (2021/22: total funds held increased by £134,774 to £4,057,194).

Within the total funds held, £3,806,634 (2021/22: £3,891,035) represent permanent and expendable endowment funds. The permanent endowment is held to generate

income that is accounted for within unrestricted income funds for the primary objectives of the charity.

Unrestricted income was made up of Investment income of £149,282 (2021/22: £201,143) and interest of £4,691 (2021/22: £1,738), with unrestricted expenditure of £72,274 (2021/22: £241,560). The unrestricted general funds held were £244,976 (2021/22: £166,159). Any undistributed income is held for use in future years in accordance with the objectives of the charity.

Details of the funds held, including their purpose, are set out within note 10 to the financial statements.

Reserves policy

The reserves policy is to maintain the restricted and endowment funds of the charity in investments in the Charities Pool administered by the City of London Corporation and use the investment income together with other funds, in accordance with the objectives of the charity. The Trustee also has the discretion to distribute the expendable endowment, in addition to the unrestricted fund, as bursaries, prizes and other forms of financial assistance should they deem this is appropriate. The Trustee believes that an amount of at least £7,000 should be held at present to meet future working capital needs, representing 12 months of administration and independent examination fees. Current free reserves held are £244,976, being unrestricted general funds; this is above the minimum level required and is being factored into plans for future periods including those noted on page 4.

Principal Risks and Uncertainties

The charity is committed to a programme of risk management as an element of their strategies to preserve the charity's assets. In order to embed sound practice the senior leadership team ensures that risk management policies are applied, that there is an on-going review of activity and that appropriate advice and support is provided. A key risk register has been prepared for the charity, which has been reviewed by the Trustee. This identifies the potential impact of key risks and the measures which are in place to mitigate such risks.

TRUSTEE'S RESPONSIBILITIES

The Trustee is responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Charity law requires the Trustee to prepare the financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under charity law the Trustee must not approve the financial statements unless the Trustee is satisfied that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period. In preparing these financial statements, the Trustee is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustee is responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable the Trustee to ensure that the financial statements comply with the Charities Act 2011. The Trustee is also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustee is aware:

- there is no relevant audit information of which the charity's auditors are unaware; and
- the Trustee has taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Financial statements are published on the Trustee's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Trustee's website is the responsibility of the Trustee. The Trustee's responsibility also extends to the ongoing integrity of the financial statements contained therein.

Adopted and signed for on behalf of the Trustee.

Henry Nicholas Almroth Colthurst, Deputy
Chairman of Finance Committee of
The City of London Corporation

Randall Keith Anderson, Deputy
Deputy Chairman of Finance
Committee of The City of London
Corporation

Guildhall, London

XX December 2023

INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEE OF THE CLS BURSARY AND AWARDS FUND

Awaiting report from Crowe

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	Unrestricted Funds £	Endowment Funds £	2022/23 Total Funds £	2021/22 Total Funds £
Income and endowments from:					
Investments	2	153,973	-	153,973	202,881
Other	3	-	-	-	-
Total income		153,973	-	153,973	202,881
Expenditure on:					
Charitable activities	4, 5	72,274	-	72,274	241,560
Total expenditure		72,274	-	72,274	241,560
Net gain on investments	8	(2,724)	(84,401)	(87,125)	175,918
Fair Value Movements		(158)	-	(158)	(2,465)
Net income/(expenditure) and net movement in funds		78,817	(84,401)	(5,584)	134,774
Reconciliation of total funds:					
Brought forward	10,11	166,159	3,891,035	4,057,194	3,922,420
Carried forward	10,11	244,976	3,806,634	4,051,610	4,057,194

All of the above results are derived from continuing activities.

There were no other recognised gains and losses other than those shown above.

The notes on pages 12 to 18 form part of these financial statements.

BALANCE SHEET

AS AT 31 MARCH 2023

	Notes	2023 Total £	2022 Total £
Fixed assets:			
Investments	8	3,774,758	3,861,883
Total fixed assets		3,774,758	3,861,883
Current assets			
Cash at bank and in hand		298,728	254,096
Debtors		-	-
Total current assets		298,728	254,096
Creditors: Amounts falling due within one year	9	(21,876)	(58,785)
Net current assets		276,852	195,311
Total net assets		4,051,610	4,057,194
The funds of the charity:			
Expendable Endowment funds		3,500,303	3,577,634
Permanent Endowment Funds		306,331	313,401
Unrestricted funds		244,976	166,159
Total funds	10,11	4,051,610	4,057,194

The notes on pages 12 to 18 form part of these financial statements.

Approved and signed on behalf of the Trustee.

Caroline Al-Beyerty

Chamberlain of London & Chief Financial Officer

XX December 2023

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

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

(a) Basis of preparation

The financial statements of the charity, which is a public benefit entity under FRS102, have been prepared under the historical cost convention and in accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (second edition effective 1 January 2019) and the Charities Act 2011.

(b) Going concern

The financial statements have been prepared on a going concern basis as the Trustee considers that there are no material uncertainties about the charity's ability to continue as a going concern. The charity only spends the income that is generated from donations and investments, so maintaining its capital base.

In making this assessment, the Trustee has considered the potential ongoing impact of the Covid-19 pandemic and the current high inflationary pressures on the value of investment assets held, future income levels, expenditure requirements and the liquidity of the charity over the 12-month period from the date of the signed accounts. It has not identified any indication that the charity will not be able to meet liabilities, including planned commitments, as they fall due.

The policy of only approving commitments from available income provides the flexibility to ensure the long-term viability of the charity. For this reason, the Trustee continues to adopt a going concern basis for the preparation of the financial statements.

(c) Key management judgements and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenditure. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of decisions about carrying values of assets and liabilities that are not readily apparent from other sources. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the

1. ACCOUNTING POLICIES (CONTINUED)

estimate is revised and in any future periods affected. Management do not consider there to be any material revisions requiring disclosure.

(d) Statement of Cash Flows

As per section 14.1 of the Charities SORP the Charity is not required to produce a statement of cash flows on the grounds that it is a small entity.

(e) Income

All income is included in the Statements of Financial Activities (SOFA) when the charity is legally entitled to the income; it is more likely than not that economic benefit associated with the transaction will come to the charity and the amount can be quantified with reasonable certainty. Income consists of donations, investment income and interest.

(f) Expenditure

Expenditure is accounted for on an accruals basis and has been classified under the principal category of 'expenditure on charitable activities'. Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required, and the amount of the obligation can be measured reliably.

The charity does not employ any staff, however the costs of bursaries administration, incurred by the City of London Corporation, are charged to the charity.

Officers of the City Corporation provide additional administrative assistance to the charity when required. From 2021/22, the City Corporation, as Trustee, has taken a decision to seek full reimbursement for the administration incurred from each of its charities.

(g) Taxation

The charity meets the definition of a charitable trust for UK income tax purposes, as set out in Paragraph 1 Schedule 6 of the Finance Act 2010. Accordingly, the charity is exempt from UK taxation in respect of income or capital gains under part 10 of the Income Tax Act 2007 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

(h) Investments

Investments are made in the City of London Charities Pool (charity number 1021138) which is an investment mechanism operating in a similar way to a unit trust. This enables the City of London Corporation to "pool" small charitable investments together and consequently obtain better returns than would be the case if investments were made individually.

1. ACCOUNTING POLICIES (CONTINUED)

Investments are valued at bid-price. Gains and losses for the year on investments held as fixed assets are included in the Statement of Financial Activities.

(i) Funds structure

Income, expenditure and gains/losses are allocated to particular funds according to their purpose:

Permanent endowment fund – this fund consists of funds which are held in perpetuity for the benefit of the charity as a result of conditions imposed by the original donors and trusts. Income generated from the investments which represent these funds can be spent on the charitable purpose of the charity, hence is allocated to the expendable endowment fund. Gains/losses on the underlying assets remain as part of the endowment.

Expendable endowment fund – this fund consists of funds that are expendable as a result of conditions imposed by the original donors and trusts. Funds can also be invested to generate income which can be spent on the charitable purpose of the charity.

Unrestricted general funds - these funds can be used in accordance with the charitable objects at the discretion of the Trustee and include income generated by assets held within the permanent and expendable endowment funds.

(j) Insurance

The charity, elected Members and staff supporting the charity's administration are covered by the City Corporation's insurance liability policies, and otherwise under the indemnity the City Corporation provides to Members and staff, funded from City's Cash.

2. INCOME FROM INVESTMENTS

	Unrestricted funds 2022/23 £	Unrestricted funds 2021/22 £
Investment income	149,282	201,143
Interest	4,691	1,738
Total	153,973	202,881

3. EXPENDITURE ON CHARITABLE ACTIVITIES

	Unrestricted funds		Total	Total
	Direct costs	Support costs	2022/23	2021/22
	£	£	£	£
Bursaries awarded	65,628	6,646	72,274	241,560
Total	65,628	6,646	72,274	241,560

Charitable activities consist of 4 bursaries (2021/22: 13).

4. ANALYSIS OF SUPPORT COSTS

	Charitable activities	Governance costs	Total	Total
	£	£	2022/23	2021/22
			£	£
Management & administration fees	4,646	-	4,646	3,300
Auditor's fees	-	2,000	2,000	5,250
Sub-total	4,646	2,000	6,646	8,550
Reallocation of governance costs	2,000	(2,000)	-	-
Total support costs	6,646	-	6,646	8,434

5. INDEPENDENT EXAMINER'S REMUNERATION

From 2021/22, the City Corporation, as Trustee, seeks reimbursement for the fee incurred for the examination of each of its charities, which was previously funded by City's Cash. In 2022/23 a £2,000 independent examiner's fee was recharged (2021/22: £5,000).

No other services were provided to the charity by its examiners during the year.

6. TRUSTEE'S EXPENSES

The members of the City of London Corporation acting on behalf of the Trustee did not receive any remuneration or reimbursement of expenses during 2022/23 (2021/22: nil).

7. INVESTMENTS

The investments are held in the City of London Corporation Charities Pool, a charity registered in the UK with the Charity Commission (charity number 1021138). The Charities Pool is a UK registered unit trust.

The value of investments held by the charity are as follows:

	Total 2022/23 £	Total 2021/22 £
Market value 1 April	3,861,883	3,685,965
Disposals	-	-
Gain/Loss for the year	(87,125)	175,918
Market value 31 March	3,774,758	3,861,883
Total cost 31 March	2,245,793	2,245,793
Total units held in Charities Pool	416,870	416,870

The geographical spread of listed investments held as at 31 March was as follows:

	Held in the UK £	Held outside the £	Total at 31 March £	Held in the UK £	Held outside the £	Total at 31 March 2022 £
Equities	3,063,011	513,497	3,576,508	3,139,711	440,255	3,579,966
Pooled Units	123,684	-	123,684	227,851	-	227,851
Cash held by Fund Manager	74,566	-	74,566	54,066	-	54,066
Total	3,261,261	513,497	3,774,758	734,474	3,193,195	3,861,883

8. CREDITORS – AMOUNTS DUE WITHIN ONE YEAR

	Total 31 March 2023 £	Total 31 March 2022 £
Bursaries awarded	21,876	58,785
Total	21,876	58,785

9. ANALYSIS OF NET ASSETS BY FUND

At 31 March 2023

	Endowment			Total 31 March 2023	Total 31 March 2022
	Unrestricted funds	Permanent Funds	Expendable Funds		
	£	£	£		
Fixed assets - investments	118,032	306,331	3,350,395	3,774,758	3,861,883
Current assets	126,944	-	171,784	298,728	254,096
Current liabilities	-	-	(21,876)	(21,876)	(58,785)
Total	244,976	306,331	3,500,303	4,051,610	4,057,194

At 31 March 2022

	Endowment			Total 31 March 2022	Total 31 March 2021
	Unrestricted funds	Permanent Funds	Expendable Funds		
	£	£	£		
Fixed assets - investments	120,755	313,401	3,427,727	3,861,883	3,685,965
Current assets	45,404	-	208,692	254,096	324,335
Current liabilities	-	-	(58,785)	(58,785)	(87,880)
Total	166,159	313,401	3,577,634	4,057,194	3,922,420

10. MOVEMENT IN FUNDS

At 31 March 2023

	Total	Income	Expenditure	Gain	Fair value	Total 31 March 2023
	1 April 2022					
	£	£	£	£		£
Endowment funds:						
Expendable	3,577,634		-	(77,331)	-	3,500,303
Permanent	313,401			(7,070)	-	306,331
						-
Unrestricted funds:						
Designated funds	123,952	-	-	(2,724)	-	121,228
General funds	42,207	153,973	(72,274)	-	(158)	123,748
Total funds	4,057,194	153,973	(72,274)	(87,125)	(158)	4,051,610

At 31 March 2022

	Total	Income	Expenditure	Gain	Fair value	Total 1 April 2022
	1 April 2021					
	£	£	£	£		£
Endowment funds:						
Expendable	3,453,432	-	(31,867)	156,069	-	3,577,634
Permanent	299,125	-	-	14,276	-	313,401

Unrestricted funds:						-
Designated funds	118,379	-	-	5,573	-	123,952
General funds	51,484	202,881	(209,693)	-	(2,465)	42,207
Total funds	3,922,420	202,881	(241,560)	175,918	(2,465)	4,057,194

Purpose of endowment funds

The permanent endowment fund is held in perpetuity as a capital fund to generate income for the activities of the charity.

The expendable endowment fund is invested as a capital fund to generate income for the activities of the charity, including support in the form of bursaries and other forms of financial assistance in accordance with the objectives of the charity.

Purpose of unrestricted income funds

A designated fund is held by the charity, being the bequest from the estate of Rodney FitzGerald. The purpose of this designation is to provide support in the form of bursaries to students with sporting ability.

The unrestricted general funds held within the charity can be used in accordance with the charitable objects at the discretion of the Trustee and include income generated by assets held within the permanent and expendable endowment funds.

11. RELATED PARTY TRANSACTIONS

The City Corporation is the sole Trustee of the charity, as described on page 2.

The charity is required to disclose information on related party transactions with bodies or individuals that have the potential to control or influence the charity. Members are required to disclose their interests, and these can be viewed online at www.cityoflondon.gov.uk.

Members and senior staff are requested to disclose all related party transactions, including instances where their close family has made such transactions.

Related party	Connected party	2022/23 £	2021/22 £	Detail of transaction
Charities Pool	The Trustee of the charity	149,282	201,143	Distribution from the Charities Pool
City of London Corporation	The Trustee of the Charity	(6,646)	(8,550)	Support Costs

REFERENCE AND ADMINISTRATION DETAILS

CHARITY NAME & NUMBER:

CLS Bursary and Awards Fund (276654).

PRINCIPAL OFFICE OF THE CHARITIES & THE CITY CORPORATION:

Guildhall, London, EC2P 2EJ

TRUSTEE:

The Mayor and Commonalty & Citizens of the City of London

SENIOR MANAGEMENT:

Chief Executive

John Barradell OBE - the Town Clerk and Chief Executive of the City of London Corporation (retired 31 December 2022)

Ian Thomas CBE - the Town Clerk and Chief Executive of the City of London Corporation (appointed 6 February 2023)

Treasurer

Caroline Al-Beyerty - The Chamberlain & Chief Financial Officer of the City of London Corporation

Solicitor

Michael Cogher - The Comptroller and City Solicitor of the City of London Corporation

INDEPENDENT EXAMINERS:

Crowe UK LLP, 55 Ludgate Hill London EC4M 7JW

BANKERS:

Lloyds Bank Plc., P.O. Box 1000, BX1 1LT

INVESTMENT ADVISORS:

Artemis Investment Management Limited, Cassini House, 57 St. James's Street, London, SW1A 1LD

Contact for The Chamberlain & Chief Financial Officer, to request copies of governance documents:

CHBOffice-BusinessSupport@cityoflondon.gov.uk

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City of London School for Girls (CLSG) Bursary Fund

Incorporating:

City of London School for Girls (CLSG) Scholarships
and Prizes Fund

Annual Report and Financial Statements for the year
ended 31 March 2023

Charity registration numbers 276251 and 276251-5

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ORIGINS OF THE CHARITY

The governing document for the City of London School for Girls Bursary Fund (charity registration 276251; charity 1), incorporating the City of London School for Girls Scholarships and Prizes Fund (charity registration 276251-5; charity 2) is the Scheme approved by The Charity Commission for England and Wales on 1 December 2011. This Scheme replaced the previous charitable trust deed dated 29 June 1978, subsequently amended 28 June 1990, 23 December 1997 and 30 November 1999, for the City of London School for Girls Bursary Fund, and the various individual governing documents of the City of London School for Girls Scholarships and Prizes Fund.

TRUSTEE'S ANNUAL REPORT

STRUCTURE AND GOVERNANCE

GOVERNING DOCUMENTS

The governing document for the City of London School for Girls Bursary Fund (charity registration 276251; charity 1), incorporating the City of London School for Girls Scholarships and Prizes Fund (charity registration 276251-5; charity 2) is the Scheme approved by The Charity Commission for England and Wales on 1 December 2011. This Scheme replaced the previous charitable trust deed dated 29 June 1978, subsequently amended 28 June 1990, 23 December 1997 and 30 November 1999, for the City of London School for Girls Bursary Fund, and the various individual governing documents of the City of London School for Girls Scholarships and Prizes Fund. The charity is constituted as a charitable trust.

This scheme further directs that the City of London School for Girls Scholarships and Prizes Fund shall be treated as forming part of the City of London School for Girls Bursary Fund solely for the purpose of Part II (registration) and Part VI (accounting) of the Charities Act 2011.

GOVERNANCE ARRANGEMENTS

The Mayor and Commonalty and Citizens of the City of London (also referred to as 'the City Corporation' or 'the City of London Corporation'), a body corporate and politic, is the Trustee of the City of London School for Girls Bursary Fund and the City of London School for Girls Scholarships and Prizes Fund. The City Corporation is Trustee acting by the Court of Common Council of the City of London in its general corporate capacity and that executive body has delegated responsibility in respect of the administration and management of these charities to the Board of Governors of the City of London School for Girls. In making appointments to committees, the Court of Common Council will take into consideration any particular expertise and knowledge of the elected Members, and where relevant, external appointees. External appointments are made after due advertisement and rigorous selection to fill gaps in skills. Members of the Court of Common Council are unpaid for support provided to the charity and are elected by the electorate of the City of London.

The key Committee which has responsibility for directly managing matters related to the charity is the Board of Governors of the City of London School for Girls, which is ultimately responsible to the Court of Common Council of the City of London.

Committee meetings are held at the Trustee's discretion in public (except where it is considered not to be in the charity's best interests to do so), supporting a decision-making process which is clear, transparent and publicly accountable.

The Trustee believes that good governance is fundamental to the success of the charity. A comprehensive review of governance has been completed and recommendations are being implemented to ensure that the charity is effective in fulfilling its objectives. Reference was made to the good practices recommended within the Charity Governance Code during this review, with a focus on ensuring

regulatory compliance and the ongoing maintenance of an efficient and effective portfolio of charities that maximise impact for beneficiaries.

ORGANISATIONAL STRUCTURE AND DECISION-MAKING PROCESS

The charity is administered in accordance with its governing instruments and the City Corporation's own corporate governance and administration framework, including Committee Terms of Reference, Standing Orders, Financial Regulations and Officer Scheme of Delegations. These governance documents can be obtained via a request to the email address stated on page 31.

Each Member by virtue of their membership of the Court of Common Council, its relevant committees and sub-committees, has a duty to support the City Corporation in the proper exercise of its functions and in meeting its duties as Trustee of the charity by faithfully acting in accordance with charity law, the Terms of Reference of the relevant committee or sub-committee, and the City of Corporation's agreed corporate governance framework as noted above, backed up by its standards regime.

INDUCTION AND TRAINING OF MEMBERS

The City Corporation makes available to its Members, seminars and briefings on various aspects of its activities, including those concerning the charity, to enable Members to carry out their duties efficiently and effectively. Induction meetings are provided on specific aspects of the work of City of London School for Girls Bursary Fund. If suitable seminars or other training options are identified that are relevant to the charity, Members are advised of these opportunities.

OBJECTIVES AND ACTIVITIES

City of London School for Girls Bursary Fund (Charity 1)

The objective of the charity is the promotion of education (including physical training) by the provision of bursaries and other forms of financial assistance for fees and/or other costs incurred through attendance at the School to enable pupils to further their education at the School by, for example, providing financial assistance to those who:

- (1) would not be able to enter the School having been accepted; or
- (2) having commenced education at the School would not be able to continue their education at the School.

City of London School for Girls Scholarships and Prizes Fund (Charity 2)

The objective of the charity is to further the education (including physical training) of pupils attending the School, former pupils of the School or pupils of other schools with whom the School has cooperated under clause 7(11) of this Scheme, by the provision of scholarships, prizes or other suitable rewards or marks of distinction.

INVESTMENT POLICY

The charity's investments are held in units of the City of London Charities Pool (registered charity 1021138). The investment policy is to provide a real increase in

annual income in the long term whilst preserving the value of the capital base. The annual report and financial statements of the Charities Pool (which include an analysis of investment performance against objectives set) are available from the Chamberlain of London & Chief Financial Officer, at the email address stated on page 31.

FUNDRAISING

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. The legislation defines fundraising as “soliciting or otherwise procuring money or other property for charitable purposes”. Such amounts receivable are presented in the financial statements as “voluntary income” including grants.

In relation to the above we confirm that all solicitations are managed internally, without involvement of commercial participators or professional fund-raisers, or third parties. The day to day management of all income generation is delegated to the executive team, who are accountable to the Trustee. The charity is not bound by any regulatory scheme and does not consider it necessary to comply with any voluntary code of practice.

The charity has received no complaints in relation to fundraising activities in the current year (2021/22: nil).

POLICY ON GRANT MAKING

The charity has established its grant making policies to achieve its objects, as laid out above, for the public benefit. Applications are assessed via a robust process to ensure the proposed activities for funding will be supported by adequate and appropriate resources and will be used only for activities that match the charity’s criteria. The assessment, management and oversight of the charity’s grant making is provided by the City of London School for Girls, the Bursar and the Chamberlain’s, which is an internal department of The City of London Corporation. Grants are recognised in the Statement of Financial Activities when they have been approved by the Trustee and notified to the Beneficiaries.

PUBLIC BENEFIT STATEMENT

The Trustee confirms that it has referred to the guidance contained in the Charity Commission’s general guidance on public benefit when reviewing the City of London School for Girls Bursary Fund and the City of London School for Girls Scholarships and Prizes Fund’s aims and objectives and in planning future activities. The purposes of the charity are as stated above.

Consequently, the Trustee considers that the City of London School for Girls Bursary Fund and the City of London School for Girls Scholarships and Prizes Fund operate to benefit the general public and satisfy the public benefit test.

REFERENCE AND ADMINISTRATIVE DETAILS

The administrative details of the charity are stated on page 31.

ACHIEVEMENTS AND PERFORMANCE

- 1) The aim for the City of London School for Girls Bursary Fund (charity 1) during 2022/23 was to continue to contribute towards the fees payable to the School of pupils who, but for financial assistance, having commenced at the school, would be unable to continue at, or to enter the school having been accepted. In accordance with this aim 56 bursaries were awarded during the year amounting to £1,059,319 with support costs of £34,938 (2021/22: 66 bursaries were awarded during the year amounting to £992,380 with support costs of £13,379). Support costs include the funding of a Bursary Access Officer to support the facilitation of the Bursary Fund.
- 2) The aim for the City of London School for Girls Scholarships and Prizes Fund (charity 2) during 2022/23 was to continue to assist children to study various subjects at the School and to assist in further education. In 2022/23, 22 prizes were allocated from this fund amounting to £1,885 (2021/22: 22 prizes were allocated from this fund amounting to £2,050).

PLANS FOR FUTURE PERIODS

The objective for 2022/23 is to continue to contribute towards the tuition fees payable to the City of London School for Girls for pupils who, but for financial assistance, would not be able to continue at or enter the School.

The Trustee has authorised in principle the merger of the City of London School for Girls Bursary Fund (Charity 1) and the City of London School for Girls Scholarships and Prizes Fund (Charity 2) following a review. This was with a view to improving the impact and effectiveness of the charitable funds held by the two charities through their rationalisation into one charity and the added flexibility in how the funds might be applied, whether through bursaries, scholarships or in providing other support to beneficiaries. Public consultation on the proposals was undertaken and the decision will be implemented once the relevant provisions of the new Charities Act are in place.

The Trustee does not consider there to be any material uncertainty around going concern and further detail regarding this is set out on page 16.

FINANCIAL REVIEW

Overview of Financial Performance

Income

In 2022/23 the charity's total income for the year was £1,062,218, an overall increase of £97,810 against the previous year (2021/22: £964,408, an overall increase of £28,830 against the previous year).

The key contributor to income was from voluntary income, amounting to £885,560 (2021/22: £737,111), an increase against the previous year primarily due to a large donation received from a legacy. The charity received further notable income from

managed investments of £176,658 (2021/22: £227,247). The reduction in investment income in 2022/23 was due to a decrease in dividends from the Charities Pool.

Expenditure

Total expenditure for the year was £1,096,143, of which £1,061,205 was bursary awards with £34,938 for support costs; an overall increase of £90,384 against the previous year (2021/22: total expenditure for the year was £1,005,759). This was due to an increase in tuition fees and therefore the bursary funding amounts, and an increase in support costs due to the funding of a Bursary Access Officer to support the facilitation of the Bursary Fund (support costs in 2021/22 were £13,379).

Investments performance

Over the course of 2022/23 the Charities Pool investment strategy delivered an absolute return (gross of fees) of +2.22% which was below the FTSE All Share Index benchmark return of +2.92% (2021/22: the investment strategy gained +11.1% versus +13.0% from the benchmark). However, over the longer-term three and five year horizon, performance of the Charities Pool investments, as displayed in the table below, was above benchmark. With effect from 22 July 2022, the Charities Pool transferred its investments from the Artemis Income Fund to the Artemis Income (Exclusions) Fund, which is an unconstrained, multi-cap strategy that aims to generate a rising income stream combined with long-term capital growth. The Fund invests in UK equities and can also hold international equities and bonds. Shares in companies that derive more than 20% of their revenues from tobacco, gambling, weapons and fossil fuels are excluded.

	2022/23		2021/22	
	3 year	5 year	3 year	5 year
Fund	14.06%	5.64%	7.35%	6.16%
FTSE All Share	13.81%	5.04%	5.31%	4.69%
Fund outperformance	+0.25%	+0.60%	+2.04%	+1.47%

Funds held

The charity's total funds held reduced by £131,573 to £4,807,859 as at 31 March 2023 (2021/22: the charity's total funds held increased by £151,469 to £4,939,432). This is largely due to a loss of £97,313 (2021/22: gains of £196,488) on the investments held within the City of London Charities Pool based on valuations as at 31 March 2023.

Funds are represented mainly by permanent and expendable endowment funds. The endowment is held to generate income for the objectives of the charity and the expendable endowment funds are also used for the primary objectives of the charity.

Income of £176,658 arising from the investments held in the endowment funds was recognised in the unrestricted fund (2021/22: £227,247) and expenditure of £930,361 was met from this fund (2021/22: £920,794). The remaining balance of the fund was £35,909 as at 31 March 2023 (2021/22: £37,358).

Restricted voluntary income of £92,633 was received during 2022/23 (2021/22: £89,733) and was offset by expenditure. All other donations and match funding received were unrestricted income.

Details of the funds held, including their purpose, is set out within notes 12 and 13 to the financial statements.

Reserves policy

The reserves policy is to maintain the endowment funds of the charity in investments in the Charities Pool administered by the City of London Corporation and use the donations and investment income together with other funds, in accordance with the objectives of the charity. The Trustee also has the discretion to distribute the expendable endowment as bursaries, prizes and other forms of financial assistance should they deem this is appropriate. The free reserves of the charity are held to cover working capital needs. The trustee believes that an amount of at least £35,910 should be held at present, representing 12 months of administration and external audit fees, which will be subject to annual review. Current free reserves held are within the target range (see note 13).

Principal Risks and Uncertainties

The charity is committed to a programme of risk management as an element of its strategies to preserve the charity's assets. In order to embed sound practice the senior leadership team ensures that risk management policies are applied, that there is an on-going review of activity and that appropriate advice and support is provided. A key risk register has been prepared for the charity, which has been reviewed by the Trustee. This identifies the potential impact of key risks and the measures which are in place to mitigate such risks.

The principal risks faced by the charity, and actions taken to manage them are as follows:

Risk	Actions to manage risks
The income from investments in the Charities Pool may decline.	Funds are managed by professional fund manager. Monitoring of the fund manager's performance is carried out by the Chamberlain & Chief Financial Officer and the Financial Investment Board.
Funding from the City may be reduced following change in its budget policy which could result in serious impact on the charity and lead to adverse user reaction and bad publicity.	Timely representation to be made to the City Corporation if budget policy provides a risk to charity's income. The school will continue to pursue additional sources of funding for the charity.

TRUSTEE'S RESPONSIBILITIES

The Trustee is responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Charity law requires the Trustee to prepare the financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under charity law the Trustee must not approve the financial statements unless the Trustee is satisfied that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period. In preparing these financial statements, the Trustee is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustee is responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable the Trustee to ensure that the financial statements comply with the Charities Act 2011. The Trustee is also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustee is aware:

- there is no relevant audit information of which the charity's auditors are unaware; and
- the Trustee has taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Financial statements are published on the Trustee's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Trustee's website is the responsibility of the Trustee. The Trustee's responsibility also extends to the ongoing integrity of the financial statements contained therein.

Adopted and signed for on behalf of the Trustee.

Henry Nicholas Almroth Colthurst, Deputy

Randall Keith Anderson, Deputy

Chairman of Finance Committee of
The City of London Corporation

Deputy Chairman of Finance
Committee of The City of London
Corporation

Guildhall, London

XX December 2023

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF THE CITY OF LONDON SCHOOL FOR GIRLS BURSARY FUND INCORPORATING CITY OF LONDON SCHOOL FOR GIRLS SCHOLARSHIPS AND PRIZES FUND

Awaiting report from Crowe

Awaiting report from Crowe

Awaiting report from Crowe

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	Unrestricted Funds	Restricted Funds £	Endowment Funds £	2022/23 Total Funds £	2021/22 Total Funds £
Income and endowments from:						
Voluntary income	2	787,527	98,033	-	885,560	737,111
Investments	3	176,658	-	-	176,658	227,247
Other	4	-	-	-	-	50
Total income		964,185	98,033	-	1,062,218	964,408
Expenditure on:						
Charitable activities	5,6	965,298	92,633	38,212	1,096,143	1,005,759
Total expenditure		965,298	92,633	38,212	1,096,143	1,005,759
Net gains / (losses) on investments	9	-	-	(97,313)	(97,313)	196,488
Fair Value Movements		(335)	-	-	(335)	(3,668)
Net income/(expenditure) and net movement in funds	12,13	(1,448)	5,400	(135,525)	(131,573)	151,469
Reconciliation of total funds:						
Brought forward		37,358	159,314	4,742,760	4,939,432	4,787,963
Carried forward	12,13	35,910	164,714	4,607,235	4,807,859	4,939,432

All of the above results are derived from continuing activities.

There were no other recognised gains and losses other than those shown above.

The notes on pages 16 to 30 form part of these financial statements.

BALANCE SHEET

AS AT 31 MARCH 2023

	Notes	2023 Total £	2022 Total £
Fixed assets:			
Investments	9	4,216,117	4,313,429
Total fixed assets		4,216,117	4,313,429
Current assets			
Debtors	10	139,936	66,277
Cash at bank and in hand		834,799	898,121
Total current assets		974,735	964,398
Creditors: Amounts falling due within one year	11	(382,993)	(338,395)
Net current assets		591,742	626,003
Total net assets		4,807,859	4,939,432
The funds of the charity:			
Endowment funds		4,607,235	4,742,760
Restricted funds		164,714	159,314
Unrestricted funds		35,910	37,358
Total funds	12,13	4,807,859	4,939,432

The notes on pages 16 to 30 form part of these financial statements.

Approved and signed on behalf of the Trustee.

Caroline Al-Beyerty

Chamberlain of London & Chief Financial Officer

XX December 2023

CASH FLOW STATEMENT

AS AT 31 MARCH 2023

	Notes	2022/23 Total £	2021/22 Total £
Cash flows from operating activities:			
Net cash (used in)/provided by operating activities	14	(239,980)	(260,196)
Cash flows from investing activities:			
Dividends, interest and income from investments		176,658	227,247
Decrease in cash in the year		(63,322)	(32,949)
Change in cash and cash equivalents in the reporting period		(63,322)	(32,949)
Cash and cash equivalents at the beginning of the reporting period		898,121	931,070
Cash and cash equivalents at the end of the reporting period		834,799	898,121

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

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

(a) Basis of preparation

The financial statements of the charity, which is a public benefit entity under FRS102, have been prepared under the historical cost convention and in accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (second edition effective 1 January 2019) and the Charities Act 2011.

(b) Going concern

The financial statements have been prepared on a going concern basis as the Trustee considers that there are no material uncertainties about the charity's ability to continue as a going concern. The charity only spends the income that is generated from donations and investments, so maintaining its capital base.

In making this assessment, the Trustee has considered the current high inflationary pressures on the value of investment assets held, future income levels, expenditure requirements and the liquidity of the charity over the 12-month period from the date of the signed accounts. It has not identified any indication that the charity will not be able to meet liabilities, including planned commitments, as they fall due.

The policy of only approving commitments from available income provides the flexibility to ensure the long-term viability of the charity. For this reason, the Trustee continues to adopt a going concern basis for the preparation of the financial statements.

(c) Key management judgements and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenditure. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of decisions about carrying values of assets and liabilities that are not readily apparent from other sources. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the

estimate is revised and in any future periods affected. Management do not consider there to be any material revisions requiring disclosure.

(d) Income

All income is included in the Statements of Financial Activities (SOFA) when the charity is legally entitled to the income; it is more likely than not that economic benefit associated with the transaction will come to the charity and the amount can be quantified with reasonable certainty. Income consists of donations, managed investment income and interest.

As part of the review of charities, a detailed review of the historic governing documents of the charity identified that the charity does not have the power of accumulation required to allocate incoming funds to the expendable endowment. As such the policy for recognising income and available expenditure for the current period has been updated to provide more reliable and relevant information that income received is unrestricted, and that all available unrestricted funds are spent on charitable purposes.

However, it is not practicable to amend this recognition over a longer period of time as it would require significant administrative time and cost which would outweigh the benefit and understanding provided to the users of the accounts, given that expenditure out of the expendable endowment has historically been at a similar level to the income received and therefore the net impact on the funds held would be unlikely to be significant.

(e) Expenditure

Expenditure is accounted for on an accruals basis and has been classified under the principal category of 'expenditure on charitable activities'. Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required, and the amount of the obligation can be measured reliably.

The charity does not employ any staff, however the costs of administering the charity (including audit fees), are incurred by the City of London Corporation and recharged to the charity.

(f) Taxation

The charity meets the definition of a charitable trust for UK income tax purposes, as set out in Paragraph 1 Schedule 6 of the Finance Act 2010. Accordingly, the charity is exempt from UK taxation in respect of income or capital gains under part 10 of the Income Tax Act 2007 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

(g) Investments

Investments are made in the City of London Charities Pool (charity number 1021138) which is an investment mechanism operating in a similar way to a unit trust. This enables the City of London Corporation to pool small charitable investments together and consequently obtain better returns than would be the case if investments were made individually.

Investments are valued at bid-price. Gains and losses for the year on investments held as fixed assets are included in the Statement of Financial Activities.

(h) Funds structure

Income, expenditure and gains/losses are allocated to particular funds according to their purpose:

Permanent endowment fund – this fund consists of funds which are held in perpetuity for the benefit of the charity as a result of conditions imposed by the original donors and trusts. Income generated from the investments which represent these funds can be spent on the charitable purpose of the charity, hence is allocated to the expendable endowment fund. Gains/losses on the underlying assets remain as part of the permanent endowment.

Expendable endowment fund – this fund consists of funds that are expendable as a result of the charity's governing Scheme. Funds can also be invested to generate income which can be spent on the charitable purpose of the charity.

Restricted funds – these include income that is subject to specific restrictions imposed by donors, with related expenditure deducted when incurred.

Unrestricted funds – these funds can be used in accordance with the charitable objects at the discretion of the Trustee and include income generated by assets held within the expendable endowment fund.

(i) Insurance

The charity, elected Members and staff supporting the charity's administration are covered by the City Corporation's insurance liability policies, and otherwise under the indemnity the City Corporation provides to Members and staff, funded from City's Cash.

2. INCOME FROM VOLUNTARY ACTIVITIES

	Unrestricted funds 2022/23 £	Restricted funds 2022/23 £	Total 2022/23 £
Charity 1 - CLSG Bursary Fund			
Donations and legacies	677,527	98,033	775,560
City of London Corporation match-funding	110,000	-	110,000
Total	787,527	98,033	885,560

	Unrestricted funds 2021/22 £	Restricted funds 2021/22 £	Total 2021/22 £
Charity 1 - CLSG Bursary Fund			
Donations and legacies	278,582	89,733	368,315
City of London Corporation match-funding	368,795	-	368,795
Total	647,378	89,733	737,111

Voluntary income consists of donations from individuals and organisations which are then match-funded by the City of London Corporation up to a maximum of 1/3 of the school's support income allocation. The match-funded value is included within Note 15 Related Party Transactions.

3. INCOME FROM INVESTMENTS

	Unrestricted funds 2022/23 £	Unrestricted funds 2021/22 £
Charity 1 - CLSG Bursary Fund		
Investment income	163,235	219,942
Interest	9,072	2,374
Total	172,307	222,316
Charity 2 - CLSG Scholarships and Prizes Fund		
Investment income	3,502	4,719
Interest	849	212
Total	4,351	4,931
Charities 1 & 2 total		
Investment income	166,737	224,661
Interest	9,921	2,586
Total - charities 1 and 2	176,658	227,247

4. OTHER INCOME

	Unrestricted funds 2022/23 £	Unrestricted funds 2021/22 £
Charity 1 - CLSG Bursary Fund		
Other Income	-	50
Total	-	50

5. EXPENDITURE ON CHARITABLE ACTIVITIES

	Unrestricted		Restricted Direct costs £	Endowment	Total 2022/23 £
	Direct costs £	Support costs £		funds Direct costs £	
Charity 1 - CLSG Bursary					
Bursaries awarded	928,475	34,938	92,633	38,212	1,094,258
Total	928,475	34,938	92,633	38,212	1,094,258

Charity 2 - CLSG Scholarships and Prizes Fund

Prizes	1,885	-	-	-	1,885
Total	1,885	-	-	-	1,885

Charities 1 & 2 total

Bursaries awarded	928,475	34,938	92,633	38,212	1,094,258
Prizes	1,885	-	-	-	1,885
Total	930,360	34,938	92,633	38,212	1,096,143

	Unrestricted		Restricted Direct costs £	Endowment	Total 2021/22 £
	Direct costs £	Support costs £		funds Direct costs £	
Charity 1 - CLSG Bursary					
Bursaries awarded	905,805	13,379	84,965	-	1,004,149
Ancillary costs of education	-	-	-	-	-
Total	905,805	13,379	84,965	-	1,004,149

Charity 2 - CLSG Scholarships and Prizes

Prizes	1,610	-	-	-	1,610
Total	1,610	-	-	-	1,610

Charities 1 & 2 total

Bursaries awarded	905,805	13,379	84,965	-	1,004,149
Prizes	1,610	-	-	-	1,610
Total	907,415	13,379	84,965	-	1,005,759

Charitable activities consist of 56 bursaries (2021/22: 66) and 22 prizes (2021/22: 22) awarded to individuals during the year.

6. ANALYSIS OF SUPPORT COSTS

	Charitable activities £	Governance costs £	Total 2022/23 £	Total 2021/22 £
Management & administration fees	29,438	-	29,438	8,379
Audit fees	-	5,500	5,500	5,000
Sub-total	29,438	5,500	34,938	13,379
Reallocation of governance costs	5,500	(5,500)	-	-
Total support costs	34,938	-	34,938	13,379

7. AUDITOR'S REMUNERATION

In 2022/23 a £5,500 auditor's fee was recharged to the charity by the City Corporation as Trustee (2021/22: £5,000).

No other services were provided to the charity by its auditors during the year.

8. TRUSTEE'S EXPENSES

The members of the City of London Corporation acting on behalf of the Trustee did not receive any remuneration or reimbursement of expenses during 2022/23 (2021/22: nil).

9. INVESTMENTS

The investments are held in the City of London Corporation Charities Pool, a charity registered in the UK with the Charities Commission (charity number: 1021138). The Charities Pool is a UK registered unit trust.

The value of investments held by the charity are as follows:

	Total 31 March 2023	Total 31 March 2022
	£	£
Charity 1 - CLSG Bursary Fund		
Market value 1 April	4,222,837	4,030,475
(Loss)/ gain for the year	(95,269)	192,362
Market value 31 March	4,127,568	4,222,837
Units held in Charities Pool	455,833	455,833
Charity 2 - CLSG Scholarships and Prizes Fund		
Market value 1 April	90,593	86,466
(Loss)/ gain for the year	(2,044)	4,127
Market value 31 March	88,549	90,593
Units held in Charities Pool	9,779	9,779
Total charities 1 and 2:		
Total market value 31 March	4,216,117	4,313,430
Total cost 31 March	1,765,156	1,765,156
Total units held in Charities Pool	465,612	465,612

9. INVESTMENTS (CONTINUED)

The type of listed investments held as at 31 March was as follows:

	Total 31 March 2022	Total 31 March 2022
	£	£
Equities	3,994,349	3,998,549
Pooled Units	138,289	254,493
Cash held by Fund Manager	83,479	60,388
Total	4,216,117	4,313,430

10. DEBTORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	Total 31 March 2023 £	Total 31 March 2022 £
Charity 1 - CLSG Bursary Fund		
Sundry debtors	64,022	10,542
Amounts due from HMRC for Gift Aid	75,914	55,735
Total	139,936	66,277

11. CREDITORS – AMOUNTS DUE WITHIN ONE YEAR

	2023 £	2022 £
Charity 1 - CLSG Bursary Fund		
Bursaries awarded	353,776	297,642
Receipts in advance	29,217	39,143
Total	382,993	336,785

Charity 2 - CLSG Scholarships and Prizes		
Bursaries awarded	-	1,610
Receipts in advance		
Total	-	1,610

	2023 £	2022 £
Charity 1 - bursaries awarded analysis within creditors:		
Commitments at 1 April	299,252	296,820
Commitments made in the year	1,059,320	992,380
Amounts paid in the year	(1,004,796)	(989,948)
Commitments at 31 March	353,776	299,252

12. ANALYSIS OF NET ASSETS BY FUND

At 31 March 2023

	Unrestricted	Restricted	Endowment Funds		Total at 31 March 2023
			Permanent	Expendable	
	£	£	£	£	
Charity 1 - CLSG Bursary Fund					
Fixed assets - investments	-	-	54,339	4,073,229	4,127,568
Current assets	409,868	164,714	-	353,209	927,791
Current liabilities	(382,993)	-	-	-	(382,993)
Total	26,875	164,714	54,339	4,426,438	4,672,366
Charity 2 - CLSG Scholarships and Prizes Fund					
Fixed assets - investments	-	-	-	88,549	88,549
Current assets	9,034	-	-	37,910	46,944
Current liabilities	-	-	-	-	-
Total	9,034	-	-	126,459	135,493
Total (charities 1 and 2)	35,909	164,714	54,339	4,552,897	4,807,859

At 31 March 2022

	Unrestricted	Restricted	Endowment Funds		Total at 31 March 2022
			Permanent	Expendable	
	£	£	£	£	
Charity 1 - CLSG Bursary Fund					
Fixed assets - investments	-	-	55,593	4,167,243	4,222,836
Current assets	367,546	159,314	-	391,421	918,281
Current liabilities	(336,785)	-	-	-	(336,785)
Total	30,761	159,314	55,593	4,558,664	4,804,332
Charity 2 - CLSG Scholarships and Prizes Fund					
Fixed assets - investments	-	-	-	90,593	90,593
Current assets	8,207	-	-	37,910	46,117
Current liabilities	(1,610)	-	-	-	(1,610)
Total	6,597	-	-	128,503	135,100
Total (charities 1 and 2)	37,358	159,314	55,593	4,687,167	4,939,432

13. MOVEMENT IN FUNDS

At 31 March 2023

	Total 1 April 2022 £	Income £	Expenditure £	Gains & (losses) £	Total 31 March 2023 £
Endowment funds:					
Expendable	4,687,167	-	(38,212)	(96,059)	4,552,895
Permanent	55,593	-	-	(1,254)	54,339
Restricted funds:	-				-
11+ Tower Hamlets Bursaries (7 years)	-	32,841	(32,841)	-	-
11+ Bursaries (5 years)	-	14,798	(14,798)	-	-
Lower Sixth Bursaries (2 years)	-	16,596	(16,596)	-	-
Sixth Form Bursaries (up to 2 years)	150,000	-	-	-	150,000
Sixth Form STEM Bursaries (1 or 2 years)	-	14,000	(14,000)	-	-
11+ Bursaries (7 years)	-	7,298	(7,298)	-	-
Pupils from single parent families	-	7,100	(7,100)	-	-
Existing pupils facing financial hardship	9,314	-	-	-	9,314
Fuel their Passions	-	5,400	-	-	5,400
Unrestricted fund	37,358	964,185	(965,297)	(335)	35,911
Total funds	4,939,432	1,062,218	(1,096,142)	(97,648)	4,807,859

At 31 March 2022

	Total 1 April 2021 £	Income £	Expenditure £	Gains & (losses) £	Total 31 March 2022 £
Endowment funds:					
Expendable	4,493,211	-	-	193,956	4,687,167
Permanent	53,061	-	-	2,532	55,593
Restricted funds:					-
11+ Tower Hamlets Bursaries (7 years)	-	30,996	(30,996)	-	-
11+ Bursaries (5 years)	-	14,388	(14,388)	-	-
Lower Sixth Bursaries (2 years)	-	15,109	(15,109)	-	-
Sixth Form Bursaries (up to 2 years)	150,000	-	-	-	150,000
Sixth Form STEM Bursaries (1 or 2 years)	-	12,583	(12,584)	-	-
11+ Bursaries (7 years)	-	6,888	(6,888)	-	-
Pupils from single parent families	-	5,000	(5,000)	-	-
Existing pupils facing financial hardship	4,546	4,768	-	-	9,314
Fuel their Passions	-	-	-	-	-
Unrestricted fund	87,145	874,675	(920,794)	(3,668)	37,358
Total funds	4,787,963	964,408	(1,005,759)	192,820	4,939,432

MOVEMENT IN FUNDS OF CHARITY 1 - CLSG BURSARY FUND

At 31 March 2023	Total 1 April 2022 £	Income £	Expenditure £	Gains & (losses) £	Total 31 March 2023 £
Endowment funds:					
Expendable	4,558,665	-	(38,212)	(94,015)	4,426,438
Permanent	55,593	-	-	(1,254)	54,339
Restricted funds:					
11+ Tower Hamlets Bursaries (7 years)	-	32,841	(32,841)	-	-
11+ Bursaries (5 years)	-	14,798	(14,798)	-	-
Lower Sixth Bursaries (2 years)	-	16,596	(16,596)	-	-
Sixth Form Bursaries (up to 2 years)	150,000	-	-	-	150,000
Sixth Form STEM Bursaries (1 or 2 years)	-	14,000	(14,000)	-	-
11+ Bursaries (7 years)	-	7,298	(7,298)	-	-
Pupils from single parent families	-	7,100	(7,100)	-	-
Existing pupils facing financial hardship	9,314	-	-	-	9,314
Fuel their Passions	-	5,400	-	-	5,400
Unrestricted fund	30,760	959,834	(963,412)	(306)	26,876
Total funds - charity 1	4,804,332	1,057,867	(1,094,257)	(95,575)	4,672,367

At 31 March 2022	Total 1 April 2021 £	Income £	Expend-iture £	Gains & (losses) £	Total 31 March 2022 £
Endowment funds:					
Expendable	4,368,836	-	-	189,829	4,558,665
Permanent	53,061	-	-	2,532	55,593
Restricted funds:					
11+ Tower Hamlets Bursaries (7 years)	-	30,996	(30,996)	-	-
11+ Bursaries (5 years)	-	14,388	(14,388)	-	-
Lower Sixth Bursaries (2 years)	-	15,109	(15,109)	-	-
Sixth Form Bursaries (up to 2 years)	150,000	-	-	-	150,000
Sixth Form STEM Bursaries (1 or 2 years)	-	12,584	(12,584)	-	-
11+ Bursaries (7 years)	-	6,888	(6,888)	-	-
Pupils from single parent families	-	5,000	(5,000)	-	-
Existing pupils facing financial hardship	4,546	4,768	-	-	9,314
Fuel their Passions	-	-	-	-	-
Unrestricted fund	83,568	869,745	(919,184)	(3,367)	30,762
Total funds - charity 1	4,660,010	959,478	(1,004,149)	188,994	4,804,334

MOVEMENT IN FUNDS OF CHARITY 2 - CLSG SCHOLARSHIPS AND PRIZES FUND

At 31 March 2023	Total 1 April 2022 £	Income £	Expenditure £	Gains & (losses) £	Total 31 March 2022 £
Endowment funds:					
Expendable endowment	128,503	-	-	(2,044)	126,459
Unrestricted fund	6,597	4,351	(1,885)	(29)	9,034
Total funds - charity 2	135,100	4,351	(1,885)	(2,073)	135,493

At 31 March 2022	Total 1 April 2021 £	Income £	Expenditure £	Gains & (losses) £	Total 31 March 2022 £
Endowment funds:					
Expendable endowment	124,376	-	-	4,127	128,503
Unrestricted fund	3,577	4,931	(1,610)	(301)	6,597
Total funds - charity 2	127,953	4,931	(1,610)	3,826	135,100

Purpose of endowment funds

The permanent endowment fund is held in perpetuity as a capital fund to generate income for the activities of the charity.

The expendable endowment fund is invested as a capital fund to generate income for the activities of the charity, including support in the form of bursaries and other forms of financial assistance in accordance with the objectives of the charity.

Purpose of restricted funds

The following restricted funds are held within charity 1:

11+ Tower Hamlets Bursaries (7 years) – donations were received from Tower Hill Trust to fund full or partial bursaries for one or more resident in the London Borough of Tower Hamlets in year 7 for their studies up to and including year 13.

11+ Bursaries (5 years) – donations were received from Livery Companies to fund full or partial bursaries for one or more pupils in year 7 for their studies up to and including year 11.

Lower Sixth Bursaries (2 years) – donations were received from Livery Companies to fund full or partial bursaries for one or more pupils in the lower sixth for the duration of their studies in the sixth form.

Sixth Form Bursaries (up to 2 years) – donations were received from Livery Companies to help existing pupils who otherwise would be unable to continue at the school.

Sixth Form STEM Bursaries (1 or 2 years) – donations were received from Livery Companies to fund full or partial bursaries for one or pupils in lower or upper sixth studying subjects related to science, technology, engineering or mathematics.

11+ Bursaries (7 years) – donations were received from Livery Companies to fund full or partial bursaries for one or more pupils in year 7 for their studies up to and including year 13.

Pupils from single parent families – donations were received from The Mitchell Trust to fund full or partial bursaries for pupils from single parent families.

Existing pupils facing financial hardship – donations were received to help pupils whose parents are experiencing financial difficulties to continue their education at the school.

Fuel their Passions – donations were received for extracurricular activities not covered by bursary fee support. This may include class trips, music lessons, sports equipment and other costs regularly incurred by bursary students.

Purpose of unrestricted funds

These funds can be used in accordance with the charitable objects at the discretion of the Trustee and include income generated by assets held within the endowment funds.

14. NOTE TO THE STATEMENT OF CASH FLOWS

Reconciliation of net income to net cash inflow from operating activities:

	2022/23	2021/22
	£	£
Net income/(expenditure) for the reporting period as per the Statement of Financial Activities	(131,573)	151,469
Adjustments for:		
Dividends, interest and income from investments	(176,658)	(227,247)
(Gains)/losses on investments	97,313	(196,488)
(Increase)/decrease in debtors	(73,659)	(8,369)
Increase/(decrease) in creditors	44,597	20,439
Net cash (used in)/provided by operating activities	(239,980)	(260,196)

Analysis of cash and cash equivalents

	2022/23	2021/22
	£	£
Cash in hand	834,799	898,121
Total cash and cash equivalents	834,799	898,121

15. RELATED PARTY TRANSACTIONS

The City Corporation is the sole Trustee of the charity, as described on page 2.

The charity is required to disclose information on related party transactions with bodies or individuals that have the potential to control or influence the charity. Members are required to disclose their interests, and these can be viewed online at www.cityoflondon.gov.uk.

Members and senior staff are requested to disclose all related party transactions, including instances where their close family has made such transactions.

Related party	Connected party	2022/23 £	2021/22 £	Detail of transaction
City of London Corporation	The Trustee of the charity	110,000	368,795	Match-funding of external donations up to a maximum of 1/3 of the school's support income allocation
Charities Pool	The Trustee of the charity	166,737	224,661	Distribution from the Charities Pool
City of London Corporation	The Trustee of the charity	(34,938)	(13,379)	Bursary administration costs

REFERENCE AND ADMINISTRATION DETAILS

CHARITY NAMES & NUMBERS: City of London School for Girls Bursary Fund (276251; charity 1) incorporating City of London School for Girls Scholarships and Prizes Fund (276251-5; charity 2).

PRINCIPAL OFFICE OF THE CHARITY & THE CITY CORPORATION:

Guildhall, London, EC2P 2EJ

TRUSTEE:

The Mayor and Commonalty & Citizens of the City of London

SENIOR MANAGEMENT:

Chief Executive

John Barradell OBE - the Town Clerk and Chief Executive of the City of London Corporation (retired 31 December 2022)

Ian Thomas CBE - the Town Clerk and Chief Executive of the City of London Corporation (appointed 1 January 2023)

Treasurer

Caroline Al-Beyerty - The Chamberlain & Chief Financial Officer of the City of London Corporation

Solicitor

Michael Cogher - The Comptroller and City Solicitor of the City of London Corporation

AUDITORS:

Crowe U.K. LLP, 55 Ludgate Hill, London EC4M 7JW

BANKERS:

Lloyds Bank Plc., P.O. Box 1000, BX1 1LT

INVESTMENT ADVISORS:

Artemis Investment Management Limited, Cassini House, 57 St. James's Street, London, SW1A 1LD

Contact for The Chamberlain & Chief Financial Officer, to request copies of governance documents:

CHBOffice-BusinessSupport@cityoflondon.gov.uk

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City of London Freeman's School Bursary Fund

Annual Report and Financial Statements for the
year ended 31 March 2023

Charity registration number 284769

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ORIGINS OF THE CHARITY

The City of London Freeman's School Bursary Fund charity was registered on 8 July 1982. It was previously governed by the governing document dated 30 April 1982 and its supplementary deeds of 25 August 1993 and 29 April 1997. The governing document and the supplementary deeds were replaced on 1 December 2011 by the governing scheme approved by The Charity Commission for England and Wales.

TRUSTEE'S ANNUAL REPORT

STRUCTURE AND GOVERNANCE

GOVERNING DOCUMENTS

The governing document for the City of London Freeman's School Bursary Fund is the Scheme approved by The Charity Commission for England and Wales on 1 December 2011. This Scheme replaces the previous governing document dated 30 April 1982 and its supplementary deeds of 25 August 1993 and 29 April 1997.

GOVERNANCE ARRANGEMENTS

The Mayor and Commonalty and Citizens of the City of London (also referred to as 'the City Corporation' or 'the City of London Corporation'), a body corporate and politic, is the Trustee of the City Of London Freeman's School Bursary Fund. The City Corporation is Trustee acting by the Court of Common Council of the City of London in its general corporate capacity and that executive body has delegated responsibility in respect of the administration and management of this charity to various committees and sub-committees of the Common Council, membership of which is drawn from 125 elected Members of the Common Council and external appointees to those committees. In making appointments to committees, the Court of Common Council will take into consideration any particular expertise and knowledge of the elected Members, and where relevant, external appointees. External appointments are made after due advertisement and rigorous selection to fill gaps in skills. Members of the Court of Common Council are unpaid and are elected by the electorate of the City of London.

The key Committee which has responsibility for directly managing matters related to the charity is the Board of Governors of the City of London Freeman's School, which is ultimately responsible to the Court of Common Council of the City of London. Committee meetings are held in public, enabling the decision-making process to be clear, transparent and publicly accountable. Details of the membership of Committees of the City Corporation are available at www.cityoflondon.gov.uk.

The Trustee believes that good governance is fundamental to the success of the charity. A comprehensive review of governance has been undertaken for the charity alongside the other charities of which the City of London Corporation is Trustee. Implementation of recommendations is ongoing.. Reference was made to the good practices recommended within the Charity Governance Code throughout this review, to ensure regulatory compliance and the ongoing maintenance of an efficient and effective portfolio of charities that maximise impact for beneficiaries.

OBJECTIVES AND ACTIVITIES

The objective of the charity is the promotion of education (including physical training) by the provision of bursaries and other forms of financial assistance for fees and / or other costs incurred through attendance at the School to enable pupils to further their education at the School by, for example, providing financial assistance to those who:

- (1) would not be able to enter the School having been accepted; or
- (2) having commenced education at the School would not be able to continue their education at the School.

Income can also be used for such other charitable purposes as shall be associated with the School, as the Trustee shall direct.

Investment Policy

The charity's investments are held in units of the City of London Charities Pool (registered charity 1021138). The investment policy of the Charities Pool is to provide a real increase in annual income in the long term whilst preserving the value of the capital base. The annual report and financial statements of the Charities Pool (which include an analysis of investment performance against objectives set) are available from the Chamberlain of London & Chief Financial Officer, at the email address stated on page 22.

Policy on grant making

The charity has established its grant making policies to achieve its objects, as laid out above, for the public benefit. Applications are assessed via a robust process to ensure the proposed activities for funding will be supported by adequate and appropriate resources and will be used only for activities that match the charity's criteria. The assessment, management and oversight of the charity's grant making is provided by the City of London Freeman's School Bursary Fund, the Bursar and the Chamberlain's, which is an internal department of The City of London Corporation. Grants are recognised in the Statement of Financial Activities when they have been approved by the Trustee and notified to the Beneficiaries.

Public benefit statement

The Trustee confirms that it has referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the City of London Freeman's School Bursary Fund's aims and objectives and in planning future activities. The purposes of the charity are as stated above.

Consequently, the Trustee considers that the City of London Freeman's School Bursary Fund operates to benefit the general public and satisfy the public benefit test.

REFERENCE AND ADMINISTRATIVE DETAILS

The administrative details of the charity are stated on page 22.

ACHIEVEMENTS AND PERFORMANCE

The target for 2022/23 was to continue to contribute towards fees of pupils at the City of London Freemen's School where financial hardship would cause the pupil to be unable to enter or continue at the School. In line with this, one bursary (2021/22: two bursaries) were awarded during the year amounting to £19,911 (2021/22: £38,317).

PLANS FOR FUTURE PERIODS

The objective for future years is to continue to contribute towards the tuition fees payable to the City of London Freemen's School for pupils who, but for financial assistance, would not be able to continue at or enter the School.

The Trustee does not consider there to be any material uncertainty around going concern and further detail regarding this is set out on page 13.

FINANCIAL REVIEW

Overview of Financial Performance

Income

In 2022/23 the charity's total income for the year was £112,783, an overall reduction of £61,300 against the previous year primarily due to a reduction in voluntary income as there were less donations received compared to the previous year (2021/22: charity's total income for the year was £174,083).

Voluntary income amounting to £54,104 (2021/22: £104,668) was raised in 22/23, with further income from managed investments of £53,509 (2021/22: £68,178) and £5,170 (2021/22: £1,237) of interest from cash balances held.

Expenditure

Total expenditure for the year was £29,723 of which £19,911 was bursary awards, with £9,812 of support costs, a reduction due to less bursaries awarded in 22/23 (2021/22: £43,225 of expenditure, of which £38,317 was made up of bursary awards, and £4,908 in support costs).

Investments performance

Over the course of 2022/23 the Charities Pool investment strategy delivered an absolute return (gross of fees) of +2.22% which was below the FTSE All Share Index benchmark return of +2.92% (2021/22: the investment strategy gained +11.1% versus +13.0% from the benchmark). However, over the longer-term three and five year horizon, performance of the Charities Pool investments, as displayed in the table below, was above benchmark.

With effect from 22 July 2022, the Charities Pool transferred its investments from the Artemis Income Fund to the Artemis Income (Exclusions) Fund, which is an unconstrained, multi-cap strategy that aims to generate a rising income stream combined with long-term capital growth. The Fund invests in UK equities and can also hold international equities and bonds. Shares in companies that derive more than 20% of their revenues from tobacco, gambling, weapons and fossil fuels are excluded. The transfer has resulted in a decrease in value of the Pool but performance is expected to recover in the medium term.

	2022/23		2021/22	
	3 year	5 year	3 year	5 year
Fund	14.06%	5.64%	7.35%	6.16%
FTSE All Share	13.81%	5.04%	5.31%	4.69%
Fund outperformance	+0.25%	+0.60%	+2.04%	+1.47%

Funds held

The charity's total funds held increased by £51,653 (3.1%) to £1,721,986 as at 31 March 2023 (2021/22: total funds held increased by £182,792 (12.3%) to £1,670,333 as at 31 March 2022).

Unrestricted income was made up of voluntary income of £54,104 (2021/22: £104,668) and investment income of £58,679 (2021/22: £69,415), with unrestricted expenditure of £29,723 (2021/22: £43,225). The remaining balance of the fund was £444,504 as at 31 March 2023 (2021/22: £361,622).

The other funds of the charity are represented by expendable endowment fund which is held to generate income for the primary objectives of the charity. The fund balance was £1,277,482 at 31 March 2023 (2021/22: £1,308,711). Any undistributed income is held for use in future years in accordance with the objectives of the charity.

Details of funds held, including their purposes, is set out within note 11 to the financial statements.

Reserves policy

The reserves policy is to maintain the expendable funds of the charity in investments in the Charities Pool administered by the City of London Corporation and to use the investment income together with other funds, in accordance with the objectives of the charity. The trustee believes that an amount of at least £10,000 should be held at present to meet future working capital needs, representing 12 months of administration expenses and independent examination fees. Current free reserves held are £444,504; this is above the minimum required, which is being factored into plans for future periods, including those noted on page 5.

Principal Risks and Uncertainties

The charity is committed to a programme of risk management as an element of its strategy to preserve the charity's assets. In order to embed sound practice the senior leadership team ensures that risk management policies are applied, that there is an on-going review of activity and that appropriate advice and support is provided. A key risk register has been prepared for the charity, which has been reviewed by the Trustee. This identifies the potential impact of key risks and the measures which are in place to mitigate such risks.

TRUSTEE'S RESPONSIBILITIES

The Trustee is responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Charity law requires the Trustee to prepare the financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under charity law the Trustee must not approve the financial statements unless the Trustee is satisfied that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period. In preparing these financial statements, the Trustee is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustee is responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable the Trustee to ensure that the financial statements comply with the Charities Act 2011. The Trustee is also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustee is aware:

- there is no relevant audit information of which the charity's auditors are unaware; and
- the Trustee has taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Financial statements are published on the Trustee's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Trustee's website is the responsibility of the Trustee. The Trustee's responsibility also extends to the ongoing integrity of the financial statements contained therein.

Adopted and signed for on behalf of the Trustee.

Henry Nicholas Almroth Colthurst, Deputy
(corpoflondon.gov.uk)

Chairman of Finance Committee of
The City of London Corporation

Randall Keith Anderson, Deputy
(corpoflondon.gov.uk)

Deputy Chairman of Finance
Committee of The City of London
Corporation

Guildhall, London

XX December 2023

INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEE OF THE CITY OF LONDON FREEMEN'S SCHOOL BURSARY FUND

Awaiting report to be provided by Crowe

STATEMENT OF FINANCIAL ACTIVITIES**FOR THE YEAR ENDED 31 MARCH 2023**

		2022/23	2022/23	2022/23	2021/22
	Notes	Unrestricted Funds £	Endowment Funds £	Total Funds £	Total Funds £
Income and endowments from:					
Voluntary income	2	54,104	-	54,104	104,668
Investments	3	58,679	-	58,679	69,415
Total income		112,783	-	112,783	174,083
Expenditure on:					
Charitable activities	4	29,723	-	29,723	43,225
Total expenditure		29,723	-	29,723	43,225
Net gains on investments	8	-	(31,229)	(31,229)	53,689
Fair Value Movements		(178)	-	(178)	(1,755)
Net movement in funds		82,882	(31,229)	51,653	182,792
Reconciliation of total funds:					
Brought forward	11, 12	361,622	1,308,711	1,670,333	1,487,541
Carried forward	11, 12	444,504	1,277,482	1,721,986	1,670,333

All of the above results are derived from continuing activities.

There were no other recognised gains and losses other than those shown above.

The notes on pages 13 to 21 form part of these financial statements.

BALANCE SHEET**AS AT 31 MARCH 2023**

	Notes	2022/23 Total £	2021/22 Total £
Fixed assets:			
Investments	8	1,353,026	1,384,255
Total fixed assets		1,353,026	1,384,255
Current assets			
Cash at bank and in hand		361,260	280,035
Debtors	9	15,013	20,183
Total current assets		376,273	300,218
Creditors: Amounts falling due within one year	10	(7,313)	(14,140)
Net current assets		368,960	286,078
Total net assets	11, 12	1,721,986	1,670,333
The funds of the charity:			
Endowment funds	11, 12	1,277,482	1,308,711
Unrestricted funds	11, 12	444,504	361,622
Total funds	11, 12	1,721,986	1,670,333

The notes on pages 13 to 21 form part of these financial statements

Approved and signed on behalf of the Trustee.

Caroline Al-Beyerty

Chamberlain of London & Chief Financial Officer

XX December 2023

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

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

(a) Basis of preparation

The financial statements of the charity, which is a public benefit entity under FRS102, have been prepared under the historical cost convention and in accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (second edition effective 1 January 2019) and the Charities Act 2011.

(b) Going concern

The financial statements have been prepared on a going concern basis as the Trustee considers that there are no material uncertainties about the charity's ability to continue as a going concern. The charity only spends the income that is generated from donations and investments, so maintaining its capital base.

In making this assessment, the Trustee has considered the potential ongoing impact of the Covid-19 pandemic and the current high inflationary pressures on the value of investment assets held, future income levels, expenditure requirements and the liquidity of the charity over the 12-month period from the date of the signed accounts. It has not identified any indication that the charity will not be able to meet liabilities, including planned commitments, as they fall due. The policy of only approving commitments from available income provides the flexibility to ensure the long-term viability of the charity. For this reason, the Trustee continues to adopt a going concern basis for the preparation of the financial statements.

(c) Key management judgements and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenditure. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of decisions about carrying values of assets and liabilities that are not readily apparent from other sources. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Estimates and underlying assumptions are reviewed on an ongoing basis. Management do not consider there to be any material estimates in relation to the financial statements. Revisions to accounting estimates are recognised in

the period in which the estimate is revised and in any future periods affected. Management do not consider there to be any material revisions requiring disclosure.

(d) Statement of Cash Flows

As per section 14.1 of the Charities SORP the Charity is not required to produce a statement of cash flows on the grounds that it is a small entity.

(e) Income

All income is included in the Statements of Financial Activities (SOFA) when the charity is legally entitled to the income; it is more likely than not that economic benefit associated with the transaction will come to the charity and the amount can be quantified with reasonable certainty. Income consists of donations, investment income and interest.

(f) Expenditure

Expenditure is accounted for on an accruals basis and has been classified under the principal category of 'expenditure on charitable activities'. Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required, and the amount of the obligation can be measured reliably.

The charity does not employ any staff, however the costs of bursaries administration, incurred by the City of London Corporation, are charged to the charity.

Officers of the City Corporation provide additional administrative assistance to the charity when required. Costs incurred in the administration of the charity are recharged by the Corporation.

(g) Taxation

The charity meets the definition of a charitable trust for UK income tax purposes, as set out in Paragraph 1 Schedule 6 of the Finance Act 2010. Accordingly, the charity is exempt from UK taxation in respect of income or capital gains under part 10 of the Income Tax Act 2007 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

(h) Investments

Investments are made in the City of London Charities Pool (charity number 1021138) which is an investment mechanism operating in a similar way to a unit trust. This enables the City of London Corporation to pool small charitable investments together and consequently obtain better returns than would be the case if investments were made individually.

Investments are valued at bid-price. Gains and losses for the year on investments held as fixed assets are included in the Statement of Financial Activities.

(i) Funds structure

Income, expenditure and gains/losses are allocated to particular funds according to their purpose:

Expendable endowment fund – this fund consists of endowment funds that are expendable as a result of conditions imposed by the original donors and trusts. Funds can also be invested to generate income which can be spent on the charitable purpose of the charity, which is allocated to the unrestricted income fund. Gains/losses on the underlying assets remain as part of the endowment.

Unrestricted income funds – these funds can be used in accordance with the charitable objects at the discretion of the Trustee and include both income generated by assets held within the permanent endowment fund and from those representing unrestricted funds. Specifically, this represents the surplus of income over expenditure for the charity which is carried forward to meet the requirements of future years, known as free reserves.

(j) Insurance

The charity, elected Members and staff supporting the charity’s administration are covered by the City Corporation’s insurance liability policies, and otherwise under the indemnity the City Corporation provides to Members and staff, funded from City’s Cash.

2. INCOME FROM VOLUNTARY ACTIVITIES

	Unrestricted funds 2022/23 £	Unrestricted funds 2021/22 £
Donations and legacies	24,875	50,335
Gift Aid - HMRC	-	1,950
City of London Corporation match-funding	29,229	52,383
Total	54,104	104,668

The City of London Corporation match-funds external donations received up to the value of 1/3 of the school’s support allocation in any one financial year.

3. INCOME FROM INVESTMENTS

	Unrestricted funds 2022/23 £	Unrestricted funds 2021/22 £
Investment income	53,509	68,178
Interest	5,170	1,237
Total	58,679	69,415

4. EXPENDITURE ON CHARITABLE ACTIVITIES

	Direct costs £	Unrestricted funds Support costs £	Total 2022/23 £	Unrestricted funds 2021/22 £
Bursaries awarded:	19,911	9,812	29,723	43,225
Total	19,911	9,812	29,723	43,225

Charitable activities consisted of one bursary awarded to individuals (2021/22: two bursaries were awarded to individuals).

5. OTHER EXPENDITURE

	Charitable activities	Governance costs	Total 2022/23	Total 2021/22
	£	£	£	£
Management & administration fees	7,812	-	7,812	3,158
Independent examination fees	-	2,000	2,000	1,750
Sub- total	7,812	2,000	9,812	4,908
Reallocation of governance costs	2,000	(2,000)	-	
Total support costs	9,812	-	9,812	4,908

6. INDEPENDENT EXAMINER'S REMUNERATION

In 2021/22 £2,000 independent examination fee was recharged (2021/22: £1,750). No other services were provided to the charity by its independent examiners during the year.

7. TRUSTEE EXPENSES

The members of the City of London Corporation acting on behalf of the Trustee did not receive any remuneration or reimbursement of expenses during 2022/23 (2021/22: nil).

8. INVESTMENTS

The investments are held in the City of London Corporation Charities Pool, a charity registered in the UK with the Charity Commission (charity number 1021138). The Charities Pool is a UK registered unit trust.

The value of investments held by the charity are as follows:

	Total 31 March 2023	Total 31 March 2022
	£	£
Market value 1 April	1,384,255	1,166,260
Additions	-	164,306
Gain/(Loss) for the year	(31,229)	53,689
Market value 31 March	1,353,026	1,384,255
Cost 31 March	1,020,857	1,020,857
Units held in Charities Pool	149,423	149,423

The geographical spread of listed investments held as at 31 March was as follows:

	Held in the UK	Held outside the UK	Total at 31 March 2023	Held in the UK	Held outside the UK	Total at 31 March 2022
	£	£	£	£	£	£
Equities	1,097,845	184,011	1,281,857	1,125,399	157,805	1,283,204
Pooled Units	44,379	-	44,379	81,671	-	81,671
Cash held by Fund Manager	26,790	-	26,790	19,380	-	19,380
Total	1,169,014	184,011	1,353,026	1,226,450	157,805	1,384,255

9. DEBTORS – AMOUNTS DUE WITHIN ONE YEAR

	Total 31 March 2023	Total 31 March 2022
	£	£
HMRC - Gift Aid	15,013	20,148
Donations	-	35
Total	15,013	20,183

10. CREDITORS – AMOUNTS DUE WITHIN ONE YEAR

	Total 31 March 2023 £	Total 31 March 2022 £
Bursaries awarded	7,313	11,547

11. ANALYSIS OF NET ASSETS BY FUND

At 31 March 2023	Unrestricted £	Endowment £	Total 31 March 2023 £	Total 31 March 2022 £
Fixed assets - investments	75,544	1,277,482	1,353,026	1,602,250
Current assets	376,273	-	376,273	300,218
Current liabilities	(7,313)	-	(7,313)	(14,140)
Total	444,504	1,277,482	1,721,986	1,888,328

At 31 March 2022	Unrestricted	Endowment	Total 31 March 2022 £	Total 31 March 2021 £
Fixed assets - investments	293,539	1,308,711	1,602,250	1,166,260
Current assets	300,218	-	300,218	332,828
Current liabilities	(14,140)	-	(14,140)	(11,547)
Total	579,617	1,308,711	1,888,328	1,487,541

12. MOVEMENT IN FUNDS

At 31 March 2023	Total 1 April 2022 £	Income £	Expenditure £	Gain/Loss £	Fair value £	Total 31 March 2023 £
Expendable endowment	1,308,711	-	-	(31,229)	-	1,277,482
Unrestricted funds	361,622	112,783	(29,723)	-	(178)	444,504
Total funds	1,670,333	112,783	(29,723)	(31,229)	(178)	1,721,986

At 31 March 2022	Total 1 April 2021 £	Income £	Expenditure £	Gain/Loss £	Fair value £	Total 31 March 2022 £
Expendable endowment	1,255,022	-	-	53,689	-	1,308,711
Unrestricted funds	232,519	174,083	(43,225)	-	(1,755)	361,622
Total funds	1,487,541	174,083	(43,225)	53,689	(1,755)	1,670,333

A loss of £31,229 (2021/22: a gain of £53,689) occurred on investments, based on valuations as at 31 March 2023.

Purpose of expendable endowment funds

The expendable endowment funds are held to generate income to enable the charity to undertake its charitable objectives and support the awarding of bursaries.

Purpose of unrestricted funds

These funds can be used in accordance with the charitable objects at the discretion of the Trustee and include income generated by assets held within the expendable endowment fund. Any undistributed income is held for use in future years in accordance with the objectives of the charity.

13. RELATED PARTY TRANSACTIONS

The City Corporation is the sole Trustee of the charity, as described on page 3.

The charity is required to disclose information on related party transactions with bodies or individuals that have the potential to control or influence the charity. Members are required to disclose their interests, and these can be viewed online at www.cityoflondon.gov.uk.

Members and senior staff are requested to disclose all related party transactions, including instances where their close family has made such transactions.

Related party	Connected party	2022/23	2021/22	Detail of transaction
		£	£	
City of London Corporation	The Trustee of the charity	29,229	80,209	Match-funding up to a maximum of 2.5% of tuition fee income
Charities Pool	The Trustee of the charity	53,509	46,174	Distribution from the Charities Pool
City of London Corporation	The Trustee of the charity	(9,812)	(3,048)	Support Costs

REFERENCE AND ADMINISTRATION DETAILS

CHARITY NAME: City of London Freemen's School Bursary Fund

Registered charity number: 284769

PRINCIPAL OFFICE OF THE CHARITY & THE CITY CORPORATION:

Guildhall, London, EC2P 2EJ

TRUSTEE:

The Mayor and Commonalty & Citizens of the City of London

SENIOR MANAGEMENT:

Chief Executive

John Barradell OBE - the Town Clerk and Chief Executive of the City of London Corporation (retired 31 December 2022)

Ian Thomas CBE - the Town Clerk and Chief Executive of the City of London Corporation (appointed 1 January 2023)

Treasurer

Caroline Al-Beyerty - The Chamberlain & Chief Financial Officer of the City of London Corporation

Solicitor

Michael Cogher - The Comptroller and City Solicitor of the City of London Corporation

AUDITOR:

Crowe U.K. LLP, 55 Ludgate Hill, London EC4M 7JW

BANKERS:

Lloyds Bank Plc., P.O. Box 1000, BX1 1LT

INVESTMENT FUND MANAGERS:

Artemis Investment Management Limited, Cassini House, 57 St. James's Street, London, SW1A 1LD

Contact for The Chamberlain & Chief Financial Officer, to request copies of governance documents:

CHBOffice-BusinessSupport@cityoflondon.gov.uk

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The City of London Corporation Combined
Education Charity

Annual Report and Financial Statements for the
year ended 31 March 2023

Charity registration number 312836

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ORIGINS OF THE CHARITY

In June 2011, a new scheme was approved by the Charity Commission, the purpose of which was to enable more efficient management and administration. The Archibald Dawnay Scholarships (charity number 290129), Robert Blair Fellowships for Applied Science and Technology (charity number 312924) and Alan Partridge Smith Trust (unregistered) were merged into the Higher Education Research and Special Expenses Fund (HERSEF) (charity number 312836), with the name of the charity changed to The City of London Corporation Combined Education Charity.

The scheme revised and broadened the objects of the charity thereby facilitating greater flexibility in the application of funds for the public benefit.

TRUSTEE'S ANNUAL REPORT

STRUCTURE AND GOVERNANCE

GOVERNING DOCUMENTS

The constitution of this Trust is set out within the scheme approved by the Charity Commission in June 2011.

GOVERNANCE ARRANGEMENTS

The Mayor and Commonalty and Citizens of the City of London (also referred to as 'the City Corporation' or 'the City of London Corporation'), a body corporate and politic, is the Trustee of The City of London Corporation Combined Education Charity. The City Corporation is Trustee acting by the Court of Common Council of the City of London in its general corporate capacity and that executive body has delegated responsibility in respect of the administration and management of this charity to various committees and sub-committees of the Common Council, membership of which is drawn from 125 elected Members of the Common Council and external appointees to those committees. In making appointments to committees, the Court of Common Council will take into consideration any particular expertise and knowledge of the elected Members, and where relevant, external appointees. External appointments are made after due advertisement and rigorous selection to fill gaps in skills.

Members of the Court of Common Council are unpaid for support provided to the City Educational Trust Fund and are elected by the electorate of the City of London. The Trustee has delegated the management of this charity to The Education Board, which comprises Aldermen and Commoners appointed to these committees in accordance with the usual procedures for committee membership. The key committees which also had responsibility for directly managing matters related to the charity during 2022/23 were as follows:

- Education Board Committee - responsible for reviewing the charitable activities and instigating any changes to the administrative arrangements which are considered necessary to maximise the effectiveness of the charity and ensure compliance with the City Corporation's duties as Trustee.
- Audit & Risk Management Committee – responsible for overseeing systems of internal control and making recommendations to the Finance Committee relating to the approval of the Annual Report and Financial Statements of the charity.
- Finance Committee – responsible for approval of the Annual Report and Financial Statements.

The Education Charity Sub (Education Board) Committee was decommissioned in 2022 and all functions related to the day-to-day management and administration of the charity reverted to the Education Board which undertakes these functions on behalf of the City Corporation as Trustee under delegated authority from the Court of Common Council as the body responsible for exercising the powers of the City Corporation as Trustee.

All of the above committees are ultimately responsible to the Court of Common Council of the City of London. Committee meetings are held at the Trustee's discretion in public (except where it is considered not to be in the charity's best interests to do so), supporting a decision-making process which is clear, transparent and publicly accountable.

The Trustee believes that good governance is fundamental to the success of the charity. A comprehensive review of governance was completed, which has resulted in the new strategic grant making programme detailed below. Reference was made to the good practices recommended within the Charity Governance Code throughout this review, and the outcome has been to both ensure regulatory compliance and deliver an efficient and effective charity that maximises impact for beneficiaries.

OBJECTIVES AND ACTIVITIES

The objects of the charity are to further the education of persons (including persons born or resident in the City of London and those attending educational institutions in the City of London or the other London boroughs) attending or proposing to attend secondary, further or higher educational institutions by the provision of grants or financial assistance and by arranging or supporting education and training to extend or complement courses provided by such institutions.

The charity also aims to provide grants for staff at maintained schools and academies in the City of London and the other boroughs of London to undertake studies either at educational institutions or at other establishments provided that such study furthers their development as teachers.

Investment Policy

The charity's investments are held in units of the City of London Charities Pool (registered charity 1021138). The investment policy is to provide a real increase in annual income in the long term whilst preserving the value of the capital base. The annual report and financial statements of the Charities Pool (which include an analysis of investment performance against objectives set) are available from the Chamberlain of London, at the email address stated on page 18.

Public benefit statement

The Trustee confirms that it has referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing The City of London Corporation Combined Education Charity's aims and objectives, as stated above, and in planning future activities.

Consequently, the Trustee considers that The City of London Corporation Combined Education Charity operates to benefit the general public and satisfies the public benefit test.

Policy on grant making

The charity has established its grant making policy to achieve its objects, as laid out above, for the public benefit. Applications are assessed via a robust process to ensure

the proposed activities for funding will be supported by adequate and appropriate resources and will be used only for activities that match the charity's criteria. These guidelines are available from the e-mail address on page 18. The assessment, management and oversight of the charity's grant making is provided by the Central Grants Unit (CGU), which is an internal department of the City of London Corporation. Grants are recognised in the Statement of Financial Activities when they have been approved by the Trustee and notified to the beneficiaries.

Grants are given to educational charities and educational establishments for work that advances the objects of the charity. Beneficiaries must be (1) resident in the City of London or London boroughs and studying or proposing to study at secondary, further or higher educational institutions *or* studying or proposing to study at secondary, further or higher educational institutions in the City of London or London boroughs or (2) teaching in the City of London or London boroughs.

ACHIEVEMENTS AND PERFORMANCE

Following a review of the charity's governance and operations, recommendations were presented in 2021/22 for a strategic grants programme to be developed. The programme focusses on developing strategic partnerships with London universities to deliver a range of comprehensive bursary schemes in line with the objects of the CEC.

In 2022/23 two grants were approved; the first in October 2022 was a grant of £180,000 to Birkbeck University (who have previously been funded by the charity), to provide 36 new bursaries over 3 years supporting those moving from a Foundation Year course to undergraduate degrees, alongside delivering a holistic support package. This grant will support students who do not have a usual route into Higher Education and struggle to get funding support, whilst providing a wider support package to give students the tools to further their university education.

The second grant (awarded in February 2023) was to Goldsmiths University, for £320,000 over three years to provide 35 new bursaries supporting Black, Asian and Minority Ethnic students studying undergraduate degrees. The funding also allows the university to deliver an educational enrichment package alongside the monetary support.

PLANS FOR FUTURE PERIODS

With two large grants delivered via the strategic grants programme in 2022/23, the focus over the next year will be on ensuring appropriate ongoing monitoring and evaluation of the funded projects.

The Trustee does not consider there to be any material uncertainty around Going Concern and further detail regarding this is set out on page 12.

FINANCIAL REVIEW

Overview of Financial Performance

Income

In 2022/23 the charity's total income for the year was £47,470, an overall decrease of £13,939 from the prior year (2021/22: £61,679). All income received was from investments.

Expenditure

Expenditure was £520,584 (2021/22: £8,571) made up of 2 grants (£500,000; 2021/22 nil) and costs of administering and managing the charity (£20,584; 2021/22: £8,571). Administration costs have risen due to the implementation of the new strategic grant making programme including management of the two grants awarded in the year.

Investments performance

Over the course of 2022/23 the Charities Pool investment strategy delivered an absolute return (gross of fees) of +2.22% which was below the FTSE All Share Index benchmark return of +2.92% (2021/22: the investment strategy gained +11.1% versus +13.0% from

the benchmark). However, over the longer-term three and five year horizon, performance of the Charities Pool investments, as displayed in the table below, was above benchmark. With effect from 22 July 2022, the Charities Pool transferred its investments from the Artemis Income Fund to the Artemis Income (Exclusions) Fund, which is an unconstrained, multi-cap strategy that aims to generate a rising income stream combined with long-term capital growth. The Fund invests in UK equities, and can also hold international equities and bonds. Shares in companies that derive more than 20% of their revenues from tobacco, gambling, weapons and fossil fuels are excluded.

	2022/23		2021/22	
	3 year	5 year	3 year	5 year
City of London Charities Pool	14.06%	5.64%	7.35%	6.16%
FTSE All Share	13.81%	5.04%	5.31%	4.69%
Fund outperformance	0.26%	0.61%	2.04%	1.46%

Funds held

The charity's total funds held decreased by 38.2% to £809,194 at 31 March 2023 (2021/22: £1,308,630), mainly as a result of the significant grant expenditure incurred during the year. Within the total funds held, £781,978 (£2021/22: £799,536) represent expendable endowment funds which are held to generate income for the primary objectives of the charity. Any income arising from the endowment is accounted for within unrestricted funds. Unrestricted funds amounted to £27,216 (2021/22: £509,094). These funds are held for use in future years in accordance with the objectives of the Trust.

Details of all funds held, including their purposes, is set out within note 9 to the financial statements.

Reserves policy

The Reserves Policy is to maintain the expendable endowment of the charity in investments in the Charities Pool administered by the City of London Corporation and use the investment income in accordance with the objectives of the charity. The Trustee has the discretion to distribute the expendable endowment as grants as deemed appropriate. The free reserves of the charity are held to cover working capital needs.

The Trustee believes that a minimum amount of £21,000 should be held to meet future working capital needs. This amount is subject to annual review. At 31 March 2023 the charity held £27,216 as free reserves; the plans in place for a strategic grant making programme have brought reserves back in line with the target level. Consideration of the reserves, investment levels held, and future grant activity will be incorporated in proposals for the charity for future financial years as detailed in the Plans for Future Periods on page 5.

Principal Risks and Uncertainties

The charity is committed to a programme of risk management as an element of its strategy to preserve the charity's assets. In order to embed sound practice the senior leadership team ensures that risk management policies are applied, that there is an on-going review of activity, and that appropriate advice and support is provided. Currently risks are considered and reviewed by the Trustee as part of charity updates at Committee meetings.

TRUSTEE'S RESPONSIBILITIES

The Trustee is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Charity law requires the Trustee to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under charity law, the Trustee must not approve the financial statements unless the Trustee is satisfied that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period. In preparing these financial statements, the Trustee is required to:

- select suitable accounting policies and then apply them consistently.
- make judgements and accounting estimates that are reasonable and prudent.
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustee is responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable the Trustee to ensure that the financial statements comply with the Charities Act 2011. The Trustee is also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustee is aware:

- there is no relevant audit information of which the charity's auditors are unaware; and
- the Trustee has taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Financial statements are published on the Trustee's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Trustee's website is the responsibility of the Trustee. The Trustee's responsibility also extends to the ongoing integrity of the financial statements contained therein.

Adopted and signed for on behalf of the Trustee.

Henry Nicholas Almroth Colthurst, Deputy
Chairman of Finance Committee of
The City of London Corporation
Guildhall, London

Randall Keith Anderson, Deputy
Deputy Chairman of Finance
Committee of The City of London
Corporation

XX December 2023

**INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEE OF
THE CITY OF LONDON CORPORATION COMBINED
EDUCATION CHARITY**

To be provided by Crowe

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	Unrestricted Funds £	Endowment Funds £	2022/23 Total Funds £	2021/22 Total Funds £
Income from:					
Investments	2	47,740	-	47,740	61,679
Total income		47,740	-	47,740	61,679
Expenditure on:					
Charitable activities	3	520,584	-	520,584	8,571
Total expenditure		520,584	-	520,584	8,571
Net gains / (losses) on investments	7	(8,956)	(17,558)	(26,514)	53,534
Net losses on short term deposit		(78)	-	(78)	(664)
Net income and net movement in funds		(481,878)	(17,558)	(499,436)	105,978
Reconciliation of funds:					
Total funds brought forward	11	509,094	799,536	1,308,630	1,202,652
Total funds carried forward	11	27,216	781,978	809,194	1,308,630

All of the above results are derived from continuing activities.

There were no other recognised gains and losses other than those shown above.

The notes on pages 12 to 17 form part of these financial statements.

BALANCE SHEET

AS AT 31 MARCH 2023

	Notes	2023 Total £	2022 Total £
Fixed assets			
Investments	7	1,148,726	1,175,240
Total fixed assets		1,148,726	1,175,240
Current assets			
Cash at bank and in hand		136,468	133,390
Total current assets		136,468	133,390
Creditors: Amounts falling due within one year	10	(476,000)	-
Total net assets		809,194	1,308,630
Total net assets		809,194	1,308,630
The funds of the charity:			
Endowment funds	9	781,978	799,536
Unrestricted income funds	9	27,216	509,094
Total funds		809,194	1,308,630

The notes on pages 12 to 17 form part of these financial statements.

Approved and signed on behalf of the Trustee.

Caroline Al-Beyerty

Chamberlain of London and Chief Financial Officer

XX December 2023

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

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

(a) Basis of preparation

The financial statements of the charity, which is a public benefit entity under FRS102, have been prepared under the historical cost convention and in accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (second edition effective 1 January 2019) and the Charities Act 2011.

(b) Going concern

The financial statements have been prepared on a going concern basis as the Trustee considers that there are no material uncertainties about the charity's ability to continue as a going concern. The charity only spends the income that is generated from its investments, so maintaining its capital base. The latest forecast anticipates that adequate funds will be available in the 12 months from the date of signing these financial statements to enable the charity to continue to fulfil its obligations.

In making this assessment, the Trustee has considered the current high inflationary pressures on the value of investment assets held, future income levels, expenditure requirements and the liquidity of the charity over the 12-month period from the date of the signed accounts. It has not identified any indication that the charity will not be able to meet liabilities, including planned commitments, as they fall due. The policy of only approving grant commitments from available unrestricted income provides the flexibility to ensure the long-term viability of the charity. For this reason, the Trustee continues to adopt a going concern basis for the preparation of the financial statements.

(c) Key management judgements and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenditure. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of decisions about carrying values of assets and liabilities that are not readily apparent from other sources. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Management do not consider there to be any material revisions requiring disclosure.

(d) Statement of Cash Flows

As per section 14.1 of the Charities SORP the Charity is not required to produce a statement of cash flows on the grounds that it is a small entity.

(e) Income

All income is included in the Statements of Financial Activities (SOFA) when the charity is legally entitled to the income; it is more likely than not that economic benefit associated with the transaction will come to the charity and the amount can be quantified with reasonable certainty. Income consists of investment income and interest on cash balances.

(f) Expenditure

Expenditure is accounted for on an accruals basis and has been classified under the principal category of 'expenditure on charitable activities'. Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required, and the amount of the obligation can be measured reliably. The liability can only be derecognised where payment of a grant award is no longer probable.

The charity does not employ any staff. Officers of the City Corporation provide financial and governance administrative assistance to the charity when required and the costs are recharged to the charity.

(g) Taxation

The charity meets the definition of a charitable trust for UK income tax purposes, as set out in Paragraph 1 Schedule 6 of the Finance Act 2010. Accordingly, the charity is exempt from UK taxation in respect of income or capital gains under part 10 of the Income Tax Act 2007 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

(h) Investments

Investments are made in the City of London Charities Pool (charity number 1021138) which is an investment mechanism operating in a similar way to a unit trust. This enables the City of London Corporation to "pool" small charitable investments together and consequently obtain better returns than would be the case if investments were made individually.

Investments are valued at bid-price. Gains and losses for the year on investments held as fixed assets are included in the Statement of Financial Activities.

(i) Funds structure

Income, expenditure, and gains/losses are allocated to particular funds according to their purpose:

Expendable endowment fund – this fund consists of endowment funds that are expendable as a result of conditions imposed by the original donors and trusts. Funds can also be invested to generate income which can be spent on the charitable purpose of the charity, which is allocated to the unrestricted income fund.

Unrestricted income funds – these funds can be used in accordance with the charitable objects at the discretion of the Trustee and include both income generated by assets held within the expendable endowment fund and from those representing unrestricted funds. Specifically, this represents the surplus of income over expenditure for the charity which is carried forward to meet the requirements of future years, known as free reserves.

(j) Insurance

The charity, elected Members and staff supporting the charity’s administration are covered by the City Corporations insurance liability policies, and otherwise under the indemnity the City Corporation provides to Members and staff, funded from City’s Cash.

2. INCOME FROM INVESTMENTS

	Unrestricted funds 2022/23	Unrestricted funds 2021/22
	£	£
Investment income	45,429	61,211
Interest	2,311	468
Total	47,740	61,679

3. EXPENDITURE ON CHARITABLE ACTIVITIES

	Unrestricted funds			Unrestricted funds total
	Direct costs	Support costs	Total	2021/22
	£	£	£	£
Grants awarded	500,000	20,584	520,584	8,571

4. ANALYSIS OF SUPPORT COSTS

	Charitable activities	Governance costs	Total	Total
	£	£	£	2021/22
	£	£	£	£
Legal fees	350	-	350	198
Management fees	16,025	-	16,025	6,623
Finance and administration fees	2,209	-	2,209	-
Independent Examination Fees	-	2,000	2,000	1,750
Sub- total	18,584	2,000	20,584	8,571
Reallocation of governance costs	2,000	(2,000)	-	-
Total support costs	20,584	-	20,584	8,571

Support costs are allocated based on direct costs incurred on charitable activities.

5. ANALYSIS OF GRANTS

Reconciliation of grants payable:	2022/23	2021/22
	£	£
Commitments at 1 April	-	-
Commitments made in the year	500,000	-
Grants paid in the year	(24,000)	-
Commitments at 31 March (note 9)	476,000	-

6. INDEPENDENT EXAMINER'S REMUNERATION

In 2022/23, a £2,000 independent examination fee was recharged (2021/22: £1,750). No other services were provided to the charity by its independent examiners during the year.

7. TRUSTEE EXPENSES

The Members of the City of London Corporation acting on behalf of the Trustee did not receive any remuneration or reimbursement of expenses during 2022/23 (2021/22: £nil).

8. INVESTMENTS

The investments are held in the City of London Corporation Charities Pool, a charity registered in the UK with the Charity Commission (charity number 1021138). The Charities Pool is a UK registered unit trust.

The value of investments held by the charity are as follows:

	2023	2022
	£	£
Market value 1 April	1,175,240	1,121,706
Gain/(Loss) for the year	(26,514)	53,534
Market value 31 March	1,148,726	1,175,240
Cost 31 March	650,383	650,383
Units held in Charities Pool	126,861	126,861

The geographical spread of listed investments as at 31 March was as follows:

	Held in the UK	Held outside the UK	Total at 31 March 2023	Held in the UK	Held outside the UK	Total at 31 March 2022
	£	£	£	£	£	£
Equities	932,076	156,227	1,088,303	955,603	133,455	1,089,058
Pooled Units	37,678	-	37,678	68,998	-	68,998
Cash held by Fund Manager	22,745	-	22,745	17,184	-	17,184
Total	992,499	156,227	1,148,726	1,041,785	133,455	1,175,240

9. CREDITORS

	2023 £	2022 £
Grant Liabilities	476,000	-

10. ANALYSIS OF NET ASSETS BY FUND

At 31 March 2023

	Unrestricted General funds £	Endowment funds £	Total at 31 March 2023 £
Fixed assets - investments	388,025	760,701	1,148,726
Current assets	115,190	21,278	136,468
Current liabilities	(476,000)	-	(476,000)
Total	27,215	781,979	809,194

At 31 March 2022

	Unrestricted General funds £	Endowment funds £	Total at 31 March 2022 £
Fixed assets - investments	396,981	778,259	1,175,240
Current assets	112,112	21,278	133,390
Total	509,093	799,537	1,308,630

11. MOVEMENT IN FUNDS

At 31 March 2023	Total as at 1 April 2022 £	Income £	Expenditure £	Gains & (losses) £	Total as at 31 March 2023 £
Endowment funds:					
Expendable endowment	799,536	-	-	(17,558)	781,978
Unrestricted funds:					
General funds	509,094	47,740	(520,584)	(9,034)	27,216
Total funds	1,308,630	47,740	(520,584)	(26,592)	809,194

At 31 March 2022	Total as at 1 April 2021 £	Income £	Expenditure £	Gains & (losses) £	Total as at 31 March 2022 £
Endowment funds:					
Expendable endowment	764,086	-	-	35,450	799,536
Unrestricted funds:					
General funds	438,566	61,679	(8,571)	17,420	509,094
Total funds	1,476,458	61,679	(8,571)	52,870	1,308,630

Purpose of the endowment fund

The expendable endowment fund is invested to generate income for the activities of the charity and represents the original assets of the charity, reported at current market value. Any income from this fund is accounted for within unrestricted income funds.

Purpose of unrestricted funds

The general fund comprises the accumulation of income surpluses as a result of unspent investment income after expenditure is charged to this fund. Any undistributed annual income is held for use in future years in accordance with the objectives of the charity.

12. RELATED PARTY TRANSACTIONS

The City Corporation is the sole Trustee of the charity, as described on page 2.

The charity is required to disclose information on related party transactions with bodies or individuals that have the potential to control or influence the charity. Members are required to disclose their interests, and these can be viewed online at www.cityoflondon.gov.uk.

Members and senior staff are requested to disclose all related party transactions, including instances where their close family has made such transactions.

Figures in brackets represent the amounts due at the balance sheet date. Other figures represent the value of the transactions during the year.

Related party	Connected party	2022/23 £	2021/22 £	Detail of transaction
Charities Pool Charity registration no. 1021138 City of London Corporation	The City of London Corporation is the Trustee for the charity	45,429	61,211	Distribution from the Charities Pool
		(-)	(-)	
City of London Corporation	The City of London Corporation is the Trustee for the charity	20,584	8,571	Management and administration fees recharged to the charity
		(-)	(-)	

REFERENCE AND ADMINISTRATION DETAILS

CHARITY NAME: The City of London Corporation Combined Education Charity

Registered charity number: 312836

PRINCIPAL OFFICE OF THE CHARITY & THE CITY CORPORATION:

Guildhall, London, EC2P 2EJ

TRUSTEE:

The Mayor and Commonalty & Citizens of the City of London

SENIOR MANAGEMENT:

Chief Executive

Ian Thomas - The Town Clerk and Chief Executive of the City of London Corporation (appointed 06 February 2023)

John Barradell OBE - The Town Clerk and Chief Executive of the City of London Corporation (retired 31 December 2022)

Treasurer

Caroline Al-Beyerty - The Chamberlain and Chief Financial Officer of the City of London Corporation

Solicitor

Michael Cogher - The Comptroller and City Solicitor of the City of London Corporation

INDEPENDENT EXAMINER:

Crowe U.K. LLP, 55 Ludgate Hill, London EC4M 7JW

BANKERS:

Lloyds Bank Plc., P.O. 1000 BX1 1LT

INVESTMENT ADVISORS:

Artemis Investment Management Limited, Cassini House, 57 St. James's Street, London, SW1A 1LD

Contact for The Chamberlain & Chief Financial Officer, to request copies of governance documents:

CHBOffice-BusinessSupport@cityoflondon.gov.uk

Emanuel Hospital

Annual Report and Financial Statements for the year
ended 31 March 2023

Charity registration number 206952

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ORIGINS OF THE CHARITY

The charity was established in 1600 under the Will of Lady Anne Dacre which provided for a hospital (or Almshouse) for “20 poor folks and 20 poor children” and which operated to benefit the poor through education and the relief of poverty. The hospital property was sold in 1892 and on 30 April 1894 by Order of the High Court of Justice (Chancery Division) a Scheme for the Regulation and Management of the Emanuel Hospital Charity was made for the payment of out-pensions to poor persons of not less than 56 years old being members of the Church of England who have resided for not less than two years in either the former parish in the City and Liberties of Westminster, the former parish of Chelsea or the former parish of Hayes. These pensioners were to be known as “Lady Dacre Pensioners”. The Scheme provided that the charity would continue to be governed by the Corporation of The Lord Mayor and Aldermen of the City of London, Governors of Emanuel Hospital. That Chancery Scheme was altered various times subsequently.

In more recent years, with a view to improving the impact and effectiveness of the charity, a new governing Scheme was sought from the Charity Commission. With effect from 27 January 2010 a new Scheme was granted which replaced the former trusts of the charity and which now governs the charity’s administration. Under this 2010 Scheme the areas of benefit were expanded to include the City of London area, the condition that beneficiaries needed to be members of the Church of England was removed, and the objects were revised. The City of London Corporation acting by the Court of Aldermen was named as the Trustee.

The Charity Commission granted a further Scheme on 22 October 2019 which altered and amended the 2010 Scheme to widen and replace the objects of the charity, and to remove restrictions on the beneficiary class, the charity’s geographical area of benefit, and how the charity’s income should be applied. The objects of the charity are now, for the public benefit, the relief of need by reason of age, ill-health, disability, financial hardship or other disadvantage of persons who are resident or have been resident in Greater London.

TRUSTEE'S ANNUAL REPORT

STRUCTURE AND GOVERNANCE

GOVERNING DOCUMENTS

The constitution of this charity is set out in its governing Scheme issued by The Charity Commission for England and Wales on 27 January 2010, as altered and amended by a Scheme of the Charity Commissioners dated 22 October 2019.

GOVERNANCE ARRANGEMENTS

The City of London (also referred to as 'the City Corporation' or 'the City of London Corporation'), a corporation by prescription, acting by the Court of Aldermen is the Trustee of Emanuel Hospital. Aldermen are elected to their office through an open process and the Aldermen collectively discharge the City Corporation's duties as Trustee by virtue of the positions that they hold in accordance with the charity's governing document. The Aldermen, by virtue of their office and membership of the Court of Aldermen, have a duty to support the City Corporation in discharge of its duties and exercise of its powers as Trustee of the charity. There is a sub-committee for Emanuel Hospital which has responsibility for the day-to-day management of the charity operating under broad delegated authority in accordance with written terms of reference, with some matters expressly reserved to the Court of Aldermen.

Committee meetings are held at the Trustee's discretion in public (except where it is considered not to be in the charity's best interests to do so), supporting a decision-making process which is clear, transparent and publicly accountable.

The Trustee believes that good governance is fundamental to the success of the charity.

Following a comprehensive governance review, during which reference was made throughout to the good practices recommended in the Charity Governance Code, a significant new strategic grant making and administration programme is now in place, ensuring that the charity is compliant with regulations and efficient and effective in maximising impact for beneficiaries.

OBJECTIVES AND ACTIVITIES

The objects of the charity are, for the public benefit, the relief of need by reason of age, ill-health, disability, financial hardship or other disadvantage of persons who are resident or have been resident in Greater London.

Investment Policy

The charity's investments are held in units of the City of London Charities Pool (registered charity 1021138). The investment policy is to provide a real increase in annual income in the long term whilst preserving the value of the capital base. The annual report and financial statements of the Charities Pool (which include an analysis of investment performance against objectives set) are available from the Chamberlain of London, at the email address stated on page 18.

Public benefit statement

The Trustee confirms that it has referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing Emanuel Hospital's aims and objectives and in planning future activities. The purpose of the charity is as stated above.

Consequently, the Trustee considers that Emanuel Hospital operates to benefit the general public and satisfies the public benefit test.

Policy on grant making

The charity has established its grant making policy to achieve its objects, as laid out above, for the public benefit. Applications are assessed via a robust process to ensure the proposed activities for funding will be supported by adequate and appropriate resources and will be used only for activities that match the charity's criteria. These guidelines are available from the e-mail address on page 18.

The assessment, management and oversight of the charity's grant making is provided by the Central Grants Unit (CGU) within the Town Clerk's department, which is an internal department of The City of London Corporation. Grants are recognised in the Statement of Financial Activities when they have been approved by the Trustee and notified to the beneficiaries.

ACHIEVEMENTS AND PERFORMANCE

In 2022/ 23, in light of the “Cost-of-Living Crisis” that is having significant impact on all areas of society, the Emanuel Hospital Sub-Committee agreed at its October meeting that a £350 Christmas Bonus for Lady Dacre Pensioners be paid in the 2022/23 financial year. There are 18 remaining Lady Dacre Pensioners, with the Christmas Bonus payments in this financial year thus totalling £6,300 and having a significant impact at a challenging time of year for many older people.

There has been further significant work through the strategic grant making programme. Following an initial grant of £325k awarded in 2021/22 to Age UK, the Committee carried out a review of its impact and ongoing need among vulnerable older people in London as a result of the cost of living crisis. A decision was therefore taken to explore opportunities for Age UK to respond to this growing need through further funding, and an additional major grant of £655k over two years was awarded in October 2022. The grant will fund a strategic grant programme for distribution to 22 local Age UK branches in London (£550k over two years) alongside costs of programme, salary, overheads and evaluation (£105k).

During the prior year (2021/22) a major grant of £117k was awarded to Friends of the Elderly with project delivery ongoing in 2022/23. In 2022/23, the main work was focussed on distribution of Emanuel Hospital grants to individuals, designed to support older Londoners in critical need, with the charity reporting high demand for assistance and evidence of large impact through the award of relatively small sums.

PLANS FOR FUTURE PERIODS

The CGU will continue to monitor the two significant grants to Age UK and Friends of the Elderly. Further discussions are planned with Friends of the Elderly about further funding for its work, providing essential grants to older people in the capital. An application has now been received and is being reviewed with a likely decision taken to the Committee in July 2023.

Ongoing monitoring of the Lady Dacre pensioners will continue with reporting to each Sub-Committee meeting.

The Trustee does not consider there to be any material uncertainty around going concern and further detail regarding this is set out on page 11.

FINANCIAL REVIEW

Overview of Financial Performance

Income

In 2022/23 the charity’s total income for the year was £112,359, an overall decrease of £44,849 (28.5%) from previous year (2021/22: £157,208). All income received was from investments. The decrease in income is due to a difficult year for investment markets.

Expenditure

Total expenditure for the year was £701,830, all of which related to charitable activities (2021/22: £488,297). This mainly related to 1 grant awarded in the year to Age UK for £655,144 (2021/22 £442,584) and the total of £34,669 paid as pensions during the year (2021/22: £31,065). Support costs were £11,987 (2021/22: £14,647), made up of legal, management and administration costs and independent examination fees.

Investment performance

Over the course of 2022/23 the Charities Pool investment strategy delivered an absolute return (gross of fees) of +2.22% which was below the FTSE All Share Index benchmark return of +2.92% (2021/22: the investment strategy gained +11.1% versus +13.0% from the benchmark). However, over the longer-term three and five year horizon, performance of the Charities Pool investments, as displayed in the table below, was above benchmark. With effect from 22 July 2022, the Charities Pool transferred its investments from the Artemis Income Fund to the Artemis Income (Exclusions) Fund, which is an unconstrained, multi-cap strategy that aims to generate a rising income stream combined with long-term capital growth. The Fund invests in UK equities and can also hold international equities and bonds. Shares in companies that derive more than 20% of their revenues from tobacco, gambling, weapons and fossil fuels are excluded.

	2022/23		2021/22	
	3 year	5 year	3 year	5 year
City of London Charities Pool	14.06%	5.64%	7.35%	6.16%
FTSE All Share	13.81%	5.04%	5.31%	4.69%
Fund outperformance	0.26%	0.61%	+2.04%	+1.46%

Funds held

The charity's total funds held decreased by £675,452 (22.0%) to £2,388,371 at 31 March 2023 (2021/22: £3,063,823), mainly as a result of a strategic decision to award grant funding during the year. Within the total funds held, £1,735,432 (2021/22: £1,786,824) represent permanent endowment funds which are held in perpetuity as a capital fund to generate income for the primary objectives of the charity. Any income arising from this capital is accounted for within unrestricted funds.

The general fund represents funds that are available for distribution in accordance with the purpose of Emanuel Hospital, with £652,939 held at the year-end (2021/22: £1,276,999). As noted above, the main reason for the reduction in funds held was the strategic grant awarded in the year.

Details of all funds held, including their purposes, is set out within note 10 to the financial statements.

Reserves policy

The permanent endowment funds are held in perpetuity. It is the Trustee's policy to invest the assets of the charity held within this fund to retain the real value of the endowment, whilst generating sufficient income to fund the activities undertaken both now and in the future.

The Trustee revised its policy in 2022/23 to meet future working capital needs and believe that an amount of £50,000 should be held, which will be subject to annual review.

As at 31 March 2023 the charity held £652,939 as free reserves, amounts which are available to support charitable activities in future years.

While the charity currently holds free reserves in excess of its target of £50,000, the ongoing strategic grant programme is being directed to spend down the reserves to reach the target level.

Principal Risks and Uncertainties

The charity is committed to a programme of risk management as an element of its strategy to preserve the charity's assets. In order to embed sound practice the senior leadership team ensures that risk management policies are applied, that there is an on-going review of activity and that appropriate advice and support is provided.

TRUSTEE RESPONSIBILITIES

The Trustee is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Charity law requires the Trustee to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under charity law, the Trustee must not approve the financial statements unless the Trustee is satisfied that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period. In preparing these financial statements, the Trustee is required to:

- select suitable accounting policies and then apply them consistently.
- make judgements and accounting estimates that are reasonable and prudent.
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustee is responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable the Trustee to ensure that the financial statements comply with the Charities Act 2011. The Trustee is also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustee is aware:

- there is no relevant audit information of which the charity's auditors are unaware; and
- the Trustee has taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Financial statements are published on the Trustee's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Trustee's website is the responsibility of the Trustee. The Trustee's responsibility also extends to the ongoing integrity of the financial statements contained therein.

Adopted and signed for on behalf of the Trustee.

Alderman Gregory Jones KC

XX December 2023

INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEE OF EMMANUEL HOSPITAL

Awaiting report from Crowe

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	Unrestricted Funds £	Endowment Funds £	2022/23 Total Funds £	2021/22 Total Funds £
Income from:					
Investments	2	112,359	-	112,359	157,208
Total income		112,359	-	112,359	157,208
Expenditure on:					
Charitable activities	3	701,830	-	701,830	488,297
Total expenditure		701,830	-	701,830	488,297
Net (losses)/gains on investments	8	(45,555)	(40,410)	(85,965)	136,319
Net (losses) on short term deposit		(16)	-	(16)	(2,159)
Net (expenditure)/income and net movement in funds		(635,042)	(40,410)	(675,452)	(196,929)
Reconciliation of funds:					
Total funds brought forward	11	1,276,999	1,786,824	3,063,823	3,260,752
Total funds carried forward	11	641,957	1,746,414	2,388,371	3,063,823

The above results were derived from continuing activities.

There were no other recognised gains and losses other than those shown above.

The notes on pages 11 to 17 form part of these financial statements.

BALANCE SHEET**AS AT 31 MARCH 2023**

	Notes	2023 Total £	2022 Total £
Fixed assets			
Investments	8	2,703,298	2,989,270
Total fixed assets		2,703,298	2,989,270
Current assets			
Cash at bank and in hand		38,931	168,509
Total current assets		38,931	168,509
Current Liabilities			
Creditors	9	(353,858)	(93,956)
Total Current Liabilities		(353,858)	(93,956)
Total net assets		2,388,371	3,063,823
The funds of the charity:			
Endowment funds	10	1,746,414	1,786,824
Unrestricted income funds	10	641,957	1,276,999
Total funds		2,388,371	3,063,823

The notes on pages 11 to 17 form part of these financial statements.

Approved and signed on behalf of the Trustee.

Caroline Al-Beyerty

Chamberlain of London and Chief Financial Officer

XX December 2023

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

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

(a) Basis of preparation

The financial statements of the charity, which is a public benefit entity under FRS102, have been prepared under the historical cost convention and in accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (second edition effective 1 January 2019) and the Charities Act 2011.

(b) Going concern

The financial statements have been prepared on a going concern basis as the Trustee considers that there are no material uncertainties about the charity's ability to continue as a going concern. The charity only spends the income that is generated from its investments, so maintaining its capital base. The latest forecast anticipates that adequate funds will be available in the 12 months from the date of signing these financial statements to enable the charity to continue to fulfil its obligations.

In making this assessment, the Trustee has considered the current high inflationary pressures on the value of investment assets held, future income levels, expenditure requirements and the liquidity of the charity over the 12-month period from the date of the signed accounts. It has not identified any indication that the charity will not be able to meet liabilities, including planned commitments, as they fall due. The policy of meeting pensions and approving grant commitments from available unrestricted income, provides the flexibility to ensure the long-term viability of the charity; in addition to the funds balances carried forward from previous years, the charity has sufficient funds to maintain the pensions currently paid out and grant commitments agreed. The Trustee is under no obligations to pay out pensions and may choose to defer pensions payments to future years until such time as the available free reserves were deemed adequate to meet these costs or cease making pension payments altogether. The charity, as a matter of funding policy, is continuing to support the existing Lady Dacre Pensioners (subject to their ongoing eligibility) by way of a modest monthly pension, with the discretion to award a further additional payment to each of them prior to Christmas, this arrangement being subject to annual review. Any changes to this policy would be taken after appropriate evaluation, including an assessment of the charity's best interests and impact on its beneficiaries. For this reason, the Trustee continues to adopt a going concern basis for the preparation of the financial statements.

(c) Key management judgements and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenditure. The estimates and associated assumptions are based on historical experience and various other factors that are

believed to be reasonable under the circumstances, the result of which form the basis of decisions about carrying values of assets and liabilities that are not readily apparent from other sources. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Management do not consider there to be any material revisions requiring disclosure.

(d) Statement of Cash Flows

As per section 14.1 of the Charities SORP the Charity is not required to produce a statement of cash flows on the grounds that it is a small entity.

(e) Income

All income is included in the Statements of Financial Activities (SOFA) when the charity is legally entitled to the income; it is more likely than not that economic benefit associated with the transaction will come to the charity and the amount can be quantified with reasonable certainty. Income consists of investment income and interest on cash balances. The previous year included the receipt of funds as part of the closure of two other charities.

(f) Expenditure

Expenditure is accounted for on an accruals basis and has been classified under the principal category of 'expenditure on charitable activities. Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required, and the amount of the obligation can be measured reliably. The liability can only be derecognised where payment of a grant award is no longer probable.

The charity does not employ any staff. Officers of the City Corporation provide financial and governance administrative assistance to the charity when required and the costs of this support are recharged to the charity.

(g) Pensions

Pensions paid to beneficiaries are subject to an annual review by the Trustee. The financial statements reflect the pensions payable for the year of account only.

(h) Taxation

The charity meets the definition of a charitable trust for UK income tax purposes, as set out in Paragraph 1 Schedule 6 of the Finance Act 2010. Accordingly, the charity is exempt from UK taxation in respect of income or capital gains under part 10 of the Income Tax Act 2007 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

(i) Investments

Investments are made in the City of London Charities Pool (charity number 1021138) which is an investment mechanism operating in a similar way to a unit trust. This enables

the City of London Corporation to “pool” small charitable investments together and consequently obtain better returns than would be the case if investments were made individually.

Investments are valued at bid price in line with FRS102. Gains and losses for the year on investments held as fixed assets are included in the Statement of Financial Activities.

(j) Funds structure

Income, expenditure and gains/losses are allocated to particular fund according to their purpose:

Permanent endowment fund – this fund consists of funds which are held in perpetuity for the benefit of the charity as a result of conditions imposed by the original donors and trusts. Income generated from the investments which represent these funds can be spent on the charitable purpose of the charity, hence is allocated to the unrestricted income fund. Gains/losses on the underlying assets remain as part of the endowment.

Unrestricted income funds – these funds can be used in accordance with the charitable objects at the discretion of the Trustee and include both income generated by assets held within the permanent endowment fund and from those representing unrestricted funds. Specifically, this represents the surplus of income over expenditure for the charity which is carried forward to meet the requirements of future years, known as free reserves.

Designated funds – these are funds set aside by the Trustee out of unrestricted funds for a specific purpose.

(k) Insurance

The charity, elected Members and staff supporting the charity’s administration are covered by the City Corporation’s insurance liability policies, and otherwise under the indemnity the City Corporation provides to Members and staff, funded from City’s Cash.

2. INCOME FROM INVESTMENTS

	Unrestricted funds 2022/23 £	Unrestricted funds 2021/22 £
Investment income	111,882	155,686
Interest	477	1,522
Total	112,359	157,208

3. EXPENDITURE ON CHARITABLE ACTIVITIES

	Unrestricted funds			Unrestricted funds 2021/22 £
	Direct costs	Support costs	Total 2022/23	
	£	£	£	
Lady Dacre Pensions	34,699	603	35,302	32,027
Grants/Donations to Voluntary and Other Organisations	655,144	11,384	666,528	456,270
Total	689,843	11,987	701,830	488,297

4. ANALYSIS OF SUPPORT COSTS

	Charitable activities	Governance costs	Total 2022/23	Total 2021/22
	£	£	£	£
Legal fees	1,820	-	1,820	2,548
Management Fees	5,476	-	5,476	10,349
Finance and administration expenses	2,691	-	2,691	-
Independent examination fees	-	2,000	2,000	1,750
Sub- total	9,987	2,000	11,987	14,647
Reallocation of governance costs	2,000	(2,000)	-	-
Total support costs	11,987	-	11,987	14,647

Support costs are allocated based on direct costs incurred on charitable activities.

5. ANALYSIS OF GRANTS

Reconciliation of grants payable:	2022/23	2021/22
	£	£
Commitments at 1 April	93,956	-
Commitments made in the year	655,144	442,584
Grants paid in the year	(395,242)	(348,628)
Commitments at 31 March	353,858	93,956

6. INDEPENDENT EXAMINER'S REMUNERATION

In 2022/23 an independent examination fee of £2,000 was recharged (2021/22: £1,750). No other services were provided to the charity by its independent examiners during the year (2021/22: £nil).

7. TRUSTEE EXPENSES

The Aldermen, acting collectively by the Court of Aldermen for the City of London Corporation as Trustee, did not receive any remuneration or reimbursement of expenses during 2022/23 (2021/22: nil).

8. INVESTMENTS

The investments are held in the City of London Corporation Charities Pool, a charity registered in the UK with the Charity Commission (charity number 1021138). The Charities Pool is a UK registered unit trust.

The value of investments held by the charity are as follows:

	2023	2022
	£	£
Market value 1 April	2,989,270	2,852,951
Disposal	(200,007)	-
Gain/(Loss) for the year	(85,965)	136,319
Market value 31 March	2,703,298	2,989,270
Cost 31 March	2,439,636	2,636,717
Units held in Charities Pool	298,542	322,659

The type of listed investments held at 31 March was as follows:

	Held in the UK £	Held outside the UK £	Total at 31 March 2023 £	Held in the UK £	Held outside the UK £	Total at 31 March 2022 £
Equities	2,193,455	367,649	2,561,104	2,430,276	340,777	2,771,053
Pooled Units	88,668	-	88,668	176,367	-	176,367
Cash held by Fund Manager	53,526	-	53,526	41,850	-	41,850
Total	2,335,649	367,649	2,703,298	2,769,271	356,317	2,989,270

9. CREDITORS

	2023	2022
	£	£
Grant Liabilities	353,858	93,956

10. ANALYSIS OF NET ASSETS BY FUND

At 31 March 2023	Unrestricted General funds £	Endowment funds £	Total at 31 March 2023 £
Fixed assets - investments	956,884	1,746,414	2,703,298
Current assets	38,931	-	38,931
Current Liabilities	(353,858)	-	(353,858)
Total	641,957	1,746,414	2,388,371

At 31 March 2022	Unrestricted General funds £	Endowment funds £	Total at 31 March 2022 £
Fixed assets - investments	1,202,446	1,786,824	2,989,270
Current assets	168,509	-	168,509
Current Liabilities	(93,956)	-	(93,956)
Total	1,276,999	1,786,824	3,063,823

11. MOVEMENT IN FUNDS

At 31 March 2023	Total as at 01 April 2022 £	Income £	Expenditure £	Gains & (losses) £	Total as at 31 March 2023 £
Permanent endowment funds	1,786,824	-	-	(40,410)	1,746,414
Unrestricted income funds:					
General funds	1,276,999	112,359	701,830	(45,571)	641,957
Total funds	3,063,823	112,359	701,830	(85,981)	2,388,371

At 31 March 2022	Total as at 1 April 2021 £	Income £	Expenditure £	Gains & (losses) £	Total as at 31 March 2022
Permanent endowment funds	1,705,333	-	-	81,491	1,786,824
Unrestricted income funds:					
General funds	1,555,419	157,208	488,297	52,669	1,276,999
Designated funds	-	-	-	-	-
Total unrestricted income funds	1,555,419	157,208	488,297	52,669	1,276,999
Total funds	3,260,752	157,208	488,297	134,160	3,063,823

Purpose of the permanent endowment funds

The permanent endowment fund is held in perpetuity as a capital fund to generate income for the activities of the charity. Any income generated from this fund is accounted for within unrestricted income funds. The fund comprises the investment of the original endowment, further receipts of endowed assets and the subsequent revaluation of these investments.

Purpose of the unrestricted income funds

General funds

This fund is available for distribution with the purposes of the charity and represents the surplus of income over expenditure for the charity which is carried forward to meet the requirements of future years, known as free reserves.

12. RELATED PARTY TRANSACTIONS

The City Corporation acting by the Court of Aldermen is the sole Trustee of the charity, as described on page 2.

The charity is required to disclose information on related party transactions with bodies or individuals that have the potential to control or influence the charity. Members are required to disclose their interests, and these can be viewed online at www.cityoflondon.gov.uk.

Members and senior staff are requested to disclose all related party transactions, including instances where their close family has made such transactions.

Figures in brackets represent the amounts due at the balance sheet date. Other figures represent the value of the transactions during the year.

Related party	Connected party	2022/23 £	2021/22 £	Detail of transaction
Charities Pool	The City of London Corporation is the Trustee for the charity	111,882 (-)	153,527 (-)	Distribution from the Charities Pool
City of London Corporation	The City of London Corporation is the Trustee for the charity	11,987 (-)	14,647 (-)	Management and administration fees recharged to the charity

REFERENCE AND ADMINISTRATION DETAILS

CHARITY NAME: Emanuel Hospital

Registered charity number: 206952

PRINCIPAL OFFICE OF THE CHARITY & THE CITY CORPORATION:

Guildhall, London, EC2P 2EJ

TRUSTEE:

The City of London Corporation acting by the Court of Aldermen

SENIOR MANAGEMENT:

Chief Executive

Ian Thomas - The Town Clerk and Chief Executive of the City of London Corporation (appointed 6 February 2023)

John Barradell OBE - The Town Clerk and Chief Executive of the City of London Corporation (retired 31 December 2022)

Treasurer

Caroline Al-Beyerty - The Chamberlain of the City of London Corporation and Chief Financial Officer (appointed 1 May 2022)

Solicitor

Michael Cogher - The Comptroller and City Solicitor of the City of London Corporation

INDEPENDENT EXAMINERS

Crowe U.K. LLP, 55 Ludgate Hill, London EC4M 7JW

BANKERS:

Lloyds Bank Plc., P.O. 1000 BX1 1LT

INVESTMENT FUND MANAGERS:

Artemis Investment Management LLP, Cassini House, 57 St. James's Street, London, SW1A 1LD

Contact for The Chamberlain & Chief Financial Officer, to request copies of governance documents:

CHBOffice-BusinessSupport@cityoflondon.gov.uk

Sir William Coxen Trust Fund

Annual Report and Financial Statements for the year
ended 31 March 2023

Charity registration number 206936

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ORIGINS OF THE CHARITY

The Sir William Coxen Trust fund was established by the Will of Sir William Coxen, a past Lord Mayor of the City of London (1939-40) upon his death on the 7th of April 1946. Sir William was also the Treasurer of the Royal National Orthopaedic Hospital, and the children's and young people's ward at the Stanmore site continues to be named in his honour.

The income of the charity continues to be applied for the benefit of all or any of the Orthopaedic Hospitals of England or other hospitals or charitable institutions carrying out similar work (with preference being given to the Royal National Orthopaedic Hospital Charity of Great Portland Street, London).

TRUSTEES' ANNUAL REPORT

STRUCTURE AND GOVERNANCE

GOVERNING DOCUMENTS

The charity is governed by clause 17 of Sir William's Will, as amended by resolutions of the Trustees passed on 1 February 2017 under sections 280 and 282 of the Charities Act 2011, the section 282 resolution taking effect with the concurrence of the Charity Commission on 15 June 2017.

GOVERNANCE ARRANGEMENTS

The Will of Sir William Coxen provided for the Court of Aldermen to take possession of the trust funds and income thereof and to appoint a management committee of six Aldermen to administer the charity, four of whom had served as a Lord Mayor.

On 1 February 2017 the Trustees resolved, pursuant to section 280 of the Charities Act 2011, to amend and supplement the administrative provisions governing the charity.

On the 1 February 2017 the Court of Aldermen further resolved under the amended governing provisions to exercise their powers to collectively retire as trustees with the retirement to take effect on 1 April 2017 and to exercise their power to appoint five Aldermen as individual trustees (with their consent) whose appointments were to take effect simultaneously upon the collective retirement of the Court on 1 April 2017. These five individual Trustees are appointed for a term of three years under the amended governing provisions. The Trustees may also appoint up to two further Trustees who need not be Aldermen of the City of London. After their first term, Trustees may be reappointed for a further consecutive term of three years.

The charity is administered under Clause 17 of the Will of Sir William Coxen as amended by resolutions of the Trustees passed on 1 February 2017 with the concurrence of the Charity Commission on 15 June 2017, as relevant. The Aldermen, being elected Members of the City of London Corporation, are required to act in accordance with the conflicts of interest and other governance rules applying to the City of London Corporation's elected Members. The Trustees, at their meeting on the 27 April 2017, resolved and confirmed the arrangements for the City of London Corporation's, and its officers', on-going support for the charity under delegated authority, noting that those arrangements would be kept under review. It is on that basis that administrative, financial, accountancy, audit and legal support continues to be provided by the City Corporation to the charity. The Trustees also resolved, at their meeting on 27 April 2017, that oversight of the charity's investments and performance should be delegated to the City Corporation with their consent. The City Corporation's Investment Committee on 17 May 2017, and its responsible sub-committee the Financial Investment Board on 18 May 2017, agreed to monitor and review the charity's investment performance and the fund manager's services, and to provide relevant reports and advice to the charity's Trustees every year.

The Trustees believe that good governance is fundamental to the success of the charity. Recommendations following comprehensive review of governance and operations were implemented during 2022/23 to ensure that the charity is effective in fulfilling its objectives.

Reference was made to the good practices recommended within the Charity Governance Code throughout this review. Arrangements are monitored to ensure regulatory compliance and the ongoing maintenance of an efficient and effective portfolio of charities that maximise impact for beneficiaries.

OBJECTIVES AND ACTIVITIES

The object of the charity is to apply income for the benefit of all or any of the Orthopedic Hospitals of England or other hospitals or charitable institutions carrying out similar work (preference should be to the Royal National Orthopedic Hospital Charity of Great Portland Street, London). Assistance is granted to eligible organisations (usually registered charities) in the form of donations and grants.

In making his bequest, Sir William had in mind that young children up to the age of 14 should be periodically examined to see that they are growing into healthy men and women and that correction in any faults (orthopaedic) that may arise in them should be made. As such, preference continues to be given to applications which are:

- For an orthopaedic condition.
- For the prevention of an orthopaedic condition; and
- For children up to the age of 14.

Investment Policy

The investment policy is to seek to achieve a balance between the need to provide primarily for future increases in expenditure and so far as is practical the need to protect the capital base with a medium to long-term horizon.

Public benefit statement

The Trustee confirms that it has referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Sir William Coxen Trust Fund's aims and objectives and in planning future activities. The purpose of the charity is as stated above.

Consequently, the Trustee considers that the Sir William Coxen Trust Fund operates to benefit the general public and satisfies the public benefit test.

Policy on grant making

The charity has established its grant making policy to achieve its objects, as laid out above, for the public benefit. Applications are assessed via a robust process, taking appropriate advice, to ensure that proposed activities for funding will be supported by adequate and appropriate resources and will be used only for activities that match the charity's criteria. These guidelines are available from the Town Clerk at the City of London Corporation.

ACHIEVEMENTS AND PERFORMANCE

The key target for 2022/23 was to identify and consider grant applications for the benefit of any orthopaedic hospital in England and other charitable institutions carrying out similar

work (with preference being given to the Royal National Orthopaedic Hospital of Great Portland Street). No grants were awarded during 2022/23 (2021/22: 4 charities benefitted from donations totalling £155,287). The Trustees are currently considering the best way to structure further support for the work of the University of East Anglia (UEA) in further developing research into the treatment of primary bone cancers which disproportionately affect children and have very poor survival rates (Osteosarcoma and Ewing sarcoma), which has already been supported at an initial stage. The charity has therefore temporarily closed its public application programme, and no grants were awarded in the year whilst discussions were ongoing.

PLANS FOR FUTURE PERIODS

The Trustees plan to resolve discussions around the structure of future support to UEA and as a result make a significant commitment from available unrestricted funds during 2023/24.

The Trustees do not consider there to be any material uncertainty around going concern and further detail regarding this is set out on page 11.

FINANCIAL REVIEW

Overview of Financial Performance

Income

The funds of the charity are managed by Artemis Investment Management LLP as part of two of their unit trusts. In 2022/23 the charity's total income for the year was £106,744 an overall increase of £7,994 against the previous year totalling £98,750 (2021/22: an increase of £9,178 from £89,572).

Income from investments comprised £101,342 (2021/22: £97,409), with a further £5,402 received from bank interest (2021/22: £1,341).

Expenditure

Total expenditure for the year was £33,745 (2021/22: £175,540). The decrease in total expenditure was principally due to no grants being made during 2022/23 (2021/22: 4 grants totalling £155,287). Expenditure on raising funds was £12,172 (2021/22: £12,913).

Investment performance

The funds of the charity are managed by Artemis Investment Management LLP within two of their unit trusts. Market values and performance against benchmarks for the year was as follows:

Fund	Market Value		Returns		Benchmark	
	2022/23 £	2021/22 £	2022/23 %	2021/22 %	2022/23 %	2021/22 %
Artemis Income Fund	2,247,997	2,294,199	3.12	10.50	2.92	13.00
Artemis High Income Fund	265,373	293,348	-3.48	-0.50	-6.46	-2.30
	2,513,370	2,587,547				

Benchmarks utilised are:

- Artemis Income Fund – FTSE All-Share index
- Artemis High Income Fund – Investment Association Sterling Strategic Bond sector

The decrease in value follows the downturn in financial markets during 2022/23. However, the Income Fund produced a positive absolute return of +3.12% and the High-Income fund produced a negative absolute return of -3.48%, with both investments outperforming their respective benchmarks.

Funds held

The charity's total funds held increased by £16,721 or 0.6% to £2,806,555 as of 31 March 2023 (2021/22: £2,789,833).

The endowment funds held, £2,483,849 (2021/22: £2,552,116) represent permanent endowment funds which are held in perpetuity as a capital fund to generate income for the primary objectives of the charity. Any income arising from this capital is accounted for within unrestricted funds.

Unrestricted income funds amounted to £322,706 (2021/22: £237,717). These funds represent those that are available for distribution in accordance with the purpose of the Sir William Coxen Trust Fund.

Details of all funds held, including their purposes, is set out within Note 12 to the financial statements.

Reserves

The Reserves Policy is to maintain the endowment funds of the charity and use the investment income in accordance with the objectives of the charity. Following a section 282 Trustees' resolution in 2017 and with the concurrence of the Charity Commission, £150,000 of the original endowment was released to be held in the unrestricted income fund, having regard to substantive funding commitments made in previous years so to ensure that the charity had sufficient income reserves available should need for those funds arise. The charity continues to hold these funds within its free reserves.

The free reserves of the charity are held to cover working capital needs. The Trustee believes that a minimum amount of £13,500 should be held at present, which will be subject to annual review. As at 31 March 2023 the charity held £322,706 as free reserves, amounts which are available to support charitable activities in future years.

Principal Risks and Uncertainties

The charity is committed to a programme of risk management as an element of its strategy to preserve the charity's assets. In order to embed sound practice the senior leadership team ensures that risk management policies are applied, that there is an on-going review of activity and that appropriate advice and support is provided. A key risk register has been prepared for the charity, which has been reviewed by the Trustees. This identifies the potential impact of key risks and the measures which are in place to mitigate such risks.

Risk	Actions to manage risks
Decline in income	<ul style="list-style-type: none"> • Implementing strict controls. • The charity's funds are invested by a professional fund manager. • The Financial Investment Board regularly monitors the performance of this fund manager.
Where the Trustees has a conflict of interest	<ul style="list-style-type: none"> • Those concerned having a specific understanding of trust law. • Adopting the protocol for disclosing any potential conflict.
Losing directly employed staff and/or the support staff	<ul style="list-style-type: none"> • Documenting systems, plans and projects • Having any necessary training programmes

TRUSTEES' RESPONSIBILITIES

The Trustees are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Charity law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under charity law the Trustees must not approve the financial statements unless the Trustees are satisfied that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently.
- make judgements and accounting estimates that are reasonable and prudent.
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable the Trustees to ensure that the financial statements comply with the Charities Act 2011. The Trustees are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

- there is no relevant audit information of which the charity's auditors are unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Financial statements are published on the Trustees' website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Trustees' website is the responsibility of the Trustees. The Trustees' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Adopted and signed for on behalf of the Trustees.

Alderman Bronek Masojada, Chairman of Trustees

XX December 2023

INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF THE SIR WILLIAM COXEN TRUST FUND

To be inserted once independent examination complete and draft report available

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	Unrestricted Funds 2022/23 £	Endowment funds 2022/23 £	Total funds 2022/23 £	Total 2021/22 £
Income from:					
Investments	2	106,745	-	106,745	98,750
Total income		106,745	-	106,745	98,750
Expenditure on:					
Raising funds	3	-	12,171	12,171	12,913
Charitable activities	4	21,574	-	21,574	162,627
Total expenditure		21,574	12,171	33,745	175,540
Net (losses)/gains on investments	8	-	(56,096)	(56,096)	137,272
Net (losses)/gains on short term deposit		(182)	-	(182)	(1,902)
Net income and net movement in funds		84,989	(68,267)	16,722	58,580
Reconciliation of funds:					
Total funds brought forward	12	237,717	2,552,116	2,789,833	2,731,253
Total funds carried forward		322,706	2,483,849	2,806,555	2,789,833

All of the above results are derived from continuing activities.

There were no other recognised gains and losses other than those shown above.

The notes on pages 11 to 17 form part of these financial statements.

BALANCE SHEET**AS AT 31 MARCH 2023**

	Notes	2023 Total £	2022 Total £
Fixed assets			
Investments	8	2,513,371	2,587,548
Total fixed assets		2,513,371	2,587,548
Current assets			
Debtors	9	1,485	4,792
Cash at bank and in hand		336,385	240,257
Total current assets		337,870	245,049
Current Liabilities			
Creditors	10	(23,012)	(21,090)
Net Current Assets		314,858	223,959
Total Assets less current liabilities		2,828,229	2,811,507
Grants falling due after more than one year	10	(21,674)	(21,674)
Total net assets		2,806,555	2,789,833
The funds of the charity:			
Endowment funds	12	2,483,849	2,552,116
Unrestricted funds	12	322,706	237,717
Total funds		2,806,555	2,789,833

The notes on page 11 to 17 form part of these financial statements

Approved and signed on behalf of the Trustees.

Caroline Al-Beyerty

Chamberlain of London and Chief Financial Officer

XX December 2023

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

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

(a) Basis of preparation

The financial statements of the charity, which is a public benefit entity under FRS102, have been prepared under the historical cost convention and in accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (second edition effective 1 January 2019) and the Charities Act 2011.

(b) Going concern

The financial statements have been prepared on a going concern basis as the Trustees consider that there are no material uncertainties about the charity's ability to continue as a going concern. The charity has discretion over the level of grants awarded and therefore spending is based on what is generated from its investments, so maintaining the capital base. The latest forecast anticipates that adequate funds will be available in the 12 months from the date of these accounts to enable the charity to continue to fulfil its obligations.

(c) Key management judgements and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenditure. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of decisions about carrying values of assets and liabilities that are not readily apparent from other sources. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Management do not consider there to be any material revisions requiring disclosure.

(d) Statement of Cash Flows

As per section 14.1 of the Charities SORP the Charity is not required to produce a statement of cash flows on the grounds that it is a small entity.

(e) Income

All income is included in the Statements of Financial Activities (SOFA) when the charity is legally entitled to the income; it is more likely than not that economic benefit associated with the transaction will come to the charity and the amount can be quantified with reasonable certainty. Income consists of investment income and interest.

(f) Expenditure

Expenditure is accounted for on an accruals basis and has been classified under the principal category of 'expenditure on charitable activities. Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure (when notification is made in writing to the grantee), it is probable that settlement will be required, and the amount of the obligation can be measured reliably. Expenditure includes grants payable and investment management fees.

The charity does not employ any staff. Officers of the City Corporation provide financial and governance administrative assistance to the charity when required. Costs of administration and management are recharged to the charity by the City Corporation.

(g) Taxation

The charity meets the definition of a charitable trust for UK income tax purposes, as set out in Paragraph 1 Schedule 6 of the Finance Act 2010. Accordingly, the charity is exempt from UK taxation in respect of income or capital gains under part 10 of the Income Tax Act 2007 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

(h) Investments

Investments are made in two-unit trusts managed by Artemis Investment Management LLP. The Artemis Income Fund and The Artemis High Income Fund.

Investments are valued at bid-price. Gains and losses for the year on investments held as fixed assets are included in the Statement of Financial Activities.

(i) Fund's structure

Income, expenditure and gains/losses are allocated to a particular fund according to their purpose:

Permanent endowment fund – this fund consists of funds which are held in perpetuity for the benefit of the charity as a result of conditions imposed by the original bequest. Income generated from the investments which represent this fund can be spent on the charitable purpose of the charity, hence is allocated to the unrestricted income fund. Gains/losses on the underlying assets remain as part of the endowment.

Unrestricted income funds – these funds can be used in accordance with the charitable objects at the discretion of the Trustees and include both income generated by assets held within the permanent endowment fund and from those representing unrestricted funds. Specifically, this represents the surplus of income over expenditure for the charity which is carried forward to meet the requirements of future years, known as free reserves.

(j) Insurance

The charity, elected Members appointed as trustees and staff supporting the charity's administration are covered by the City Corporations insurance liability policies, and otherwise under the indemnity the City Corporation provides to Members and staff, funded from City's Cash.

2. INCOME FROM INVESTMENTS

	Unrestricted funds 2022/23 £	Unrestricted funds 2021/22 £
Investment income	101,342	97,409
Interest	5,403	1,341
Total	106,745	98,750

3. EXPENDITURE ON RAISING FUNDS

	Endowment Funds 2022/23 £	Total funds 2021/22 £
Investment management fees	12,171	12,913
Total expenditure on raising funds	12,171	12,913

4. EXPENDITURE ON CHARITABLE ACTIVITIES

	Direct costs £	Support costs £	Total 2022/23 £	Total 2021/22 £
Grants Awarded	-	21,574	21,574	162,627
Grants to organisations	-	21,574	21,574	162,627

No new grants were awarded in 2022/23 (In 2021/22 4 grants were awarded totalling £155,287)

Reconciliation of grants payable:

	2022/23 £	2021/22 £
Commitments at 1 April	42,764	-
Commitments made in the year	-	155,287
Grants paid in the year	-	(112,523)
Commitments at 31 March	42,764	42,764

Analysis of Support Costs

	Charitable activities £	Governance costs £	Total 2022/23 £	Total 2021/22 £
Legal Fees	9,096	-	9,096	473
Independent Examiner Fees	-	2,000	2,000	4,000
Management Fees	10,229	-	10,229	10,229
Other governance costs	-	249	249	-
Sub-total	19,325	2,249	21,574	14,702
Reallocation of governance costs	2,249	(2,249)	-	-
Total support costs	21,574	-	21,574	14,702

5. GRANTS AWARDED

Analysis of grants awarded:

Project description	Total 2022/23 £	Total 2021/22 £
University of East Anglia	-	70,000
KidsCan	-	2,000
Bone Cancer Trust	-	20,000
University of East Anglia PhD Studentship	-	63,287
Total Grants to organisations	-	155,287

Reconciliation of grants payable:	2022/23 £	2021/22 £
Commitments on 1 April	42,764	-
Commitments made in the year	-	155,287
Grants paid in the year	-	(112,523)
Commitments at 31 March (note 10)	42,764	42,764

6. INDEPENDENT EXAMINER'S REMUNERATION

Crowe U.K. LLP are the charity's independent examiners. In 2022/23 an independent examination fee of £2,000 was recharged (2021/22: £1,750). No other services were provided to the charity by its independent examiners during the year (2021/22: £nil).

7. TRUSTEE EXPENSES

The Aldermen serving as Trustees received £120.33 as re-imbusement of travelling expenses during 2022/23 (2021/22: £nil).

8. INVESTMENTS

The value of investments held by the charity are as follows:

	2022/23 £	2021/22 £
Market value 1 April	2,587,548	2,469,294
Gain for the year	(56,096)	137,272
Market value 31 March	2,531,452	2,606,566
Fees deducted at source	(18,081)	(19,018)
Net Market Value 31 March	2,513,371	2,587,548
Cost 31 March	1,539,878	1,539,878

9. DEBTORS

	2022/23	2021/22
	£	£
Other debtors	1,485	4,792
Total	1,485	4,792

10. CREDITORS**Amounts falling due within one year**

	2022/23	2021/22
	£	£
Grant liabilities	44,686	21,090
Totals	44,686	21,090

Amounts falling due after one year

	2022/23	2021/22
	£	£
Grant liabilities	-	21,674
Totals	-	21,674

11. ANALYSIS OF NET ASSETS BY FUND

At 31 March 2023	Unrestricted Funds £	Endowment Funds £	Total at 31 March 2023 £
Fixed assets - investments	29,522	2,483,849	2,513,371
Net current assets	293,184	-	293,184
Long term liabilities	-	-	-
Total	322,706	2,483,849	2,806,555

At 31 March 2022	Unrestricted funds £	Endowment Funds £	Total at 31 March 2022 £
Fixed assets - investments	35,432	2,552,116	2,587,548
Net Current Assets	223,959	-	223,959
Long term liabilities	(21,674)	-	(21,674)
Total	237,717	2,552,116	2,789,833

12. MOVEMENT IN FUNDS

At 31 March 2023	Total as at 1 April 2022 £	Income £	Expenditure £	Gains & losses £	Total as at 31 March 2023 £
Permanent endowment funds	2,552,116	-	(12,171)	(56,096)	2,483,849
Unrestricted income funds	237,717	106,745	(21,574)	(182)	322,706
Total funds	2,789,833	106,745	(33,745)	(56,278)	2,806,555

At 31 March 2022	Total 1 April 2021 £	Income £	Expenditure £	Gains & losses £	Total 31 March 2022 £
Permanent endowment funds	2,427,757	-	(12,913)	137,272	2,552,116
Unrestricted income funds	303,496	98,750	(162,627)	(1,902)	237,717
Total funds	2,731,253	98,750	(175,540)	135,370	2,789,833

Purpose of the permanent endowment funds

The permanent endowment fund is held in perpetuity as a capital fund to generate income for the activities of the charity and represents the original endowment, including historic transfers, from the Sir William Coxen Will Trust.

Unrestricted income funds

This fund comprises the accumulation of revenue surpluses to be utilised in subsequent years.

13. RELATED PARTY TRANSACTIONS

A number of Aldermen of the City Corporation are appointed as individual trustees of the charity, as described on page 18.

The charity is required to disclose information on related party transactions with bodies or individuals that have the potential to control or influence the charity. Members of the City Corporation are required to disclose their interests, and these can be viewed online at www.cityoflondon.gov.uk.

Members and senior staff are requested to disclose all related party transactions, including instances where their close family has made such transactions.

REFERENCE AND ADMINISTRATION DETAILS

CHARITY NAME: Sir William Coxen Trust Fund

Registered charity number: 206936

PRINCIPAL OFFICE OF THE CHARITY & THE CITY CORPORATION:

Guildhall, London, EC2P 2EJ

TRUSTEES:

Alderman Bronek Masojada (Chairman)

Alderman Sir Andrew Charles Parmley

Alderman Sir Peter Estlin

Alderman Nicholas Lyons

Alderman Christopher Makin (appointed 6 September 2022)

Alderman John Garbutt (appointed 19 January 2022; retired 06 July 2022)

SENIOR MANAGEMENT:

Chief Executive

Ian Thomas - The Town Clerk and Chief Executive of the City of London Corporation (appointed 6 February 2023)

John Barradell OBE - The Town Clerk and Chief Executive of the City of London Corporation (retired 31 December 2022)

Treasurer

Caroline Al-Beyerty – The Chamberlain and Chief Financial Officer of the City of London Corporation

Solicitor

Michael Cogher - The Comptroller and City Solicitor of the City of London Corporation

INDEPENDENT EXAMINER:

Crowe U.K. LLP, 55 Ludgate Hill, London, EC4M 7JW

BANKERS:

Lloyds Bank Plc., P.O. Box 1000, BX1 1LT

INVESTMENT FUND MANAGERS:

Artemis Investment Management LLP, Cassini House, 57 St. James's Street, London, SW1A 1LD

Contact for The Chamberlain, to request copies of governance documents:

CHBOffice-BusinessSupport@cityoflondon.gov.uk

Samuel Wilson's Loan Charity

Annual Report and Financial Statements for the year
ended 31 March 2023

Charity registration number 206964

Financial Conduct Authority Number 718857

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ORIGINS OF THE CHARITY

Samuel Wilson was a Quaker who lived in Hatton Garden in the 18th Century. He was a widower when he died and had no surviving children. In his Will, dated 27th October 1766, he left the sum of £20,000 which formed the basis of the Charity which was established in 1771.

TRUSTEES' ANNUAL REPORT

STRUCTURE AND GOVERNANCE

GOVERNING DOCUMENTS

The constitution of this charity was originally set out in the will of Samuel Wilson dated 27 October 1766, with administration being more recently governed by amendments to a scheme of the Charity Commission. In March 2011, the Charity Commission approved a revised scheme which widened the objects and complied with modern charity law by adopting a new charitable purpose: "The relief of young people in need by reason of ill-health, disability, financial hardship or other disadvantage for the public benefit", through the provision of individual loan at a low rate of interest. A Section 280 resolution under the Charities Act 2011, dated 13 January 2023, further amended and updated some of the administrative provisions of the governing documents.

GOVERNANCE ARRANGEMENTS

Individuals act as Trustees of the charity by virtue of positions that they hold with the City of London (also referred to as 'the City Corporation' or 'the City of London Corporation'), a body corporate and politic. These individuals act as Trustees during the tenure of these positions. In making appointments, the Court of Aldermen will take into consideration any particular expertise and knowledge of the elected Members.

The Trustees believe that good governance is fundamental to the success of the charity. Recommendations arising from a comprehensive review of governance are being implemented to ensure that the charity is effective in fulfilling its objectives. Reference is being made to the good practices recommended within the Charity Governance Code throughout this review. Focus is being placed on ensuring regulatory compliance and the ongoing maintenance of an efficient and effective portfolio of charities that maximise impact for beneficiaries.

OBJECTIVES AND ACTIVITIES

The objective of the charity is the relief of young people in need by reason of ill-health, disability, financial hardship or other disadvantage for the public benefit by: a) the provision of loans to individuals, partnerships and companies preparing for or engaged in any trade, manufacture, business or profession in the area comprising greater London and the counties of Buckinghamshire, Essex, Hertfordshire, Kent, Surrey, East Sussex and West Sussex; b) investing in shares of companies preparing for or engaged in any trade, manufacture, business or profession in the area comprising greater London and the counties of Buckinghamshire, Essex, Hertfordshire, Kent, Surrey, East Sussex and West Sussex.

Investment Policy

The charity's investments are held in units of the City of London Charities Pool (registered charity 1021138). The investment policy of the Charities Pool is to provide a real increase in annual income in the long term whilst preserving the value of the capital

base. The annual report and financial statements of the Charities Pool (which include an analysis of investment performance against objectives set) are available from the Chamberlain of London, at the email address stated on page 18.

Public benefit statement

The Trustees confirm that they have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Samuel Wilson's Loan Charity aims and objectives and in planning future activities. The purposes of the charity are as stated above. Loan applicants are sought through our links with the City of London's Small Business, Research and Enterprise Centre (SBREC) as well as through our website, local advertising and referrals from other charitable bodies. The hardship criteria are taken into consideration when loans are awarded. Loans are offered at a low interest rate to potential borrowers, recognising the need faced by potential recipients of loan funds.

Consequently, the Trustees consider that the charity operates to benefit the general public and satisfies the public benefit test.

REFERENCE AND ADMINISTRATIVE DETAILS

The administrative details of the charity are stated on page 18.

ACHIEVEMENTS AND PERFORMANCE

In April 2022, the charity celebrated its 250th anniversary with an event held at Mansion House, with attendees including young people who are borrowers from the charity and business people from around the city who are interested in the work of the charity.

On 14 May 2022, the Thomas Arneways Loan Charity merged with Samuel Wilson's Loan Charity, and the assets of that charity (£53k) were transferred to Samuel Wilson's Loan Charity. The funds are restricted to the following object of the Charity "the relief of young people in need by reason of ill-health, disability, financial hardship or other disadvantage for the public benefit by the provision of loans to individuals, partnerships or companies prepared for or engaged in any trade, manufacture, business or profession in the area comprising Greater London, East Sussex and West Sussex". One loan totalling £50k was awarded from these funds during the year.

During the year, new loans totalling £324k were awarded to 11 young people (2021/22: £100,000). The success in awarding a high volume of new loans was a result of increased collaboration with the City of London's Small Business, Research and Enterprise Centre (SBREC) who have worked to support applicants in developing their business plan and cash flow, as well as in marketing and recruiting potential new borrowers.

At 31 March 2023, the Trust had outstanding loans of £476k, of which a doubtful debt provision of £93k was recognised (2021/22: £199k of which a doubtful debt provision of £51k was recognised). The increase in provisions for doubtful debt arose from a thorough review of the loan book alongside issues faced by borrowers in a challenging trading environment and the impact of the cost of living crisis. One debt of £3,090 was written off in the year (2021/22: nil), and the charity recognises the risk associated with making loans to young people involved in starting new enterprises.

The charity also commenced a detailed review of its governance and operations during 2022/23, which is ongoing. As part of this review, an increase in borrowing activity has been achieved, and costs have been incurred through both staff and external legal fees to ensure high standards are maintained within the charity.

PLANS FOR FUTURE PERIODS

To continue to benefit young persons who have recently or are about to set up in business by granting loans at a low rate of interest. Working alongside SBREC, and as part of the output of the operational review, the charity is planning to take on a permanent staff member to support and assess applicants and ensure that a secure pipeline of potential borrowers is maintained and supported.

The wide-ranging review of governance and operational arrangements will continue, with ongoing work expected throughout 2023/24.

The Trustees do not consider there to be any material uncertainty around going concern and further detail regarding this is set out on page 11.

FINANCIAL REVIEW

Overview of Financial Performance

Income

In 2022/23 the charity's total income for the year was £145,018, an overall increase of £9,705 (2021/22: £135,313).

Income from charitable activities comprised a write back of £9,585 from accrued interest on loan advances which is no longer expected to be received (2021/22: £4,158 income received).

Other income received in the year related to the merger with the Thomas Arneways Loan Charity, and comprised a transfer of all its assets of £53,393 (2021/22: nil).

Investment income totalled £101,210 (2020/21: £131,155), including managed investments income of £96,237 (2021/22: £129,791) and interest on bank balances held of £4,883 (2021/22: £1,364). The fall in investment income was due to a fall in performance by the Charities Pool.

Expenditure

Total expenditure for the year was £200,747 all being for charitable activities (2021/22: £4,083). Costs for the year included an increase to the provision for bad debts of £45,031 (2021/22: decrease of £11,391) and a loan write off of £3,090 (2021/22: nil). Additional one off costs in 2022/23 included the costs associated with the 250th anniversary party (£26,881) and internal and external legal fees relating to the governance and operational review (£35,915). Other administration and finance costs increased significantly as a result of increased activity in the charity, including an increase in the volume of loans distributed following appointment of an external business advisor to support and review loan applications.

Investment performance

Over the course of 2022/23 the Charities Pool investment strategy delivered an absolute return (gross of fees) of +2.22% which was below the FTSE All Share Index benchmark return of +2.92% (2021/22: the investment strategy gained +11.1% versus +13.0% from the benchmark). However, over the longer-term three and five year horizon, performance of the Charities Pool investments, as displayed in the table below, was above benchmark. With effect from 22 July 2022, the Charities Pool transferred its investments from the Artemis Income Fund to the Artemis Income (Exclusions) Fund, which is an unconstrained, multi-cap strategy that aims to generate a rising income stream combined with long-term capital growth. The Fund invests in UK equities, and can also hold international equities and bonds. Shares in companies that derive more than 20% of their revenues from tobacco, gambling, weapons and fossil fuels are excluded.

	202/23		2021/22	
	3 year	5 year	3 year	5 year
City of London Charities Pool	14.06%	5.64%	7.30%	6.20%
FTSE All Share	13.81%	5.04%	5.30%	4.70%
Fund outperformance	+0.26%	+0.61%	+2.00%	+1.50%

Funds held

The charity's total funds held decreased by £113,189 to £2,898,318 as at 31 March 2023 (2021/22: £3,011,507). The majority of funds held are unrestricted income funds, with any undistributed income held for use in future years in accordance with the objectives of the charity. In the year 2022/23 a new restricted income fund was established with the proceeds of the transfer of assets from the Thomas Arneway Loan Charity and one loan was awarded using these funds during the year.

Details of funds held, including their purpose, are set out in note 13 to the financial statements.

Reserves policy

The Trustees updated their reserves policy in 2022/23. The Trustees believe that the SWLC requires reserves to be held in investments to generate income to allow for the administration and management of the charity to distribute loans to young people, with a minimum of £2m considered to be appropriate to be held in investments. Any amounts above this, or gains in the value of investments, are to be factored into plans for increased loan making in future years. Net amounts held as loans to young people are not considered part of free reserves as they are not liquid and are employed in charitable activities.

Therefore the Trustees' policy is that the charity's free reserves, which are total unrestricted reserves less the net loan book less the minimum £2m in investments, should be sufficient to meet the costs of its administration for one year (£75k). The maximum possible loan making for the next financial year will be determined by the difference between free reserves and the minimum administrative costs required, currently approx. £440k.

Principal Risks and Uncertainties

The charity is committed to a programme of risk management as an element of its strategy to preserve the charity's assets. In order to embed sound practice the Trustees ensure that risk management policies are applied, that there is an on-going review of activity and that appropriate advice and support is provided. A key risk register has been prepared for the charity, which has been reviewed by the Trustees. This identifies the potential impact of key risks and the measures which are in place to mitigate such risks.

TRUSTEES' RESPONSIBILITIES

The Trustees are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Charity law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under charity law the Trustees must not approve the financial statements unless the Trustees are satisfied that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable the Trustees to ensure that the financial statements comply with the Charities Act 2011. The Trustees are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustees are aware:

- there is no relevant audit information of which the charity's auditors are unaware; and
- the Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Adopted and signed for on behalf of the Trustees.

Alderman Vincent Keaveny, (Chairman)

Trustee

xx December 2023

INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEE OF SAMUEL WILSON'S LOAN CHARITY

Awaiting report from Crowe

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	Unrestricted Funds 2022/23 £	Restricted Funds 2022/23 £	Total funds 2022/23 £	Unrestricted Funds 2021/22 £
Income from:					
Investments	2	101,210	-	101,210	131,155
Charitable activities	3	(9,965)	380	(9,585)	4,158
Other income	4	-	53,393	53,393	-
Total income		91,245	53,773	145,018	135,313
Expenditure on:					
Charitable activities	5	195,046	5,702	200,748	4,083
Total Expenditure		195,046	5,702	200,748	4,083
Net (losses)/ gain on investments	6	(57,295)	-	(57,295)	114,591
Unrealised (loss) on short term deposit:	7	(164)	-	(164)	(1,935)
Net income/(expenditure)		(161,260)	48,071	(113,189)	243,886
Reconciliation of funds:					
Total funds brought forward	13	3,011,507	-	3,011,507	2,767,621
Total funds carried forward	13	2,850,247	48,071	2,898,318	3,011,507

All of the above results are derived from continuing activities.

There were no other recognised gains and losses other than those shown above.

The notes on pages 11 to 17 form part of these financial statements.

BALANCE SHEET**AS AT 31 MARCH 2023**

	Notes	2023 Total £	2022 Total £
Fixed assets:			
Investments	9	2,435,732	2,493,027
Total fixed assets		2,435,732	2,493,027
Current assets			
Debtors	10	387,574	163,534
Cash at bank and in hand		79,350	358,750
Total current assets		466,924	522,284
Creditors: amounts falling due within one year	11	(4,338)	(3,804)
Net current assets		462,586	518,480
Total net assets		2,898,318	3,011,507
The funds of the charity:			
Restricted income funds	13	48,071	-
Unrestricted income funds	13	2,850,247	3,011,507
Total funds		2,898,318	3,011,507

The notes on pages 11 to 17 form part of these financial statements.

Approved and signed on behalf of the Trustees.

Caroline Al-Beyerty

Chamberlain of London and Chief Financial Officer

XX December 2023

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

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

(a) Basis of preparation

The financial statements of the charity, which is a public benefit entity under FRS102, have been prepared under the historical cost convention and in accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (second edition effective 1 January 2019) and the Charities Act 2011.

(b) Going concern

The financial statements have been prepared on a going concern basis as the Trustee considers that there are no material uncertainties about the charity's ability to continue as a going concern in the next 12 months from date of signing these financial statements. As a charity that advances loans, the Trustees manage the charity's cash flows to ensure that the totality of loans do not exceed available resources. The Charity has discretion to award loans based on available funds and with the expectation that funds will be repaid, with available balances carefully managed. Charitable expenditure relates to administrative costs and any provision required against loans, with planning in place to ensure that the charity has sufficient funds available to meet these costs alongside distribution of loans. The charity has significant funds invested compared to the annual costs of charity administration.

The latest forecast anticipates that adequate funds will be available in the next five years to enable the charity to continue to fulfil its obligations.

(c) Key management judgements and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenditure. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of decisions about carrying values of assets and liabilities that are not readily apparent from other sources. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Management do not consider there to be any material estimates or revisions requiring disclosure.

(d) Statement of Cash Flows

As per section 14.1 of the Charities SORP the Charity is not required to produce a statement of cash flows on the grounds that it is a small entity.

(e) Income

All income is included in the Statements of Financial Activities (SOFA) when the charity is legally entitled to the income; it is more likely than not that economic benefit associated with the transaction will come to the charity and the amount can be quantified with reasonable certainty. Income consists of investment income and interest on loans.

(f) Expenditure

Expenditure is accounted for on an accruals basis and consists entirely of charitable activities. Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required, and the amount of the obligation can be measured reliably.

Administration costs incurred by staff and operations of the City of London Corporation, including the independent examination fee, are recharged to the charity at cost.

(g) Taxation

The charity meets the definition of a charitable trust for UK income tax purposes, as set out in Paragraph 1 Schedule 6 of the Finance Act 2010. Accordingly, the charity is exempt from UK taxation in respect of income or capital gains under part 10 of the Income Tax Act 2007 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

(h) Investments

Investments are made in the City of London Charities Pool (charity number 1021138) which is an investment mechanism operating in a similar way to a unit trust. This enables the City of London Corporation to "pool" small charitable investments together and consequently obtain better returns than would be the case if investments were made individually.

Investments are valued at bid price. Gains and losses for the year on investments held as fixed assets are included in the Statement of Financial Activities.

(i) Loans

Loans are granted to individuals who meet the criteria agreed by the Trustees in accordance with the objectives of the Trust. Interest on loans existing before February 2012 is charged at 1% in the first year and 2% per annum thereafter. For loans advanced between Feb 2012 and Sept 2016, interest is charged at the 5-year gilt flat yield rate plus 1% in the first year and 2% thereafter. For subsequent loan advances, interest is a charged at 2% per annum.

(j) Bad Debts

An allowance is created to recognise the potential loss arising from irrecoverable debts. Where a risk of debts not being settled is identified, an appropriate proportion of the debtor balance is written down and a charge made to the SOFA for the income that might not be collected.

(k) Funds structure

Income, expenditure and gains/losses are allocated to the unrestricted income funds

Unrestricted income funds – these funds can be used in accordance with the charitable objects at the discretion of the Trustees and include income generated by assets representing unrestricted funds.

(I) Insurance

The charity, elected Members appointed as trustees and staff supporting the charity's administration are covered by the City Corporations insurance liability policies, and otherwise under the indemnity the City Corporation provides to Members and staff, funded from City's Cash.

2. INCOME FROM INVESTMENTS

	Unrestricted funds 2022/23	Unrestricted funds 2021/22
	£	£
Investment income	96,327	129,791
Interest on cash balances	4,883	1,364
Total	101,210	131,155

3. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2022/23	Restricted funds 2022/23	Total funds 2022/23	Unrestricted funds 2021/22
	£	£	£	£
Interest on loan advance	(9,965)	380	(9,585)	4,158

4. OTHER INCOME

	Restricted funds 2022/23	Total funds 2021/22
	£	£
Other income	53,393	-

5. EXPENDITURE ON CHARITABLE ACTIVITIES

	Direct costs	Support costs	Total 2022/23	Total 2021/22
	£	£	£	£
Administration costs	70,205	55,540	125,745	15,474
Costs of 250th anniversary party	26,881	-	26,881	-
Contribution to/(release of) bad debt provision	45,032	-	45,032	(11,391)
Write off of loans	3,090	-	3,090	-
Total	145,208	55,540	200,748	4,083

6. ANALYSIS OF SUPPORT COSTS

	Charitable activities	Governance costs	Total 2022/23	Total 2021/22
	£	£	£	£
Legal fees	6,477	29,438	35,915	2,879
Finance and administration fees	17,625	-	17,625	200
Independent Examination Fees	-	2,000	2,000	1,750
Sub- total	24,102	31,438	55,540	4,829
Reallocation of governance costs	31,438	(31,438)	-	-
Total support costs	55,540	-	55,540	4,829

7. INDEPENDENT EXAMINERS REMUNERATION

In 2022/23 an independent examination fee of £2,000 was recharged (2021/22: £17,50). No other services were provided to the charity by its independent examiners during the year (2021/22: £nil).

8. TRUSTEE EXPENSES

The Members of the City of London Corporation acting in their roles as Trustees did not receive any remuneration or reimbursement of expenses during 2022/23 (2021/22: nil).

9. INVESTMENTS

The investments are held in the City of London Corporation Charities Pool, a charity registered in the UK with the Charity Commission (charity number 1021138). The Charities Pool is a UK registered unit trust.

The value of investments held by the charity are as follows:

	2023	2022
	£	£
Market value 1 April	2,493,027	2,378,436
Gain / (Loss) for the year	(57,295)	114,591
Market value 31 March	2,435,732	2,493,027
Cost 31 March	1,135,926	1,135,926
Units held in Charities Pool	268,993	268,993

The type and geographical spread of listed investments held as at 31 March was as follows:

	Held			Held			Total at 31
	Held in the UK	outside the UK	Total at 31 March 2023	Held in the UK	outside the UK	Total at 31 March 2022	
	£	£	£	£	£	£	£
Equities	1,976,353	331,260	2,307,613	2,027,112	283,096	2,310,208	
Pooled Units	79,892	-	79,892	146,366	-	146,366	
Cash held by Fund Manager	48,227	-	48,227	36,453	-	36,453	
Total	2,104,472	331,260	2,435,732	2,209,931	283,096	2,493,027	

10. DEBTORS

Debtors - Amounts falling due within one year

	2023	2022
	£	£
Accrued income	4,220	14,070
Loans to beneficiaries	75,047	59,232
Total	79,267	74,502

Amounts falling due in more than one year

	2,023	2022
	£	£
Loans to beneficiaries	308,307	89,032
Total	308,307	89,032

Analysis of loans made to young people

	2,023	2022
	£	£
Total loans due	476,043	199,011
Less: total provision for bad and doubtful debts	(92,689)	(50,747)
Net loans receivable	383,354	148,264

A provision for bad & doubtful debts was made in 2022/23 relating to 6 individuals (2021/22: 4 individuals). One loan was written off in 2022/23 (2021/22: no loans were written off)

11. CREDITORS – DUE WITHIN ONE YEAR

	2023	2022
	£	£
Accruals	4,241	-
Other creditors	97	3,804
Total	4,338	3,804

12. ANALYSIS OF NET ASSETS BY FUND

At 31 March 2023

	Unrestricted: general funds £	Restricted income funds £	Total at 31 March 2023 £
Fixed assets - investments	2,435,732	-	2,435,732
Loan debtors	338,372	44,982	383,354
Other net current assets	76,143	3,089	79,232
Total	2,850,247	48,071	2,898,318

At 31 March 2022

	Unrestricted: general funds £	Restricted income funds £	Total at 31 March 2022 £
Fixed assets - investments	2,493,027	-	2,493,027
Loan debtors	148,264	-	148,264
Other net current assets	370,216	-	370,216
Total	3,011,507	-	3,011,507

13. MOVEMENT IN FUNDS

At 31 March 2023	Total as at 1 April 2022 £	Income £	Expenditure £	Gains & (losses) £	Total as at 31 March 2023 £
Restricted funds	-	53,773	(5,702)	-	48,071
Unrestricted funds: General	3,011,507	91,245	(195,046)	(57,459)	2,850,247
Total funds	3,011,507	145,018	(200,748)	(57,459)	2,898,318

At 31 March 2022	Total as at 1 April 2021 £	Income £	Expenditure £	Gains & (losses) £	Total as at 31 March 2022 £
Unrestricted funds: General	2,767,621	135,313	(4,083)	112,656	3,011,507

Purpose of restricted funds

A new restricted income fund was established in the year following the transfer of the assets of the Thomas Arneways Loan Charity to the Samuel Wilson's Loan Charity. Funds received are restricted to application to the following object of the SWLC: "the relief of young people in need by reason of ill-health, disability, financial hardship or other disadvantage for the public benefit by the provision of loans to individuals, partnerships or companies prepared for or in engaged in any trade, manufacture, business or profession in the area comprising Greater London, East Sussex and West Sussex". One loan was awarded using these funds in the year, with interest income received relating to that loan and the costs of administering the same loan charged to the restricted fund.

Purpose of unrestricted funds

The general fund comprises the original donation to the charity and the accumulation of income surpluses as a result of unspent investment income. Any undistributed income is held for use in future years in accordance with the objectives of the charity.

14. RELATED PARTY TRANSACTIONS

Individuals act as Trustees of the charity by virtue of positions that they hold with the City of London (also referred to as 'the City Corporation' or 'the City of London Corporation'), a body corporate and politic. These individuals act as Trustees during the tenure of these positions, as described on page 2.

The charity is required to disclose information on related party transactions with bodies or individuals that have the potential to control or influence the charity. Members are required to disclose their interests, and these can be viewed online at www.cityoflondon.gov.uk.

Members and senior staff are requested to disclose all related party transactions, including instances where their close family has made such transactions.

Figures in brackets represent the amounts due at the balance sheet date. Other figures represent the value of transactions during the year.

Related party	Connected party	2022/23 £	2021/22 £	Detail of transaction
Charities Pool	The Trustees of the Charity include the Chamberlain and CFO of London who is responsible for the Charities Pool (of which the City of London Corporation is Trustee)	96,327	129,791	Distribution from the Charities Pool
City of London Corporation	Trustees are appointed by virtue of their roles in the City of London Corporation	64,128	8,434	Costs of administering the charity recharged f

REFERENCE AND ADMINISTRATION DETAILS

CHARITY NAME: Samuel Wilson's Loan Charity

Registered charity number: 206964

FCA number: 718857

PRINCIPAL OFFICE OF THE CHARITY & THE CITY CORPORATION:

Guildhall, London, EC2P 2EJ

TRUSTEES:

Five Aldermen and the Chamberlain of London

SENIOR MANAGEMENT:

Chief Executive

Ian Thomas - The Town Clerk and Chief Executive of the City of London Corporation (appointed 6 February 2023)

John Barradell OBE - The Town Clerk and Chief Executive of the City of London Corporation (retired 31 December 2022)

Treasurer

Caroline Al-Beyerty - The Chamberlain and Chief Financial Officer of the City of London Corporation

Solicitor

Michael Cogher - The Comptroller and City Solicitor of the City of London Corporation

INDEPENDENT EXAMINERS:

Crowe U.K LLP, 55 Ludgate Hill, London, EC4M 7JW

BANKERS:

Lloyds Bank Plc., P.O. 1000 BX1 1LT

INVESTMENT FUND MANAGERS:

Artemis Investment Management Limited, Cassini House, 57 St. James's Street, London, SW1A 1LD

Contact for The Chamberlain & Chief Financial Officer, to request copies of governance documents:

CHBOffice-BusinessSupport@cityoflondon.gov.uk

The City of London Almshouses

Annual Report and Financial Statements for the year
ended 31 March 2023

Charity registration number 1005857

The Register of Social Housing Providers

Number A2266

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ORIGINS OF THE CHARITY

The City of London Almshouses was registered with the Charity Commission in July 1991, under the name 'City of London Almshouses Trust', under a scheme which amalgamated the following three charities:

Charity name	History
City of London Freemen's Houses	Regulated by a conveyance dated 1 January 1848 and comprised in a Scheme of the Charity Commissioners of the 19 August 1975
Roger's Almshouses	Comprised in a declaration of trust dated 15 July 1858
Brown's Gift	Regulated by declaration of trust dated 22 March 1934

TRUSTEE'S ANNUAL REPORT

STRUCTURE AND GOVERNANCE

GOVERNING DOCUMENTS

The City of London Almshouses is a registered charity and also a registered social landlord, under Section 1 (2) of the Housing Act 1996. It was registered with the Charity Commission in July 1991, under a scheme which amalgamated:

- City of London Freemen's Houses
- Rogers' Almshouses
- Brown's Gift

The Charity Commission agreed with effect from 26 July 2011 for the City of London Corporation to become the sole corporate Trustee in place of various individuals.

GOVERNANCE ARRANGEMENTS

The Mayor and Commonalty and Citizens of the City of London (also referred to as 'the City Corporation' or 'the City of London Corporation'), a body corporate and politic, is the Trustee of The City of London Almshouses. The City Corporation is Trustee acting by the Court of Common Council of the City of London in its general corporate capacity and that executive body has delegated responsibility in respect of the administration and management of this charity to various committees and sub-committees of the Common Council, membership of which is drawn from 125 elected Members of the Common Council and external appointees to those committees. In making appointments to committees, the Court of Common Council will take into consideration any particular expertise and knowledge of the elected Members, and where relevant, external appointees. External appointments are made after due advertisement and rigorous selection to fill gaps in skills.

Members of the Court of Common Council are unpaid for support provided to the Charity and are elected by the electorate of the City of London. The Key Committees which had responsibility for directly managing matters related to the charity during 2022/23 was as follows:

The Housing Management and Almshouses Sub (Community and Children's Services) Committee of the City Corporation administers the charity on behalf of the Trustee.

The above committee is ultimately responsible to the Court of Common Council of the City of London. Matters relating to the charity are considered at committee meetings at the Trustee's discretion in public (except where it is not considered in the charity's best interest to do so), supporting a decision-making process that is clear, transparent and publicly accountable.

The Trustee believes that good governance is fundamental to the success of the charity. A comprehensive review of governance has been undertaken and implementation of recommendations is in progress to ensure that the charity is effective in fulfilling its objectives. Reference was made to the good practices recommended within the Charity Governance Code throughout this review, with a focus on ensuring regulatory compliance and the ongoing maintenance of an efficient and effective portfolio of charities that maximise impact for beneficiaries.

OBJECTIVES AND ACTIVITIES

The objective of the charity is the provision of Almshouses for poor or aged persons, giving preference to freemen of the City of London, their wives, widows, sons, and daughters and where practicable to married couples.

Throughout the year the Almshouse Manager actively sought new applications, reporting to Trustees on applicants who may not quite meet the criteria (for instance within a year of the age requirement) making recommendations on applicants' behalf when they filled all other criteria.

Investment Policy

The charity's investments are held in units of the City of London Charities Pool (registered charity 1021138). The investment policy is to provide a real increase in annual income in the long term whilst preserving the value of the capital base. The annual report and financial statements of the Charities Pool (which include an analysis of investment performance against objectives set) are available from the Chamberlain of London, at the email address stated on page 26.

Public benefit statement

The Trustee confirms that it has referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing The City of London Almshouses' aims and objectives and in planning future activities. The purpose of the charity is as stated above.

Consequently, the Trustee considers that The City of London Almshouses operates to benefit the general public and satisfies the public benefit test.

Remuneration Policy

The charity's senior staff are employees of the City Corporation and, alongside all staff, pay is reviewed annually. The City Corporation is committed to attracting, recruiting, and retaining skilled people and rewarding employees fairly for their contribution. As part of this commitment, staff are regularly appraised and, subject to performance, eligible for the payment of bonuses and recognition awards.

The above policy applies to staff within the charity's key management personnel, as defined within note 7 to the financial statements.

The charity is committed to equal opportunities for all employees. An Equality and Inclusion Board has been established to actively promote equality, diversity and inclusion in service delivery and employment practices. The Board is responsible for monitoring the delivery of the Equality and Inclusion Action Plan and progress against the Equality Objectives. This also includes addressing the City Corporation's gender, ethnicity and disability pay gaps.

The Equality, Diversity, and Inclusion (EDI) sub-committee is currently overseeing the update of our four-yearly Equality Objectives in accordance with the Equality Act 2010. The draft objectives went to Policy and Resources and Corporate Services Committees in April 2023. Following agreement, a period of 12 weeks consultation with stakeholders has been undertaken and analysis of consultation responses and amendments are due to be made in August. Amendments will then go to September's EDI Sub-Committee and Policy and Resources and Corporate Services Committees and then to Court of Common Council for approval in October 2023

Senior staff posts of the City Corporation are individually evaluated and assessed independently against the external market allowing each post to be allocated an individual salary range within the relevant grade, which incorporates market factors as well as corporate importance.

ACHIEVEMENTS AND PERFORMANCE

In 2022/23 all social activities have resumed at the Almshouses. The Scheme Manager continues to manage and support residents across the Almshouses. There have been some challenges at the Almshouses with the increase of non-residents loitering on the estate. Installation of CCTV has been approved and will be installed at the Almshouses to address this issue. Damp and mould surveys have been carried out across the Almshouses and remedial works are being carried out.

PLANS FOR FUTURE PERIODS

The objectives for 2023/24 are:

- To continue to the provision of almshouses for poor or aged persons, giving preference to Freemen of the City of London, their wives, widows, sons and daughters and where practicable to married couples.
- Significant work to refurbish the internal and external fabric of the housing properties was delayed due to pandemic restrictions. Internal works and some external works have been completed. Further external works are planned.

Following recommendations and advice arising from the charity review, revised Almshouses policies and procedures are being implemented

- CCTV will be installed across the Estate.

FINANCIAL REVIEW

Overview of Financial Performance

Income

In 2022/23 the charity total income for the year was £326,341, an overall increase of £308 against the previous year (2021/22: £326,033).

Income from charitable activities totalled £288,762 (2020/21: £281,179), comprising rental and service charge income.

Income from investments comprised £37,579 (2021/22: £44,854), being £30,824 from managed investments (2021/22: £41,533) and £6,755 from bank interest (2021/22: £3,321).

Expenditure

Total expenditure for the year was £338,076 (2021/22: £222,668). Within this, charitable activities expenditure totalled £338,076 (2021/22: £222,600). The key costs are Management, Services and Routine & Planned maintenance. Expenditure on raising funds was £0 (2021/22: £68), covering the costs of interest expenses.

Investment performance

Over the course of 2022/23 the Charities Pool investment strategy delivered an absolute return (gross of fees) of +2.22% which was below the FTSE All Share Index benchmark return of +2.92% (2021/22: the investment strategy gained +11.1% versus +13.0% from the benchmark). However, over the longer-term three and five year horizon, performance of the Charities Pool investments, as displayed in the table below, was above benchmark. With effect from 22 July 2022, the Charities Pool transferred its investments from the Artemis Income Fund to the Artemis Income (Exclusions) Fund, which is an unconstrained, multi-cap strategy that aims to generate a rising income stream combined with long-term capital growth. The Fund invests in UK equities, and can also hold international equities and bonds. Shares in companies that derive more than 20% of their revenues from tobacco, gambling, weapons and fossil fuels are excluded.

	2022/23		2021/22	
	3 year	5 year	3 year	5 year
Fund	+14.06%	5.64%	7.3%	6.2%
FTSE All Share	+13.81%	5.04%	5.3%	4.7%
Fund outperformance	+0.26%	+0.61%	+2.0%	+1.5%

Funds held

The charity's total funds held decreased by £29,995 to £3,211,890 as at 31 March 2023 (2021/22: £3,241,885). Within the total funds held, £37,648 (2021/22: £37,648) represent permanent endowment funds which are held as a capital fund to generate

income for the primary objectives of the charity. Restricted income funds amounted to £1,319,751 (2021/22: £1,319,751) being social housing grants which are repayable under certain circumstances, primarily following the sale of a property.

Unrestricted income funds amounted to £1,854,491 (2021/22: £1,884,486). These funds are held for use in future years in accordance with the objectives of the charity.

Details of all funds held, including their purposes, is set out within note 15 to the financial statements.

Reserves

The Reserves Policy is to maintain the endowment funds of the charity in investments in the Charities Pool administered by the City of London Corporation and use the investment income together with other funds, in accordance with the objectives of the charity.

The free reserves of the charity are held to cover working capital needs. The Trustee has revised its policy in 2020/21 to meet future working capital needs. The Trustee believes that a minimum amount of £2,800 should be held at present, which will be subject to annual review. Actual free reserves (unrestricted funds not designated or tied up in fixed assets) were £992k, well above the minimum amount, and the use of these reserves will be factored into the plans for future periods, including those set out on page 4.

Principal Risks and Uncertainties

The charity is committed to a programme of risk management as an element of its strategy to preserve the charity's assets. In order to embed sound practice the senior leadership team ensures that risk management policies are applied, that there is an on-going review of activity and that appropriate advice and support is provided. A key risk register has been prepared for the charity, which has been reviewed by the Trustee. This identifies the potential impact of key risks and the measures which are in place to mitigate such risks.

TRUSTEE RESPONSIBILITIES

The Trustee is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Charity law requires the Trustee to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under charity law the Trustee must not approve the financial statements unless the Trustee is satisfied that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that period. In preparing these financial statements, the Trustee is required to:

- select suitable accounting policies and then apply them consistently.
- make judgements and accounting estimates that are reasonable and prudent.
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustee is responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable the Trustee to ensure that the financial statements comply with the Charities Act 2011. The Trustee is also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Trustee is aware:

- there is no relevant audit information of which the charity's auditors are unaware; and
- the Trustee has taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Financial statements are published on the Trustee's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Trustee's website is the responsibility of the Trustee. The Trustee's responsibility also extends to the ongoing integrity of the financial statements contained therein.

Adopted and signed for on behalf of the Trustee.

Henry Nicholas Almroth Colthurst, Deputy
Chairman of Finance Committee of
The City of London Corporation

Randall Keith Anderson, Deputy
Deputy Chairman of Finance
Committee of The City of London
Corporation

Guildhall, London

XX December 2023

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF THE CITY OF LONDON ALMSHOUSES

Opinion

We have audited the financial statements of The City of London School Almshouses ('the charity') for the year ended 31 March 2023 which comprise the statement of financial activities, the balance sheet and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Charity's affairs as at 31 March 2023 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Trustee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Charity's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustee with respect to going concern are described in the relevant sections of this report.

Other information

The Trustee are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report,

other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the Trustee's report; or
- sufficient and proper accounting records have not been kept by the Charity; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustee

As explained more fully in the Trustee's responsibilities statement set out on pages 7 and 8, the Trustee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustee are responsible for assessing the Charity'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 Trustee either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011, and report in accordance with the Acts and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered

material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

We obtained an understanding of the legal and regulatory frameworks within which the Charity operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Charities Act 2011 together with the Charities SORP (FRS102) 2019. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

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

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

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be within the timing of recognition of income, and the override of controls by management. Our audit procedures to respond to these risks included enquiries of management, internal audit, legal counsel and the Audit & Risk Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence with the Charity Commission, and reading minutes of meetings of those charged with governance. Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations

(irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

This report is made solely to the charity's Trustee, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's Trustee 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 charity and the charity's Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

[This report has not yet been signed]

Crowe U.K. LLP
Statutory Auditor

55 Ludgate Hill, London, EC4M 7JW

XX/XX/XXXX

Crowe U.K. LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2022/23 Total Funds £	2021/22 Total Funds £
Income from:						
Charitable activities	2	288,762	-	-	288,762	281,179
Investments	3	37,579	-	-	37,579	44,854
Total income		326,341	-	-	326,341	326,033
Expenditure on:						
Raising funds	4	-	-	-	-	68
Charitable activities	5	338,076	-	-	338,076	222,600
Total expenditure		338,076	-	-	338,076	222,668
Net gains/(losses) on investments	11	(18,032)	-	-	(18,032)	36,326
Net gains/(losses) on short term deposit		(228)	-	-	(228)	(4,711)
Net movement in investment		(18,260)	-	-	(18,260)	31,615
Net income/(expenditure) and net movement in funds		(29,995)	-	-	(29,995)	134,980
Reconciliation of funds:						
Total funds brought forward	16	1,884,486	1,319,751	37,648	3,241,885	3,106,905
Total funds carried forward	16	1,854,491	1,319,751	37,648	3,211,890	3,241,885

All of the above results are derived from continuing activities.

There were no other recognised gains and losses other than those shown above.

The notes on pages 15 to 25 form part of these financial statements.

BALANCE SHEET

AS AT 31 MARCH 2023

	Notes	2023 Total £	2022 Total £
Fixed assets:			
Tangible assets	10	2,226,355	1,929,019
Investments	11	779,427	797,459
Total fixed assets		3,005,782	2,726,478
Current assets			
Debtors	12	25,682	11,187
Cash at bank and in hand		405,860	711,934
Total current assets		431,542	723,121
Creditors: Amounts falling due within one year	13	(86,409)	(67,226)
Net current assets		345,133	655,895
Total assets less current liabilities		3,350,915	3,382,373
Creditors: Amounts falling due after more than one year	14	(139,025)	(140,488)
Total net assets		3,211,890	3,241,885
The funds of the charity:			
Endowment funds	16	37,648	37,648
Restricted funds	16	1,319,751	1,319,751
Unrestricted funds	16	1,854,491	1,884,486
Total funds		3,211,890	3,241,885

The notes on pages 15 to 25 form part of these financial statements

Approved and signed on behalf of the Trustee.

Caroline Al-Beyerty
Chamberlain of London and Chief Financial Officer

XX December 2023

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

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

(a) Basis of preparation

The financial statements of the charity, which is a public benefit entity under FRS102, have been prepared under the historical cost convention and in accordance with the Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (second edition effective 1 January 2019) and the Charities Act 2011.

(b) Going concern

The financial statements have been prepared on a going concern basis as the Trustee considers that there are no material uncertainties about the charity's ability to continue as a going concern. The majority of the charity's income is from rents from the properties and the Trustee is active in ensuring that these are fully let by advertising and maintaining a waiting list. A long-term financial plan has been agreed to ensure that funds are available as major works arise. The latest forecast anticipates that adequate funds will be available in the next 12 months from the date of signing these accounts to enable the charity to continue to fulfil its obligations.

(c) Key management judgements and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenditure. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of decisions about carrying values of assets and liabilities that are not readily apparent from other sources. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Management do not consider there to be any material revisions requiring disclosure.

(d) Statement of Cash Flows

As per Section 14.1 of the Charities SORP the Charity is not required to produce a statement of cash flows on the grounds that it is a small entity.

(e) Income

All income is included in the Statements of Financial Activities (SOFA) when the charity is legally entitled to the income; it is more likely than not that economic benefit associated with the transaction will come to the charity and the amount can be

quantified with reasonable certainty. Income consists of rental and service charge income, investment income and grants.

(f) Expenditure

Expenditure is accounted for on an accruals basis and has been classified under the principal categories of 'raising funds' and 'expenditure on charitable activities'. Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that settlement will be required, and the amount of the obligation can be measured reliably.

Support costs include activities undertaken by the City Corporation on behalf of the charity, such as human resources, digital services, legal support, accounting services, committee administration, public relations and premises costs. The basis of the cost allocation is the employee time spent on the respective services. Officers of the City Corporation provide financial and governance administrative assistance to the charity when required. From 2021/22, the City Corporation, as Trustee, has taken a decision to seek reimbursement for the administration fees incurred from each of its charities.

The Trustee, the City Corporation, accounts centrally for all payroll related deductions. As a result, the charity accounts for all such sums due as having been paid.

(g) Taxation

The charity meets the definition of a charitable trust for UK income tax purposes, as set out in Paragraph 1 Schedule 6 of the Finance Act 2010. Accordingly, the charity is exempt from UK taxation in respect of income or capital gains under part 10 of the Income Tax Act 2007 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

(h) Investments

Investments are made in the City of London Charities Pool (charity number 1021138) which is an investment mechanism operating in a similar way to a unit trust. This enables the City of London Corporation to "pool" small charitable investments together and consequently obtain better returns than would be the case if investments were made individually.

Investments are valued at bid-price. Gains and losses for the year on investments held as fixed assets are included in the Statement of Financial Activities.

(i) Funds structure

Income, expenditure and gains/losses are allocated to particular funds according to their purpose:

Permanent endowment fund – this fund consists of funds which are held in perpetuity for the benefit of the charity as a result of conditions imposed by the original donors and trusts. Income generated from the cash held in this fund can be spent on the charitable purpose of the charity, hence is allocated to the unrestricted income fund.

Restricted funds – these include income that is subject to specific restrictions imposed by donors, with related expenditure deducted when incurred.

Unrestricted income funds – these funds can be used in accordance with the charitable objects at the discretion of the Trustee and include both income generated by assets held within the permanent endowment and from those representing unrestricted funds. Specifically, this represents any surplus of income over expenditure for the charity which is carried forward to meet the requirements of future years, known as free reserves.

(j) Pension Costs

Employees seconded from the City of London Corporation are entitled to be members of the City of London Corporation's Pension Scheme. These costs are included in the total salaries charged.

Staff are employed by the City of London Corporation and are eligible to contribute to the City of London Local Government Pension Fund, which is a funded defined benefit scheme. The estimated net deficit on the Fund is the responsibility of the City of London Corporation as a whole, as one employer, rather than the specific responsibility of any of its three main funds (City Fund, City's Cash and Bridge House Estates) or the trusts it supports.

The Fund's estimated net liability has been determined by independent actuaries in accordance with FRS102 as £142.6m as at 31 March 2023 (£832.7m as at 31 March 2022). Since any net deficit is apportioned between the financial statements of the City of London's three main funds, the charity's Trustee does not anticipate that any of the liability will fall on the charity. The charity is unable to identify its share of the pension scheme assets and liabilities and therefore the Pension Fund is accounted for as a defined contribution scheme in these financial statements.

Barnett Waddingham, an independent actuary, carried out the latest triennial actuarial assessment of the scheme as at 31 March 2022, using the projected unit method. The 31 March 2022 valuation was carried out in 2022/23 and has set the contribution rates for the period 01 April 2023 to 31 March 2026 at 21%. Contribution rates adopted for the financial years 2020/21, 2021/22 and 2022/23 had been set at 21%.

(k) Tangible fixed assets

The City of London Almshouses were erected in the mid-19th century. There is no record of the original cost and no value has therefore been attributed. The cost stated for fixed assets for land and buildings relates to subsequent improvements and refurbishments. This excludes expenditure on routine and planned repairs and maintenance of fixed assets which is charged directly within the Trust's charitable activities.

Depreciation for improvements and refurbishments to buildings is charged on a straight-line basis, in order to write off each asset over its estimated useful life as follows:

	Years
Improvements and refurbishments to buildings	60

It is the Trust's policy to ensure that the dwellings are kept in a good standard of repair and that there are sufficient resources to meet this requirement.

(I) Insurance

The charity, elected Members and staff supporting the charity's administration are covered by the City Corporation's insurance liability policies, and otherwise under the indemnity the City Corporation provides to Members and staff, funded from City's Cash.

2. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted funds 2022/23 £	Unrestricted funds 2021/22 £
Rental income	215,373	205,677
Service charges	71,926	74,039
Deferred income from Gresham Lease	1,463	1,463
Total	288,762	281,179

3. INCOME FROM INVESTMENTS

	Unrestricted funds 2022/23 £	Unrestricted funds 2021/22 £
Investment income	30,824	41,533
Interest	6,755	3,321
Total	37,579	44,854

4. EXPENDITURE ON RAISING FUNDS

	Unrestricted funds 2022/23 £	Unrestricted funds 2021/22 £
Raising funds	-	68

5. EXPENDITURE ON CHARITABLE ACTIVITIES

	Unrestricted funds			Unrestricted funds		
	Direct	Support	Total	Direct	Support	Total
	costs	costs	2022/23	costs	costs	2021/22
	£	£	£	£	£	£
Almshouses running costs						
Management	-	123,668	123,668	-	70,921	70,921
Services	118,210	-	118,210	92,441	-	92,441
Routine maintenance	65,271	-	65,271	40,806	-	40,806
Planned maintenance	20,145	-	20,145	11,773	-	11,773
Contributions to Funds and Provisions	3,482	-	3,482	(641)	-	(641)
Depreciation of housing properties	7,300	-	7,300	7,300	-	7,300
Total	214,408	123,668	338,076	151,679	70,921	222,600

Within charitable activities are the services costs, comprised of:

	2022/23	2021/22
	£	£
Lighting	5,920	5,368
Matrons	53,860	51,256
Window Cleaning	471	(1,002)
Water Rates	(68)	275
Groundsman	25,471	19,460
Rent	6,858	6,916
Council Tax	24,618	9,503
Pest Control	1,080	665
Total	118,210	92,441

6. SUPPORT COSTS

Support costs include activities undertaken by the City of London Corporation on behalf of the Charity, such as human resources, digital services, legal support, accounting services, committee administration and premises costs. Such costs are determined on a departmental basis, and are allocated on a cost recovery basis to the charity based on time spent, with associated office accommodation charged proportionately to the space occupied by the respective activities, with the split of costs as follows:

	Charitable activities	Governance	2022/23	2021/22
	£	£	£	£
Audit fees	-	5,500	5,500	1,750
Central support	12,000	-	12,000	12,000
Legal fees	17,003	-	17,003	7,831
Other Management costs	89,165	-	89,165	49,341
Sub-total	118,168	5,500	123,668	70,921
Reallocation of governance costs	5,500	(5,500)	-	-
Total	123,668	-	123,668	70,921

All support costs are undertaken from unrestricted funds and allocated based on the proportion relating to direct activities.

7. STAFF COSTS

All staff that work on behalf of the charity are employed by the City Corporation. The average number of people directly undertaking activities on behalf of the charity during the year was 2.3 (2021/22: 2.3).

Amounts paid in respect of employees directly undertaking activities on behalf of the charity were as follows:

	2022/23	2021/22
	£	£
Salaries and wages	59,564	53,218
National Insurance costs	6,653	5,455
Employer's pension contributions	13,114	12,042
Total emoluments of employees	79,331	70,715

The charity considers its key management personnel to comprise the Members of the City of London Corporation, acting collectively for the City Corporation in its capacity as the Trustee. The number of directly charged employees whose emoluments (excluding employer's pension contribution) for the year were over £60,000 was nil (2021/22: nil)

8. AUDITOR'S REMUNERATION

Crowe U.K. LLP are the auditors of the City of London City's Cash Fund and provide assurance services to all of the different charities of which it is Trustee. In 2022/23 an audit fee of £5,500 was recharged (2021/22 £1,750). No other services were provided to the charity by its auditors during the year (2021/22: £nil).

9. TRUSTEE EXPENSES

The Members of the City of London Corporation acting on behalf of the Trustee did not receive any remuneration or reimbursement of expenses during 2022/23 (2021/22: nil).

10. TANGIBLE FIXED ASSETS

	Land and Buildings	Work in Progress	Total
	£	£	£
Cost			
At 1 April 2022	1,763,430	338,939	2,102,369
Additions	-	304,636	304,636
At 31 March 2023	1,763,430	643,575	2,407,005
Depreciation			
At 1 April 2022	173,350	-	173,350
Charge for the year	7,300	-	7,300
At 31 March 2023	180,650	-	180,650
Net book value			
At 31 March 2023	1,582,780	643,575	2,226,355
At 31 March 2022	1,590,080	338,939	1,929,019

11. INVESTMENTS

The investments are held in the City of London Corporation Charities Pool, a charity registered in the UK with the Charity Commission (charity number 1021138). The Charities Pool is a UK registered unit trust.

The value of investments held by the charity are as follows:

	2023	2022
	£	£
Market value 1 April	797,459	761,133
Gain/(loss) for the year	(18,032)	36,326
Market value 31 March	779,427	797,459
Cost 31 March	417,370	417,370
Units held in Charities Pool	86,077	86,077

The type of listed investments held as at 31 March was as follows:

	Total at 31 March 2023	Total at 31 March 2022
	£	£
Equities	738,491	738,980
Pooled Units	25,539	46,819
Cash held by Fund Manager	15,397	11,660
Total	779,427	797,459

12. DEBTORS

	2023	2022
	£	£
Other debtors	25,682	11,315

13. CREDITORS – AMOUNTS DUE WITHIN ONE YEAR

	2023	2022
	£	£
Trade creditors	34,026	14,222
Deferred income	29,167	22,936
Accruals	23,216	30,068
Total	86,409	67,226

14. CREDITORS – AMOUNTS DUE AFTER MORE THAN ONE YEAR

	2023	2022
	£	£
Deferred income	139,025	140,488
Total	139,025	140,488
	2022	2021
	£	£
Deferred income analysis within creditors:		
Balance at 1st April	140,488	141,951
Amounts released to income	(1,463)	(1,463)
Balance at 31 March	139,025	140,488

Deferred income: lease to Gresham Almshouses

The City of London Almshouses (CoLA) owns the site. An agreement was entered into with Gresham Almshouses operated by the Sir Thomas Gresham Charity (charity number 221982) dated 7 December 1994 for the lease of the site for the next 125

years for the sum of £180,000. The deferred income is recognised on a straight line basis to the end of the term in 2118/19, with the remaining value recorded as a long-term creditor.

15. ANALYSIS OF NET ASSETS BY FUND

At 31 March 2023

	Unrestricted funds			Endowment funds	Total at 31 March 2023	Total at 31 March 2022
	General funds	Designated funds	Restricted funds			
	£	£	£	£	£	£
Tangible fixed assets	263,029	643,575	1,319,751	-	2,226,355	1,929,019
Fixed assets - investments	600,861	178,566	-	-	779,427	797,459
Current assets	393,894	-	-	37,648	431,542	723,121
Total liabilities	(225,434)	-	-	-	(225,434)	(207,714)
Total	1,032,350	822,141	1,319,751	37,648	3,211,890	3,241,885

At 31 March 2022

	Unrestricted funds			Endowment funds	Total at 31 March 2022	Total at 31 March 2021
	General funds	Designated funds	Restricted funds			
	£	£	£	£	£	£
Tangible fixed assets	270,329	338,939	1,319,751	-	1,929,019	1,764,496
Fixed assets - investments	616,044	181,415	-	-	797,459	761,133
Current assets	685,473	-	-	37,648	723,121	809,078
Total liabilities	(207,714)	-	-	-	(207,714)	(227,802)
Total	1,364,132	520,354	1,319,751	37,648	3,241,885	3,106,905

16. MOVEMENT IN FUNDS

	Total as at 1 April 2022	Income	Expenditure	Gains & (losses)	Transfers	Total as at 31 March 2023
	£	£	£	£	£	£
At 31 March 2023						
Endowment funds:						
Permanent endowment	37,648	-	-	-	-	37,648
Restricted funds:						
Social Housing Grant	1,319,751	-	-	-	-	1,319,751
Unrestricted funds:						
General funds	1,364,132	326,341	(338,076)	(15,410)	(304,637)	1,032,350
Designated funds:						
Cyclical repairs	36,000	-	-	-	-	36,000
Capital reserves fund	338,939	-	-	-	304,637	643,576
Extraordinary repairs	145,415	-	-	(2,850)	-	142,565
Total unrestricted funds	1,884,486	326,341	(338,076)	(18,260)	-	1,854,491
Total funds	3,241,885	326,341	(338,076)	(18,260)	-	3,211,890

At 31 March 2022	Total as at 1 April 2021 £	Income £	Expenditure £	Gains & (losses) £	Transfers £	Total as at 31 March 2022 £
Endowment funds:						
Permanent endowment	37,648	-	-	-	-	37,648
Restricted funds:						
Social Housing Grant	1,319,751	-	-	-	-	1,319,751
Unrestricted funds:						
General funds	1,406,715	326,033	(222,668)	25,875	(171,823)	1,364,132
Designated funds:						
Cyclical repairs	36,000	-	-	-	-	36,000
Capital reserves fund	167,116	-	-	-	171,823	338,939
Extraordinary repairs	139,675	-	-	5,740	-	145,415
Total unrestricted funds	1,749,506	326,033	(222,668)	31,615	-	1,884,486
Total funds	3,106,905	326,033	(222,668)	31,615	-	3,241,885

Purpose of endowment funds

The permanent endowment is held to generate income that is accounted for within the unrestricted funds. This original permanent endowment can only be used at the winding up of the Trust.

Purpose of the restricted funds

Social Housing Grant

Social Housing Grants are repayable under certain circumstances, primarily following the sale of a property.

Purpose of the unrestricted funds

The general fund comprises the accumulation of income surpluses as a result of unspent investment and other income. Any undistributed annual income is held for use in future years in accordance with the objectives of the Trust.

Purpose of the designated funds

Those unrestricted funds that have been set aside by the Trustee for specific purposes, as follows:

Cyclical repairs

Provision for future repainting, consists of yearly transfers from the revenue account based on the expected cost of repainting and transferred out to the revenue account in the year when cost arises.

Extraordinary repairs

To fund the future extraordinary repair, improvement or rebuilding of the Trust's property, consisting of yearly transfers based on income generated from investments alongside any increase or decrease in the market value of the investments representing this reserve.

17. RELATED PARTY TRANSACTIONS

The City Corporation acting by the Court of Aldermen is the sole Trustee of the charity, as described on page 2.

The charity is required to disclose information on related party transactions with bodies or individuals that have the potential to control or influence the charity. Members are required to disclose their interests, and these can be viewed online at www.cityoflondon.gov.uk.

Members and senior staff are requested to disclose all related party transactions, including instances where their close family has made such transactions.

Figures in brackets represent the amounts due at the balance sheet date. Other figures represent the value of the transactions during the year.

Related party	Connected party	2022/23 £	2021/22 £	Detail of transaction
City of London Corporation	The City of London Corporation is the Trustee for the charity	30,824 (nil)	41,533 (nil)	Distribution from the Charities Pool
Sir Thomas Gresham Charity (221982)	The City of London Corporation is the Trustee for the charity	1,463 (139,025)	1,463 (140,488)	Sir Thomas Gresham Charity entered into a 125 year lease of the site from COLA as per the agreement dated 7 December 1994

REFERENCE AND ADMINISTRATION DETAILS

CHARITY NAME: The City of London Almshouses

Registered charity number: 1005857

The Register of Social Housing Providers Number: A2266

PRINCIPAL OFFICE OF THE CHARITY & THE CITY CORPORATION:

Guildhall, London, EC2P 2EJ

TRUSTEE:

The Mayor and Commonalty & Citizens of the City of London

SENIOR MANAGEMENT:

Chief Executive

Ian Thomas CBE - The Town Clerk and Chief Executive of the City of London Corporation (appointed February 2023)

John Barradell OBE - The Town Clerk and Chief Executive of the City of London Corporation (resigned 31 December 2022)

Treasurer

Caroline Al-Beyerty - The Chamberlain and Chief Financial Officer of the City of London Corporation

Solicitor

Michael Cogher - The Comptroller and City Solicitor of the City of London Corporation

AUDITORS:

Crowe U.K. LLP, 5 Ludgate Hill, London EC4M 7JW

BANKERS:

Lloyds Bank Plc., P.O. Box 1000, BX1 1LT

INVESTMENT FUND MANAGERS:

Artemis Investment Management LLP, Cassini House, 57 St. James's Street, London, SW1A 1LD

Contact for The Chamberlain & Chief Financial Officer, to request copies of governance documents:

CHBOffice-BusinessSupport@cityoflondon.gov.uk

THE CITY OF LONDON CORPORATION
Audited Statement of Annual Accounts for
the City Fund Year Ended 31 March 2021

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Preface

AN INTRODUCTION TO THE CITY OF LONDON CORPORATION

The City of London Corporation (City Corporation) is the governing body of the Square Mile dedicated to a vibrant and thriving City, supporting a diverse and sustainable London within a globally-successful UK. The Square Mile is the historic centre of London and is home to the ‘City’ – the financial and commercial heart of the UK. Our reach extends far beyond the Square Mile’s boundaries and across private, public and charitable and community sector responsibilities. This, along with our independent and non-party political voice, convening power and ability to work with others, enable us to promote the interests of people and organisations across London and the UK and play a valued role on the world stage.

The City Corporation manages two funds, City Fund and City’s Cash, and is the sole trustee of Bridge House Estates, a long-standing charity which maintains Tower, London, Southwark, Millennium and Blackfriars Bridges. The funding arm of Bridge House Estates, City Bridge Trust, distributes funds surplus to bridge requirements and is London’s largest independent charitable funder. City’s Cash allows us to provide services that are of importance to Greater London as well as to the City at little or no cost to the public. More information about the City Fund is given in the following pages.

As the governing body of the Square Mile, we deliver the functions of a local authority and a police authority for our residents, workers, learners and visitors, as well as being the port health and animal health authorities for London. There are approximately 7,500 residents living in the Square Mile. However, in normal times we have a high daytime population in the Square Mile made up of approximately 513,000 workers daily and approximately 19 million visitors annually.

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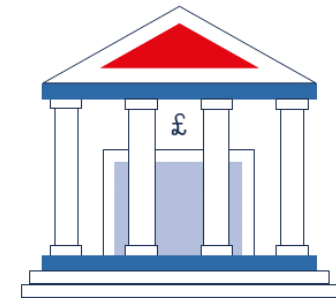
The UK financial services industry paid

£76bn

in tax in 2020, equivalent to

10.1%

of the total tax contribution to the UK.



The City was home to

24,020

businesses in 2019, with 99% of those SMEs and

300

large firms (250+ employees)



Large firms provided over

50%

of the City’s jobs overall.

With 90 firms each having more than

1000

jobs in the City, largely in financial and professional services.

CORPORATE STRATEGY

In 2018-19 the City Corporation launched its 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 terrorism and cyber-crime as well as mitigating the impacts of climate change, 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.



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 measures to reduce the social, economic and environmental impact of motor traffic and congestion.
- **Climate Action Strategy 2020-2027:** commits the City Corporation to net zero emissions in its operations by 2027 and net zero by 2040 on its full value chain and across the square mile.

OUR FUNDING STRUCTURE

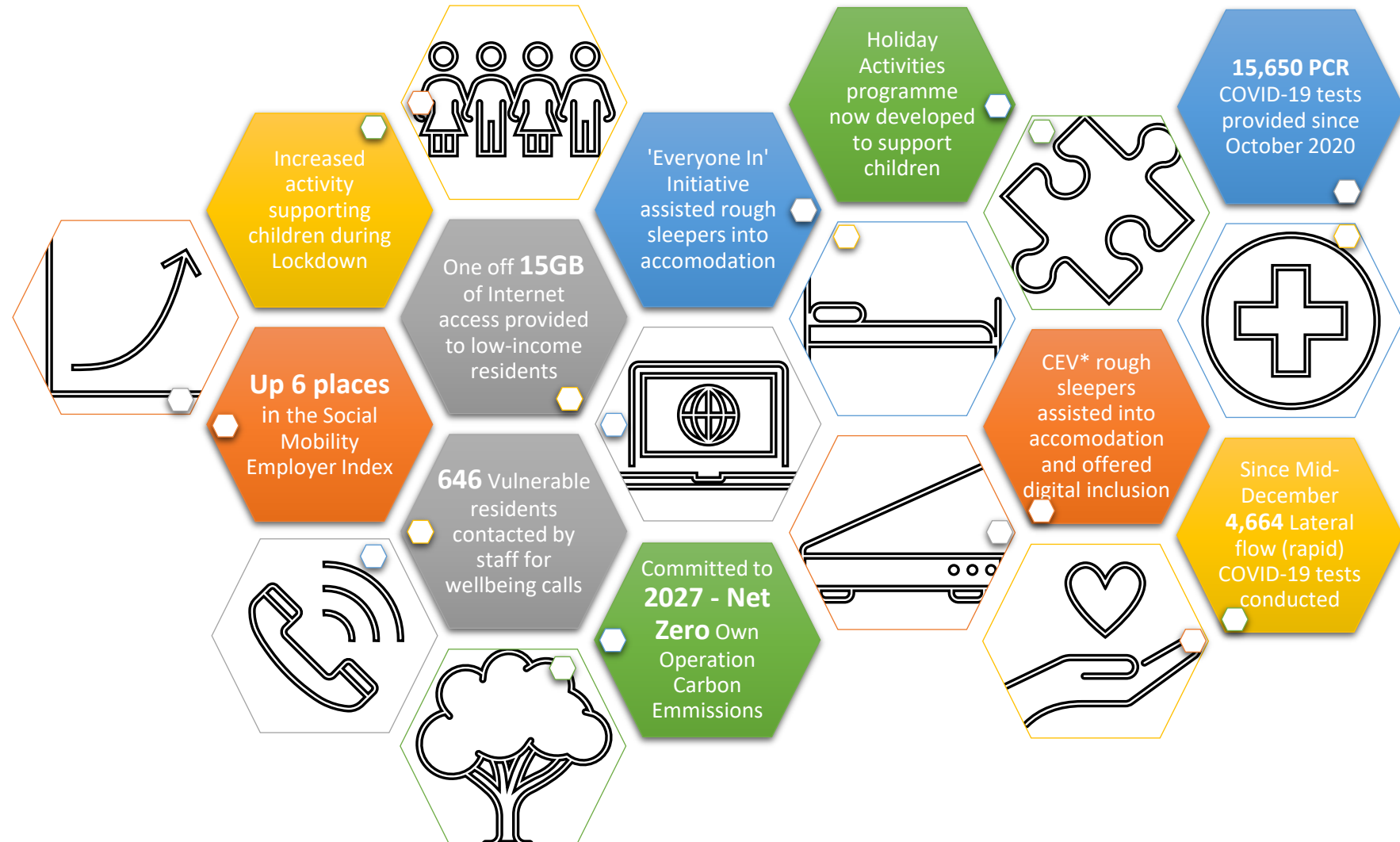
In common with other local authorities, City Fund receives funding via grants from central government, a share of business rates income and the proceeds of the local council tax. City Fund also generates rental and interest income to help finance its activities. A breakdown of these amounts for 2020-21 is shown below in the financial summary for the year.

Whilst collecting £1.2bn in business rate income, the City Fund retains only a small proportion of the amounts collected from its area, in accordance with the national arrangements. The remainder is paid over to central government and is redistributed to local authorities throughout the country. Due to its special circumstances – notably its very low resident population and high daytime population – the City of London is allowed uniquely to set its own business rate. It may set this rate, subject to certain constraints, at a higher or lower level than the National Non-Domestic Rate determined by central government for the rest of the country. More information on the role and ongoing work of the City Corporation, can be found on the City's website at www.cityoflondon.gov.uk¹

¹ The City of London Corporation is responsible for the maintenance and integrity of the corporate and financial information included on its website. Legislation in the United Kingdom governing the preparation and dissemination of financial information differs from legislation in other jurisdictions.

PERFORMANCE

Over the past year, our activities have been shaped by the impact of COVID-19 but we have also sort to further the aim and objectives we have set out in our corporate plan. The below highlight some of our achievement during this year.



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*Clinically Extremely Vulnerable

Risk Management and Priorities for the Coming Year

Our risk management processes help us identify and manage the most significant risks to the organisation, by significant we mean those that could stop us achieving our strategic objectives or have a significant detrimental impact on the City of London Corporation. The Audit and Risk Management Committee (A&RMC) maintains oversight for risk management and is ultimately responsible for ensuring that satisfactory arrangements are in place for this. The Committee endorsed a new Risk Management strategy for the City Corporation in January 2020.

The key risks to the organisation relate to managing the impact of the Covid-19 pandemic in both the short and medium term, Brexit, maintaining a safe and healthy environment and ensuring the financial sustainability of our operations. In the case of this last year, the Covid-19 pandemic has had a significant impact and work is in hand to effectively manage this and other financial challenges to ensure the continued relevance of the services we provide to London and the UK.

OTHER DISCLOSURES

The Trade Union Regulations 2017 requires public authorities to disclose trade union activity as part of their annual accounts. The below tables set out the information required under this regulation. It outlines the volume of union activity as well as the annual cost to the City where union activity is carried out during working hours.

Trade Union representatives and full-time equivalents	
Number of trade union representatives (people)	24
FTE trade union representative	23.6

Total pay bill and facility time costs 2020-21	£m
Total City of London pay bill	224.2
Total cost of facility time	0.1
Percentage of pay spend on facility time	0.03%

Percentage of working hours spend on facility time by union representative	No. of People
0% of working hours	19
1% to 50% of working hours	3
51% to 99% of working hours	2
100% of working hours	0
Total	24

FINANCIAL OUTLOOK

The City Corporation has an ambitious programme of investment across its funds aimed at fulfilling its strategic aims and continuing to make the City the place people want to live, work, study and enjoy. City Fund is supporting the Combined Courts project, which will relocate the Magistrates court to a new world class facility. It is also jointly supporting the relocation of the Museum of London with the GLA in our capacity as joint funders of the organisation. These programmes require significant financial investment at a time where the City Fund is facing a number of threats to its funding and pressures on its services. These include:

- **COVID-19** – The consequences of global pandemic are yet to fully unfold, but during 2020-21 City Fund incurred £5.7m of additional costs and lost £29.8m of service-related income due to the pandemic. These impacts were in part offset by additional financial support from Government and limiting expenditure where possible. Some of these impacts will continue into 2021-22 and beyond, where restrictions are on-going and may have longer term effects through for example, new working practices reducing the flow of people in and out of the City and a continued need for social distancing in enclosed spaces. These changes have the potential to alter the financial make up of City Funds key income streams such as commercial rents, business rates and from tickets sales in areas like the Barbican Centre.
- **Spending Review** – With the Government providing significant financial support to the UK economy during the pandemic, it is likely that a level of public spending restrictions will be in place to manage the fiscal deficit, limiting any additional funding for Local Authorities.
- The **Fair Funding Review** of local government funding could shift resources away from London. Its implementation had been delayed due to COVID-19 and we are awaiting confirmation from Government their implementation plans.
- **Business Rates** – The expected changes to the Business Rate Retention System have been delayed due to COVID-19, but still present a significant risk to the City Corporation as this is a major source of funding for City Fund activity.

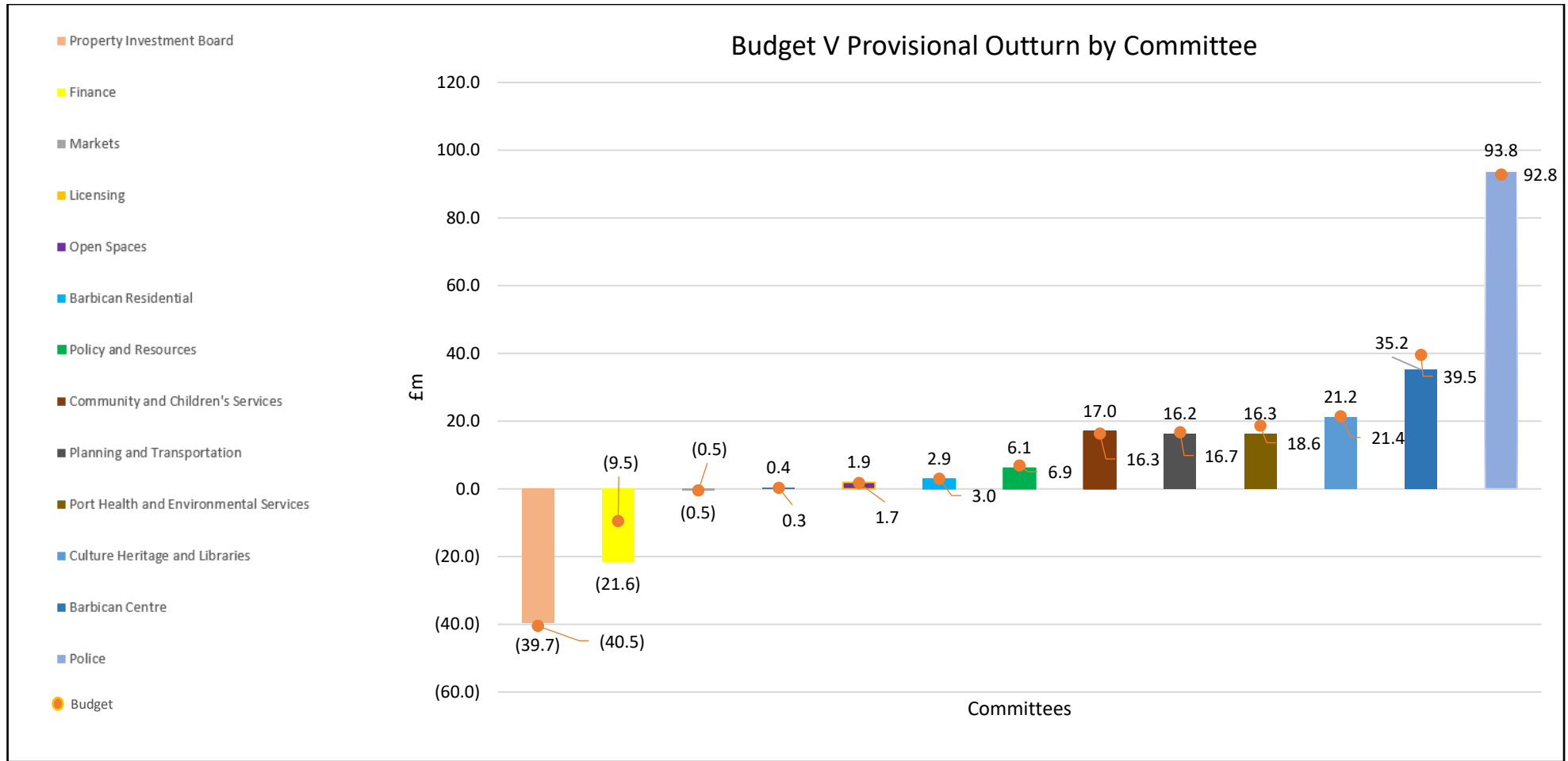
The below table sets out the current financial projections for City Fund across the medium-term planning horizon. City Fund is already committed to making savings due to its cost pressures and commitment to financing its major projects. Delivery of these savings will be essential to ensure City Fund remains in a financially sustainable position to deliver its corporate plan. City Fund maintains adequate levels of both general and earmarked reserves (£254.3m) to support its functions across the short to medium term.

City Fund Medium Term Forecast	21/22	22/23	23/24	24/25	25/26
	£m	£m	£m	£m	£m
City Fund Surplus/(Deficit) before savings	4.2	(1.3)	(25.3)	(23.2)	(19.0)
Saving to be achieved	9.2	11.9	11.9	14.7	14.7
City of London Police		(3.9)	(10.6)	(8.4)	(10.5)
City Fund position including Police deficit	13.4	6.7	(24.0)	(16.9)	(14.8)
Social Care Precept Funding		0.1	0.1	0.1	0.1
Changes to BRP		9.2	9.2	9.2	9.2
City Fund Surplus/(Deficit) after saving and contributions	13.4	16.0	(14.7)	(7.6)	(5.5)
Deficit funded from City Fund Reserves	0.0	0.0	14.7	7.6	5.5

2020-21 FINANCIAL SUMMARY

Revenue Budget

Our budget for 2020-21 was agreed by the Court of Common Council (the City Corporation's primary decision-making body) in March 2020 for both capital and revenue expenditure. The below chart sets out the revenue outturn by Committee, which reflects the operational areas of City Fund activity. The City Fund's largest area of spend is the City of London Police which is largely funded via grants from government along with a contribution from the business rate premium, which for 2020-21 was set at 0.8p. City Fund also benefits from a large property investment portfolio, overseen by the Property Investment Board, which generates additional income to fund our services.



The adjacent table compares each committee outturn to its final budget for 2020-21. Taking into account service expenditure and funding from taxation and grants, the City Fund recorded a £36.2m underspend for the year. The most material variances and the reason for these are:

- Barbican Centre – Due to COVID restrictions, the Centre has been unable to fully operate throughout 2020-21 and whilst it has incurred substantial income losses, the Centre has also made savings in production costs. It should be noted that an additional £11.4m of funding was added during 2020-21 to assist the Centre in managing the impact of COVID-19. Without this action the outturn variance would be significantly worse.
- Finance – A reduction in the financing requirements for capital projects and repairs and maintenance, both due to COVID-19 related delays, and a delay in drawing down central contingencies has resulted in an underspend.

2019/20		2020/21 Budget v Outturn - City Fund Summary by Committee		
		Budget	Provisional	Variation (Better)/Worse
Outturn	Net Expenditure (Income)	Net	Outturn	Total
£m		£m	£m	£m
27.8	Barbican Centre	39.5	35.2	(4.3)
2.0	Barbican Residential	3.0	2.9	(0.1)
14.0	Community and Children's Services	16.3	17.0	0.7
21.7	Culture Heritage and Libraries	21.4	21.2	(0.2)
(19.7)	Finance	(9.5)	(21.6)	(12.1)
0.2	Licensing	0.3	0.4	0.1
(0.8)	Markets	(0.5)	(0.5)	0.0
1.8	Open Spaces	1.7	1.9	0.2
16.2	Planning and Transportation	16.7	16.2	(0.5)
81.0	Police	92.8	93.8	1.0
6.3	Policy and Resources	6.9	6.1	(0.8)
17.5	Port Health and Environmental Services	18.6	16.3	(2.3)
(42.8)	Property Investment Board	(40.5)	(39.7)	0.8
125.2	City Fund requirement to be met from government grants, local taxation and transfers to/(from) reserves.	166.7	149.2	(17.5)
(0.3)	Transfer from City of London Police Reserve		(1.0)	
(167.2)	Funding from Taxation and Grants		(184.4)	
(42.3)	Transfer to City Fund Balance		(36.2)	

The main variances between the previous financial year and 2020-21 which are shown in the table above are explained below:

- Community and Children's Services – There has been an increase in expenditure in relation to COVID-19. This has been spent on areas such as Adult Social Care, children's services and accommodation for the homeless.
- Police – In line with the Government expansion of police numbers, net expenditure has increased from the previous year to reflect the recruitment to these posts and additional cost related to the Combined Criminal Court major project.
- Property Investment Board – During the year there has been a fall in rental income on operational investment property across the City. This is in part due to the rent-free periods offered during the pandemic to support businesses and voids in property rentals.

A breakdown of the City Fund taxation and grants income can be seen below.

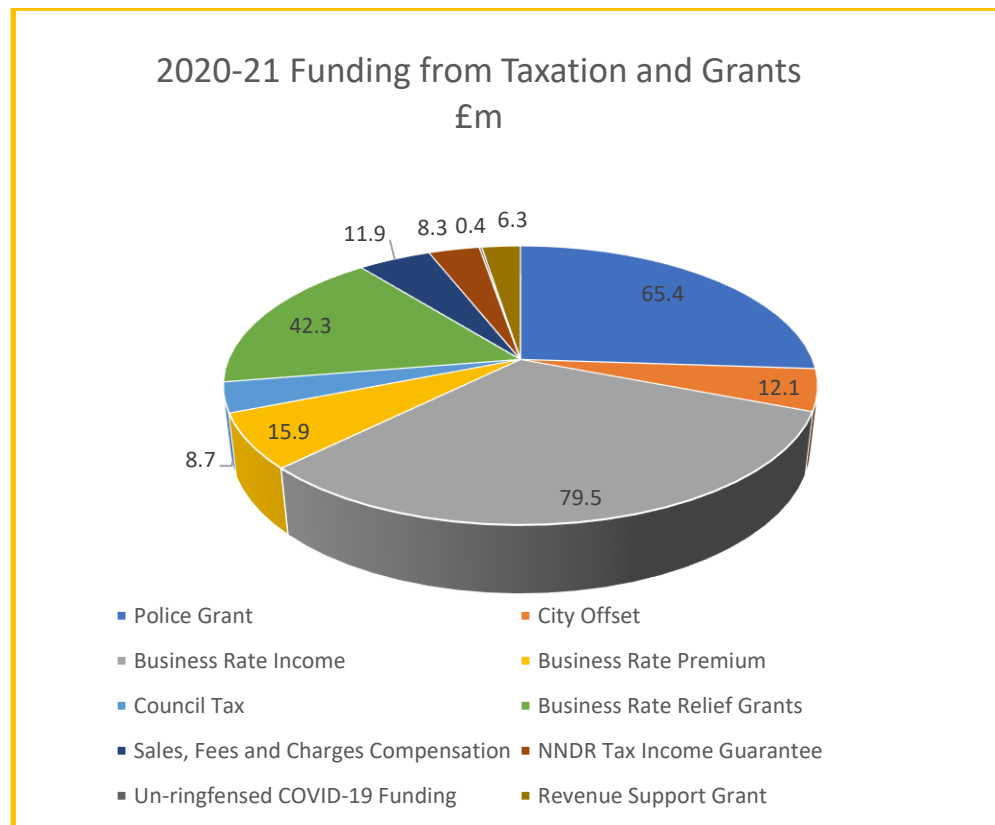
As part of the Government response to COVID-19, several new grants and a compensation scheme were introduced during 2020-21 to support local authorities to deliver existing and new services to support communities through the pandemic. Where this funding relates to a specific service or activity, this is shown under the relevant committee heading. Where funding is non-specific, it is shown under the funding from taxation and grants heading. The key new non-specific areas of funding received during the year include:

- £42.3m Business Rate Relief grant, £39.6m of which was granted due to the decision by Government to grant 100% business rate relief to the Retail, Leisure and Hospitality sectors due to the restrictions on their ability to trade during the year. This decision represented a loss of income from business rates for which this grant is compensation. It should be noted that due to the structure of the business rates system, shortfalls in income collection are recovered over the following 2 financial years. Therefore, £39.6m of this grant will be used to make good deficits to be accounted for between 2021-2023 and has been transferred to the Business Rate Equalisation reserve for this purpose. More details about Collection Fund losses can be found on pages 98-101.
- £8.3m from the NNDR Tax Income Guarantee Scheme, which compensated local authorities for tax losses against their pre-pandemic estimates. Compensation was 75p in the £ but was subject to a complex formula to calculate losses. As above, these funds will be used to offset NNDR deficits which will be accounted for during 2021-23 and has been transferred to the Business Rate Equalisation reserve.
- £11.9m from the Sale, Fees and Charges compensation scheme, which compensated local authorities for income losses incurred due to COVID. Compensation was 75p in the £ after a deduction of 5% of the annual budget for that income stream.

- £0.4m of un-ringfenced COVID-19 grant. This grant recognised the increased expenditure local authorities would incur in supporting communities through the pandemic.

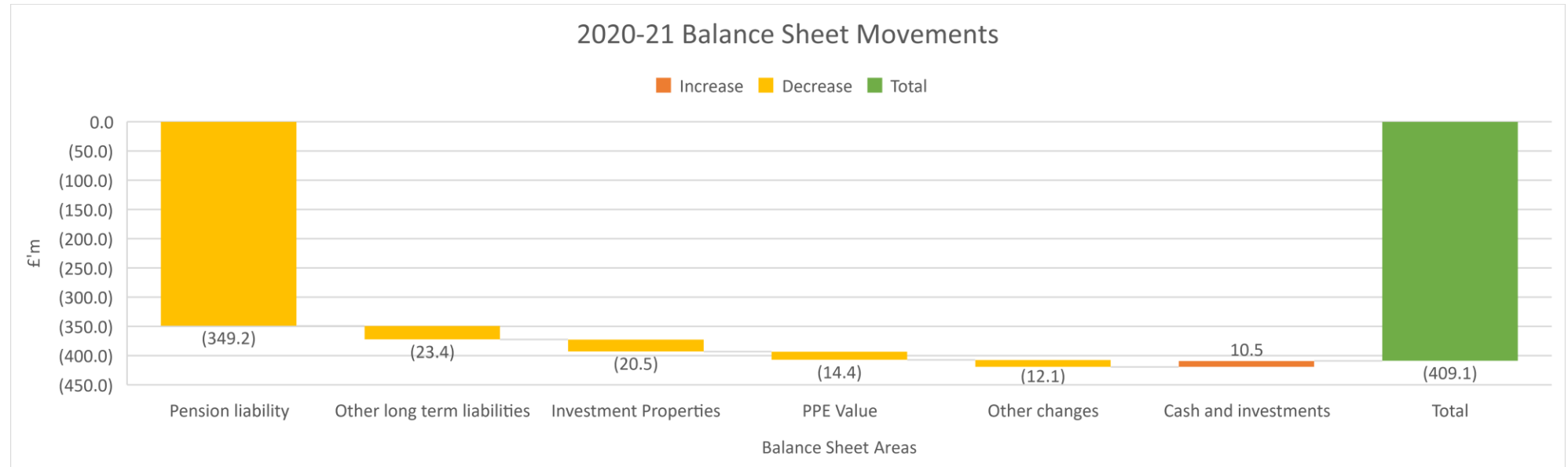
Please note the figures shown here do not take account of statutory accounting adjustments and reserve movements. These may differ to those presented in the main accounts.

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Balance Sheet

The City Corporation maintains a strong balance sheet position with net assets totalling £1,178.6m at year end, a reduction of £409.1m from the previous year. Majority of this reduction can be attributed to an increase in the Pension Liability of £349.2m (see notes 23-26 for further details). All other key movements are shown below.



2020-21 STATEMENT OF ACCOUNTS

This Statement of Accounts is prepared for the City of London Corporation (“the City Corporation”) only to the extent that it exercises functions in relation to the collection fund of the Common Council, the City Fund administered by the Common Council (collectively referred to as “the City Fund”), as required by the Local Audit and Accountability Act 2014. Accordingly, the reporting entity, for the purpose of these accounts, is the City Fund which is a portion of the City Corporation but is not in itself a legal entity. This means the legal party to transactions and balances allocated to the City Fund is the City Corporation.

Assets, liabilities and transactions of the City Corporation are allocated to the City Fund where they relate to the economic activity of the City Corporation’s local authority function, for example where they relate to education, housing, social care; policing; and port health authority functions. Similarly, transactions and balances that relate to the City Corporation’s other economic activities are excluded from these accounts. Note 1 (page 27-29) to the accounts provides further details on the critical judgments in preparing and apply accounting policies for these statements.

The City Fund Statement of Accounts have been prepared in compliance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom 2020-21. The accounts have been structured to support the reader in understanding the local authority accounting framework, however, this remains a complex document, combining International Finance Reporting Standards (IFRS) alongside the statutory framework set by Government, which overrides these accounting standards.

There have been no significant changes to accounting standards or framework barring those related to infrastructure assets, which are described below. However, on 23 March 2020, the UK Government initiated a “lockdown” in response to the COVID-19 pandemic, resulting in all non-essential activities ceasing and restrictions being put in place on the movement of people. Throughout 2020-21, restrictions of varying degrees have been in place as the pandemic has evolved, impacting on our ability to deliver some services whilst also placing additional demand on area such as support for the homeless and vulnerable. It has also made 2020-21 a unique year financially. The Government has made significant interventions in the economy through areas like the furlough scheme, direct financial support to businesses through grants and loans and additional resources to public bodies like local authorities and the NHS to support the battle with the virus. For City Fund this has led to several areas of note within the 2020-21 statement of accounts, which are described below:

- **Grants to businesses** – as part of the Government’s response to the pandemic it has made available grants to businesses which have been affected by the restrictions in place. These have been distributed via local authorities and during 2020-21, City Fund has distributed £40.8m in grants to local businesses funded via grant income from Government. Much of this has been through the national schemes determined by Government so £38.1m of this income and expenditure has been treated as agency transactions i.e. where City Fund has acted as an intermediary in the transaction. Where the City Corporation has played a part in determining the distribution of grants, these have been accounted for within the Comprehensive Income and Expenditure Statement (CI&ES) under the Finance Committee heading. This grant expenditure and income totalled £2.7m.
- **CI&ES Comparative Analysis** - City Fund usually operates within a relatively stable environment with significant movements between years being usually being down to a limited number of factors affecting a few areas. However, the impact of COVID-19 has had wide ranging impacts across a

number of areas, which can be seen when comparing the 2020-21 CI&ES amounts to the prior year. The outturn analysis on pages 12-13 highlights these key changes.

- **Pension Liabilities** – Each year City Fund is required to update its assessment of the assets and liabilities it has accumulated through its staff and officer’s membership of the Local Government Pension Scheme (LGPS), Police Pension Scheme and Judges’ Pension Scheme. This assessment is carried out by our independent actuary, Barnett Waddingham LLP, based on the principles set out in International Accounting Standard 19 – Employee Benefits. This year, this assessment has resulted in a substantial increase in the net liability (£349.2m) driven by changes in the assumptions on inflation and the discount rate applied to liabilities. Note 23-26 (page 64-74) provides more detail on this change but it should be noted that this change does not pose an immediate issue to City Fund as this assessment does not determine the contributions the City Corporation makes into these pension schemes. These are determined by the periodic valuations of the pension schemes which are due to be carried out in 2022 for the LGPS to set contribution rates from 2023-2026, and is currently being carried out for the Police Pension Scheme which will set contribution rates for 2023-2027.
- **Collection Fund Deficit** – In line with all other billing authorities, City Fund maintains a Collection Fund which accounts for the difference between estimated and actual collection of business rates and council tax. These differences are then spread over the following 2 financial years in order to smooth the impact of any material change in resources derived from these sources. The Collection Fund has ordinarily been in surplus, but, for 2020-21, a deficit of £191.3m has arisen for business rates. Pages 98-101 provide more details on the collection fund position, but this deficit has stemmed largely from the expansion of business rate relief for the retail, leisure, and hospitality sector, where 100% relief was awarded during 2020-21. This decision was taken after the forecast for 2020-21 had been submitted, hence creating a deficit position, but is funded by Government. In addition, a fall in business rate collection has led to an increase in the bad debt provision which has also contributed to the deficit. A breakdown of the variance against the original estimate is provided below. The City Fund share of this deficit is £54.1m. The majority of this deficit will be offset by funds transferred to the business rate equalisation reserve (£47.9m), which contains the funding received for the additional reliefs awarded during 2020-21 and funding to be received from the tax income guarantee scheme, which applies to council tax and business rates, created by Government in recognition of the impact COVID-19 has had on these core funding streams for local authorities. The Government has also allowed Local Authorities to spread any deficits over 3 years rather than the normal 2, acknowledging the impact COVID-19 has had on the collection of business rates and council tax.

Collection Fund Deficit	£m
Additional Govt Compensated Reliefs	125.9
Other unfunded reliefs	11.7
Additional Bad Debt Provision	19.5
Other	34.2
Total	191.3

- **Valuation of property assets** – City Fund maintains a substantial portfolio of investment property and operational assets which are subject to valuation on an annual basis. For the 2019-20 statement of accounts, our valuers had placed a “material valuation uncertainty” caveat to their valuations, which stated that their valuation carried a greater degree of judgement than previously due to the unprecedented circumstance brought about by COVID-19. For 2020-21, barring two investment property valuations with year end values of £3.0m and the Public Car Parks with total year end values of £16.4m, this material valuation uncertainty caveat has been lifted meaning there is a return to the level of confidence in these estimates previously seen. We do not consider the remaining balance of assets for which a material uncertainty exists to be material to City Fund’s accounts. The social housing discount factor applied to HRA Dwelling properties, which reflects the economic cost of providing social housing at less than open market rents, reduced from 30% to 25% following the annual review. This has resulted in an impairment of £14.5m in the HRA reflecting the lower estimated value of properties following this change.
- **Recovery on outstanding debt** – Due to the economic impact of the lockdown measures, assumptions on the recovery of debt have been lowered, leading to an increase in the bad debt provision held by £1.4m, especially for outstanding rental income and parking enforcement fines.
- **Infrastructure Assets** – A national issue had arisen during the audit of these accounts on the accounting of infrastructure assets which resulted in a delay in completing the audit and the issuing of new guidance. The background to this issue can be found on CIPFA’s website (www.cipfa.org) but reflects on the information deficits present in itemising all elements of assets that have been classed as infrastructure and the ability to derecognise parts or all of an asset when it is replaced e.g. derecognising to value of a road surface when it is replaced. Due to the complex nature of this issue and its impact on delaying completion of local authority audits, including the City of London’s, changes have been made to the code of practice and legislation to unblock the auditor process on a temporary basis pending a permanent solution being developed. These changes and the impact on these financial statements are:
 1. An update to the CIPFA Code of Practice which removes the requirement to disclosure the balances of infrastructure assets on a gross cost and accumulated depreciation basis. This has meant a revision to the presentation of note 13 and a revision to accounting policies to reflect this new guidance.
 2. The authority has determined in accordance with Regulation [30M] of the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022 that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil.

These changes mean that whilst there are presentational changes to note 13 and a revised accounting policies being adopted the reflect these changes, the financial value of these assets has not altered and remain as per the draft statements. The changes are in place up to and including the 2024/25 financial year, which is the timeline for a permanent solution to be agreed.

The City of London Corporation's Responsibilities

The City of London Corporation is required to:

- make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. This officer is the Chamberlain
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets
- approve the Statement of Accounts.

The Chamberlain's Responsibilities

The Chamberlain is responsible for the preparation of the Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020-21 ("the Code").

In preparing this Statement of Accounts, the Chamberlain has:

- selected suitable accounting policies and then applied them consistently
- made judgments and estimates that were reasonable and prudent
- complied with the local authority Code.

The Chamberlain has also:

- kept proper accounting records which were up to date
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Chamberlain's Certificate

I certify that the Statement of Accounts gives a true and fair view of the financial position of the City Fund and the Pension Funds of the City of London Corporation at the reporting date and of its expenditure and income for the year ended 31 March 2021.



Caroline Al-Beyerty

Chamberlain and Chief Financial Officer

Date: XX October 2023

Page held pending formal approval by Finance Committee.

Page held for Independent Auditor's Report to the Members of the City of London Corporation



Core Financial Statements

Comprehensive Income and Expenditure Statement

2019-2020				Notes	2020-2021		
Gross Expenditure	Gross Income	Net Expenditure/ (Income)			Gross Expenditure	Gross Income	Net Expenditure/ (Income)
£m	£m	£m			£m	£m	£m
			Services				
143.3	(66.2)	77.1	Police		158.1	(66.0)	92.1
58.4	(28.6)	29.8	Barbican Centre		46.5	(7.0)	39.5
29.4	(14.1)	15.3	Community & Children's Services		36.2	(16.9)	19.3
21.2	(15.8)	5.4	Housing Revenue Account (HRA)		29.9	(14.4)	15.5
37.3	(30.7)	6.6	Planning & Transportation		41.7	(28.9)	12.8
31.1	(15.0)	16.1	Port Health & Environmental Services		32.6	(17.4)	15.2
25.2	(2.9)	22.3	Culture, Heritage and Libraries		24.8	(2.0)	22.8
25.1	(14.5)	10.6	Finance		31.3	(16.8)	14.5
14.2	(15.8)	(1.6)	Barbican Residential		15.2	(15.3)	(0.1)
18.9	(7.5)	11.4	Policy & Resources		21.5	(13.2)	8.3
2.6	(0.5)	2.1	Open Spaces and City Gardens		2.9	(0.5)	2.4
1.5	(0.5)	1.0	Property Investment Board		1.4	(0.5)	0.9
1.0	(0.8)	0.2	Licensing		1.1	(0.6)	0.5
10.9	0.0	10.9	London NNDR Pool Strategic Investment Pot		26.1	0.0	26.1
0.6	0.0	0.6	Pension Past Service Cost		5.4	0.0	5.4
12.0	0.0	12.0	Major Project Cost		9.0	0.0	9.0
432.7	(212.9)	219.8	Cost of Services		483.7	(199.5)	284.2
		(41.3)	Other Operating Income	7			(0.1)
		(43.7)	Financing & Investment Income & Expenditure	7			(0.3)
		(217.1)	Taxation & Non-Specific Grant Income	7			(182.8)
		(82.3)	(Surplus)/Deficit on the Provision of Services				101.0
		(22.4)	Surplus on the Revaluation of Property, Plant & Equipment	13			8.5
		(87.9)	Remeasurements of the Pensions Liability	26			299.6
		(110.3)	Other Comprehensive (Income) & Expenditure				308.1
		(192.6)	TOTAL COMPREHENSIVE (INCOME) & EXPENDITURE				409.1

Major project costs in relation to the Museum of London relocation have been separately identified in the CI&ES to reflect the material items of spend that have occurred. Pension past service costs have also been separately identified due to the increase in 2020-21. This is due to amendments in the IAS19 standard which now requires net defined benefit liability to be remeasured using current assumptions and the fair value of plan assets at the time of the event, of which the City of London Corporation has 87 'special' events. These 'special' events are in relation to early retirements.

Movement in Reserves Statement

	Notes	City Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	Major Repairs Reserve	Total Usable Reserves	Unusable Reserves	Total Reserves
		£m	£m	£m	£m	£m	£m	£m	£m
Balance at 31 March 2020 carried forward*		(177.0)	(0.1)	(73.7)	(39.0)	(3.4)	(293.2)	(1,294.5)	(1,587.7)
Movement in reserves during 2020-21									
Total Comprehensive Income & Expenditure		86.5	14.5	0.0	0.0	0.0	101.0	308.1	409.1
Adjustments between accounting basis & funding basis under regulations	11	(163.8)	(14.6)	17.3	(0.5)	1.4	(160.2)	160.2	0.0
(Increase) or decrease in 2020-21		(77.3)	(0.1)	17.3	(0.5)	1.4	(59.2)	468.3	409.1
Balance at 31 March 2021 carried forward*		(254.3)	(0.2)	(56.4)	(39.5)	(2.0)	(352.4)	(826.2)	(1,178.6)

*The City Fund balance of £254.3m comprises unallocated revenue funds of £56.3m and earmarked revenue reserves of £198.0m (see note 12, page 48).

	Notes	City Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	Major Repairs Reserve	Total Usable Reserves	Unusable Reserves	Total Reserves
		£m	£m	£m	£m	£m	£m	£m	£m
Balance at 31 March 2019 carried forward		(122.1)	(3.8)	(21.6)	(33.9)	(3.2)	(184.6)	(1,210.5)	(1,395.1)
Movement in reserves during 2019-20									
Total Comprehensive Income & Expenditure		(87.9)	5.6	0.0	0.0	0.0	(82.3)	(110.3)	(192.6)
Adjustments between accounting basis & funding basis under regulations	11	33.0	(1.9)	(52.1)	(5.1)	(0.2)	(26.3)	(26.3)	0.0
(Increase) or decrease in 2019-20		(54.9)	3.7	(52.1)	(5.1)	(0.2)	(108.6)	(84.0)	(192.6)
Balance at 31 March 2020 carried forward**		(177.0)	(0.1)	(73.7)	(39.0)	(3.4)	(293.2)	(1,294.5)	(1,587.7)

** The City Fund balance of £177.0m comprises unallocated revenue funds of £62.3m and earmarked revenue reserves of £114.7m (see note 12, page 48).

Balance Sheet

The Statement of Accounts was authorised for issue by the Chamberlain on 30 July 2021. Events after the balance sheet date and up to **XX October 2023** have been considered in respect of material impact on the financial statements. A post balance sheet adjustment has been made with respect to a legal case, details of which are disclosed in note 37.

31 March 2020		Notes	31 March 2021
£m			£m
940.0	Property, Plant and Equipment	13	925.6
9.0	Heritage Assets	14	9.0
1,621.5	Investment Property	17	1,601.0
0.4	Intangible Assets		0.4
16.9	Long-Term Debtors	16	15.8
2,587.8	Long-Term Assets		2,551.8
815.9	Short-Term Investments		873.6
1.0	Assets Held for Sale		1.6
0.6	Inventories		0.6
0.0	Intangible Current Assets		0.0
158.4	Short-Term Debtors	20	139.5
74.1	Cash and Cash Equivalents		26.9
1,050.0	Current Assets		1,042.2
(382.0)	Short-Term Creditors	21	(286.8)
(0.0)	Grants and Contributions Received in Advance - Revenue		(91.3)
(49.2)	Provisions	22	(45.8)
(431.2)	Current Liabilities		(423.9)
(1,261.8)	Pensions Liability	26	(1,611.0)
(108.6)	Grants and Contributions Received in Advance - Capital	27	(115.5)
(196.5)	Rents Received in Advance	28	(197.6)
(52.0)	Other Long-Term Liabilities	29	(67.4)
(1,618.9)	Long-Term Liabilities		(1,991.5)
1,587.7	NET ASSETS		1,178.6
(293.2)	Usable Reserves		(352.4)
(1,294.5)	Unusable Reserves	31	(826.2)
(1,587.7)	TOTAL RESERVES		(1,178.6)

Cash Flow Statement

The cash flow statement shows the changes in cash and cash equivalents of City Fund during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. Details of these movements are set out in note 32-34 (page 83-84) of the accounts. The cash and cash equivalent balance is held in bank current accounts held by the City Corporation.

2019-20		Notes	2020-21
£m			£m
(82.3)	Net (surplus)/deficit on the provision of services		101.0
(78.1)	Adjustments for non-cash movements	32	(262.2)
92.4	Adjustments for items that are investing and financing activities	32	24.9
(68.0)	Net cash (inflows)/outflows from operating activities		(136.3)
77.5	Investing activities	33	65.8
(45.1)	Financing activities	34	117.7
(35.6)	Net (increase)/decrease in cash and cash equivalents		47.2
(38.5)	Cash and cash equivalents at the beginning of the reporting period		(74.1)
(74.1)	Cash and cash equivalents at the end of the reporting period		(26.9)



Notes to the Core Financial Statements

1. Critical Judgements in the Basis of Preparation and Applying Accounting Policies

a) The Basis of Preparation

This Statement of Accounts is prepared for the City of London Corporation (“the City Corporation”) only to the extent that it exercises functions in relation to the collection fund of the Common Council, the City Fund administered by the Common Council (collectively referred to as “the City Fund”), as required by the Local Audit and Accountability Act 2014. Accordingly, the reporting entity, for the purpose of these accounts, is the City Fund which is a portion of the City Corporation but is not in itself a legal entity. This means the legal party to transactions and balances allocated to the City Fund is the City Corporation.

Assets, liabilities and transactions of the City Corporation are allocated to the City Fund where they relate to the economic activity of the City Corporation’s local authority function, for example where they relate to education, housing, social care; policing; and port health authority functions. Similarly, transactions and balances that relate to the City Corporation’s other economic activities are excluded from these accounts.

The basis of allocation has been made on a consistent basis for a number of years and are reported in more detail in the section below - Applying Accounting Policies.

The Statement of Accounts is prepared for the City Fund in respect of the 2020-21 financial year and its position at the year end of 31 March 2021. The accounts are prepared in accordance with proper accounting practices as required by the Accounts and Audit Regulations 2015. This comprises the Code of Practice on Local Authority Accounting in the United Kingdom 2020-21 (the Code) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), supported by International Financial Reporting Standards (IFRS). The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

This Statement of Accounts has been prepared on a going-concern basis.

b) Applying Accounting Policies

In applying accounting policies, the City Corporation has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements that management considers will have a material effect on the amounts recognised in the accounts include the basis of allocating income and expenditure incurred by the City Corporation as a whole and the appropriate allocation of City Corporation’s assets and liabilities to the City Fund.

General

The City Fund financial statements include only those activities of the City Corporation relating to its services as a local authority, police authority and port health authority services and other functions enacted through legislation such as Spitalfields Markets.

Income and expenditure transactions

The majority of the City Fund income and expenditure relates specifically to City Fund defined activities and is not subject to material judgement or estimation. Although the City Corporation also incurs central running costs for staff and overheads for all Funds and an appropriate allocation of these costs is charged to each fund.

The principal basis of allocating these costs include an estimation of time spent by staff on the activities of each fund. Other apportionment bases, such as floor space and full time equivalents (FTE) employed for Fund specific activities, are used allocated other overheads supporting the activities of each Fund.

Assets and liabilities

The City Corporation is generally able to separately identify the majority of the assets and liabilities used to support and provide the activities of the City Fund. Some City Corporation central service assets are allocated to the City Fund on the basis of its relevant share of the assets involved in providing services. These allocations are periodically reviewed to confirm that this basis of allocating shared expenditure and assets remains appropriate.

The method of allocation applied to major classes of assets and liabilities is explained below:

City of London Pension Scheme

The Local Government Pension Scheme (LGPS) is the responsibility of the City Corporation as a whole rather than the specific responsibility of any of its three Funds. Therefore, the City Fund does not have an exclusive relationship with the Pension Fund and the portion of the Pension Fund net deficit relating to City Corporation employees engaged on City Fund activities requires judgement. An allocation is made based on a three year average of employer's salary costs allocated to each of the City Corporation Funds. Management consider that allocation on this basis is non-arbitrary and ensures the Statement of Accounts provides a complete set of transactions and balances relating to the economic activities of the City Fund. As at 31 March 2021, the City Fund recognised a 51% share of the net pension liability relating to the City Corporation (31 March 2020 – 51%).

The Police Pension Scheme

The Police Pension Scheme is the responsibility of the City Corporation as a whole. As the functions of the Police Authority are exclusively the responsibility of the City Fund the liabilities are allocated entirely to the City Fund. The Police Pension liability represents the pension benefits Officers have accrued as at 31 March 2021 as assessed via actuarial calculation. These benefits, however, will not be payable until Officers have retired. As an unfunded scheme, the liabilities will be met through employee and employer contributions with any deficit being met by the Home Office.

Freehold properties and investment properties

Investment property assets and the majority of land and building assets recorded in the City Fund financial statements have been allocated to the City Fund on the basis that they were acquired using funds that had been allocated to the City Fund and are used exclusively in the provision of City Fund activities. For properties that are shared across the activities of the Corporation, the City Fund's share of the asset is recorded in the financial statements on the basis of the initial contribution (from funds that have been allocated to the City Fund and other funds) towards the acquisition costs and transactions relating to those assets are allocated on the same basis.

Short term investments and cash

Whilst each fund maintains a cash book for its own cash transactions and balances, the cash balances are pooled across the City Corporation for treasury management purposes. Cash balances either held in the City Corporation's bank accounts or invested are allocated to the City Fund in proportion to its cash book share of cash balances and short term investments. Investment income on cash balances and investments are allocated to the City Fund based on the share of the City Fund cash book of the total cash balances and investments.

Other assets and liabilities

Where the City Corporation incurs central running costs for staff and overheads for all Funds and an appropriate allocation of these costs is charged to each fund, a corresponding asset or liability is recognised on the same basis by the City Fund.

Impairment

The Local Government funding regime is currently uncertain due to the delays in enacting reforms and the significant impact on the public sector financial outlook resulting from the COVID-19 pandemic. A Spending Review is expected to be completed during 2021 setting out the future funding arrangements for the sector. Whilst the outcome is uncertain, it is unlikely to see any significant increase in funding. In addition, the impact of the pandemic on the City Fund funding streams and costs is not yet clear. Whilst these uncertainties are in place, the City Corporation has not deemed it necessary to impair its assets linked to potential service changes at this point in time.

Related Parties

The City Corporation makes an assessment of the relationships it has with other entities, establishing where control and influence lay and adopting the appropriate accounting practice to reflect the relationship. In making these assessments, the City Corporation maintains that it does not exert control over the Museum of London (MoL) in its capacity as co-funder of MoL with the Greater London Authority (GLA). We therefore disclose this relationship as a related party in the relevant disclosure (note 35, page 86).

Going concern

We would continue to regard ourselves as a going concern given the level of reserves held, a history of prudent financial management and that the majority of our activities are Government funded.

2. Assumptions Made About the Future and Other Major Sources of Estimation and Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by Management 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:

a) Business Rates

Since the introduction of the Business Rates Retention Scheme effective from 1 April 2013, Local Authorities are liable for successful appeals against business rates in their proportionate share. Therefore, a provision has been recognised for the best estimate of successful appeals up to 31 March 2021. The estimate has been calculated using the Valuation Office Agency (VOA) ratings list of submitted appeals alongside an analysis of appeals trends which may lead to an appeal but has not yet been submitted. In making this judgement a number of assumptions have been made which include:

- The data used for the calculations is based on the VOA listings of submitted appeals available as close to 31 March of each year.
- Estimated appeal losses are based on previous losses incurred on similar properties, the codes of appeal have been submitted and trends seen on the rating list.

The total value of the appeals provision is £148.1m, of which the City Corporation holds £45.8m (see note 22, page 63, for more information). This is however an estimate and is subject to the actions of business rate payers submitting appeals and the judgement of the VOA is assessing the validity and impact of claims. A 5% variance in our assessment would result in a +/- £7.4m change in our provision.

Outstanding business rate debt has risen materially, from £28m last year to £85m at 31 March 2021. An assessment on the collection of outstanding debt has been carried out based on historic trends but, due to the additional uncertainty resulting from the COVID-19 pandemic, an uplift has been included in the bad debt provision set, reflecting the increase in the quantum of debt and the additional uncertainty in business viability moving forward. The provision has been set at £40.3m (2019-20: £10.5m).

b) 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 and mortality rates. The actuarial firm Barnett Waddingham LLP have been appointed as the City Corporation's actuary to provide the City Fund with expert advice about the assumptions to be applied.

The effect of changes in individual assumptions on the net pension 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 across all 3 pension schemes (LGPS, Police and Judges') would result in an increase in the pension liabilities of City Fund of some £45.0m. 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 notes 23 to 26 (page 64-74).

c) Property Valuations

The carrying values of property, plant and equipment and investment properties are primarily dependent on judgements of such variables as the state of the property market, location, asset lives, condition of the property, indices etc. Valuation is an inexact science with assessments provided by different surveyors rarely agreeing and with prices subsequently realised diverging from valuations. COVID-19 disrupted the Car Park sector, licensed leisure and hospitality sectors ahead of valuations being carried out for the 2020-21 statement of accounts. Due to this disruption, our external valuers have inserted an “material valuation uncertainty” clause into their valuation report which states the following:

In respect of the Car Park, licensed leisure and hospitality sectors as at the valuation date we continue to be faced with an unprecedented set of circumstances caused by COVID-19 and an absence of relevant/sufficient market evidence on which to base our judgements. Our valuation of the Car Park properties (year end value of £16.4m) and two investment properties (total year end value of £3.0m) are therefore reported as being subject to ‘material valuation uncertainty’ as set out in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. Consequently, in respect of these valuations less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case.

For the avoidance of doubt this explanatory note, including the ‘material valuation uncertainty’ declaration, does not mean that the valuation(s) cannot be relied upon. Rather, this explanatory note has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared. In recognition of the potential for market conditions to move rapidly in response to changes in the control or future spread of COVID-19 we highlight the importance of the valuation date.

A reduction in estimated valuations would result in reductions to the Revaluation Reserve and/or a loss recorded as appropriate in the CI&ES. For example, a 1% reduction in the value of investment properties would result in a £16.0m debit to “Financing and Investment Income and Expenditure” in the CI&ES. Conversely, an increase in operational property values would result in increases to the Revaluation Reserve and/or reversals of previous negative revaluations to the CI&ES and/or gains being recorded as appropriate in the CI&ES. We do not consider the remaining balance of assets for which a material uncertainty exists to be material to City Fund’s accounts.

Market movements are being monitored to ensure valuations are within reasonable tolerances. Additional information on investment property asset valuations is provided in note 17 (page 55-56).

d) Arrears

At 31 March 2021, the City Fund had a balance for rents, trade and sundry debtors of £66.7m (2019-20: £51.7m). A review of the length of time past due, progress on recovery action and forward look on economic factors which could influence recovery of the debt, including the impact of COVID-19, suggests that an impairment allowance for expected credit losses and doubtful debts of £11.9m (2019-20: £10.5m) was appropriate. If collection rates and/or economic factors were to deteriorate an increase in the amount of the impairment allowance would be required. Further details on the provision rates applied can be found in note 19 (page 59-61). Whilst

these debtor balances have increased, the overall debtor balance has reduced. This is linked to lower grant claims to Central Government because of lower balances due from the London Business Rates Pool.



Notes to the Comprehensive Income and Expenditure Statement

3. Expenditure and Funding Analysis

2019-2020			2020-2021			
Net Expenditure Chargeable to City Fund and HRA Balances	Adjustments between the Funding and Accounting Basis	Net Expenditure in the CI&ES		Net Expenditure Chargeable to City Fund and HRA Balances	Adjustments between the Funding and Accounting Basis	Net Expenditure in the CI&ES
£'m	£'m	£'m		£'m	£'m	£'m
			Committees			
80.4	(3.3)	77.1	Police	90.4	1.7	92.1
27.6	2.2	29.8	Barbican Centre	35.2	4.3	39.5
14.5	0.8	15.3	Community and Children's Services	17.7	1.6	19.3
3.3	2.1	5.4	HRA	(0.1)	15.6	15.5
8.9	(2.3)	6.6	Planning and Transport	10.3	2.5	12.8
17.5	(1.4)	16.1	Port Health and Environmental Services	14.7	0.5	15.2
20.9	1.4	22.3	Culture, Heritage and Libraries	20.7	2.1	22.8
(19.7)	30.3	10.6	Finance	(21.0)	35.5	14.5
2.0	(3.6)	(1.6)	Barbican Residential	2.9	(3.0)	(0.1)
10.9	0.5	11.4	Policy and Resources	6.4	1.9	8.3
2.0	0.1	2.1	Open Spaces and City Gardens	1.9	0.5	2.4
(42.5)	43.5	1.0	Property Investment	(39.7)	40.6	0.9
0.1	0.1	0.2	Licensing	0.4	0.1	0.5
(0.7)	0.7	0.0	Markets	(0.5)	0.5	0.0
(21.3)	32.2	10.9	London NNDR Pool Strategic Investment Pot	25.4	0.7	26.1
0.0	0.6	0.6	Pension Past Service Cost	0.0	5.4	5.4
0.0	12.0	12.0	Major Project Cost	0.0	9.0	9.0
103.9	115.9	219.8	Net Cost of Services	164.7	119.5	284.2
(155.1)	(147.0)	(302.1)	Other Income and Expenditure	(242.1)	58.9	(183.2)
(51.2)	(31.1)	(82.3)	(Surplus) or Deficit on the Provision of Services	(77.4)	178.4	101.0
(125.9)			Opening City Fund and HRA Balances	(177.1)		
(51.2)			Add (Surplus) or Deficit on City Fund and HRA Balance in Year	(77.4)		
(177.1)			Closing City Fund and HRA Balances at 31 March*	(254.5)		

* For a split of this balance between the City Fund and the HRA – see the Movement in Reserves Statement; page 23

Further information on the City Corporation's Committees can be found on the website at : <http://democracy.cityoflondon.gov.uk/mgListCommittees.aspx?bcr=1>

4. Note to the Expenditure and Funding Analysis

This note provides a reconciliation of the main adjustments to Net Expenditure Chargeable to the City Fund and HRA Balances to arrive at the amounts in the Comprehensive Income and Expenditure Statement.

2019-20					2020-21					
Adjustments for Capital Purposes	Net Changes for Pension Adjustments	Collection Fund Adjustment Account	Other Adjustments	Total Adjustments	Committees	Adjustments for Capital Purposes	Net Changes for Pension Adjustments	Collection Fund Adjustment Account	Other Adjustments	Total Adjustments
£'m	£'m	£'m	£'m	£'m		£'m	£'m	£'m	£'m	£'m
4.5	(7.9)	0.0	0.1	(3.3)	Police	6.2	(5.3)	0.0	0.8	1.7
0.0	1.9	0.0	0.3	2.2	Barbican Centre	0.0	4.0	0.0	0.3	4.3
0.0	0.7	0.0	0.1	0.8	Community and Children's Services	0.0	1.5	0.0	0.1	1.6
1.3	0.5	0.0	0.3	2.1	HRA	14.5	1.1	0.0	0.0	15.6
0.2	1.2	0.0	(3.7)	(2.3)	Planning and Transport	0.1	2.6	0.0	(0.2)	2.5
0.0	1.2	0.0	(2.6)	(1.4)	Port Health and Environmental Services	0.0	2.6	0.0	(2.1)	0.5
12.0	0.8	0.0	(11.4)	1.4	Culture, Heritage and Libraries	9.0	1.8	0.0	(8.7)	2.1
16.8	0.1	0.0	13.4	30.3	Finance	21.7	2.8	0.0	11.0	35.5
0.0	0.4	0.0	(4.0)	(3.6)	Barbican Residential	0.0	0.9	0.0	(3.9)	(3.0)
0.0	0.7	0.0	(0.2)	0.5	Policy and Resources	0.3	1.6	0.0	0.0	1.9
0.0	0.1	0.0	0.0	0.1	Open Spaces and City Gardens	0.2	0.3	0.0	0.0	0.5
0.1	0.0	0.0	43.4	43.5	Property Investment	0.0	0.1	0.0	40.5	40.6
0.0	0.1	0.0	0.0	0.1	Licensing	0.0	0.1	0.0	0.0	0.1
0.0	0.1	0.0	0.6	0.7	Markets	0.0	0.3	0.0	0.2	0.5
0.0	0.0	0.0	32.2	32.2	London NNDR Pool Strategic Investment Pot	0.0	0.0	0.0	0.7	0.7
0.0	0.6	0.0	0.0	0.6	Pension Past Service Cost	0.0	5.4	0.0	0.0	5.4
0.0	0.0	0.0	12.0	12.0	Major Project Cost	0.0	0.0	0.0	9.0	9.0
34.9	0.5	0.0	80.5	115.9	Net Cost of Services	52.0	19.8	0.0	47.7	119.5
(105.8)	31.5	3.4	(76.1)	(147.0)	Other Income and Expenditure	0.5	29.8	82.1	(53.5)	58.9
(70.9)	32.0	3.4	4.4	(31.1)	Difference between the City Fund and HRA surplus or deficit and the Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	52.5	49.6	82.1	(5.8)	178.4

Adjustments for Capital Purposes

This column adjusts for capital items which need to be included in the CI&ES such as:

- the net gain on the disposal of fixed assets
- revaluation gains or losses on investment properties
- income from capital grants.

Net Changes for Pensions Adjustments

This column removes the employer pension contributions charges to services during the year and replaces them with pension related expenditure and income calculated in accordance with International Accounting Standard (IAS) 19 *Employee Benefits*.

Collection Fund Adjustment Account

This is a timing difference between what is chargeable under statutory regulations for business rates and council tax, which is largely based on estimates at the start of the year, and the income recognised under generally accepted accounting practices.

Other Adjustments

This column includes:

- the re-mapping of items reported to service committees to financing and investment income and expenditure in the CI&ES. Such items include income and expenditure relating to investment properties reported to the Property Investment Board, trading activities reported to the Markets Committee and interest on cash balances reported to Finance Committee
- the elimination of recharges between committees which would otherwise result in gross expenditure and income being overstated in the CI&ES.

The above adjustments are reallocation of figure and therefore have no overall impact on the total amount.

The net difference remaining relates to annual leave entitlement and financial instrument adjustments.

5. Expenditure and Income Analysed by Nature

City Fund income and expenditure included in the net cost of services is analysed below. This includes £26.1m of expenditure related to the London NNDR SIP, which is included under other service expense. It should be noted that in 2020-21 the proportion of business rate income recognised by City Fund reduced from 48% to 30%. This reduction, which is determined by Government as part of the London Business Rates Pool, reduced the amounts recognised under the business rate tariff and levy payments to Government and the business rate and council tax income lines.

2019-20		2020-21
£'m		£'m
	Expenditure	
189.6	Employee expenses	218.3
200.4	Other service expenses	184.7
36.3	Support service recharges	38.3
42.1	Depreciation, amortisation and impairments	58.2
31.1	Interest payments	29.5
0.5	Precepts and levies	0.5
443.3	Business rates tariff and levy payments to Government	305.4
0.1	Payments to Government's housing capital receipts pool	0.6
(42.4)	Gain on the disposal of assets	(1.6)
901.0	Total expenditure	833.9
	Income	
(184.4)	Fees, charges and other service income	(153.8)
(10.0)	Interest and investment income	(7.6)
(607.7)	Business rates and council tax income	(474.8)
(150.8)	Government grants and other grants, contributions and reimbursements	(121.1)
(30.4)	Unrealised (gains)/loss on revaluation of investment properties	24.4
(983.3)	Total Income	(732.9)
(82.3)	(Surplus) or Deficit on the Provision of Services	101.0

6. Grant Income

2019-20	Credited to Services	2020-21
£m	Revenue Grants (Government)	£m
	Home Office	
(17.1)	Police Pensions	(16.8)
(6.7)	Counter Terrorism	(7.2)
0.0	Covid-19 Surge Funding grant	(0.9)
(6.3)	National Cyber Security Programme	(4.8)
(2.3)	National Enabling Programme	0.0
0.0	National and International Capital City Grant	0.0
(4.3)	National Fraud Intelligence Bureau	(4.4)
(2.3)	National Lead Force for Fraud	(2.3)
(2.1)	Other	(3.0)
(5.2)	Action Fraud Managed Services	(6.6)
(3.2)	Economic Crime Capability	(2.5)
(0.6)	National to Local Fraud & Cyber Data Sharing	0.0
	Department for Work and Pensions	
(4.1)	Housing and Council Tax Benefit	(3.8)
(0.1)	Other	(2.6)
(6.2)	HM Courts and Tribunals Service	(6.2)
	Department for Education	
(3.0)	Dedicated Schools Grant	(3.2)
(0.8)	Other	(0.7)

2019-20	Credited to Services	2020-21
£m	Revenue Grants (Government) Continued	£m
	Ministry of Housing, Communities and Local Government	
(2.0)	Cost of Collection Allowance	0.0
0.0	Covid-19 Strategic Co-ordination Group grant	(0.4)
0.0	Covid-19 Contingency Fund Grant	(1.0)
0.0	Covid-19 Mortuary costs grant	(0.9)
0.0	Covid-19 Resilience Forum grant	(0.2)
0.0	Covid-19 Transition Management Board	(1.0)
(2.3)	Other	(5.1)
	Department for Health	
(1.6)	Public Health	(1.6)
(0.3)	Other	(0.7)
(3.2)	Transport for London	(3.7)
(1.9)	Intellectual Property Office	0.0
(1.2)	Greater London Authority	(0.7)
(0.2)	Department for International Development	0.0
	Department for Business, Energy and Industrial Strategy	
0.0	Discretionary grants to Businesses	(2.7)
0.0	Other	(0.3)
0.0	Department for Environment, Food & Rural Affairs	(0.7)
0.0	Her Majesty's Revenue and Customs	(2.0)
(0.5)	Arts Council England	(0.4)
(2.1)	Other revenue grants (Government)	(2.6)
	Non Government revenue grants and contributions	
(3.6)	S106/S278 and other developer contributions	(2.1)
(2.5)	UK Payments Administration Ltd	(2.6)
(3.8)	Association of British Insurers	(3.8)
(7.0)	Other	(8.9)
	Capital Grants and contributions (funding revenue expenditure under statute)	
(1.2)	Other	(1.1)
(97.7)	Total	(107.5)

7. Income and Expenditure below Cost of Services

2019-20		2020-21	
Net Expenditure/ (Income)		Net Expenditure/ (Income)	
£m		£m	
(42.4)	Net Gain on Disposal of Fixed Assets	(1.6)	
0.4	Inner and Middle Temple Precepts	0.4	
0.1	Local levies	0.1	
0.1	Payment to Government Housing Capital Receipts Pool	0.6	
0.5	Pension Fund Administration Expenses	0.4	
(41.3)	Total Other Operating Income and Expenditure	(0.1)	
	Investment Properties		
(44.5)	Operational	(40.1)	
(30.4)	(Gain)/loss on revaluation	24.4	
(10.0)	Interest receivable and similar income	(7.6)	
31.1	Pension Interest Cost	29.5	
(0.5)	Contribution from Trading Services	(0.2)	
6.5	Impairment (gains)/losses	0.6	
4.1	Financial instrument loss/(gain)	(6.9)	
(43.7)	Total Financing and Investment Income and Expenditure	(0.3)	

There are no restrictions on the City Fund's ability to realise the value inherent in its Investment Property or on the City Fund's right to the remittance of income and the proceeds of disposal.

Operational Investment Properties is comprised of income of £57.7m and operating expenses of £8.9m. This includes £0.7m of rent free periods granted during 2020-21 as part of the City Corporation's support for businesses during the pandemic. These have been accounted for as in year losses of income.

Contribution from Trading Services comprises a turnover of (£8.1m) and expenditure of £7.9m.

2019-20		2020-21	
Income		Income	
£m		£m	
(62.5)	Retained National Business Rates	1.7	
(14.2)	City Fund Non-Domestic Rates Premium	(15.9)	
(11.9)	City Fund Offset	(12.1)	
(7.7)	Council Tax Income	(7.9)	
	Non Ringfenced Government Revenue Grants		
0.0	Revenue Support Grant	(6.3)	
(60.8)	Police Core Grant	(65.9)	
0.0	Sales, Fees and Charges Compensation	(11.9)	
(6.6)	Non-Domestic Rating Income S.31 Grant	(42.3)	
0.0	Tax Income Guarantee Scheme	(8.3)	
(0.7)	Other	(0.4)	
(31.6)	London NNDR Pool Strategic Investment Pot	(0.2)	
	Capital Grants & Contributions		
(0.4)	Home Office	(0.2)	
(0.3)	Greater London Authority	(0.1)	
(1.6)	Transport for London	(1.5)	
(1.3)	Ministry of Justice	(1.4)	
(11.0)	Section 106/278 Contributions	(10.0)	
(6.4)	Community Infrastructure Levy	(2.6)	
(0.1)	Other Capital Grants and Contributions	2.5	
(217.1)	Total Taxation and Non-Specific Grant Income	(182.8)	
(302.1)	Total Income and Expenditure below Cost of Services	(183.2)	

The retained national business rates amount of £1.7m, which would normally be an income amount, is due to accounting for the City Fund share (30%) of the movement to a deficit in the collection fund as required under the statutory accounting framework. This is due to the expansion in business rate reliefs and losses in collection seen during 20-21 as set out in page 100. Whilst the accounting framework requires City Fund to account for this deficit in 20-21 the Government has enabled Local Authorities to spread these deficits over 3 years and has also provided funding to offset most of this impact.

8. Dedicated Schools Grants

In 2020-21, the City Fund received a specific grant from the Department for Education, the Dedicated Schools Grant (DSG), of £3.3m (2019-20: £3.2m). DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget as defined in the School Finance (England) Regulations 2019. The Schools Budget includes elements for a range of education services provided on an authority-wide basis and for the Individual School Budget for maintained schools.

Details of the deployment of DSG receivable for 2020-21 are as follows:

	2019-20 Schools Budget Funded by DSG				2020-21 Schools Budget Funded by DSG		
	Central Expenditure	Individual School Budget	Total		Central Expenditure	Individual School Budget	Total
	£m	£m	£m		£m	£m	£m
Final DSG for 2019-20 before Academy recoupment	1.2	2.0	3.2	Final DSG for 2020-21 before Academy recoupment	1.3	2.0	3.3
Academy Figure recouped for 2019-20	0.0	0.0	0.0	Academy Figure recouped for 2020-21	0.0	0.0	0.0
Total DSG after Academy recoupment for 2019-20	1.2	2.0	3.2	Total DSG after Academy recoupment for 2020-21	1.3	2.0	3.3
Plus: Brought forward from 2018-19	0.7	0.0	0.7	Plus: Brought forward from 2019-20	0.9	0.0	0.9
Less: Carry forward to 2020/21 agreed in advance	0.0	0.0	0.0	Less: Carry forward to 2021/22 agreed in advance	0.0	0.0	0.0
Agreed initial budgeted distribution in 2019-20	1.9	2.0	3.9	Agreed initial budgeted distribution in 2020-21	2.2	2.0	4.2
In year adjustments	0.0	0.0	0.0	In year adjustments	0.0	0.0	0.0
Final budgeted distribution for 2019-20	1.9	2.0	3.9	Final budgeted distribution for 2020-21	2.2	2.0	4.2
Less: Actual central expenditure	(1.0)	0.0	(1.0)	Less: Actual central expenditure	(1.2)	0.0	(1.2)
Less: Actual ISB deployed to schools	0.0	(2.0)	(2.0)	Less: Actual ISB deployed to schools	0.0	(2.0)	(2.0)
Plus: Local authority contribution for 2019-20	0.0	0.0	0.0	Plus: Local authority contribution for 2019-20	0.0	0.0	0.0
Carry forward to 2020-21	0.9	0.0	0.9	Carry forward to 2021-22	1.0	0.0	1.0

9. Remuneration and Exit Packages of Employees

Tables 1 to 3 set out the information required in accordance with the Accounts and Audit Regulations 2015 for 2020-21 and 2019-20 respectively.

The number of officers whose remuneration, excluding employer's pension contributions, were £50,000 or more grouped in rising bands of £5,000 is set out in Table 1 (only bands which include officers are shown in the table). Officers have been classified between those employees charged wholly to the City Fund, including Police officers, and those employees charged partly to the City Fund and partly to other funds of the City Corporation.

The information in Table 1 relates to those officers' full salary and not just the part charged to the City Fund. This excludes senior officer salaries which are included in table 2.

Table 3 relates to the Exit packages of employees.

Table 1 – Remuneration in Bands

Proportion to City Fund				Proportion to City Fund		
Wholly charged		Partially Charged		Wholly charged		Partially Charged
2019-2020		Salary Range		2020-2021		
Police Officers	Other		£	Police Officers	Other	
182	68	121	50 - 54,999	183	72	119
96	53	90	55 - 59,999	105	59	88
60	19	50	60 - 64,999	51	25	54
45	20	52	65 - 69,999	57	23	68
13	15	27	70 - 74,999	22	13	23
8	11	16	75 - 79,999	8	12	32
3	2	14	80 - 84,999	6	6	9
7	5	9	85 - 89,999	4	5	15
4	1	4	90 - 94,999	7	2	5
2	1	3	95 - 99,999	1	3	3
0	4	3	100 - 104,999	0	2	6
1	0	0	105 - 109,999	1	1	1
0	1	6	110 - 114,999	0	0	0
0	1	4	115 - 119,999	2	0	7
0	0	2	120 - 124,999	0	1	2
0	0	2	125 - 129,999	0	1	4
0	0	1	130 - 134,999	0	0	3
1	0	0	135 - 139,999	0	0	0
0	0	1	140 - 144,999	0	0	0
0	1	1	145 - 149,999	0	1	1
0	0	0	150 - 154,999	0	0	0
0	0	1	155 - 159,999	1	0	1
0	0	0	160 - 164,999	0	0	0
1	0	0	165 - 169,999	0	0	0
0	0	0	175 - 179,999	0	0	0
0	0	0	180 - 184,999	0	0	0
0	0	0	185 - 189,999	0	0	0
0	0	0	190 - 194,999	0	0	0
0	0	1	200 - 204,999	0	0	0
0	0	0	205 - 209,999	0	0	0
0	0	1	230 - 234,999	0	0	1
0	0	0	375 - 379,999	0	0	0
0	0	0	385 - 389,999	0	0	0
423	202	409	Total	448	226	442

Table 2 - Senior Officer Remuneration

2020-21	Proportion charged to Local or Police Authority Activities	Total Salary	Salary (including fees & allowances)	Bonus	Benefits in Kind	Compensation for Loss of Office	Other Payments (Police Officers only)	Total Remuneration excluding pension contributions	Pension Contributions	Total Remuneration including Pension Contributions
	%	£000	£000	£000	£000	£000	£000	£000	£000	£000
Salary is £150,000 or more a year										
Town Clerk & Chief Executive - J. Barradell	55%	264.0	145.0	4.0	0.0	0.0	0.0	149.0	31.0	180.0
Chamberlain - P. Kane	60%	198.0	119.0	3.0	0.0	0.0	0.0	122.0	26.0	148.0
Police Commissioner - I. Dyson	100%	191.0	191.0	1.0	0.0	0.0	7.0	199.0	0.0	199.0
Managing Director Barbican Centre - N. Kenyon	100%	204.0	204.0	6.0	0.0	0.0	0.0	210.0	44.0	254.0
Comptroller & City Solicitor - M. Cogher	65%	174.0	113.0	0.0	0.0	0.0	0.0	113.0	24.0	137.0
City Surveyor - P Wilkinson	40%	158.0	63.0	10.0	0.0	0.0	0.0	73.0	15.0	88.0
Executive Director of Mansion House & Old Bailey - V Annells ¹	30%	152.0	45.0	2.0	0.0	46.0	0.0	93.0	10.0	103.0
Director of Built Environment – C Dwyer ¹	100%	157.0	131.0	4.0	0.0	137.0	0.0	272.0	29.0	301.0
Salary is between £50,000 and £150,000										
Director of Community & Children's Services	100%	135.0	135.0	0.0	0.0	0.0	0.0	135.0	28.0	163.0
Director of Markets & Consumer Protection	55%	114.0	63.0	0.0	0.0	0.0	0.0	63.0	13.0	76.0
Director of Open Spaces	30%	116.0	35.0	0.0	0.0	0.0	0.0	35.0	7.0	42.0

¹ Both post-holders left their post on 31/1/2021

2019-20	Proportion charged to Local or Police Authority Activities	Total Salary	Salary (including fees & allowances)	Bonus	Benefits in Kind	Other Payments (Police Officers only)	Total Remuneration excluding pension contributions	Pension Contributions	Total Remuneration including Pension Contributions
	%	£000	£000	£000	£000	£000	£000	£000	£000
Salary is £150,000 or more a year									
Town Clerk & Chief Executive - J. Barradell	55%	258	142	7	58	0	207	31	238
Chamberlain - P. Kane	60%	190	114	1	0	0	115	24	139
Police Commissioner - I. Dyson	100%	193	193	0	0	7	200	0	200
Managing Director Barbican Centre - N. Kenyon	100%	199	199	6	0	0	205	43	248
Comptroller & City Solicitor - M.Cogher	65%	168	109	5	0	0	114	24	138
City Surveyor - P Wilkinson	40%	154	62	10	0	0	72	15	87
Executive Director of Mansion House & Old Bailey - V Annells	30%	178	53	2	0	0	55	11	66
Director of Built Environment - C.Dwyer	100%	155	155	4	0	0	159	33	192
Salary is between £50,000 and £150,000									
Director of Community & Children's Services	100%	127	127	0	0	0	127	27	154
Director of Markets & Consumer Protection	55%	110	61	2	0	0	63	13	76
Director of Open Spaces	30%	111	33	0	0	0	33	7	40

Table 3 - Exit Packages charged to City Fund

2019-20				2020-21				
Number of Compulsory Redundancies (FTE No.)	Number of Other Departures Agreed (FTE No.)	Total Number of Exit Packages by Cost Band (FTE No.)	Total Cost of exit Packages in Each Band (£'000)		Number of Compulsory Redundancies (FTE No.)	Number of Other Departures Agreed (FTE No.)	Total Number of Exit Packages by Cost Band (FTE No.)	Total Cost of exit Packages in Each Band (£'000)
6.0	7.0	13.0	89.1	£0 - £20,000	5.0	8.0	13.0	67.4
2.0	0.0	2.0	65.2	£20,001 - £40,000	1.0	1.0	2.0	49.9
0.0	0.0	0.0	0	£40,001 - £60,000	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	£60,001 - £80,000	0.0	1.0	1.0	65.0
0.0	0.0	0.0	0.0	£80,001 - £100,000	0.0	1.0	1.0	94.0
1.0	0.0	1.0	112.6	£100,001 - £150,000	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	£150,001 - £200,000	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	£200,001 - £250,000	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0	£250,001 - £300,000	0.0	0.0	0.0	0.0
9.0	7.0	16.0	266.9	Total	6.0	11.0	17.0	276.3

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10. Audit Fees

Costs incurred in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections provided by the City Fund's external auditor, BDO LLP are set out in the adjacent table. Audit Fees of £22,000 (2019-20: £22,000) in respect of the City of London Pension Fund are met by the Pension Fund and are not included in the table.

2019-20		2020-21
£'000		£'000
185.0	External audit services carried out by the appointed auditor*	111.0
18.0	Certification of grant claims and returns by the appointed auditor**	20.0
4.0	Non-audit fees - other grant and certification fees	5.0
207.0		136.0

*The 2019-20 fees have been updated to reflect agreed additional fees of £77,000. The additional fees comprise statutory audit fees 2019-20 of £77,000 (original fee £108,000)

**BDO LLP are no longer expected to be the auditor for the 2020/21 housing benefit certification



Notes to the Movement in Reserves Statement

11. Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to meet future capital and revenue expenditure.

The following sets out a description of the reserves that the adjustments are made against.

City Fund Balance

This is the statutory fund into which all receipts are required to be paid and out of which all liabilities are to be met in respect of the City Fund's activities as a local authority, police authority and port health authority, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the City Fund unallocated reserve, which is not necessarily in accordance with proper accounting practice. The City Fund Balance is not available to fund Housing Revenue Account (HRA) services. With this exception, the City Fund Balance therefore summarises the resources that the City Fund is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the City Fund is required to recover) at the end of the financial year.

Housing Revenue Account (HRA) Balance

The HRA Balance reflects the statutory obligation to maintain a revenue account for local authority council housing provision in accordance with Part VI of the Local Government and Housing Act 1989. It contains the balance of income and expenditure as defined by the 1989 Act that is available to fund the City Fund's HRA landlord function or (where in deficit) that is required to be recovered from tenants in future years.

Capital Receipts Reserve

This reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

Capital Grants Unapplied

This reserve holds the grants and contributions received towards capital projects which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

Major Repairs Reserve

The City Fund is required to maintain this reserve, which controls an element of resources limited to being used on capital expenditure on HRA assets or the financing of historic capital expenditure by the HRA. The balance shows the resources that have yet to be applied at the year-end.

2020-21	Usable Reserves					Movement in Unusable Reserves
	City Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	Major Repairs Reserve	
	£m	£m	£m	£m	£m	£m
Adjustments to the Revenue Resources						
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements						
Pensions costs (transfers to or from the Pensions Reserve)	(48.5)	(1.1)				49.6
Council Tax and Non-Domestic Rates (transfers to or from the Collection Fund Adjustment Account)	(82.1)					82.1
Holiday pay (transfers to or from the Accumulated Absences Reserve)	(1.1)					1.1
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (transfers to or from the Capital Adjustment Account)	(57.4)	(18.1)				75.5
Transfer of capital grants & contributions from revenue to the Capital Grants Unapplied Account	3.9			(3.9)		0.0
Transfer to the Pooled Investment Reserve	6.9					(6.9)
Total Adjustments to Revenue Resources	(178.3)	(19.2)	0.0	(3.9)	0.0	201.4
Adjustments between Revenue and Capital Resources						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	5.1	1.5	(6.6)			0.0
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	(0.6)		0.6			0.0
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	11.3					(11.3)
Posting of HRA resources from revenue to the Major Repairs Reserve		3.1			(3.1)	0.0
Contribution from Community Infrastructure Levy to fund revenue expenditure	(1.3)			1.3		0.0
Total Adjustments between Revenue and Capital Resources	14.5	4.6	(6.0)	1.3	(3.1)	(11.3)
Adjustments to Capital Resources						
Use of the Capital Receipts Reserve to finance capital expenditure			23.8			(23.8)
Use of the Major Repairs Reserve to finance capital expenditure					4.5	(4.5)
Application of capital grants to finance capital expenditure (transferred to the Capital Adjustment Account)				2.1		(2.1)
Cash payments in relation to deferred capital receipts			(0.5)			0.5
Total Adjustments to Capital Resources	0.0	0.0	23.3	2.1	4.5	(29.9)
Total Adjustments	(163.8)	(14.6)	17.3	(0.5)	1.4	160.2

2019-20	Usable Reserves					Movement in Unusable Reserves
	City Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	Major Repairs Reserve	
	£m	£m	£m	£m	£m	£m
Adjustments to the Revenue Resources						
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements						
Pensions costs (transfers to or from the Pensions Reserve)	(31.6)	(0.5)				32.1
Council Tax and Non-Domestic Rates (transfers to or from the Collection Fund Adjustment Account)	(3.4)					3.4
Holiday pay (transfers to or from the Accumulated Absences Reserve)	(0.2)					0.2
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (transfers to or from the Capital Adjustment Account)	(18.9)	(5.1)				24.0
Transfer of capital grants & contributions from revenue to the Capital Grants Unapplied Account	6.6			(6.6)		0.0
Transfer to the Pooled Investment Reserve	(4.1)					4.1
Total Adjustments to Revenue Resources	(51.6)	(5.6)	0.0	(6.6)	0.0	63.8
Adjustments between Revenue and Capital Resources						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	69.8	0.5	(70.3)			0.0
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	(0.4)		0.4			0.0
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	(0.1)		0.1			0.0
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	15.3					(15.3)
Posting of HRA resources from revenue to the Major Repairs Reserve		3.2			(3.2)	0.0
Total Adjustments between Revenue and Capital Resources	84.6	3.7	(69.8)	0.0	(3.2)	(15.3)
Adjustments to Capital Resources						
Use of the Capital Receipts Reserve to finance capital expenditure			18.4			(18.4)
Use of the Major Repairs Reserve to finance capital expenditure					3.0	(3.0)
Application of capital grants to finance capital expenditure (transferred to the Capital Adjustment Account)				1.5		(1.5)
Cash payments in relation to deferred capital receipts			(0.7)			0.7
Total Adjustments to Capital Resources	0.0	0.0	17.7	1.5	3.0	(22.2)
Total Adjustments	33.0	(1.9)	(52.1)	(5.1)	(0.2)	26.3

12. Transfers (to)/from Earmarked Revenue Reserves

This note sets out the amounts set aside within the City Fund Balance in earmarked revenue reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet City Fund expenditure in 2020-21.

	Notes	Balance at 31 March 2019	Transfers Out 2019-20	Transfers In 2019-20	Balance at 31 March 2020	Transfers Out 2020-21	Transfers In 2020-21	Balance at 31 March 2021
		£m	£m	£m	£m	£m	£m	£m
Highway Improvements	(i)	(36.8)	5.0	(10.9)	(42.7)	5.7	(10.1)	(47.1)
London NNDR Pool SIP	(ii)	(12.8)	0.0	(21.3)	(34.1)	25.4	-	(8.7)
Major Projects Reserve	(iii)	(8.3)	15.6	(24.2)	(16.9)	9.4	(61.5)	(69.0)
Police Future Expenditure	(iv)	(1.7)	0.3	(1.5)	(2.9)	2.9	(4.3)	(4.3)
Crime Reduction Initiatives	(v)	(2.5)	1.5	(0.4)	(1.4)	-	(0.8)	(2.2)
Business Rate Equalisation	(vi)	0.0	0.0	0.0	0.0	-	(47.9)	(47.9)
Other Earmarked Reserves	(vii)	(15.9)	1.8	(2.6)	(16.7)	2.4	(4.5)	(18.8)
Total		(78.0)	24.2	(60.9)	(114.7)	45.8	(129.1)	(198.0)

- (i) Highway Improvements - Created from on-street car parking surpluses to finance future highways related expenditure and projects as provided by section 55 of the Road Traffic Regulation Act 1984, as amended by the Road Traffic Act 1991.
- (ii) Unallocated London NNDR Pool Strategic Investment Pot (SIP) – This relates to yet to be allocated SIP funds generate through the London NNDR Pool. The City Corporation acts a lead authority for the pool and in that role has the final say on the allocation of SIP funds.
- (iii) Major Projects Reserve – This reserve has been established to fund the 2 major projects funded from City Fund resources, the Combined Criminal Court and the Museum of London Relocation.
- (iv) Police Future Expenditure Reserve - Revenue expenditure for the City Police service is cash limited. The net position each year is taken from/to this reserve to fund future service costs.
- (v) Under the guidelines of the Proceeds of Crime Scheme funds received by the City Police must be ring fenced for “crime reduction initiatives”.
- (vi) Business Rate Equalisation Reserve – This reserve will be used to fund collection fund deficits that will be accounted for in future years. The reserve holds funding received from Government to offset the impact of granting 100% business rate relief to retail, leisure and hospitality businesses during 2020-21 (£39.6m) and compensation to be received from the tax income guarantee scheme (£8.3m) set up by Government to assist local authorities with losses they have incurred in the collection of business rates and council tax.
- (vii) Other Earmarked Reserves – The total for all other reserves set aside for specific purposes including service projects, VAT, the School’s reserve and renewals and repairs.

A photograph of a courtyard with a central fountain, several wooden benches, and a church tower in the background. The courtyard is paved with cobblestones and has a green lawn area. The church tower is made of light-colored stone and has a large arched window. The courtyard is surrounded by a wall with several arched windows. There are trees and bushes in the courtyard, including a large green bush in the foreground on the right. The overall scene is peaceful and well-maintained.

Notes to the Balance Sheet

13. Property, Plant and Equipment

Movements on Balances 2020-21	Council Dwellings	Other Land & Buildings	Leasehold Improvements	Vehicles, Plant & Equipment	Community Assets	Assets Under Construction	Surplus Assets	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Cost or valuation								
at 1 April 2020	303.7	505.6	7.0	108.4	1.5	21.6	3.8	951.6
Additions	1.6	2.0	0.3	8.0	0.0	29.3	0.0	41.2
Transfers	1.1	2.3	0.0	(0.5)	0.0	(2.9)	(0.7)	(0.7)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(22.8)	0.7	0.0	0.0	0.0	0.0	(0.1)	(22.2)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(15.6)	(1.4)	0.0	0.0	0.0	0.0	0.0	(17.0)
Derecognition - disposals	(5.0)	0.0	0.0	0.0	0.0	0.0	0.0	(5.0)
at 31 March 2021	263.0	509.2	7.3	115.9	1.5	48.0	3.0	947.9
Accumulated Depreciation and Impairment								
at 1 April 2020	(0.1)	(4.0)	0.0	(58.4)	0.0	0.0	(0.7)	(63.2)
Depreciation Charge	(2.7)	(13.1)	(0.7)	(6.7)	0.0	0.0	(0.2)	(23.4)
Depreciation written out to the Revaluation Reserve	1.6	11.9	0.0	0.0	0.0	0.0	0.2	13.7
Depreciation written out to the Surplus/Deficit on the Provision of Services	1.1	0.7	0.0	0.0	0.0	0.0	0.0	1.8
Derecognition - disposals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
at 31 March 2021	(0.1)	(4.5)	(0.7)	(65.1)	0.0	0.0	(0.7)	(71.1)
Net Book Value								
at 31 March 2020	303.6	501.6	7.0	50.0	1.5	21.6	3.1	888.4
at 31 March 2021	262.9	504.7	6.6	50.8	1.5	48.0	2.3	876.8

Property, Plant and Equipment (Continued)

Movements on Balances 2019-20	Council Dwellings	Other Land & Buildings	Leasehold Improvements	Vehicles, Plant & Equipment	Community Assets	Assets Under Construction	Surplus Assets	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Cost or valuation								
at 1 April 2019	309.9	499.4	0.0	100.6	1.5	30.8	3.7	945.9
Additions	1.5	5.5	2.5	8.6	0.0	14.0	0.0	32.1
Transfers	2.4	12.6	4.5	0.0	0.0	(23.2)	0.0	(3.7)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(3.4)	11.5	0.0	0.0	0.0	0.0	0.1	8.2
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(1.8)	(0.1)	0.0	0.0	0.0	0.0	0.0	(1.9)
Derecognition - disposals	(4.9)	(23.0)	0.0	(0.8)	0.0	0.0	0.0	(28.7)
Assets reclassified (to)/from Held for Sale	0.0	(0.3)	0.0	0.0	0.0	0.0	0.0	(0.3)
at 31 March 2020	303.7	505.6	7.0	108.4	1.5	21.6	3.8	951.6
Accumulated Depreciation and Impairment								
at 1 April 2019	(0.1)	(5.5)	0.0	(52.9)	0.0	0.0	(0.7)	(59.2)
Depreciation Charge	(2.9)	(10.7)	0.0	(6.3)	0.0	0.0	(0.1)	(20.0)
Depreciation written out to the Revaluation Reserve	2.3	11.0	0.0	0.0	0.0	0.0	0.1	13.4
Depreciation written out to the Surplus/Deficit on the Provision of Services	0.6	0.5	0.0	0.0	0.0	0.0	0.0	1.1
Derecognition - disposals	0.0	0.1	0.0	0.8	0.0	0.0	0.0	0.9
Derecognition - other	0.0	0.6	0.0	0.0	0.0	0.0	0.0	0.6
at 31 March 2020	(0.1)	(4.0)	0.0	(58.4)	0.0	0.0	(0.7)	(63.2)
Net Book Value								0.0
at 31 March 2019	309.8	493.9	0.0	47.7	1.5	30.8	3.0	886.7
at 31 March 2020	303.6	501.6	7.0	50.0	1.5	21.6	3.1	888.4

Infrastructure Assets

In accordance with the temporary relief offered by the Update to the Code on infrastructure assets this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

The City of London has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

We have also utilised the provisions granted under The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022 SI 1232/2022 which allows for the derecognition of replaced elements of infrastructure assets to be assumed to be at nil value and confirms that prior year adjustments are not required in relation to this matter. This means that the figures presented below represent the spend and depreciation calculated for this asset class, but due the information deficits, may not accurately reflect the true value of these assets.

2019-20	Infrastructure Assets Movement on Balances	2020-21
£m		£m
50.3	Opening Net Book Value at 1 April	51.6
9.1	Additions	5.3
(7.8)	Depreciation	(8.1)
51.6	Closing Net Book Value at 31 March	48.8

Reconciliation of Property, Plant and Equipment

The below table reconciles the individual disclosure notes to the total property, plant and equipment balance on the face of the balance sheet.

2019-20	Reconciliation of Property, Plant and Equipment	2020-21
£m		£m
888.4	Other PPE Assets	876.8
51.6	Infrastructure Assets	48.8
940.0	Total PPE Assets Net Book Value	925.6

Depreciation

The useful lives and depreciation rates generally used in the calculation of depreciation are listed below.

• General operational buildings	50 years
• Council Dwellings	125 years
• Certain listed ² operational buildings	75 – 125 years
• Leasehold Improvements	10 – 30 years
• Infrastructure	10 – 25 years
• Heavy vehicles and plant	7 years
• Equipment	5 -12 years
• Cars and light vans	5 years
• Assets under construction	None
• Community Assets	None

Where there is a material impact on depreciation and/or the carrying value, components are treated as separate assets and depreciated over their own useful economic lives. Indicative economic lives of typical asset components include:

• Internal fit-out	10-25 years
• Plant and Machinery	15-25 years

HRA Dwelling Valuations

Dwellings are valued at their 'existing use with vacant possession' and then reduced to reflect 'existing use for social housing'. The reduction is a measure of the economic cost of providing council housing at less than open market rents. Current MHCLG guidance (guidance for valuers – 2016) identifies a vacant possession adjustment factor for London of 25% and for the South East, 33%. In 2019/20, we felt it appropriate to continue using an adjustment factor of 30% based off the evidence and the City's unique HRA portfolio. This is reviewed annually. On review this year, we have decided that this percentage should now be reduced to 25%. This is due to evidence showing that private rents across London have increased slightly, whilst social rents have largely remained unchanged. This has led to a decrease in the calculated adjustment factor to circa 26-27%. The guidance note is clear that when within 5% of the suggested 25% figure, 25% should be used, as such we have now reduced our discount factor from 30% to 25%.

This exercise has been undertaken to assess an appropriate adjustment factor for City of London HRA dwellings derived from City of London HRA rents and London private sector rents (sourced from the Office for National Statistics for the period of 1 April 2020 – 31 March 2021). Using this data and the MHCLG calculation methodology, this has established an appropriate vacant possession adjustment factor for City of London HRA dwellings to be 25% which has been adopted in establishing the Existing Use Value- Social Housing. The estimated vacant possession value of HRA dwellings is £751.7m which has been reduced by 75% to £187.9m to reflect social housing.

The City Fund also maintains the Barbican Estate which, whilst classed as Council Dwellings, sits outside of the HRA and is not subject to the adjustment factor.

²A building which is included on the statutory list of 'buildings of special architectural or historic interest'.

- Investment Properties
- Assets Held for Sale - HRA non-dwelling properties at Holloway

Commitments

Significant capital commitments above £1m totalling £39.8m were outstanding at 31 March 2021, detailed as:

- £15.0m outstanding in respect of a major housing development at Golden Lane Estate
- £7.1m relating to phase 4 works at Central Criminal Court (Old Bailey)
- £5.2m relating to the Salisbury Square development
- £3.8m in respect of heating and hot water replacement schemes at York Way and Middlesex Street Estates
- £3.5m in respect of the Poultry Market roof
- £1.9m relating to the Bastion House redevelopment
- £1.7m as a compensation payment to the tenant at Chronicle House as part of a Deeds of Variation agreement
- £1.6m relating to Isleden House additional housing

The City Fund is not aware of any material change in value of any other assets and therefore the valuations have not been updated. The current asset values used in the accounts for the Barbican Centre, Central Criminal Court, Public Car Parks, Public Conveniences, Walbrook Wharf (depot and offices), Golden Lane Recreation Centre, Woodredon and Warlies Park, Cemetery and Crematorium, Police Station, Animal Reception Centre and the investment properties are based on assessments by external valuers. The firms of chartered surveyors who have prepared valuations for the City Fund are Cushman and Wakefield LLP, Gerald Eve LLP and Savills (UK) Ltd.

All other asset values have been prepared by registered RICS valuers employed in the City Corporation's City Surveyor's Department.

Due to the COVID-19 pandemic the valuations on the Public Car Parks and two investment properties carried out by our valuers have caveated with a "material valuation uncertainty" clause. Details of this are set out in note 2 (page 29-31) of the accounts but in essence states that due to the impact on market activity at year end, the valuations provided carried a greater degree of uncertainty than in normal times. This does not mean that they can not be relied upon.

We do not consider the remaining balance of assets for which a material uncertainty exists to be material to City Fund's accounts.

Revaluations

The following have been revalued at 31 March 2021 in accordance with the Rolling Five Year Programme of Revaluation or to reflect material changes in value:

- Barbican Centre, including the Barbican lending library
- Barbican Estate residential properties, baggage stores, and car bays
- Bishopsgate Police Station
- Central Criminal Court
- City of London Cemetery and Crematorium properties
- Cleansing Depot and Offices at Walbrook Wharf
- Housing Commercial Properties (shop units, garages and parking spaces)
- Housing Dwellings (including guest flats)
- Public Car Parks
- Public Conveniences
- Spitalfields Market
- Woodredon and Warlies Park Estate
- Surplus Properties

14. Heritage Assets

The carrying value of heritage assets currently held in the Balance Sheet at historic cost is £9.0m (2019-20 £9.0m) which relates almost exclusively to one asset – the capital's only Roman Amphitheatre. The amphitheatre was discovered in Guildhall Yard during an archaeological dig taking place in preparation for a building project. In 2002, the doors to the amphitheatre opened for the first time in nearly 2,000 years.

The London Metropolitan Archives look after 105km of books, maps, films and photographs about London and Londoners dating from as far back as 1067. Guildhall Library also specialises in the history of London with a printed books collection from the 15th century onwards and many special collections including those devoted to Samuel Pepys, John Wilkes and Sir Thomas More. Reliable valuations are not available for these assets and the cost of obtaining such valuations in order to recognise them on the balance sheet would outweigh the benefit of such recognition to the users of the financial statements.

Further information on the Roman Amphitheatre and the London Metropolitan Archives, including opening times and details of the collections held by the LMA, can be found on the City Corporation website (<https://www.cityoflondon.gov.uk/things-to-do/history-and-heritage/london-metropolitan-archives>)

15. Capital Expenditure and Finance

The total amount of capital expenditure incurred in the year is shown, in the table adjacent, together with the resources that have been used to finance it. Where assets are acquired under finance leases (see note 30, page 75-77) the transactions are considered to be the same as if the City Fund had purchased the assets and financed this by taking out a loan. Liabilities are therefore recognised for the same amount as the assets acquired under finance leases.

A nil or negative Capital Financing Requirement (CFR) indicates that the City Fund's provision for debt is equal to or greater than the debt incurred.

Where capital expenditure is to be financed in future years by charges to revenue the expenditure results in a positive CFR, a measure of the capital expenditure incurred historically that has yet to be financed. The net increase in the capital financing requirement of £8.1m reflects the recognition of £9.2m of additional borrowing requirement to fund capital schemes, partially offset by a £1.1m minimum revenue provision made in the year.

2019-20		2020-21
£m		£m
43.6	Opening Capital Financing Requirement	45.3
	Capital Investment	
41.2	Property, Plant and Equipment	46.5
1.1	Investment Properties	3.9
0.0	Intangible Assets	0.2
13.2	Revenue Expenditure Funded for Capital Under Statute	11.2
	Sources of Finance	
(1.0)	Minimum Revenue Provision	(1.1)
(18.4)	Capital Receipts	(20.4)
(17.0)	Capital grants, contributions, and donations	(16.4)
(3.0)	Major Repairs Reserve	(4.5)
(14.4)	Direct revenue contributions	(11.3)
45.3	Closing Capital Financing Requirement	53.4

2019-20		2020-21
£m		£m
	Explanation of movement in year	
(1.0)	Minimum Revenue Provision	(1.1)
2.7	Assets acquired under finance leases	0.0
0.0	Increase in underlying need to borrow	9.2
1.7	Increase/(decrease) in Capital Financing Requirement	8.1

16. Long Term Debtors

31 March 2020		31 March 2021
£m		£m
12.4	Net Investment in Finance Leases	12.1
1.5	Loans to Museum of London (repayable by 2032)	1.3
2.8	Rent	2.2
0.1	Museum in Docklands Loan	0.1
0.1	Service Charge Loans	0.1
16.9	Total	15.8

17. Investment Properties

2019-20		2020-21
£m		£m
1,586.2	Balance at start of the year	1,621.5
4.0	Transfers	0.0
	Additions:	
0.4	Purchases	3.9
0.0	Construction	0.0
0.5	Subsequent expenditure	0.0
0.0	Disposals	0.0
	Revaluations:	
30.4	Net gains from fair value adjustments	(24.4)
1,621.5	Balance at end of the year	1,601.0

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The fair values of investment properties have been based on a combination of:

- The market approach having regard to current market conditions, recent sales prices and lettings and other relevant information for similar properties in the area.
- The income approach, by means of the discounted cash flow method, where the expected cash flows are discounted at a market rate to establish the present value of the net income stream.

For the 2019-20 statement of accounts, our valuers had placed a “material valuation uncertainty” caveat to their valuations, which stated that their valuation carried a greater degree of judgement than would previously due to the unprecedented circumstance brought about by COVID-19. For 2020-21, barring two investment property valuation with combined year end value of £3.0m, this material valuation uncertainty caveat has been lifted meaning there is a return to the level of confidence in these estimates previously seen.

This is in the context of the active property market that exists in the City of London.

The City Find Estate valuation includes £191.1m in relation to premiums that were received upfront on leases and £2.9m rent smoothing adjustment.

As part of the annual valuation of our investment properties, our external valuers have determined that the portfolio has been valued on a level 3 basis. This means there are some significant unobservable inputs which determine the value of these properties, namely the market rent and yield when using the valuation method highlighted above. The below table set out the sensitivity of the property valuations provided by Savills to these inputs based on a +/- 0.25% change in yield (with yields in the range of 2.51% to 7.01%) and +/-5% change in market rents as appropriate; and the sensitivity of the property valuations provided by Cushman & Wakefield to these inputs based on a +/- 0.25% change in yield (with yields in the range 3.26% to 5.95%) and a +/- 5% change in market rents as appropriate.

We do not consider the remaining balance of assets for which a material uncertainty exists to be material to City Fund’s accounts.

Unobservable Inputs	Sensitivity Range	Yield Sensitivity Range	Value at 31 March 2021	Tolerance Range
	%	%	£m	£m
Investment property valued by Savills			1,060.9	
Yield Sensitivity	+/-0.25	2.51% - 7.01%	1,060.9	958.9 - 1,121.7
Market Rents	+/-5.0		1,060.9	995.7 - 1,045.6
Investment property valued by Cushman and Wakefield (Strategic estate)			128.8	
Yield Sensitivity	+/-0.25	4.70% - 5.94%	128.8	126.8 - 136.1
Market Rents	+/-5.0		128.8	123.1 - 134.2
Investment property valued by Cushman and Wakefield (non-Strategic estate)			223.1	
Yield Sensitivity	+/-0.25	3.26% - 5.50%	223.1	207.4 - 239.4
Market Rents	+/-5.0		223.1	211.9 - 233.1
Total Valuation			1,412.8	

The movement in level 3 valuations for the year 2020-21 shown below. The change in valuation basis has been recognised at the point of valuation i.e. 31 March.

	1 April 2020	Transfers into Level 3	Transfer out of Level 3	Purchases	Sales	Unrealised Gain/Loses	31 March 2021
	£m	£m	£m	£m	£m	£m	£m
Investment Property	1,432.6	0.0	0.0	0.0	0.0	(19.8)	1,412.8

18. Financial Instruments

The financial instruments recognised in the City Fund financial statements include trade debtors and creditors, bank deposits and investments.

Categories of Financial Instruments

The financial instruments disclosed in the Balance Sheet are made up of the following categories under IFRS 9.

Long Term	Current		Long Term	Current
31 March 20	31 March 20		31 March 21	31 March 21
£m	£m		£m	£m
		Investments		
0.0	314.0	Fair value through profit and loss	0.0	380.1
0.0	501.9	Amortised Cost	0.0	493.5
0.0	815.9	Total Investments	0.0	873.6
		Debtors		
16.9	30.8	Amortised Cost	15.8	41.9
16.9	30.8	Total Debtors	15.8	41.9
		Creditors		
0.0	(80.8)	Amortised Cost	0.0	(54.6)
0.0	(80.8)	Total Creditors	0.0	(54.6)
		Long Term Liabilities		
(5.9)	0.0	Amortised Cost	(5.4)	0.0
(5.9)	0.0	Total Long Term Liabilities	(5.4)	0.0

Investments

The City Fund's investments comprise cash that is not required for day to day purposes invested in deposits of varying fixed lengths and money market funds (including short dated bonds). Investments in fixed term deposits, call accounts and notice accounts are classified as amortised cost financial assets because they comprise of cash flows which are solely payments of principal and interest. Investment in money market funds are classed as fair value through profit or loss financial assets as the net asset value of these funds can vary slightly.

Income, Expense, Gains and Losses

The gains and losses recognised in the CI&ES in relation to financial instruments are made up as follows:

2019-20		2020-21
£m		£m
4.1	Net(gain)/loss on financial assets at fair value through profit and loss	(6.9)
4.1	Total net (gains)/losses in Surplus or Deficit on the Provision of Services	(6.9)
(10.0)	Interest (income)/expenses from financial assets	(7.6)
(10.0)	Total interest revenue in Surplus or Deficit on the Provision of Services	(7.6)

31 March 2020			31 March 2021	
Carrying Amount	Fair Value		Carrying Amount	Fair Value
£m	£m		£m	£m
		Financial assets		
7.1	7.1	Long Term Debtors - investment properties	7.1	7.1
9.8	9.8	Long Term Debtors - other	8.7	8.7
815.9	815.9	Short Term Investments	873.6	873.6
30.8	30.8	Short Term Debtors	41.9	41.9
863.6	863.6	Total financial assets	931.3	931.3
		Financial liabilities		
(80.8)	(80.8)	Short Term Creditors	(54.6)	(54.6)
(6.0)	(6.0)	Long Term Liabilities	(5.4)	(5.4)
(86.8)	(86.8)	Total financial liabilities	(60.0)	(60.0)

Fair Value of Assets and Liabilities

Financial assets held at fair value through profit and loss are valued using unadjusted quoted prices in active markets for identical assets (level 1 inputs in the fair value hierarchy).

All other financial liabilities and financial assets represented by amortised cost and long-term debtors and creditors are carried on the balance sheet at amortised cost. Short-term debtors and creditors are carried at cost as this is a fair approximation of their value.

The fair value of long term debtors in relation to investment properties (comprising finance lease debtors) have been assessed based on the investment property fair values categorised within Level 2 of the fair value hierarchy (see accounting policy 1.21). Other long term debtors consist mainly of a loan to and finance lease debtor with the Museum of London. As there is no active market for these items, the fair value is assumed to be the same as the carrying value categorised within level 3 of the fair value hierarchy.

19. Nature and Extent of Risks arising from Financial Instruments

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

- Credit risk – the possibility that other parties might fail to pay amounts due to City Fund
- Liquidity risk – the possibility that the City Fund might not have enough funds available to meet its 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 the financial markets such as interest rates, stock market movements and foreign exchange rates.

The City Corporation has adopted CIPFA's Treasury Management in the Public Services: Code of Practice and sets treasury management indicators to control key financial instrument risks in accordance with CIPFA's Prudential Code. The City Fund'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. Risk management is carried out by a central treasury team, under policies approved by the Court of Common Council in the annual treasury management strategy statement.

The emergence of COVID-19 in the first quarter of 2020 and the public health measures taken in United Kingdom to mitigate the spread of the virus have not significantly increased the City Fund's exposure to credit or liquidity risks arising from financial instruments.

Credit Risk

Credit risk arises from deposits with banks, other financial institutions and other local authorities, as well as credit exposures to the City Fund's customers. This risk is managed via the approved annual Treasury Management Strategy Statement which establishes that deposits are only made with eligible counterparties that meet a minimum standard of creditworthiness. The authority's creditworthiness policy uses information from the three main credit rating agencies supplemented by market information and other qualitative information. No credit limits were exceeded during the reporting period and the City Fund does not expect any losses from non-performance by any counterparty in relation to outstanding deposits. As at 31 March 2021 the City Fund had £900.5m in cash, cash equivalents and investments. A summary of the credit quality of the City Fund's investments (excluding cash) as at 31 March 2021 is shown below:

Fitch Long Term Rating	Fair value through profit and loss	Amortised Cost
	£m	£m
AAA	231.6	0.0
AA-	0.0	13.8
A+	0.0	456.6
A-	0.0	23.1
N/A	148.5	0.0
Total Investments	380.1	493.5

The City Fund does not generally allow credit for customers. Therefore, the potential maximum exposure to credit risk is with customers for which prudent provision for bad debts and expected credit losses has been included within the accounts based on the length of time past the due date and progress on recovery action.

31 March 2021	<3 months	3-6 months	6-12 months	>1 year	Total
Expected loss rate	4%	27%	36%	36%	-
Gross carrying amount (£m)	20.4	3.8	3.4	3.9	31.5
Loss provision (£m)	0.9	1.0	1.2	1.4	4.5

The City Fund, along with other funds of the City Corporation, share a common City Corporation cashbook and at any time cash balances will be put out to investments in bank notice accounts, money market funds or deposit accounts. Each fund has a share of the invested balances in proportion to this relative holding in the City Corporation cashbook. There is little exposure to credit risk arising from these investments.

Liquidity risk

The authority has ready access to borrowings from the money markets to cover any day to day cash flow need, and the Public Works Loans Board, for access to longer term funds. The authority is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. At present, the City Fund has no borrowing exposure.

Market risk

Interest rate risk

The authority 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 the authority. For instance, a rise in interest rates would have the following effects:

- investments at variable rates – the interest income credited to the CI&ES will rise,
- investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

Changes in interest receivable on variable rate investments are posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in fair value of fixed rate investments that have a quoted market price will be reflected in the Other Comprehensive Income and Expenditure Statement.

The Treasury Management Team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget, quarterly during the year. According to this assessment strategy, if interest rates had been 1% higher with all other variables held constant, the financial effect at 31 March on investments with variable rates would be:

2019-20		2020-21
£m		£m
	Increase in interest receivable on investments held at variable rates	
3.9	City Fund	4.3
0.0	HRA	0.0
3.9	Total	4.3

The impact of a 1% fall in interest rates would be as above but with the movements being reversed. All of the City Fund's financial investments held at amortised cost are due to mature within twelve months as at 31 March 2021 and therefore the impact of a 1% movement in interest rates on the fair value of fixed rate investment assets would not be material. Within its financial investments held at fair value through profit or loss, the City Fund holds two short dated bond fund investments whose value is sensitive to fluctuations in interest rates. Based on the combined modified duration of these investments as at 31 March 2021, the Corporation estimates that a 1% increase (decrease) in interest rates will decrease (increase) their carrying value by £4.3m.

Foreign exchange risk

The authority has no financial assets or liabilities denominated in foreign currencies and therefore has no exposure to loss arising from movements in exchange rates.

Other price risks

The City of London Corporation has no material investments in equity shares attributable to the City Fund.

20.Short-Term Debtors

31 March 2020		31 March 2021
£m		£m
52.4	Central Government Bodies	34.2
4.3	Greater London Authority	8.8
36.2	London NNDR Pool	23.5
	All Other Bodies	
16.3	Rents	25.3
9.6	Sundry	10.8
25.8	Trade Debtors	27.2
12.9	City Fund's Share of National Business Rates Arrears	12.7
11.4	Other	8.9
(10.5)	Less: Impairment allowances for expected credit losses and doubtful debts	(11.9)
158.4	Total	139.5

The adjacent table provides a breakdown of the short term debtor balance including the allowance made for expecting credit losses and bad debts. The majority of the amounts due to the City Corporation relate to transactions with other public bodies where grant and reimbursements are due to fund its activities and NNDR arrears. The remaining amounts relate to outstanding rental income, fees and charges and Penalty Charge Notice income.

21. Short-Term Creditors

The collection fund deficit, which is detailed in pages 98-101 has reduced the amounts payable to the GLA and impacted the London Business Rates Pool, where pre-COVID business rate income estimates were used to assess contributions to the Pool, which are now lower and therefore contributions require repayment. This does not represent a draw on City Funds own resources.

31 March 2020		31 March 2021
£m		£m
(59.0)	Central Government Bodies	(30.3)
(0.5)	S31 Grant for NNDR Reliefs due to Central Government*	0.0
(87.0)	Greater London Authority and Transport for London	(19.6)
(30.3)	London Business Rates Pool	(105.3)
(62.7)	City Fund's share of national business rates creditors and receipts in advance	(33.2)
(11.6)	Deposits	(9.8)
(93.5)	Sundry	(61.2)
(37.4)	Receipts in advance	(27.4)
(382.0)	Total	(286.8)

*This has been incorrectly recorded under Creditors in the past and should be recorded under Grants and Contributions Received in Advance. The balance of £0.5m in 2019/20 has not been reclassified on the grounds of triviality.

22. Provisions

With the introduction of the Business Rates Retention Scheme from 1 April 2013, Local Authorities are liable for successful appeals against business rates in their proportionate share. The Business Rate Pool Pilot, which has moved from a 75% to a 67% scheme, has reduced the City Funds share of the appeal provision from 48% to 30%. A provision is recognised for the best estimate of the City Fund's liability at the year-end for appeals. The estimate has been calculated using the Valuation Office Agency (VOA) ratings list of appeals outstanding as at 31 March 2021 and an analysis of successful appeals and trends in 2020-21.

	National Business Rates	City Fund Premium on Business Rates	Total
	£m	£m	
Balance at 1 April 2020	(48.0)	(1.2)	(49.2)
Impact of change in CoL share of retained National Business Rates	18.0	-	18.0
Appeals settled in 2020-21	11.0	0.6	11.6
Provisions made in 2020-21	(24.9)	(1.3)	(26.2)
Balance at 31 March 2021	(43.9)	(1.9)	(45.8)

23. Pension Schemes

As part of the terms and conditions of employment of its employees, the City Fund makes contributions towards the cost of post-employment benefits. Employees are members of the following pension schemes:

- The City of London Corporation Pension Scheme
- The Police Pension Schemes (1987, 2006 and 2015)
- The Judges' Pension Scheme
- The Teachers' Pension Scheme.

These schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees working for the City Corporation. Notes 23 to 26 (page 69-74) provide further information on each of the above schemes.

[City of London Pension Scheme](#)

The City Corporation Pension Scheme (the "Scheme") is operated under the regulatory framework for the Local Government Pension Scheme (LGPS) with policy determined in accordance with Pension Fund Regulations. It is a funded defined benefit scheme, meaning that the employers and employees pay contributions into a fund calculated at a level intended to balance the pension liabilities with investment assets. Prior to 1 April 2014, LGPS pension benefits were based on final pensionable pay and length of pensionable service. From 1 April 2014, the scheme became a career average scheme.

The City Corporation administers the Scheme on behalf of its participating employers. The City Corporation's Establishment Committee is responsible for personnel and administration matters, whilst its Financial Investment Board is responsible for appointing fund managers and monitoring performance.

The principal risks to the authority of the scheme are the mortality rate assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme.

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 the City Fund 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 City Corporation's three funds based on the proportion of pensionable payroll of each fund.

Disclosures in relation to City Corporation and the City Fund's share of the overall scheme which satisfy the requirements of a defined benefit pension scheme are set out in this note. This information is not used to determine the employer's pension contribution rate. This is calculated at the triennial valuation and updated by any subsequent interim valuations. The most recent triennial valuation was as at 31 March 2019 and found that the Pension Fund's funding position had improved to 90% (from 84% as at 31 March 2016). The valuation informed consideration of the level of employer's pension contribution to be charged from 1 April 2020 to 31 March 2023, which remain unchanged from 2019-20 at 21.0% per annum.

Assets and Liabilities in Relation to Retirement Benefits

a. Reconciliation of present value of the scheme liabilities

CITY OF LONDON CORPORATION	CITY FUND SHARE 51%		CITY OF LONDON CORPORATION	CITY FUND SHARE 51%
31 March 2020	31 March 2020		31 March 2021	31 March 2021
£m	£m		£m	£m
(1,590.3)	(811.0)	1 April	(1,572.5)	(802.1)
(51.8)	(26.4)	Current Service Cost	(79.6)	(40.6)
(37.8)	(19.3)	Interest Cost	(29.8)	(15.2)
		Remeasurement gains/losses:		
11.6	5.9	Actuarial Gains/losses arising from demographic assumptions	18.0	9.2
149.0	76.0	Actuarial gains/losses arising from changes in financial assumptions	(482.9)	(246.3)
(81.1)	(41.5)	Other Actuarial Gains/Losses	20.7	10.6
0.0	0.0	Change in proportion allocated to City Fund	0.0	0.0
(1.1)	(0.6)	Past Service Cost, including curtailments	(10.5)	(5.4)
2.5	1.3	Liabilities extinguished on settlements	(6.6)	(3.4)
36.9	18.8	Benefits paid	45.5	23.2
(10.7)	(5.5)	Contributions from scheme participants	(11.2)	(5.7)
0.5	0.2	Unfunded Pension Payments	0.4	0.2
(1,572.3)	(802.1)	31 March	(2,108.5)	(1,075.5)

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Changes in financial assumptions

For 2020-21, the total change in financial assumptions for the City of London was £482.9m. This was as a result of a combination of three changes in the independent consulting actuary (Barnett Waddingham LLP) financial assumptions:

- The present value of liabilities has increased due to the discount rate dropping from 2.35% to 2.00% (based on the annualised Merrill Lynch AA rated corporate bond yield curve where the spot curve is assumed to be flat beyond the 30 year point). This is 20% of the total change in financial assumptions.
- The future cost of benefits has increased due to the Market implied inflation being higher. This is 62% of the change in the financial assumptions.
- There has been a technical change in the actuary's approach to derivation of Retail Prices Index (RPI) and Consumer Prices Index (CPI) inflation as an inflation risk premium has been introduced. This is because the Bank of England's implied inflation spot curve is assumed to be flat beyond the 40 year point and suggests a higher rate of inflation than expected by market participants. This is 18% of the change in financial assumptions.

	City of London	Percentage Impact	LGPS City Fund Share 51%
	£m	%	£m
Impact of change of discount rate	98.9	20%	50.4
Impact of change in CPI (market related)	297.4	62%	151.7
Impact of change in CPI derivation approach	86.6	18%	44.2
Total change in financial assumptions	482.9	100%	246.3

b. Reconciliation of fair value of the scheme assets

CITY OF LONDON CORPORATION	CITY FUND SHARE 51%		CITY OF LONDON CORPORATION	CITY FUND SHARE 51%
31 March 2020	31 March 2020		31 March 2021	31 March 2021
£m	£m		£m	£m
969.4	494.3	1 April	936.9	477.9
23.3	11.9	Interest on Assets	14.6	7.4
		Remeasurement gains/losses:		
(57.3)	(29.3)	Return on Assets less interest	236.1	120.4
(0.4)	(0.1)	Other actuarial gains/losses	0.0	0.0
0.0	0.0	Change in proportion allocated to City Fund	0.0	0.0
(0.9)	(0.5)	Administration expenses	(0.8)	(0.4)
30.9	15.8	Contributions by Employer	33.3	17.0
10.7	5.5	Contributions by Scheme Participants	11.1	5.7
(37.3)	(19.0)	Benefits Paid	(45.9)	(23.4)
(1.5)	(0.8)	Settlement Prices Received/(Paid)	3.5	1.8
936.9	477.9	31 March	1,188.8	606.4

Scheme assets consist of the following categories, by proportion of the total assets held:

31 March 2020		31 March 2021	
%		%	
59	Equity Investments	60	
2	Cash	0	
13	Infrastructure	12	
26	Absolute return portfolio	28	
100		100	

The analysis of investments held and valuations are included in the accompanying Pension Fund accounts.

c. Overall net deficit

CITY OF LONDON CORPORATION	CITY FUND SHARE 51%		CITY OF LONDON CORPORATION	CITY FUND SHARE 51%
31 March 2020	31 March 2020		31 March 2021	31 March 2021
£m	£m		£m	£m
(620.9)	(316.7)	1 April	(635.6)	(324.1)
17.8	9.1	change in liabilities	(536.0)	(273.4)
(32.5)	(16.5)	change in assets	251.9	128.5
(635.6)	(324.1)	31 March	(919.7)	(469.0)

Basis for Estimating Assets and Liabilities

The liabilities have been valued by the City of London's independent consulting actuaries (Barnett Waddingham LLP) using the projected unit method, based upon the latest full valuation of the scheme as at 31 March 2019 and updated to the balance sheet date. The main assumptions used in the calculations are as follows:

2019-20		2020-21
	Mortality assumptions:	
	Life expectancy in years from age 65	
	Retiring today	
21.8	Men	21.6
24.4	Women	24.3
	Retiring in 20 years	
23.2	Men	22.9
25.8	Women	25.7
2.7%	Rate of Inflation - RPI	3.20%
1.9%	Rate of Inflation - CPI	2.85%
2.90%	Salary Increases	3.85%
1.90%	Pension Increases	2.85%
2.35%	Discount Rate	2.00%
50.0%	Take-up of option to convert annual pension into retirement lump sum	50.0%

Impact on defined benefit obligation from changes to actuarial assumptions

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out above. The following table, prepared on an actuarial projected unit basis, shows the impact on the defined benefit obligation from changes to various actuarial assumptions. The sensitivity analysis has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated.

Change in assumptions at 31 March 2021				
	CITY OF LONDON CORPORATION		CITY FUND SHARE 51%	
	Increase	Decrease	Increase	Decrease
	£m	£m	£m	£m
0.1% change in rate for discounting scheme liabilities	(42.2)	43.1	(21.5)	22.0
0.1% change in rate of increase in salaries	4.0	(4.0)	2.0	(2.0)
0.1% change in rate of increase in pensions	38.7	(37.9)	19.7	(19.4)
One year change in rate of mortality assumption	95.7	(91.3)	48.8	(46.6)

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Impact on the City Fund's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The Corporation has agreed a deficit recovery period of 20 years from 2015-16 with the scheme's actuary. Funding levels are monitored on an annual basis.

The liabilities show the estimated underlying commitments that the City Fund has in the long run to pay post-employment (retirement) benefits. The net liability of £469.0m has a substantial impact on the net worth of City Fund as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the City Fund remains sound. The deficit will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

The total employer contributions expected to be made to the scheme for the City of London Corporation across all its funds in the year to 31 March 2022 are £32.2m (estimated City Fund Share £16.4m).

The scheme actuary has estimated that the weighted average duration of the defined benefit obligation for scheme members is 21 years

24. The Police Pension Scheme

There are three Police Pension Schemes - the 1987 Scheme, the 2006 Scheme and the 2015 Scheme. Except where otherwise stated, the "Police Pension Scheme" is used generically to cover all the schemes. The Police Pension Scheme is defined benefit and unfunded. It is administered by the City of London in accordance with Home Office regulations and is not a multi-employer scheme.

The Scheme is funded on a pay as you go basis, with the employer contributing a percentage of police pay into the Pension Fund and the Home Office meeting the balance. At the year end the Police Pension Fund Account is balanced to nil by either receiving a contribution from the City Fund equal to the amount by which the amounts payable from the Pension Fund for the year exceed the amounts receivable or, by paying to the City Fund the amount by which sums receivable by the Fund for the year exceed the amounts payable.

Where the City Fund makes a transfer into the Pension Fund, the Home Office will pay an equivalent top-up grant to the City Fund. Where the City Fund receives a transfer from the Pension Fund, the City Fund must pay the amount to the Home Office. The Police Pension Scheme 2015 came into effect from 1 April 2015 and any benefits accrued from that date will be based on career average revalued salaries, with exceptions for those members that have transitional protection in their existing scheme.

The Police Pension liability represents the pension benefits Officers have accrued as at 31 March 2021 as assessed via actuarial calculation. These benefits, however, will not be payable until Officers have retired. As an unfunded scheme, the liabilities will be met through employee and employer contributions with any deficit being met by the Home Office.

The last full valuation of the Police Pension Scheme was at 31 March 2016 by the Government Actuary's Department and set contributions for the period 1 April 2019 to 31 March 2023.

Liabilities in Relation to Retirement Benefits

As the scheme is unfunded, it has no assets.

Reconciliation of present value of the scheme liabilities

31 March 2020		31 March 2021
£m		£m
(998.1)	1 April	(935.1)
(18.6)	Current Service Cost	(16.9)
(23.6)	Interest Cost	(21.6)
	Remeasurement gains/losses:	
(6.7)	Actuarial Gains/losses arising from demographic assumptions	14.2
83.0	Actuarial gains/losses arising from changes in financial assumptions	(208.0)
0.0	Other Actuarial Gains/Losses	0.2
32.5	Benefits paid	31.9
0.0	Past Service Costs	0.0
(4.3)	Contributions from scheme participants	(4.6)
0.6	Injury Benefits Paid	0.6
(935.1)	31 March	(1,139.3)

For 2020-21, the total change in financial assumptions for the City of London Police was £208.0m. This was as a result of a combination of three changes in the independent consulting actuary (Barnett Waddingham LLP) financial assumptions:

- The present value of liabilities has increased due to the discount rate dropping. This is 28% of the total change in financial assumptions.
- The future cost of benefits has increased due to the Market implied inflation rate being higher. This is 58% of the change in the financial assumptions.
- There has been a technical change in the actuary's approach to derivation of RPI and CPI inflation as an inflation risk premium has been introduced. This is 14% of the change in financial assumptions.

	City of London Police	Percentage Impact
Impact of change of discount rate	58.0	28%
Impact of change in CPI (market related)	121.4	58%
Impact of change in CPI derivation approach	28.6	14%
Total change in financial assumptions	208.0	100%

Impact on defined benefit obligation from changes to actuarial assumptions

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out above. The following table, prepared on an actuarial projected unit basis, shows the impact on City Fund's defined benefit obligation from changes to various actuarial assumptions. The sensitivity analysis has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated.

Basis for Estimating Liabilities

The liabilities have been valued by the City of London's independent consulting actuaries (Barnett Waddingham LLP) using the projected unit method, based upon the last full valuation of the scheme updated to the balance sheet date. The main assumptions used in the calculations are as follows

2019-20	Mortality assumptions:	2020-21
	Life expectancy in years from age 65	
	Retiring today	
21.4	Men	21.1
23.5	Women	23.3
	Retiring in 20 years	
22.8	Men	22.3
25.0	Women	24.8
2.70%	Rate of Inflation - RPI	3.20%
1.90%	Rate of Inflation - CPI	2.80%
3.40%	Salary Increases	3.80%
1.90%	Pension Increases	2.80%
2.35%	Discount Rate	2.00%

Change in Assumptions at 31 March 2021

Impact on the Defined Benefit Obligation in the Scheme		
	Increase	Decrease
	£m	£m
0.1% change in rate for discounting scheme liabilities	(22.5)	23.0
0.1% change in rate of increase in salaries	2.0	(2.0)
0.1% change in rate of increase in pensions	20.8	(20.3)
One year change in rate of mortality assumption	54.8	(52.2)

Impact on the City Fund's Cash Flows

The liabilities show the estimated underlying commitments that the City Fund has in the long run to pay post-employment (retirement) benefits. The net liability of £1,139.3m has a substantial impact on the net worth of the City Fund as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the City Fund remains sound. Future contributions are expected to be met by an annually assessed grant from the Home Office.

The total employer contributions for the combined position of the Police Pension Schemes 1987, 2006 and 2015 for the year to 31 March 2022 are expected to be £10.6m and the expected top up grant from the Government is £16.6m.

The scheme actuary has estimated that the weighted average combined duration of the defined benefit obligation for the schemes is 19 years.

25. Judges' Pension Scheme

The Judges' Pension Scheme is defined benefit and unfunded. The scheme is subject to the provisions of the Judicial Pensions and Retirement Act 1993. The Treasury is responsible for payment of Judges' pensions and the City of London reimburses them in accordance with regulations made under the Act.

Liabilities in Relation to Retirement Benefits

As the scheme is unfunded, it has no assets.

Reconciliation of present value of the scheme liabilities

31 March 2020		31 March 2021
£m		£m
(2.9)	1 April	(2.7)
(0.2)	Current Service Cost	(0.2)
(0.1)	Interest Cost	(0.1)
	Remeasurement gains/losses:	
0.1	Actuarial Gains/losses arising from demographic assumptions	0.0
0.3	Actuarial gains/losses arising from changes in financial assumptions	(0.4)
0.0	Other Actuarial gains/losses	0.5
0.1	Benefits paid	0.1
(2.7)	31 March	(2.8)

Basis for Estimating Liabilities

The liabilities have been valued by the City of London's independent consulting actuary (Barnett Waddingham LLP) using the projected unit method, based upon the last full valuation of the scheme updated to the balance sheet date. The main assumptions used in the calculations are as follows:

2019-20	Mortality assumptions:	2020-21
	Life expectancy in years from age 65	
	Retiring today	
21.8	Men	21.6
24.4	Women	24.3
	Retiring in 20 years	
23.3	Men	22.9
25.8	Women	25.7
2.85%	Rate of Inflation - RPI	3.45%
1.95%	Rate of Inflation - CPI	2.85%
3.45%	Salary Increases	3.85%
1.95%	Pension Increases	2.85%
2.30%	Discount Rate	1.85%

Impact on defined benefit obligation from changes to actuarial assumptions

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out above. The following table, prepared on an actuarial projected unit basis, shows the impact on the City Fund's defined benefit obligation from changes to various actuarial assumptions. The sensitivity analyses have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated.

Change in Assumptions at 31 March 2021

Impact on the Defined Benefit Obligation in the Scheme		
	Increase	Decrease
	£m	£m
0.1% change in rate for discounting scheme liabilities	(0.03)	0.03
0.1% change in rate of increase in salaries	0.00	0.00
0.1% change in rate of increase in pensions	0.03	(0.03)
One year change in rate of mortality assumption	0.16	(0.15)

Impact on the City Fund's Cash Flows

The liabilities show the estimated underlying commitments that the City Fund has in the long run to pay post-employment (retirement) benefits. The net liability of £2.8m has an impact on the net worth of the City Fund as recorded in the Balance Sheet. However, the City Fund has set aside funds in an earmarked reserve to assist with meeting its share of liabilities.

The scheme actuary has estimated that the weighted average combined duration of the defined benefit obligation for the scheme is 11 years.

26. Transactions Relating to Post-employment Benefits within the Financial Statements

The Teachers' Pension Scheme is accounted for as if it is a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Children's and Education Services line in the CI&ES is charged with the employer's contributions payable to Teachers' Pension Scheme in the year.

Retirement benefits from schemes accounted for on a defined benefit basis (City of London, Police and Judges') are recognised in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge against council tax is based on cash payable in the year, so the real cost of retirement benefits is reversed out of the City Fund and Housing Revenue Account via the Movement in Reserves Statement.

The cumulative amount of actuarial gains and losses recognised in Other Comprehensive Income and Expenditure in the actuarial gains or losses on pensions assets and liabilities line was at 31 March 2021 a loss of £299.6m (at 31 March 2020 it was a gain of £87.9m). The amount included in the Balance Sheet arising from the City Fund's estimated obligation in respect of the defined benefit plans is as follows:

31 March 2020		31 March 2021
£m		£m
	Present Value of the defined benefit obligation	
(799.7)	City of London Pension Scheme - City Fund	(1,073.2)
(924.3)	Police Pension Schemes	(1,127.4)
(2.7)	Judges' Pension Scheme	(2.8)
	Fair Value of plan assets	
477.8	City of London Pension Scheme - City Fund	606.4
	Present value of unfunded obligation	
(2.3)	City of London Pension Scheme - City Fund	(2.3)
(10.6)	Police Pension Schemes	(11.8)
(1,261.8)	Net liability on balance sheet	(1,611.0)

There are no outstanding or pre-paid employee contributions at the balance sheet date.

The table summarises the entries in the financial statements for the City of London, Police and Judges' Schemes:

2019-20				2020-21				
Police	Judges'	City of London City Fund	Total		Police	Judges'	City of London City Fund	Total
£m	£m	£m	£m		£m	£m	£m	£m
				Comprehensive Income & Expenditure Statement (CI&ES)				
				Cost of Services:				
18.6	0.2	26.3	45.1	Current service cost	16.9	0.2	40.6	57.7
0.0	0.0	0.6	0.6	Past service costs	0.0	0.0	5.4	5.4
0.0	0.0	(0.5)	(0.5)	(gain)/loss from settlements	0.0	0.0	1.6	1.6
				Other Operating Income				
0.0	0.0	0.4	0.4	administration expenses	0.0	0.0	0.4	0.4
				Financing & Investment Income & Expenditure				
0.0	0.0	0.0	0.0	Current service cost	0.0	0.0	0.0	0.0
23.6	0.1	7.4	31.1	Interest cost	21.6	0.1	7.8	29.5
42.2	0.3	34.2	76.7	Total Retirement Benefit Charged to the Surplus or Deficit on the Provision of Services	38.5	0.3	55.8	94.6
				Other Comprehensive Income & Expenditure				
				Remeasurement of the net defined benefit liability:				
0.0	0.0	29.2	29.2	Return on plan assets	0.0	0.0	(120.4)	(120.4)
6.7	(0.1)	(5.9)	0.7	Actuarial (gains) & losses - changes in demographic assumptions	(14.2)	(0.0)	(9.2)	(23.4)
(83.1)	(0.3)	(76.0)	(159.4)	Actuarial (gains) & losses - changes in financial assumptions	208.0	0.4	246.3	454.7
41.5	0.0	0.1	41.6	Actuarial (gains) & losses - Other	(0.2)	(0.5)	(10.6)	(11.3)
(34.9)	(0.4)	(52.6)	(87.9)	Total Other Comprehensive Income & Expenditure	193.6	(0.1)	106.1	299.6
7.3	(0.1)	(18.4)	(11.2)	Total Retirement Benefit Charged/(Credited) to the CI&ES	232.1	0.2	161.9	394.2
				Movement in Reserves Statement				
(7.3)	0.1	18.4	11.2	Reversal of net charges/(credits) for retirement benefits in accordance with the Code	(232.1)	(0.2)	(161.9)	(394.2)
28.9	0.1	15.7	44.7	Actual amount charged against the City Fund and HRA Balances	27.8	0.1	17.0	44.9

27. Grants and Contributions Received in Advance

A number of grants and contributions have yet to be recognised as income as they have conditions attached to them which if they are not met, will require the monies to be returned to the provider. The balances at the year-end are as follows:

31 March 2020		31 March 2021
£m		£m
	Grants and Contributions Received in Advance - Capital (Long-term)	
(108.6)	S106 / S278 Contributions	(115.5)
	Grants and Contributions Received in Advance - Revenue (Short-term)	
0.0	S31 Grant for NNDR Reliefs due to Central Government*	** (91.3)

*This has been incorrectly recorded under Creditors in the past and should be recorded under Grants and Contributions Received in Advance. The balance of £0.5m in 2019/20 has not be reclassified on the grounds of triviality.

**In 2020-21 Government granted 100% business rate relief retail, leisure and hospitality business as part of its response to the COVID-19 pandemic. In doing so £128m of business rate income was no longer collectable by City Fund as the billing authority. In order to compensate billing authorities for this loss and assist with the cash distribution of business rate funds, which were agreed prior to the pandemic (the GLA receiving 37% and Central Government receiving 33%), 100% of the compensation was awarded to City Fund on the basis that 67% would be repaid.

28. Rents Received in Advance

Premiums received at the commencement of operating leases for investment properties are effectively rents received in advance and are released to revenue on a straight line basis over the lease term. This totals £197.6m.

29. Other Long-term Liabilities

At the 31 March 2021 the City Fund has long term liabilities of £67.4m (2019-20: £52.0m) which consists of £62m of outstanding London NNDR Pool SIP project funding due to be released over the life span of agreed projects and £5.4m (2019-20: £6.0m) of financial lease liabilities.

30. Leases

Finance Leases

City Fund as Lessee

Nine property agreements have been classified as finance leases – five relating to operational properties and four in respect of investment properties. In addition, as part of the City of London contract for its cleansing services, the vehicles owned by the contractor, but which are used exclusively on the City of London contract have been classified as finance leases.

The assets acquired under these leases are carried as Property, Plant and Equipment and Investment Properties in the City Fund's Balance Sheet at the following net amounts:

31 March 2020		31 March 2021
£m		£m
	Property, Plant and Equipment	
16.3	Other Land and Buildings	14.4
2.8	Vehicles, Plant and Equipment	2.2
48.4	Investment Properties	46.9
67.5		63.5

Upon review of Cleansing Vehicle leases, the Useful Economic Life of 5 years has been deemed more appropriate than the 8 years previously used. This has changed the balance of minimum lease payments.

The rental payments for most of the property leases are immaterial, the highest being £600 per annum. Consequently, no liabilities are recognised in the balance sheet for these leases and the rental payments are met in full from revenue over the terms of the leases rather than being apportioned between finance charges (interest) and reductions in the outstanding liabilities.

For two investment property leases and the vehicles the City Fund will make payments over the term of the leases to meet the costs of the long term liabilities and the finance costs payable.

The leases are carried under other long term liabilities on the balance sheet:

31 March 2020		31 March 2021	
£m		£m	
3.2	Investment Property	3.2	
2.8	Cleansing Vehicles	2.2	
6.0	Long Term Liabilities	5.4	

The minimum lease payments in relation to the investment property are:

Total Future Minimum Lease Payments	Present Value of Future Lease Payments		Total Future Minimum Lease Payments	Present Value of Future Lease Payments
31 March 2020	31 March 2020		31 March 2021	31 March 2021
£m	£m		£m	£m
0.5	0.3	Not later than one year	0.7	0.6
1.8	1.4	Later than one year and not later than five years	2.1	1.6
14.2	4.3	Later than five years	13.1	3.2
16.5	6.0	Total	15.9	5.4

City Fund as Lessor

The gross investment is made up of the following amounts:

31 March 2020			31 March 2021	
£m			£m	
	Finance lease debtor (net present value of minimum lease payments)			
0.3	current		0.3	
12.1	non-current		11.8	
30	Unearned finance income		29.7	
0.0	Unguaranteed residual value of property		0.0	
42.4	Gross investment in the lease		41.8	

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

Gross Investment in Lease	Net Present Value of Minimum Lease Payments		Gross Investment in Lease	Net Present Value of Minimum Lease Payments
31 March 2020	31 March 2020		31 March 2021	31 March 2021
£m	£m		£m	£m
0.7	0.3	Not later than one year	0.7	0.3
2.5	1.1	Later than one year and not later than five years	2.4	1.1
39.4	11	Later than five years	38.7	10.7
42.6	12.4	Total	41.8	12.1

There are no commitments in respect of finance leases entered into before the year end but whose term has yet to commence.

The City Fund has a gross investment in finance leases relating to the minimum lease payments expected to be received over the remaining terms. There is no residual value anticipated for the properties when the leases come to an end. The minimum lease payments comprise settlement of the long-term debtor for the interest in the properties acquired by the lessees and finance income that will be earned by the City Fund in future years whilst the debt remains outstanding.

The minimum lease payments receivable are not contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. Income from investment properties is set out in note 7.

Operating Leases**City Fund as Lessee**

The future minimum lease payments due under non-cancellable leases in future years are shown below.

31 March 2020		31 March 2021	
£m		£m	
2.4	Not later than one year	2.7	
9.7	Later than one year and not later than five years	8.9	
8.7	Later than five years	16.9	
20.8	Total	28.5	

City Fund as Lessor

The City of London has granted leases in respect of a number of City Fund properties, principally Investment Properties, which are treated as operating leases. The future minimum lease payments receivable under non-cancellable leases in future years are shown below.

31 March 2020		31 March 2021	
£m		£m	
53.1	Not later than one year	52.7	
191.4	Later than one year and not later than five years	175.3	
2,890.0	Later than five years	2,950.5	
3,134.5	Total	3,178.5	

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews.

31. Unusable Reserves

31 March 2020		Note	31 March 2021
£m			£m
(348.4)	Revaluation Reserve	A	(330.7)
(2,176.1)	Capital Adjustment Account	B	(2,151.2)
1,261.8	Pensions Reserve	C	1,611.0
(28.0)	Collection Fund Adjustment Account	D	54.1
4.2	Accumulated Absences Account	E	5.2
(12.5)	Deferred Capital Receipts Reserve	F	(12.2)
0.2	Financial Instrument Revaluation Reserve	G	0.2
4.3	Pooled Investment Adjustment Account	H	(2.6)
(1,294.5)	Total Unusable Reserves		(826.2)

A. Revaluation Reserve

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The Revaluation Reserve contains the gains arising from increases in the value of Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account (see note B).

2019-20		2020-21	
£m		£m	£m
(342.4)	Balance at 1 April		(348.4)
(33.6)	Upward revaluation of assets	(34.1)	
11.2	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	42.6	
(22.4)	Surplus on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services		8.5
5.3	Difference between fair value depreciation and historical cost depreciation	5.2	
1.4	Assets reclassified as investments	0.0	
9.7	Accumulated gains on assets sold or scrapped	4.0	
16.4	Amount written off to the Capital Adjustment Account		9.2
(348.4)	Balance at 31 March		(330.7)

B. Capital Adjustment Account

The Capital Adjustment Account includes entries for the financing of capital expenditure and other capital transactions. The account contains the amount of capital expenditure financed from revenue, capital receipts and other sources. It is reduced by the amounts provided for depreciation and for the write-down of revenue expenditure funded from capital under statute and adjustments for disposals of long-term assets. The account contains accumulated gains and losses on Investment Properties. It also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

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2019-20		2020-21	
£m		£m	£m
(2,145.7)	Balance at 1 April		(2,176.1)
	Reversal of items relating to capital expenditure debited or credited to the CI&ES:		
30.3	Charges for depreciation, impairment and revaluation losses of non-current assets	48.0	
(1.6)	Revaluation gains on Property, Plant and Equipment	(1.2)	
0.2	Amortisation of intangible assets	0.2	
13.2	Revenue expenditure funded from capital under statute	11.2	
27.8	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CI&ES	5.0	
69.9	Total reversal of items relating to capital expenditure debited or credited to the CI&ES:		63.2
(16.4)	Adjusting amounts written out of the Revaluation Reserve	(9.2)	
53.5	Net written out amount of the cost of non-current assets consumed in the year		54.0
	Capital financing applied in the year:		
(18.4)	Use of the Capital Receipts Reserve to finance new capital expenditure	(20.4)	
(3.0)	Use of the Major Repairs Reserve to finance new capital expenditure	(4.4)	
(15.5)	Capital grants, contributions & donations credited to the CI&ES that have been applied to capital financing	(14.4)	
(1.5)	Application of grants to capital financing from the Capital Grants Unapplied Account	(2.1)	
(1.0)	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(1.1)	
(14.3)	Capital expenditure charged against the City Fund & HRA balances	(11.3)	
(53.7)	Total Capital financing applied in the year:		(53.7)
(30.4)	Movements in the market value of Investment Properties debited or credited to the CI&ES		24.4
0.2	Museum of London loan principle		0.2
(2,176.1)	Balance at 31 March		(2,151.2)

C. Pension Reserve

2019-20		2020-21
£m		£m
1,317.7	Balance at 1 April	1,261.8
(87.9)	Remeasurements of the net defined benefit liability	299.6
76.7	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	94.5
(44.7)	Employer's pension contributions less direct payments to pensioners payable in the year	(44.9)
1,261.8	Balance at 31 March	1,611.0

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. Post-employment benefits in the CI&ES are recognised as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as employer's contributions are paid to pension funds. The debit balance on the Pensions Reserve therefore shows a substantial shortfall between the benefits earned by past and current employees and the resources set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid. The negative pension reserve matches the estimated liabilities on the City of London (City Fund share), Police and Judges' Pension Schemes as determined by independent actuaries using the projected unit method and in accordance with IAS19. 20-21 has seen a substantial increase in the liability due to change in the financial assumption made by the actuary, leading to the remeasurement of the net defined liability of £299.6m. This change has been driven by a decrease in the discount rate, from 2.35% to 2.00%, which is derived from the yield corporate bonds, and an increase in inflation expectations. A detailed analysis of these changes can be found in notes 23-26 (page 64-74).

D. Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of national business rates and council tax income in the CI&ES as it falls due from business rate and council tax payers compared with the statutory arrangements for paying across amounts to the City Fund from the Collection Fund. A significant deficit of £54.1m has arisen in the account due to the impacts of COVID-19 on business rate income. These include the late introduction of 100% business rate relief for the retail, leisure and hospitality sectors and an increase in bad debt provision. These changes meant there was a significant variance against business rate income estimated in January 2020 which has created the deficit. Further detail on the collection fund can be found in the Collection Fund Accounts (Page 98-101). The £54.1m deficit represents City Funds 30% share of business rate income. Government funding of £47.9m has been set aside in the business rate equalisation reserve (see note 12, page 48) to offset this deficit as it unwinds over future financial year. The Government has enabled £15.6m of this deficit to be spread over 3 years rather than the normal 2 to assist authorities in managing these deficit positions.

E. Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the City Fund unallocated reserve from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the City Fund unallocated reserve is neutralised by transfers to or from the Account.

G. Financial Instrument Revaluation Reserve

The Financial Instruments Revaluation Reserve contains the gains made by the authority arising from increases in the value of its investments that are measured at fair value through other comprehensive income.

F. Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets, but for which cash settlement has yet to take place. Under statutory arrangements, these gains are not treated as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

H. Pooled Investment Reserve

The Pooled Investment Reserve accounts for the fair value movements in Pooled Investments, which are required to be held in a ring-fence reserve until these movements are realised.



Notes to the Cash Flow Statement

32. Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following item:

2019-20		2020-21
£m		£m
(28.8)	Depreciation, impairments and impairment reversal	(47.0)
6.1	Increase/(Decrease) in creditors	(132.5)
(19.7)	Increase/(Decrease) in debtors	(6.1)
0.1	Increase/(Decrease) in inventories	0.1
(32.1)	Movement in pension liability	(49.6)
(27.8)	Carrying amount of non-current assets sold	(5.0)
30.4	Movement in investment property values	(24.4)
(29.8)	Deferred credits	(1.1)
23.5	(Increase)/Decrease in contributions to provisions	3.4
(78.1)	Total	(262.2)

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The surplus/deficit on the provision of services has been adjusted for the following items that are investing and financing activities:

2019-20		2020-21
£m		£m
(10.0)	Interest received	(7.6)

The surplus/deficit on the provision of services has been adjusted for the following non-cash movements:

2019-20		2020-21
£m		£m
70.3	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	6.6
22.1	Capital grants credited to the net surplus or deficit on the provision of services	18.3
92.4		24.9

33. Cash Flow Statement – Investing Activities

2019-20 Restated		2020-21
£m		£m
38.5	Purchase of property, plant and equipment, investment property and intangible assets	58.0
2,266.1*	Purchase of short-term and long-term investments	1,943.7
(2,138.5)*	Proceeds from short-term and long-term investments	(1,885.9)
(84.3)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(7.4)
(4.3)	Capital grants received	(44.4)
0.0	Other receipts from investing activities	1.8
77.5	Net cash outflows/(inflows) from investing activities	65.8

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*The comparative figures for 2019/20 have been restated on a basis comparable with 2020/21. This is because the purchase and proceeds of investments were previously presented on the basis of the net movement for the year but should have been presented to show the turnover in investments. This restatement has meant purchases of £2,266.1m and proceeds of £2,138.5m from short term and long term investments are now shown above. This change had no impact on the net cash outflow/inflows from investing activity, which remains as per the previous presentation.

34. Cash Flow Statement – Financing Activities

2019-20		2020-21
£m		£m
(45.4)	Billing Authorities - Council Tax and NNDR Adjustments	117.2
0.3	Reduction in finance lease liability	0.5
(45.1)	Net cash inflows from financing activities	117.7



CITY OF LONDON

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Other Notes to the Accounts

35. Related Party Transactions

The City Fund is required to disclose information on material “related party transactions” with bodies or individuals that have the potential to control or influence the authority or be controlled or influenced by the authority.

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 in 2020-21, including instances where their close family has made transactions with the City of London. During 2020-21 the following transactions were disclosed;

Related party	Connected party	2020/21 £000	2019/20 £000	Detail of transaction
Age UK London	The City Corporation nominates a Member to Age UK London	233	15	Digital outreach services paid by City Fund
Askonas Holt	A Member is the Board Chairman of Askonas Holt	9	187	Fees and expenses received and paid by City Fund
Association of British Insurers	A Member is a Board Member of the Association of British Insurers.	(6,779)	(3,311)	Provision of service costs received by City Fund
Association of Police and Crime Commissioners	A Member is nominated by the City Corporation to the Association of Police and Crime Commissioners	30	22	Membership fees paid by City Fund
Blind in Business Charity	A member is appointed as Chair of Trustees	10		Business Rate relief
City of London Academies Trust	The City Corporation nominated five Members to the Board of Governors of the City of London Academies Trust	0	145	Fees paid by City Fund
City of London Reserve Forces and Cadets Association	Three members are nominated to the City of London Reserve Forces and Cadets Association	28	0	Purchase of training courses and uniforms paid by City Fund
Dr Johnson’s House Trust	A member is nominated to Dr Johnson’s House Trust by the City Corporation	13	0	Local Restrictions grant paid by City Fund
East London NHS Foundation Trust	The City Corporation nominates a Member to the East London NHS Foundation Trust	79	47/(65)	Service costs paid by City Fund and catering and hire fees received by City Fund
Eight Members Club	A member is member to Eight members club	30/(3)	0	Government grants paid by City Fund

Related party	Connected party	2020/21	2019/20	Detail of transaction
		£000	£000	
HB Reavis	A Member is a Director of HB Reavis	0	69	Premises related fees paid by City Fund
Heart of the City London Ltd	Three Members are nominated by the City Corporation to the Heart of the City London Ltd.	0	(14)	Support costs received and paid by City Fund
Hiscox Group	A Member is the Director of Hiscox Group	(11)	0	Contribution received by City Fund
Homerton University Hospital	A Member is nominated to Homerton University Hospital by the City Corporation.	83	25/(55)	IT enabler funding paid by City Fund and support costs received by the City Fund
ICAEW's Audit Registration Committee	A Member is a member of ICAEW's Audit Registration Committee	0	(13)	Archive deposit fees received by City Fund
International Business and Diplomatic Exchange	A member is on the Advisory Board for IBDE	10	0	Partnership costs paid by City Fund
International Dispute Resolution Centre Ltd	A Member is a Director of the International Dispute Resolution Centre Ltd who are a tenant of the City of London Corporation	(1,914)	(1,867)	Rent and service charges received by City Fund during the year and an amount due at the balance sheet date
Kingston Smith LLP	A Member is a consultant to Kingston Smith LLP	13	16	Fundraising services paid by City Fund
Local Government Association - General	The City Corporation nominates two members to the Local Government Association – General Assembly	18	19	Subscription fees paid by City Fund
London and Partners	A Member is nominated by the City Corporation to London and Partners	29	68	Letting, hire and storage fees paid by City Fund
London Councils	The City Corporation nominates four Members to various London Councils Committees and another Member has declared his independent place on a number of Committees	0	320	Subscription fees paid by City Fund
Named Members	Three Members paid the City Fund	(36)	(56)	Rent received by City Fund
Partnership for Young London	The City Corporation nominates a Member to the Partnership for Young London.	30	45/(17)	Service paid by City Fund and workshop, central support charges received by City Fund
Prior Weston Primary School and Children's Centre	A Member is nominated to Prior Weston Primary School and Children's centre	0	24/(90)	Annual fees received and paid by City Fund

Related party	Connected party	2020/21	2019/20	Detail of transaction
		£000	£000	
PWC LLP	A Member is a Partner of PWC LLP	(11)	0	Consultancy services paid and room fees received by City Fund
The Court of the City University	Four Members are nominated by the City Corporation to The Court of the City University	0	(1,111)	Room hire and catering received by City Fund
UBS	A Member is an employee of UBS.	6/(6)	(36)	Membership and licensing received by City Fund
United Kingdom Accreditation Service	A Member is the Director of United Kingdom Accreditation Service	16	21	Assessment fees paid by City Fund
Walbrook Club	A member is a member	16	0	Business rate relief

Related Party Transactions with the Museum of London

The Museum of London is financed by the City of London and the Greater London Authority with the latter being the major funder as a co-sponsor. The City of London's contribution in 2020-21 was £5.6m (2019-20: £5.8m) and the City Fund received £3.8m for rent, loan repayments and other services. At 31st March 2021 there was an outstanding receivable of £0.5m relating to rent and loan repayments. For 2021-22, City Fund is committed to provide £5.3m of grant funding for the running costs of the Museum.

Half of the appointments to the Board are made by the City of London and a Member has declared an interest in the Museum. However, the City of London does not exercise control of the Museum.

Related Party Transactions with City's Cash and Bridge House Estates

During 2020-21, City's Cash contributed to the HRA an exceptional grant of £0.5m. There were no significant transactions between City Fund and Bridge House Estates during the year and there were no outstanding balances at year end. There were no significant transactions between City Fund and the other main funds of the City Corporation during 2019-20.

Related Party Transactions Disclosed Elsewhere in the Accounts

The UK government has significant influence over the general operations of the City Fund. It is responsible for providing the statutory framework within which the City Fund operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that City Fund has with other parties (e.g. council tax bills, housing benefits). Grants from government departments are shown in Note 6 (page 37). Amounts due to and from central government departments at 31 March 2021 are shown in notes respectively. Disclosures are made in respect of other public bodies which are subject to common control by central government in other parts of the accounts as follows:

- Precepts from other Authorities
- Pension Fund

Amounts paid to HM Revenues and Customs in respect of employer's national insurance contributions of £13.8m (2020: £13.2m).

36. Members Allowances

Members do not receive any remuneration from the City of London 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 Corporation. These costs totalling £237 (2019-20: £3,187) across all the City's activities. These costs were met from the endowment funds of the City Corporation and not charged to City Fund.

37. Events after the Reporting Period

After the balance sheet date (31 March 2021) an outstanding legal case with leaseholders of HRA property regarding recovery of major capital works costs was concluded, with the City Corporation losing the case. At the balance sheet date, this issue was disclosed as a contingency liability as the outcome of the case was unknown. This ruling has been deemed a post balance sheet adjusting event due to the impact on balances at the balance sheet date. The statement of accounts has been updated to reflect the impact of this decision, with outstanding debtors of £3.4m being deemed irrecoverable.

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38. Trust Funds

The City of London Corporation Combined Education Charity (charity registration number 312836)

Established in 2011 through the amalgamation of the Higher Education Research and Special Expenses Fund, the Archibald Dawnay Scholarships, the Robert Blair Fellowship and the Alan Partridge Smith Bequest, the objective of the Trust is to further the education of persons attending or proposing to attend secondary, further or higher educational institutions by the provision of grants or financial assistance. Also, to provide grants for staff at maintained schools & Academies in the boroughs of London to undertake studies to further their development as teachers. As at 31 March 2021 the Trust's net assets were £1.2m (2020: £0.9m).

The City Educational Trust Fund (charity registration 290840)

The City Educational Trust Fund was established under the City of London Various Powers Act 1967, section 25 (1) which states that the capital and interest shall be applied by the City of London Corporation as it thinks fit, for one or more of the following purposes as it may from time to time determine: 1) for the advancement of the objects of the City University constituted by Royal Charter granted on 23 May 1966, or for other educational purposes connected with, or related to the said university; and 2) for the advancement of education in science and technology, business management and commerce, biology and ecology and the cultural arts by the promotion of research, study, teaching and training in and of such subjects, or any of them. As at 31st March 2021, The Trust's net assets were £4.0m (2020: £3.0m).

39. Agency Transactions

The City Fund carries out certain work on an agency basis for this it is fully reimbursed. Revenue and capital works costing £1.2m (2019-20: £1.2m) were undertaken mainly on behalf of Transport for London. These sums were fully reimbursed.

The City Fund has acted as a Lead Authority for the London Business Rate Pool, which has been operating from 2018-19 through to 2020-21. This role includes acting as finance lead for the pool, involving aggregating business rate income from participating authorities and distributing funds on behalf of the pool. The City Corporation received £1,163.3m from participating authorities of which a £1,045.2m business rate tariff payment was made to central government on behalf of the pool. Outstanding debtors and creditors relating to pool activity are shown below. Please note this excludes London NNDR Pool SIP balances which are included in the City Fund CI&ES and Balance Sheet.

Business Rate Pool Balances	Balance as at 31 March 2021 £m
Short-Term Debtors	23.5
Cash & Cash Equivalents	81.8
Short-Term Creditors	(105.3)

As part of its response to the COVID-19 pandemic, the Government initiated several grant support schemes for businesses impacted by the COVID-19 restriction in place during 2020-21. Business rate billing authorities were asked to distribute this funding in line with the qualification criterion set by Government. We have judged that City Fund has acted as an intermediary in these transactions and they are therefore not accounted for in the CI&ES. Grant spend totalled £38.1m which was funded from grant income from Government.



Supplementary Accounts and Notes

Housing Revenue Account

The HRA Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis on which rents are raised, is shown in the Movement on the HRA Statement.

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Income and Expenditure Statement				
2019-20		Notes	2020-21	
£m			£m	£m
	Expenditure			
7.9	Repairs and maintenance		4.2	
8.8	Supervision and management		8.0	
3.3	Depreciation of non-current assets		3.1	
1.2	Revaluation (gain)/loss on HRA dwellings		14.5	
0.0	Movement in the allowance for bad debts	1	0.1	
21.2	Total Expenditure			29.9
	Income			
(10.2)	Dwelling rents		(10.3)	
(1.9)	Non-dwelling rents		(1.7)	
(2.3)	Charges for services and facilities		(2.6)	
(1.4)	Contributions towards expenditure		0.2	
(15.8)	Total Income			(14.4)
5.4	Net Expenditure/(Income) of HRA Services as included in the City Fund CI&ES cost of services			15.5
	HRA share of other income and expenditure included in the City Fund CI&ES			
(0.3)	Net (gain)/loss on Disposal of Fixed Assets			(1.0)
0.0	Interest and investment income			0.0
0.5	Investment property (gain)/loss on revaluation			0.0
5.6	(Surplus)/deficit for the year on HRA Services			14.5

Movement on the HRA Statement				
2019-20		Notes	2020-21	
£m			£m	£m
(3.8)	Balance on the HRA at the end of the previous year			(0.1)
5.6	(Surplus)/deficit for the year on the HRA Income and Expenditure Statement		14.5	
(1.9)	Adjustments between accounting basis and funding basis under statute	2	(14.6)	
3.7	(Increase)/decrease in year on the HRA			(0.1)
(0.1)	Balance on the HRA at the end of the current year			(0.2)

1. Impairment Allowance for Bad and Doubtful Debts

2019-20		2020-21
£m		£m
0.17	Provision at 1 April	0.13
(0.04)	Bad Debts written off	(0.02)
(0.01)	Decrease in Provision	0.11
0.12	Provision at 31 March	0.22

2. Adjustments between Accounting Basis and Funding Basis under Statute

Note 11 (page 45-47) to the City Fund Financial Statements provides further analysis of the adjustments between the accounting basis and funding basis under statute.

3. Housing Stock

As at 31 March 2021 the City Corporation's HRA rental stock was 1,867 dwellings. The HRA also includes costs and service charge income relating to properties sold on long leases of which there were 927 as at 31 March 2021 (2020: 922).

31 March 2020		31 March 2021	
No.		No.	
27	Houses and Bungalows	27	
1,845	Flats	1,840	
1,872	Total	1,867	

31 March 2020		31 March 2021	
No.		No.	
1,926	Stock at 1 April	1,872	
(63)	Demolished Property	0	
(1)	Sales	(5)	
10	New Build	0	
1,872	Stock at 31 March	1,867	

4. Arrears of Rent, Service and Other Charges

As at 31 March 2021 the total arrears for rent, service charges and other charges were £6.3m (31 March 2020: £5.2m) as follows:

31 March 2020		31 March 2021	
£m		£m	
0.1	Former residential tenants	0.1	
0.3	Current residential tenants	0.4	
0.4	Commercial tenants	1.1	
4.3	Service charges	1.1	
0.1	Other charges	0.2	
5.2	Total arrears	2.9	

5. HRA Property, Plant and Equipment

The value of council dwellings within the HRA does not include all council dwellings owned by the City Fund (see note 13, page 50-53) as some council dwellings are held outside of the HRA such as the Barbican Estate.

2019-20									2020-21			
Council Dwellings	Other Land & Buildings	Assets under construction	Total	Movements on Balances					Council Dwellings	Other Land & Buildings	Assets under construction	Total
£m	£m	£m	£m						£m	£m	£m	£m
Cost or valuation												
223.2	41.8	6.6	271.6	at 1 April 2019				at 1 April 2020	221.5	43.2	12.3	277.0
1.6	0.0	8.1	9.7	Additions					1.6	0.4	10.1	12.1
2.4	0.0	(2.4)	0.0	Transfers					1.1	0.0	(1.1)	0.0
(3.7)	1.7	0.0	(2.0)	Revaluation increase/(decrease) recognised in the Revaluation Reserve					(24.0)	(3.6)	0.0	(27.6)
(1.8)	0.0	0.0	(1.8)	Revaluation decreases recognised in the Surplus/Deficit on the Provision of Services					(15.6)	0.0	0.0	(15.6)
(0.2)	0.0	0.0	(0.2)	Derecognition - disposals					(0.5)	0.0	0.0	(0.5)
0.0	(0.3)	0.0	(0.3)	Assets reclassified (to)/from Held for Sale					0.0	0.0	0.0	0.0
221.5	43.2	12.3	277.0	at 31 March 2020				at 31 March 2021	184.1	40.0	21.3	245.4
Accumulated Depreciation and Impairment												
(0.1)	(0.1)	0.0	(0.2)	at 1 April 2019				at 1 April 2020	(0.1)	(0.1)	0.0	(0.2)
(2.9)	(0.3)	0.0	(3.2)	Depreciation Charge					(2.6)	(0.3)	0.0	(2.9)
2.3	0.3	0.0	2.6	Depreciation written out to the Revaluation Reserve					1.6	0.2	0.0	1.8
0.6	0.0	0.0	0.6	Depreciation written out to the Surplus/Deficit on the Provision of Services					1.1	0.0	0.0	1.1
0.0	0.0	0.0	0.0	Derecognition - disposals					0.0	0.0	0.0	0.0
(0.1)	(0.1)	0.0	(0.2)	at 31 March 2020				at 31 March 2021	0.0	(0.2)	0.0	(0.2)
Net Book Value												
223.1	41.7	6.6	271.4	at 1 April 2019				at 1 April 2020	221.4	43.1	12.3	276.8
221.4	43.1	12.3	276.8	at 31 March 2020				at 31 March 2021	184.1	39.8	21.3	245.2

6. Housing Asset Valuation

Dwellings are valued at their 'existing use with vacant possession' and then reduced to reflect 'existing use for social housing'. The reduction is a measure of the economic cost of providing council housing at less than open market rents. Current MHCLG guidance (guidance for valuers – 2016) identifies a vacant possession adjustment factor for London of 25% and for the South East, 33%. In 2019/20, we felt it appropriate to continue using an adjustment factor of 30% based off the evidence and the City's unique HRA portfolio. This is reviewed annually. On review this year, we have decided that this percentage should now be reduced to 25%. This is due to evidence showing that private rents across London have increased slightly, whilst social rents have largely remained unchanged. This has led to a decrease in the calculated adjustment factor to circa 26-27%. The guidance note is clear that when within 5% of the suggested 25% figure, 25% should be used, as such we have now reduced our discount factor from 30% to 25%.

This exercise has been undertaken to assess an appropriate adjustment factor for City of London HRA dwellings derived from City of London HRA rents and London private sector rents (sourced from the Office for National Statistics for the period of 1 April 2020 – 31 March 2021). Using this data and the MHCLG calculation methodology, this has established an appropriate vacant possession adjustment factor for City of London HRA dwellings to be 25% which has been adopted in establishing the Existing Use Value- Social Housing. The estimated vacant possession value of HRA dwellings is £751.7m which has been reduced by 75% to £187.9m to reflect social housing.

7. Investment Property

2019-20		2020-21
£m		£m
4.7	Balance at start of the year	4.2
	Revaluations:	
(0.5)	Net gains/(losses) from fair value adjustments	0.0
4.2	Balance at end of the year	4.2

8. Major Repairs Reserve

2019-20		2020-21
£m		£m
(3.2)	Balance 1 April	(3.4)
	Transfer from HRA equal to depreciation	
(2.9)	dwellings	(3.1)
(0.3)	non dwellings	0.0
3.0	Capital expenditure (dwellings)	4.5
(3.4)	Balance 31 March	(2.0)

The reserve is used to finance capital expenditure and the balance is included with other capital reserves in the City Fund Balance Sheet.

9. HRA Capital Expenditure

Expenditure for capital purposes and methods of financing are set out below.

2019-20		2020-21
£m		£m
	Expenditure in year	
	Fixed assets	
8.2	Assets under construction	10.1
1.5	Dwellings	1.6
0	Other	0.4
1.2	Revenue expenditure funded from capital under statute	1.1
10.9	Total Expenditure	13.2
	Methods of financing	
1.0	Capital Receipts	0.3
3.0	Major Repairs Reserve	4.5
6.9	Reimbursements and Donations	8.4
10.9	Total Financing	13.2

Collection Fund Account

The Collection Fund shows the transactions of the billing authority in relation to the collection of council tax and non-domestic rates from local taxpayers, and its subsequent distribution to local authorities and the Government. The City Corporation's share of council tax and business rates income is reflected in the CI&ES on an accruals basis in line with the Code.

Revenue Account

2019-20			Notes	2020-21		
Council Tax	Business Rates	Total		Council Tax	Business Rates	Total
£m	£m	£m		£m	£m	£m
			INCOME			
(8.2)		(8.2)	Council Tax Receivable		(8.7)	(8.7)
(0.2)		(0.2)	Transfer from City Fund (Reliefs)		(0.2)	(0.2)
	(1,272.8)	(1,272.8)	National Business Rates	1		(1,135.6)
	(43.6)	(43.6)	GLA Business Rate Supplement			(39.4)
	(15.3)	(15.3)	City Fund Business Rate Premium			(17.8)
(8.4)	(1,331.7)	(1,340.1)	TOTAL INCOME		(8.9)	(1,192.8)
			EXPENDITURE			
			Council Tax Precepts and Demands			
7.0		7.0	City Fund	2	7.6	7.6
0.6		0.6	GLA		0.7	0.7
0.0		0.0	Impairment of debt for Council Tax		0.2	0.2
			National Business Rates Precepts and Demands			
	552.1	552.1	City Fund			363.2
	310.5	310.5	GLA			447.9
	287.5	287.5	Central Government			399.5
	0.0	0.0	National Business Rates transitional protection payments			3.8
	43.4	43.4	Business Rate Supplement collected on behalf of GLA			38.2

Revenue Account Continued

2019-20			Notes	2020-21		
Council Tax	Business Rates	Total		Council Tax	Business Rates	Total
£m	£m	£m		£m	£m	£m
			Expenditure Continued			
	14.2	14.2	City Fund Business Rate Premium		15.9	15.9
	11.9	11.9	City Fund Offset	4	12.1	12.1
			Impairment of debts for Business Rates			
	3.2	3.2	National		31.1	31.1
	0.1	0.1	GLA		1.1	1.1
			Premium		0.5	0.5
			Impairment of appeals for Business Rates			
	56.4	56.4	National		83.0	83.0
	1.1	1.1	Premium		1.3	1.3
			Cost of Collection Allowance			
	2.0	2.0	National Business Rates		2.0	2.0
	0.1	0.1	GLA Business Rate Supplement		0.0	0.0
			Contributions towards previous year's estimated Collection Fund Surplus			
1.0	26.7	27.7	City Fund		1.2	20.4
0.1	14.6	14.7	GLA		0.1	10.9
	(0.6)	(0.6)	Central Government		8.4	8.4
8.7	1,323.2	1,331.9	Total Expenditure		9.8	1,438.0
0.3	(8.5)	(8.2)	(Surplus)/Deficit for Year	5	0.9	246.1
(1.8)	(45.4)	(47.2)	Balance 1 April		(1.5)	(55.4)
(1.5)	(53.9)	(55.4)	Balance 31 March		(0.6)	190.7

1. Income from Business Rates

The Local Government Finance Act 1988 replaced the Locally Determined Non-Domestic Rate with a National Non-Domestic Rate (NNDR) set by the Government. In addition to the NNDR, there is a discounted rate for small businesses known as the Small Business Non-Domestic Rate (SBNDR). In 2020-21 the City of London set a non-domestic rating multiplier of 0.52 (52.0p in the £) and a small business non-domestic rating multiplier of 0.517 (51.7p in the £). This comprises the NNDR and SBNDR multipliers of 0.512 and 0.499 respectively, plus a premium of 0.8p in the £ to provide additional funding to enable the City Corporation to continue to support Police, security, resilience and contingency planning at an enhanced level.

In addition, for those business premises which have a rateable value of more than £70,000, the Greater London Authority (GLA) is levying a business rate supplement (BRS) multiplier of 2p in the £ for the 2020-21 financial year to finance the Crossrail project. The City Corporation collects the BRS on an agency basis on behalf of the GLA. The rateable value at the 31 March 2021 was £2.618bn.

2019-20		2020-21
£m		£m
(1,345.0)	National Business Rates	(1,341.2)
47.4	Less: Voids	52.6
22.6	Mandatory and discretionary relief	22.8
0.0	Expanded retail, leisure and hospitality relief	128.7
2.2	Partly occupied allowance	1.5
(1,272.8)	Net income from national business rates	(1,135.6)

2. Calculation of Council Tax

The Local Government Finance Act 1992 introduced the Council Tax from 1 April 1993, replacing the Community Charge. The Act prescribes the detailed calculations that the City of London Corporation, as a billing authority, has to make to determine the Council Tax amounts. The City of London set a basic amount of £927.25 for a Band D property, inclusive of a 1.99% increase in council tax and a 2% adult social care precept.

To this £927.25 is added £79.94 in respect of the precept from the Greater London Authority to arrive at the total Council Tax of £1,007.19 for a Band D property in 2020-21. Prescribed proportions are applied to this basic amount to determine the Council Tax amounts for each of the bands as follows:

BAND	Proportion	Council Tax
		£
A	6/9	671.46
B	7/9	783.37
C	8/9	895.28
D	9/9	1,007.19
E	11/9	1,231.01
F	13/9	1,454.83
G	15/9	1,678.65
H	18/9	2,014.38

3. Tax Bases 2020-21

The table below shows the number of chargeable dwellings in each valuation band converted to an equivalent number of Band D dwellings. The totals for each area are described as "aggregate relevant amounts" which reflects the number of dwellings adjusted for applicable discounts and exemptions. These amounts, multiplied by the collection rate of 97%, produce the tax base for each of the areas shown.

BAND	MIDDLE	INNER	CITY AREA	TOTAL
	TEMPLE	TEMPLE	EXCLUDING	CITY
			TEMPLES	AREA
A	0.00	0.00	2.50	2.50
B	0.00	0.00	137.90	141.20
C	0.00	0.00	425.01	423.94
D	0.00	0.00	772.08	753.61
E	9.17	1.22	3048.98	3033.97
F	30.69	25.64	1616.94	1652.80
G	24.17	58.33	1834.58	1843.42
H	0.00	4.00	410.00	343.50
AGGREGATE RELEVANT AMOUNTS	64.03	89.19	8247.99	8194.94
COLLECTION RATE	97%	97%	97%	
TAX BASES	62.11	86.51	8000.55	8149.17

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4. City Fund Offset

To reflect the unique characteristics of the square mile, the Government allows the City Fund to retain an amount from the NNDR paid by City businesses. This totalled £12.1m in 2020-21 (2019-20: £11.9m).

5. (Surplus)/Deficit for the year

The deficit for the year on Business Rates is £245.3m (2019-20: surplus of £8.6m) relates solely to National Business Rates. This is an unusually large deficit, which has been driven by the following circumstance:

- The Government introduced a significant expansion in business rate reliefs as part of its response to COVID-19, which were agreed after submission of our estimated business rate income for the year (January 2020). Through the award of 100% reliefs to retail, leisure and hospitality businesses, £128.7m of NNDR income was no longer collectable. Whilst this expansion in reliefs is funded by Government grant, the timing of the change has meant a deficit has been created. This will be offset in 2021-22.
- During 2020-21 we have seen a material increase in outstanding debt relating to business rates, which has increased from £28m to £88m at 31 March 2021. Having assessed the likelihood of recovering this debt, we have increased the bad debt provision by £31.1m which is materially more than we had anticipated as estimate stage.
- Higher levels un-funded business rate reliefs, such as empty property relief, have also contributed to the deficit.

This deficit is apportioned in line with the shares of business rate income set by Government. City Fund accounts for 30%, the GLA 37% and Central Government 33%. City Fund has set aside £47.9m of Government funding in its business rate equalisation reserve (see note 12, page 48) to offset its share of the deficit. Government has also enabled authorities to spread element of the deficit over a 3 year period rather than the normal 2. For City Fund, £15.6m of its share of the deficit will be spread over 3 years.

Police Pension Fund

Police Pension Fund Account for the year ended 31 March 2021

2019-20		2020-21	
£m		£m	£m
	Contributions receivable		
	- from employer		
(9.7)	normal	(10.7)	
0.0	early retirements	0.0	
(4.3)	- from members	(4.5)	
(14.0)			(15.2)
(0.3)	Transfers in from other Police Authorities		(0.3)
	Benefits payable		
25.1	- pensions	26.0	
6.3	- commutations and lump sums	6.2	
31.4			32.2
	Payments to and on account of leavers		
0.0	- Transfers out to other Police Authorities	0	
0.0	- Other	0	
17.1	Sub-total: Net amount payable for the year before transfer from Police Authority		16.7
(17.1)	Additional contribution from Police Authority		(16.7)
0.0	Net amount payable/receivable for the year		0.0

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- i. The Police Pension Fund was established under the Police Pension Fund Regulations 2007 (SI 2007 No. 1932).
- ii. It is a defined benefits scheme, administered internally by the City of London and all City of London police officers are eligible for membership of the pension scheme.
- iii. The fund's financial statements have been prepared using the accounting policies adopted for the City Fund financial statements set out on pages 130 to 146. The fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end. Information on the long-term pension obligations can be found in the City Fund financial statements (see notes 23 to 26, page 64-74).
- iv. Under the rules of the scheme, members may elect to commute a proportion of their pension in favour of a lump sum. Where a member has taken a commutation option, these lump sums are accounted for on an accruals basis from the date the option is exercised.
- v. Transfer values represent the capital sums in respect of members' pension rights either received from or paid to other pension schemes in respect of members who have joined or left the service.
- vi. The scheme is unfunded and consequently has no investment assets. Benefits payable are funded by contributions from employers and employees and any difference between benefits payable and contributions receivable is met by a top-up grant from the Home Office.
- vii. Employees' and employer's contribution levels are based on percentages of pensionable pay set nationally by the Home Office and are subject to triennial revaluation by the Government Actuary's Department.
- viii. The account is prepared on an accruals basis and normal contributions, both from the members and the employer, are accounted for in the payroll month to which they relate.

Hold for Independent Auditors report to the Members of City of London Pension Fund

City of London Pension Fund Account

Fund Account for the year ended 31 March 2021

2019-20	Notes	2020-21
£m		£m
	Dealings with members, employers and others directly involved in the Fund	
(44.8)	Contributions	(47.3)
(6.7)	Transfers in from other pension funds	(2.6)
(51.5)	Total contributions & transfers in	(49.9)
44.9	Benefits	49.8
3.1	Payments to and on account of leavers	1.9
48.0	Total benefits paid & transfers out	51.7
(3.5)	Net (additions)/withdrawals from dealings with members	1.8
7.8	Management expenses	9.1
4.3	Net withdrawals including fund management expenses	10.9
	Returns on investments	
(1.2)	Investment income	(3.4)
31.3	Profit and losses on disposal of investments and changes in the value of investments	(279.9)
30.1	Net return on investments	(283.3)
34.4	Net (increase)/decrease in the net assets available for benefits during the year	(272.4)
(1,063.1)	Opening net assets of the scheme	(1,028.7)
(1,028.7)	Closing net assets of the scheme	(1,301.1)

Net Asset Statement as at 31 March 2021

2019-20	Notes	2020-21
£m		£m
0.2	Long-term investments	0.2
1,023.3	Investment assets	1,294.4
1,023.5	Total net investments	1,294.6
6.1	Current assets	7.4
(0.9)	Current liabilities	(0.9)
1,028.7	Net assets of the Fund available to fund benefits at the end of the reporting period	1,301.1

1. Description of the City of London Pension Fund

a) General

The City of London Pension Fund is part of the LGPS and is administered by the City of London. The City of London is the reporting entity for this pension fund.

The City of London Pension Fund is a funded defined benefits scheme established in accordance with statute. With the exception of serving police officers, teachers and judges' who have their own schemes, all City of London staff are eligible for membership of the Local Government Pension Scheme (LGPS).

Benefits include retirement pensions and early payment of benefits on medical grounds and payment of death benefits where death occurs either in service or in retirement. The benefits payable in respect of service from 1st April 2014 are based on career average revalued earnings and the number of years of eligible service. Pensions are increased each year in line with the Consumer Price Index.

The Fund is governed by the Public Service Pensions Act 2013 and the following secondary legislation:

- The LGPS Regulations 2013 (as amended)
- The LGPS (transitional Provisions, Savings and Amendment) Regulations 2014 (as amended) and
- The LGPS (Management and Investment of Funds) Regulations 2016 .

The Fund is administered internally by the City of London. The Fund's investments are managed externally by several fund managers with differing mandates determined and appointed by the City of London.

b) Membership of the Fund

Membership of the LGPS is voluntary and employees are free to choose whether to join the scheme, remain in the scheme or make their own personal arrangements outside the scheme. Organisations participating in the City of London Pension Fund include:

- Scheduled bodies, which are automatically entitled to be members of the Fund
- Admitted bodies, which are other organisations that participate in the Fund under an admission agreement between the Fund and the relevant organisation. Admitted bodies include voluntary, charitable and similar bodies or private contractors undertaking a local authority function following outsourcing to the private sector.

The following table summarises the membership numbers of the scheme:

	31 March 2021			31 March 2020	
	Current contributors	Beneficiaries in receipt of pension	Deferred members	Total	Total
	No.	No.	No.	No.	No.
ADMINISTERING AUTHORITY					
City of London Corporation	4,268	4,028	4,225	12,521	12,404
	4,268	4,028	4,225	12,521	12,404
SCHEDULED BODIES:					
Museum of London	254	267	619	1,140	1,141
Magistrates Court	0	17	14	31	32
Multi Academy Trust	4	0	0	4	4
	258	284	633	1,175	1,177
ADMITTED BODIES:					
Irish Society	4	10	2	16	17
City Arts Trust	0	1	0	1	1
Parking Committee for London	0	5	7	12	12
Guildhall Club	0	4	4	8	9
City Academy - Southwark	73	11	134	218	221
Sir John Cass (Brookwood)	0	1	0	1	1
AMEY (Enterprise)	0	6	3	9	9
Eville and Jones	0	0	1	1	1
London CIV	17	1	11	29	29
Westminster Drug Project	0	0	2	2	3
Agilysis	8	5	11	24	25
Agilysis (police)	0	1	2	3	3
Bouygues (EDTE)	0	0	1	1	1
Cook & Butler	1	0	1	2	2
1SC Guarding Limited	0	0	1	1	1
Skanska	4	1	0	5	5
Veolia	4	1	0	5	5
	111	47	180	338	345
TOTAL	4,637	4,359	5,038	14,034	13,926

c) Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the Fund in accordance with the Local Government Pension Scheme Regulations 2013 and ranged from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2021. Employers' contributions are set based on triennial actuarial funding valuations. The last such valuation was at 31 March 2019. For 2020/21, employer contribution rates range from 16.1% to 21.0% of pensionable pay.

d) Benefits

Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service. From 1 April 2014, the scheme became a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th. Accrued pension is updated annually in line with the Consumer Prices Index.

A range of other benefits are also provided including early retirement, disability pensions and death benefits, as explained on the [LGPS website](#).

2. Basis of preparation

The statement of accounts summarises the Fund's transactions for the 2020/21 financial year and its financial position at 31 March 2021. The accounts have been prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom 2020/21* (the Code) which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

Paragraph 3.3.1.2 of the Code requires disclosure of any accounting standards issued but not yet adopted. IFRS 16, introduced on 1 January 2019, is due to be adopted by the Code for accounting periods commencing on or after 1 April 2022. This new accounting standard largely removes the distinction between operating and finance leases by introducing an accounting model that requires lessees to recognise assets and liabilities for all leases with a term of more than 12 months unless the underlying asset is of low value. This will bring assets formerly off-Balance Sheet onto the Balance Sheet of lessees. Implementation of IFRS 16 is not

expected to have a material impact on the Pension Fund because it does not hold any assets as a lessee.

The accounts report on the net assets available to pay pension benefits. They do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year nor do they take into account the actuarial present value of promised retirement benefits. The Code gives administering authorities the option to disclose this information in the net assets statement, in the notes to the accounts or by appending an actuarial report prepared for this purpose. The Pension Fund has opted to disclose this information in Note 18 (page 127).

The accounts have been prepared on a going concern basis. The administering authority is confident that the Fund will have sufficient resources to meet obligations as they fall due over the foreseeable future.

3. Accounting policies

- i. The pension fund accounts are accounted for on an accruals basis for income and expenditure, with the exception of transfer values in and out, which are accounted for on a cash basis.
- ii. The Fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end.
- iii. Investment assets are included in the net assets statement on a fair value basis as at the reporting date. A financial asset is recognised in the net assets statement on the date the Fund becomes party to the contractual acquisition of the asset. From this date any gains or losses arising from changes in the fair value of the asset are recognised in the fund account.
- iv. The values of investments as shown in the net assets statement have been determined at fair value in accordance with the requirements of the Code and IFRS13 (see Note 13, page 115-118). For the purposes of disclosing levels of fair value hierarchy, the Fund has adopted the classification guidelines recommended in Practical Guidance on Investment Disclosures (PRAG/Investment Association, 2016).
- v. Acquisition costs are included in the purchase costs of investments.

- vi. Assets and liabilities in overseas currencies are translated into sterling at the exchange rates ruling at the balance sheet date. Transactions during the year are translated at rates applying at the transaction dates. Surpluses and deficits arising on conversion are dealt with as part of the change in market values of the investments.
- vii. The fund discloses its pension fund management expenses in accordance with the CIPFA guidance Accounting for Local Government Pension Scheme Management Expenses (2016), as shown below. All items of expenditure are charged to the Fund on an accruals basis as follows:

Administration expenses	All staff costs of the pensions administration team are charged direct to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund.
Oversight and governance	All staff costs associated with governance and oversight are charged direct to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund.
Investment management expenses	Investment management expenses are charged directly to the Fund as part of management expenses and are not included in, or netted off from, the reported return on investments.

- viii. Income from investments is accounted for on an accruals basis. Investment income arising from the underlying investments of the Pooled Investment Vehicles is typically reinvested within the Pooled Investment Vehicles and reflected in the unit price.

- ix. The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profit and losses realised on sales of investments and unrealised changes in market value.
- x. Normal contributions, both from members and employers, are accounted for in the payroll month to which they relate at rates as specified in the rates and adjustments certificate. Additional contributions from employers are accounted for in accordance with the agreement under which they are paid, or in the absence of such agreement, when received.
- xi. Under the rules of the Scheme, members may receive a lump sum retirement grant in addition to their annual pension. Lump sum retirement grants are accounted for from the date of retirement. Where a member can choose to take a greater retirement grant in return for a reduced pension these lump sums are accounted for on an accruals basis from the date the option is exercised.
- xii. Transfer values represent the amounts received and paid during the year for members who have either joined or left the Fund during the financial year and are calculated in accordance with the Local Government Pension Scheme Regulations 2013. Individual transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged.
- xiii. Where an investment manager's fee note has not been received by the balance sheet date, an estimate based upon the most recent available equivalent trailing reporting period is used for inclusion in the fund account.

4. Critical judgements in applying accounting policies

The net pension fund liability is recalculated every three years by the appointed actuary, with annual updates in the intervening years.

This estimate is subject to significant variances based on changes to the underlying assumptions which are agreed with the actuary and have been summarised in Note 18 (page 127).

These actuarial revaluations are used to set future contribution rates and underpin the Fund's most significant investment management policies, for example in terms of the balance struck between longer term investment growth and short-term yield/return.

5. Assumptions made about the future and other major sources of estimation uncertainty

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The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the year-end date and the amounts reported for the revenues and expenses during the year. Estimates and assumptions are made considering historical experience, current trends and other relevant factors. However, the nature of estimation means that the actual outcomes could differ from the assumptions and estimates.

The items in the net assets statement at 31 March 2021 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Actuarial present value of promised retirement benefits (Note 18, page 127)	Estimation of the net liability to pay pensions depend on a number of complex judgements 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 fund with expert advice about the assumptions to be applied. This uncertainty relates solely to the disclosures made in Note 18 and does not impact on the Net Asset Statement or Pension Fund Account.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance: <ul style="list-style-type: none"> a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £46m a 0.1% increase in assumed earnings inflation would increase the value of liabilities by approximately £4m a one-year increase in assumed life expectancy would increase the liability by approximately £104m.
Private equity investments (Note 13, page 115-118)	Private equity investments are valued at fair value in accordance with International Private Equity and Venture Capital Valuation Guidelines (2018) and use valuation techniques that rely on unobservable inputs.	Private equity investments are valued at £38m in the accounts. There is a risk that this investment may be under or overstated significantly if the underlying valuation assumptions change.
Infrastructure and pooled property investments (Note 13, page 115-118)	Infrastructure and pooled property investments are valued at fair value using valuation techniques that rely on unobservable inputs.	Infrastructure and pooled property investments are valued at £63m and £88m, respectively in the accounts. There is a risk that this investment may be under or overstated significantly if the underlying valuation assumptions change.

6. Events after the reporting date

There are no events occurring after the reporting date that necessitate adjustments (adjusting events) or disclosure (non-adjusting events).

7. Contributions receivable

By Category

2019-20		2020-21
£m		£m
(11.9)	Employees' contributions	(12.1)
	Employers' contributions	
(20.3)	Normal contributions	(24.6)
(12.5)	Deficit recovery contributions	(9.0)
(0.1)	Pensions strain contributions	(1.6)
(32.9)	Total employers' contributions	(35.2)
(44.8)		(47.3)

By type of employer

2019-20		2020-21
£m		£m
(41.4)	Administering authority	(44.0)
(2.3)	Scheduled bodies	(2.2)
(1.1)	Admitted bodies	(1.1)
(44.8)		(47.3)

8. Benefits payable

By Category

2019-20		2020-21
£m		£m
39.2	Pensions	40.9
5.2	Lump sum retirement benefits	7.7
0.5	Lump sum death benefits	1.2
44.9		49.8

By type of employer

2019-20		2020-21
£m		£m
41.5	Administering authority	46.7
2.9	Scheduled bodies	2.8
0.5	Admitted bodies	0.3
44.9		49.8

9. Payments to and on account of leavers

2019-20		2020-21
£m		£m
2.9	Individual transfers out	1.8
0.2	Refunds to members leaving service	0.1
3.1		1.9

10. Management expenses

2019-20		2020-21
£m		£m
0.7	Administration expenses	0.6
6.9	Investment management expenses	8.2
0.2	Oversight and governance*	0.3
7.8		9.1

*Includes audit fees of £25,300 that have been charged to the Pension Fund (2019/20: £22,000).

a) Investment management expenses

2019-20				2020-21				
Management Fees	Performance Related Fees	Transaction Costs	Total		Management Fees	Performance Related Fees	Transaction Costs	Total
£m	£m	£m	£m		£m	£m	£m	£m
0.8	0.5	0.0	1.3	Infrastructure funds	0.7	0.0	0.0	0.7
4.5	(0.3)	0.0	4.2	Pooled investments**	4.4	0.9	0.3	5.6
0.1	0.0	0.0	0.1	Pooled property investments	0.5	0.0	0.0	0.5
0.6	0.7	0.0	1.3	Private equity	0.4	1.0	0.0	1.4
6.0	0.9	0.0	6.9	Total	6.0	1.9	0.3	8.2

**Included £1.1m charged to the Pension Fund by the London CIV regional asset pool (£0.8m in 2019/20).

11. Income from investments

2019-20		2020-21
£m		£m
(0.8)	Infrastructure funds	(0.8)
(0.2)	Interest	(0.1)
(0.1)	Pooled property investments	(2.4)
(0.1)	Private equity	(0.1)
(1.2)	Total	(3.4)

The Pension Fund's investment policies are focussed on capital accumulation in pooled vehicles and private equity investments. Dividends and interest are typically retained at pool level. Where any shortfall of the Net Deductions on Contributions and Benefits Paid was previously covered by investment income, it is intended that the Fund will sell holdings in the pooled vehicles, as necessary, to cover any shortfalls. There are no limitations imposed by the fund managers on the selling of these pooled vehicle funds. Investment income has increased during 2020-21 as a result of the Fund's increased exposure to pooled property investments.

12. Investments

Market Value 31-03-2020		Market Value 31-03-2021
£m		£m
	Investment assets	
	Pooled funds	
213.3	Diversified growth funds	243.2
417.6	Global equity	562.4
58.9	Multi asset credit	117.3
158.5	UK equities	182.3
848.3		1,105.2
	Other investments	
62.3	Infrastructure funds	62.8
66.1	Pooled property investments	88.2
34.7	Private equity funds	38.0
163.1		189.0
11.9	Cash deposits	0.0
0.1	Investment income due	0.2
1,023.4	Total investment assets	1,294.4
	Long-term investments	
0.2	Equities	0.2
1,023.6	Net investment assets	1,294.6

a) Reconciliation of movements in investments

The table below shows the movement in market values by asset type

	Market Value 31-03-2020	Purchases During the Year	Sales During the Year	Change in Value	Market Value 31-03-2021
	£m	£m	£m	£m	£m
Infrastructure funds	62.3	0.1	(0.9)	1.3	62.8
Long-term investments	0.2	0.0	0.0	0.0	0.2
Pooled investments	848.3	40.0	(52.7)	269.6	1,105.2
Pooled property investments	66.1	22.3	(0.6)	0.4	88.2
Private equity funds	34.7	1.4	(6.7)	8.6	38.0
	1,011.6	63.8	(60.9)	279.9	1,294.4
Cash deposits	11.9				0.0
Investment income due	0.1				0.2
Net investment assets	1,023.6				1,294.6

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	Market Value 31-03-2019	Purchases During the Year	Sales During the Year	Change in Value	Market Value 31-03-2020
	£m	£m	£m	£m	£m
Infrastructure funds	59.1	0.2	(3.0)	6.0	62.3
Long-term investments	0.2	0.0	0.0	0.0	0.2
Pooled investments	958.0	0.0	(70.6)	(39.1)	848.3
Pooled property investments	0.0	67.7	(0.3)	(1.3)	66.1
Private equity	34.6	3.8	(6.8)	3.1	34.7
	1,051.9	71.7	(80.7)	(31.3)	1,011.6
Cash deposits	0.0				11.9
Investment income due	0.0				0.1
Net investment assets	1,051.9				1,023.6

b) Investments analysed by fund manager

Market value 31-03-2020		Market value 31-03-2021
£m		£m
	Investments managed by the London CIV	
117.7	LCIV Global Alpha Growth Fund*	183.9
58.9	LCIV MAC Fund*	117.3
0.2	London CIV	0.2
176.8		301.4
	Investments managed outside the London CIV	
56.0	Alternative assets	58.7
80.0	Artemis Institutional Equity Income Fund*	94.4
28.8	Aviva Lime Property Fund	29.5
115.5	C Worldwide Global Equities*	140.9
70.4	Harris Associates Global Equity Fund*	106.6
40.9	IFM Global Infrastructure (UK)	42.1
45.5	Lindsell Train UK Equity Fund	48.3
7.5	M&G UK Residential Property Fund	29.0
29.8	M&G Secured Property Income Fund	29.7
33.0	Majedie UK Equity Fund	39.6
125.5	Pyrford Global Total Return Fund*	136.7
87.9	Ruffer Absolute Return Fund*	106.5
114.0	Veritas Global Focus Fund*	131.0
834.8		993.0
1,011.6	Total	1,294.4
11.9	Cash	0.0
0.1	Investment income due	0.2
1,023.6	Net investment assets	1,294.6

*These investments each singularly represent over 5% of the net assets of the Fund.

Alternative assets comprise of private equity and infrastructure investments managed through eleven separate investment managers.

13. Fair value - basis for valuation

The basis of the valuation of each class of investment asset is set out below. There has been no change in the valuation techniques used during the year. All assets have been valued using fair value techniques which represent the highest and best price available at the reporting date.

Item	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key Sensitivities affecting the valuations provided
Pooled investments - equity funds (UK and Global)	Level 2	Closing bid price where bid and offer prices are published. Closing single price where single price published	NAV-based pricing set on a forward pricing basis	Not required
Pooled investments – multi-asset funds	Level 2	Closing bid price where bid and offer prices are published. Closing single price where single price published	NAV-based pricing set on a forward pricing basis	Not required
Pooled property investments	Level 3	Closing bid price where bid and offer prices are published. Closing single price where single price published	NAV-based pricing set on a forward pricing basis	Valuations could be affected by significant changes in rental growth, vacancy levels, and the discount rate applied to future cash flows as well as more general changes in market conditions.
Private equity funds	Level 3	Comparable valuation of similar companies in accordance with international private equity valuation guidelines.	Earnings before interest, tax, depreciation and amortisation (EBITDA) multiple, revenue multiple, discount for lack of marketability.	Valuations include assumptions based on non-observable market data, such as discounts applied either to reflect changes in the fair value of financial assets or to adjust earnings multiples.
Infrastructure funds	Level 3	Discounted cashflows applied to equity and debt instruments. The Funds determine fair value for these securities by engaging external valuation services.	Earnings before interest, tax, depreciation and amortisation (EBITDA) multiple, revenue multiple, discount for lack of marketability.	Valuations include assumptions based on non-observable market data, such as discounts applied either to reflect changes in the fair value of financial assets or to adjust earnings multiples.

Sensitivity of assets valued at Level 3

Having analysed historical data and current market trends, and consulted with independent investment advisors, the Fund has determined that the valuation methods described above are likely to be accurate to within the following ranges, and has set out below the consequent potential impact on the closing value of investments held at 31 March 2021.

	Assessed valuation range	Market value 31-03-2021	Value on increase	Value on decrease
	(+/-)	£m	£m	£m
Private equity funds	10%	38.0	41.8	34.2
Pooled property investments	10%	88.2	97.0	79.4
Infrastructure funds	10%	62.8	69.1	56.5
		189.0	207.9	170.1

a. Fair value hierarchy

Assets have been classified into three levels, according to the quality and reliability of information used to determine fair values.

Level 1

Financial instruments at level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as level 1 must be traded in active markets, this includes quoted equities, quoted fixed securities, quoted index linked securities and exchange traded unit trusts.

Level 2

Financial instruments at level 2 are those where quoted market prices are not available for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value. Products classified as level 2 comprise open ended pooled investment vehicles which are not exchange traded, unquoted bonds and repurchase agreements.

Level 3

Financial instruments at level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data. Such instruments would include private equity investments and infrastructure funds which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions.

The values of pooled property investments are based on valuations provided by the fund managers which in turn represent estimates by independent professional valuers of the open market value of those investment as at the reporting date.

The values of the investment in private equity and infrastructure funds are based on valuations provided by the general partners to the private equity funds in which City of London Pension Fund has invested.

These valuations are prepared in accordance with the international private equity and venture capital valuation guidelines, which follow the valuation principles of IFRS and US GAAP. Valuations are typically undertaken annually at the end of December. Cash flow adjustments are used to roll forward the valuations to 31 March as appropriate.

Guidance released by the Pensions Research Accountants Group (PRAG) in 2016 provides further clarification on the classification of pooled investment vehicles as level 1, 2 and 3. Pooled funds that are not quoted on an exchange are classed as level 2, as these do not meet the definition of level 1 investment: *The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.* The table that follows provides an analysis of the assets of the Pension Fund grouped into Levels 1 to 3, based on the level at which the fair value is observable.

Values as at 31 March 2020				Values as at 31 March 2021				
Quoted market price	Using observable inputs	With significant unobservable inputs			Quoted market price	Using observable inputs	With significant unobservable inputs	
Level 1	Level 2	Level 3	Total		Level 1	Level 2	Level 3	Total
£m	£m	£m	£m		£m	£m	£m	£m
				Financial assets at fair value through profit and loss				
0.0	0.0	62.3	62.3	Infrastructure funds	0.0	0.0	62.8	62.8
0.0	0.0	0.2	0.2	Long-term investments	0.0	0.0	0.2	0.2
0.0	848.3	0.0	848.3	Pooled investments	0.0	1,105.2	0.0	1,105.2
0.0	0.0	66.1	66.1	Pooled property investments	0.0	0.0	88.2	88.2
0.0	0.0	34.7	34.7	Private equity funds	0.0	0.0	38.0	38.0
0.0	848.3	163.3	1,011.6	Total investment assets	0.0	1,105.2	189.2	1,294.4
11.9	0.0	0.0	11.9	Cash deposits	0.0	0.0	0.0	0.0
0.1	0.0	0.0	0.1	Investment income due	0.2	0.0	0.0	0.2
12.0	848.3	163.3	1,023.6	Net investment assets	0.2	1,105.2	189.2	1,294.6

b. Reconciliation of fair value measurements within level 3

The table below shows the movements in level 3 disclosures for 2020/21

Disclosures for level 3	Market value at 31-03-2020	Transfers into level 3	Transfers out of level 3	Purchases at cost	Sales	Unrealised gains / (losses)	Realised gains / (losses)	Market value at 31-03-2021
	£m	£m	£m	£m	£m	£m	£m	£m
Private equity	34.7	0.0	0.0	1.4	(6.7)	7.4	1.2	38.0
Pooled property investments	66.1	0.0	0.0	22.3	(1.1)	0.94	0.0	88.2
Infrastructure	62.3	0.0	0.0	0.1	(0.9)	1.3	0.0	62.8
Long term investment	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.2
Total level 3	163.3	0.0	0.0	23.8	(8.7)	9.6	1.2	189.2

14. Financial Instruments

a. Classification of financial instruments

at 31 March 2020				at 31 March 2021				
Fair Value through profit and loss	Assets held at amortised cost	Financial liabilities at amortised cost	Total		Fair Value through profit and loss	Assets held at amortised cost	Financial liabilities at amortised cost	Total
£m	£m	£m	£m		£m	£m	£m	£m
				Financial assets				
62.3	0.0	0.0	62.3	Infrastructure funds	62.8	0.0	0.0	62.8
0.0	0.2	0.0	0.2	Long-term investments	0.0	0.2	-	0.2
848.3	0.0	0.0	848.3	Pooled investments	1,105.2	0.0	0.0	1,105.2
66.1	0.0	0.0	66.1	Pooled property investments	88.2	0.0	0.0	88.2
34.7	0.0	0.0	34.7	Private equity funds	38.0	0.0	0.0	38.0
0.0	17.9	0.0	17.9	Cash	0.0	7.2	0.0	7.2
0.0	0.1	0.0	0.1	Investment income due	0.0	0.2	0.0	0.2
0.0	0.0	0.0	0.0	Other debtors*	0.0	0.1	0.0	0.1
1,011.4	18.2	0.0	1,029.6		1,294.2	7.7	0.0	1,301.9
				Financial liabilities				
0.0	0.0	(0.9)	(0.9)	Creditors*	0.0	0.0	(0.1)	(0.1)
1,011.4	18.2	(0.9)	1,028.7	Total	1,294.2	7.7	(0.1)	1,301.8

*The table above excludes debtors valued at £0.1m (31 March 2020: £0.0m) and creditors valued at £0.8m (31 March 2020: £0.0m) which are non-contract based transactions and balances and therefore do not meet the criteria of financial instruments. Further information on current assets and current liabilities outstanding at the reporting date is detailed in notes 19 and 20 (page 128) below.

b. Net (Gains) and Losses on Financial Instruments

2019-20		2020-21
£m		£m
	<u>Financial Assets</u>	
(31.3)	Fair value through profit and loss	279.9
(31.3)		279.9

15. Risk and risk management

The Pension Fund's primary long-term risk is that its assets will fall short of its liabilities (i.e. promised benefits payable to members). Therefore, the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole Fund portfolio.

The Fund's 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, various industrial sectors and asset classes. The managers' investing practices are controlled by pre-defined levels of tolerance.

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 in order to ensure cash flow requirements are met as and when they fall due.

All of 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

16. Market risks

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The Fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix. The objective of the Fund's risk management strategy is to identify, manage and control market risk exposure within acceptable parameters, while optimising investment return.

In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sectors, asset classes and individual securities. To mitigate market risk, the Pension Fund and its investment advisors undertake appropriate monitoring of market conditions and benchmark analysis.

Price risk

In consultation with its investment consultant, Mercer Ltd, the Fund has determined that the following movements in market price risk are reasonably possible for 2021/22, assuming that all other variables, in particular foreign exchange rates and interest rates, remain the same:

Asset type	Value as at 31 March 2021	Change	Value on increase	Value on decrease
	£m	%	£m	£m
Developed market global equities	688.3	18.7%	817.0	559.6
Emerging market global equities	56.6	28.6%	72.8	40.4
Diversified growth funds	243.2	11.6%	271.4	215.0
Multi asset credit	117.3	10.5%	129.6	105.0
UK property (proxy for residential property)	29.0	16.4%	33.8	24.2
Long lease UK property	59.2	9.7%	64.9	53.5
Private equity	38.0	24.7%	47.4	28.6
Unlisted infrastructure	62.8	16.1%	72.9	52.7
Total	1,294.4		1,509.8	1,079.0

Asset type	Value as at 31 March 2020	Change	Value on increase	Value on decrease
	£m	%	£m	£m
Developed market global equities	553.2	17.4%	649.5	456.9
Emerging market global equities	22.9	29.1%	29.6	16.2
Hedge funds (proxy for multi-asset funds)	272.4	7.3%	292.3	252.5
UK property (proxy for residential property)	7.5	14.2%	8.6	6.4
Long lease UK property	58.6	7.7%	63.1	54.1
Private equity	34.7	25.8%	43.7	25.7
Unlisted infrastructure	62.3	15.0%	71.6	53.0
Total	1,011.6		1,158.4	864.8

Interest rate risk

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. The pooled multi-asset investments are indirectly subject to interest rate risks, as underlying holdings include fixed income instruments, and this represent the risk that the fair value of these financial instruments will fluctuate because of changes in market interest rates. Fund managers have the discretion to manage interest risk exposure through the use of derivatives.

The Fund's indirect exposure to interest rate movements as at 31 March 2021 and 31 March 2020 is set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value. Bonds and cash balances are exposed to interest rate risk. The table below demonstrates the change in value of these assets had the interest rate increased or decreased by 1%.

Value as at 31 March 2020	Change	Value on increase	Value on decrease	Assets exposed to interest rate risk	Value as at 31 March 2021	Change	Value on increase	Value on decrease
£m	%	£m	£m		£m	%	£m	£m
17.9		17.9	17.9	Cash and cash equivalents	7.2		7.2	7.2
162.1	1.00%	157.8	166.4	Bonds	231.5	1.00%	230.2	240.2
180.0		175.7	184.3	Total	238.7		237.4	247.4

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. The Fund is exposed to currency risk on financial instruments owned directly or through a pooled structure, that are denominated in any currency other than the functional currency of the Fund (UK sterling).

Currency	As at 31 March 2021			
	Value	Change	Value on increase	Value on decrease
	£m	%	£m	£m
United States Dollar	376.1	2.35%	384.9	367.3
Euro	120.0	1.56%	121.9	118.1
Japanese Yen	35.0	2.74%	36.0	34.0
Australian Dollar	20.8	2.27%	21.3	20.3
Swiss Franc	17.5	2.24%	17.9	17.1
Hong Kong Dollar	16.4	2.34%	16.8	16.0
Chinese Yuan	13.3	2.38%	13.6	13.0
Taiwanese Dollar	10.8	2.00%	11.0	10.6
Indian Rupee	10.8	2.61%	11.1	10.5
Swedish Krona	10.3	2.28%	10.5	10.1
Other overseas	70.1	2.40%	71.8	68.4
Overseas total	701.1		716.8	685.4
Sterling	593.5			
Net investment assets	1,294.6			

The table above summarises the position as at 31 March 2021, and the comparable position as at 31 March 2020 is shown below. The analysis uses historical currency volatility data sourced from the fund custodian, BNY Mellon.

Currency	As at 31 March 2020			
	Value	Change	Value on increase	Value on decrease
	£m	%	£m	£m
United States Dollar	303.1	2.34%	310.2	296.0
Euro	93.0	1.76%	94.6	91.4
Japanese Yen	40.5	2.87%	41.7	39.3
Hong Kong Dollar	18.6	2.34%	19.0	18.2
Australian Dollar	16.7	2.38%	17.1	16.3
Swiss Franc	16.6	2.41%	17.0	16.2
Swedish Krona	12.2	2.54%	12.5	11.9
Indian Rupee	9.5	2.72%	9.8	9.2
Taiwanese Dollar	6.1	1.92%	6.2	6.0
South African Rand	5.8	4.66%	6.1	5.5
Other overseas	26.0	2.31%	26.6	25.4
Other overseas not analysed	2.9			
Overseas total	551.0		560.8	535.4
Sterling	472.6			
Net investment assets	1,023.6			

Liquidity risk

Liquidity risk represents the risk that the Fund 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 the Fund's commitments. The Fund has immediate access to its cash holdings.

Liquid assets are those that can be converted to cash within three months, subject to normal market conditions. As at 31 March 2021, liquid investment assets were £1,105.4m representing 85% of total fund assets (£860.4m at 31 March 2020 representing 83% of the Fund at that date). These investments can in fact be liquidated within a matter of days

Credit Risk

Credit risk represents the risk that the counterparty to a financial transaction will fail to discharge an obligation and cause the Fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund's financial assets and liabilities. The selection of high-quality counterparts, brokers and financial institutions minimises credit risk that may occur through the failure of third parties to settle transactions in a timely manner.

17. Funding arrangements

In accordance with statutory regulations a triennial valuation of the Pension Fund was completed by the City's independent consulting actuaries, Barnett Waddingham LLP, as at 31 March 2019 using the projected unit method and the resulting employers' contribution were implemented for the three financial years commencing 1 April 2020.

The main funding assumptions which follow were incorporated into the funding model used in the 31 March 2019 valuation (Consumer Price Inflation has been used as basis to reflect the actuarial assumption in real terms):

	March 2019	
	% p.a.	Real % p.a.
Financial assumptions		
Discount rate	5.1	2.5
Retail Price Inflation	3.6	1.0
Consumer Price Inflation	2.6	-
Pension increases	2.6	-
Pay increases	3.6	1.0

The discount rate reflects the asset allocation embedded in Fund's long-term strategy; the below table outlines how these assumptions translate into an overall discount rate assumption as at 31 March 2019.

Future assumed returns at 31 March 2019	Percentage of Fund	Return Assumption	Real (relative to CPI)
	%	%	%
Equities	55.0	6.7	4.1
Property and infrastructure	15.0	6.1	3.5
Absolute return fund - inflation plus 3.7%	30.0	6.3	3.7
Expenses (deduction)		(0.2)	(0.2)
Neutral estimate of discount rate based on long-term investment strategy		6.3	3.7
Prudence allowance		(1.2)	(1.2)
Discount rate		5.1	2.5

Commutation assumption

As part of the 31 March 2019 valuation the actuary assumed that members on average exchanged pension to get approximately 50% of the maximum available cash on retirement.

50:50 membership

The actuary has assumed that existing members will continue to participate in their current section.

Demographic assumptions

The assumed life expectancy from age 65 is show below for the 31 March 2019 valuation.

Life expectancy from age 65		31 March 2019
Retiring today	Males	21.7
	Females	24.3
Retiring in 20 years	Males	23.1
	Females	25.8

Funding Position at Valuation date

The valuation at 31 March 2019 revealed that the relationship between the values placed on the assets held by the Fund and the liabilities accrued in respect of pensionable service at that date was as follows:

March 2019	
Past service liabilities	£m
Active members	(383.7)
Deferred pensioners	(236.7)
Pensioners	(555.3)
Total	(1,175.7)
Assets	1,062.9
Deficit	(112.8)
Funding level	90%

Based on the above data the derivation of the basic rate of employer's contribution is set out below.

March 2019	
	Contribution rate %
Future service funding rate	15.0
Past service adjustment	5.5
Total contribution rate	20.5

The secondary rate contributions agreed with individual employers were set at the 31 March 2019 valuation to restore the Fund to a funding position of 100% over a recovery period of no longer than 14 years.

Whilst the Fund level contribution rate is now 20.5% per annum, within this individual employer contribution rates vary. Having considered the basic rate of employer's contributions above, the City of London Corporation set contribution rates applicable to its employees of 21.0% for each of the financial years 2020/21 to 2022/23. Exceptions are City Academy and the Multi Academy Trust who both pay 17.1% p.a., the London CIV (15.0%), Veolia (17.6%) and the Museum of London (16.1%).

18. Funded Obligation of the Overall Pension Fund

31 March 2020		31 March 2021
£m		£m
(1,703.4)	Present Value of the defined benefit obligation*	(2,304.4)
1,028.7	Fair Value of Fund Assets (bid value)	1,301.1
(674.7)	Net Liability	(1,003.3)

*The present value of the funded obligation consists of £2,262.4m in respect of vested obligations and £42.0m in respect of non-vested obligations (2019/20: £1,673.6m and £29.9m respectively).

The above figures show the total net liability of the Fund as at 31 March 2021 and have been prepared by the fund actuary (Barnett Waddingham LLP) in accordance with IAS26. In calculating the disclosed numbers, the value of Fund's liabilities calculated for the funding valuation as at 31 March 2019 have been rolled forward, using financial assumptions that comply with IAS19.

at 31 March 2020		Assumptions	at 31 March 2021	
% p.a.	Real % p.a.*		% p.a.	Real % p.a.*
2.70	0.80	RPI increase	3.20	0.35
1.90	-	CPI increase	2.85	-
2.90	1.00	Salary increase	3.85	1.00
1.90	-	Pension increase	2.85	-
2.35	-	Discount Rate	2.00	-

* Consumer Price Inflation has been used as basis to reflect the actuarial assumption in real terms.

Life expectancy from age 65		31 March 2020	31 March 2021
Retiring today	Males	21.8	21.6
	Females	24.4	24.3
Retiring in 20 years	Males	23.2	22.9
	Females	25.8	25.7

McCloud and Sargeant judgments

The Government reformed public service pension schemes in 2014 and 2015 and introduced protections for older members. In December 2018, the Court of Appeal ruled that younger members of the Judges' and Firefighters' Pension schemes have been discriminated against because the protections do not apply to them. The Government has confirmed that there will be changes to all main public sector schemes, including the LGPS, to remove this age discrimination.

The present value of the defined benefit obligation includes an allowance for the impact of any amendments that may be required to the Local Government Pension Scheme as a result of the Court of Appeal judgement on the McCloud and Sargeant cases on the basis that there is a constructive obligation as at 31 March 2021.

Guaranteed Minimum Pension (GMP) Equalisation

On 22 January 2018, the Government published the outcome of its *Indexation and equalisation of GMP in public service pension schemes* consultation, concluding that the requirement for public service pension schemes to fully price protect the GMP element of individuals' public service pension would be extended to those individuals reaching State Pension Age (SPA) before 6 April 2021. The present value of the defined benefit obligation assumes that the Fund will pay limited increases for members that have reached SPA by 6 April 2016, with the Government providing the remainder of the inflationary increase. For members that reach SPA after this date, the calculation assumes that the Fund will be required to pay the entire inflationary increase.

19. Current assets

Current assets include cash balances of £7.2m at 31 March 2021 (£6.0m at 31 March 2020) and accruals for contributions and VAT and management fee rebates of £0.2m (£0.1m at 31 March 2020).

20. Current liabilities

Current liabilities represent accruals for investment management expenses, custodian fees and benefits payable.

21. Additional voluntary contributions

Market Value at 31 March 2020		Market Value at 31 March 2021
£m		£m
1.9	Prudential	2.1
0.4	Standard Life Investments	0.6
0.2	Utmost Life and Pensions	0.2
2.5		2.9

Additional voluntary contributions (AVCs) are managed externally and independently from the rest of the Pension Fund. They are paid by members to the Corporation and transferred directly to the relevant fund managers – Prudential, Standard Life Investments and Utmost Life and Pensions (formerly Equitable Life). AVCs of £0.44m were paid in 2020/21 (2019/20: £0.46m).

In accordance with Regulation 4(1) (b) of the Pension Scheme (Management and Investment of Funds) Regulations 2016, the contributions paid, and the assets of these investments are not included in the Fund's accounts.

22. Related party transactions

The City of London Pension Fund is administered by the City of London Corporation. Consequently, there is a strong relationship between the local authority and the Pension Fund.

During the reporting period, management expenses which were charged to the Fund amounted to £0.7m (2019/20: £0.7m). This includes £0.6m (2019/20: £0.5m) of City of London Corporation staff salaries.

The Corporation is also the single largest employer of members of the Pension Fund and the employer contributions paid by it was £31.3m in 2020/21 (2019/20: £30.5m).

Some members of the Financial Investment Board are also members of the City of London Pension Fund. However, they are treated no differently from other members of the scheme.

23. Key management personnel

The key management personnel of the Fund as at 31 March 2021 were the Chamberlain, Deputy Chamberlain, Corporate Treasurer, Pensions Manager (Administration) and Group Accountant for Pensions and Treasury Management. Total remuneration payable from the Pension Fund to key management personnel is set out below and has been apportioned based on an estimate of management personnel's time attributable to the Pension Fund.

2019-20		2020-21
£m		£m
0.2	Short-term benefits	0.2
0.2		0.2

24. Contingent liabilities and contractual commitments

Outstanding capital commitments (investments) at 31 March 2021 totalled £8.0m (31 March 2020: £9.0m). These commitments relate to outstanding call payments due on unquoted limited partnership funds held in the private equity and infrastructure parts of the portfolio. The amounts 'called' by these funds are irregular in both size and timing over a period of between four and

six years from the date of each original commitment. The Fund fulfilled all outstanding commitments to unquoted property unit trusts during the reporting period and has zero commitments outstanding at the reporting date (31 March 2020: £10.4m).



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Accounting Policies

1. Accounting Policies

The accounting policies set out the specific principles, bases, conventions, rules and practices applied in preparing and presenting the financial statements.

1.1. Basis of Preparation

The basis of preparation is set out in note 1 (page 27) to these accounts.

1.2. Accruals of Expenditure and Income

The accounts of the City Fund are maintained on an accruals 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 contracts with service recipients, whether for service or the provision of good, is recognised when (or as) the good or services are transferred to the service recipient in accordance with the performance obligations in the contract;
- 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 inventories 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 and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract; and
- 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 it is subsequently identified that 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.

1.3. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours less cheques and BACS payments issued but not presented. Cash equivalents are highly liquid investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1.4. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the City Fund's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period and are disclosed in the notes.

1.5. Charges to Revenue for Non-current Assets

Services are debited with the following amounts to record the cost of holding non-current assets during the year:

- depreciation attributable to the assets used by the relevant service
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- amortisation of intangible assets attributable to the service.

The City Fund is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, if it had a borrowing requirement it would be required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount, the Minimum Revenue Provision (MRP), calculated on a prudent basis determined in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisation would then be replaced by the MRP by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves.

1.6. Employee Benefits

(a) Short-term employee benefits

Short-term benefits are those due to be settled within 12 months of the year end. They include such benefits as salaries, wages, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service.

The cost of leave earned but not taken by employees at the end of the period is recognised within the Surplus or Deficit on the Provision of Services to the extent that employees are permitted to carry forward leave into the following period. However, statutory regulations require this cost to be reversed out of the accounts and this is achieved by crediting the revenue account for 'adjustments between accounting basis and funding basis under regulations' within the Movement in Reserves and debiting the 'statutory adjustments account' on the balance sheet.

(b) Termination benefits

Termination benefits are amounts payable as a result of a decision to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service in the CI&ES at the earlier of when the authority can no longer withdraw the offer of those benefits or when the authority recognises costs for a restructuring. Where termination benefits involve the enhancement of pensions, statutory provisions require the City Fund Balance to be charged with the amount payable by the employer to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

(c) Retirement benefit costs

(i) Pension Costs – City of London Staff

With the exception of serving police officers and teachers, City of London staff are eligible to contribute to the City of London Pension Fund, which is a funded defined benefits scheme. The estimated net deficit on the Fund is the responsibility of the City of London Corporation as a whole, as one employer, rather than the specific responsibility of any of its three funds (City Fund, City's Cash and Bridge House Estates). 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 the City Fund 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.

- The liabilities attributable to the City Fund are included on the balance sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions including mortality rates, employee turnover rates and projections of earning for current employee

- Liabilities are discounted to their value at current prices
- The assets attributable to the City Fund are included in the balance sheet at their fair value using estimated bid values where necessary.

The change in the net pensions liability is analysed into the following components:

- Service cost comprising:
 - current service cost, the increase in liabilities as a result of years of service earned this year, allocated in the CI&ES to the services for which the employees worked
 - past service cost, the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the surplus or deficit on the provision of services in the CI&ES as part of non-distributed costs
 - net interest on the net defined benefit liability is charged to the financing and investment income and expenditure line of the CI&ES. The interest is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments
- Remeasurements comprising:
 - the return on plan assets, excluding amounts included in the net interest on the net defined benefit liability, charged to the pensions reserve as other comprehensive income and expenditure
 - actuarial gains and losses, changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions, charged to the pensions reserve as other comprehensive income and expenditure
- Contributions paid to the Pension Fund, cash paid as employer's contributions to the pension fund in settlement of liabilities, not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the City Fund unallocated reserve to be charged with the amount payable to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the movement in reserves statement, this means that there are transfers to and from the pension reserve to remove the notional debits and credits for retirement benefits and replace them with debits for cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end. The negative balance that arises on the pension reserve thereby measures the beneficial impact to the

City Fund unallocated reserve of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

(ii) Pension Costs – Police Officers and Judges’

The Police Pension Scheme is unfunded. Prior to 1 April 2006 each police authority was responsible for paying the pensions of its own former employees on a “pay as you go” basis. Under the current arrangements the City Fund no longer meets pension costs directly; instead it contributes a percentage of police pay into the Police Pension Fund. At the year end the Police Pension Fund is balanced to zero by either receiving a contribution from the City Fund equal to the amount by which the amounts payable from the Pension Fund for the year exceed the amounts receivable or, by paying to the City Fund the amount by which sums receivable by the Pension Fund for the year exceed the amounts payable. Where the City Fund makes a transfer to the Pension Fund, the Home Office will pay an equivalent top-up grant to the City Fund. Where a transfer is made out of the Pension Fund, the City Fund must pay the amount to the Home Office.

The payment of pensions to former judges’ is the responsibility of the Treasury with the City of London reimbursing the Treasury for the City Fund’s share of the liability. The City Fund’s estimated liability has been determined by independent actuaries in accordance with IAS19.

The accounting treatment for the estimated liabilities on the Police and Judges’ schemes are similar to that outlined above for the City of London Pension Scheme.

(iii) Pension Costs - Teachers

The payment of pensions to former teachers under the Teachers’ Pension Scheme is administered by Capita Teachers’ Pensions on behalf of the Department for Education (DfE). The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Authority. However, the arrangements for the teachers’ scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Authority. The scheme is therefore accounted for as if it was a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Community and Children’s Services line in the CI&ES is charged with the employer’s contributions payable to Teachers’ Pensions in the year.

1.7. Events After the Reporting Period

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

(a) Adjusting Events

Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.

(b) Non-adjusting Events

Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but, where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

1.8. Financial Instruments**(a) Financial Liabilities**

Financial liabilities are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the CI&ES for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

(b) Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI).

The authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

(i) Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the CI&ES for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the authority, this means that the amount presented in the

Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CI&ES is the amount receivable for the year in the loan agreement.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CI&ES.

(ii) Expected Credit Loss Model

The authority recognises expected credit losses on all of its financial assets (excluding statutory amounts such as council tax and NNDR) held at amortised cost, either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the authority.

The City Corporate currently has finance lease debtors for ground rents due on leases properties. Due to the low value of these rents compared to the investment lessees have made in these properties it is highly unlikely that default will occur and therefore no expected credit loss has been applied to these amounts.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

(iii) Financial Assets Measured at Fair Value through Profit of Loss

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date.
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset.

(iv) Financial Assets Measured at Fair Value through Other Comprehensive Income (designated equity instruments)

The authority has designated an equity investment in the Municipal Bonds Agency as a financial asset measured at FVOCI on the basis that it is not held for trading and is held for strategic purposes. Fair Value gains and losses are recognised through other comprehensive income and expenditure. Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the CI&ES.

The City Fund is not party to any material finance guarantees and therefore no adjustment to the accounts has been made.

1.9. Interest Income

Interest is credited to the City Fund and Housing Revenue Account based upon average balances held by the Chamberlain and invested by him in the London Money Markets.

1.10. Government Grants and Other Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as income at the date that the authority satisfies the conditions of entitlement to the grant/contribution, there is reasonable assurance that the monies will be received.

Where a grant or contribution has been received but the conditions of entitlement have not been satisfied, the grant or contribution is treated as a receipt in advance.

(a) Revenue

Specific, ring-fenced, revenue grants are credited to the appropriate service revenue accounts. Non ring-fenced grants to finance the general activities of a local authority (e.g. Revenue Support Grant) are disclosed in the CI&ES within taxation and non-specific grant income.

(b) Capital

Where a capital grant or contribution has been recognised as income in the CI&ES, and the expenditure to be financed from the grant or contribution has been incurred at the Balance Sheet date, the grant or contribution is transferred from revenue to the Capital Adjustment Account, reflecting the application of capital resources to finance expenditure. This transfer is reported in the Movement in Reserves Statement.

Where a capital grant or contribution has been recognised as income in the CI&ES, but the expenditure to be financed from that grant or contribution has not been incurred at the Balance Sheet date, the grant or contribution is transferred to the Capital Grants Unapplied Account within the usable reserves section of the balance sheet reflecting its status as a capital resource available to finance expenditure. This transfer is reported in the Movement in Reserves Statement.

When, at a future date, the expenditure to be financed from the grant or contribution is incurred, the grant or contribution is transferred from the Capital Grants Unapplied Account to the Capital Adjustment Account, reflecting the application of capital resources to finance expenditure. This transfer is reported in the Movement in Reserves Statement.

1.11. Business Improvement Districts

A Business Improvement District (BID) scheme applies across an area of the City (Cheapside). The scheme is funded by a BID levy paid by non-domestic ratepayers. The Authority acts as principal under the scheme, and accounts for income received and expenditure incurred (including contributions to the BID project) within the relevant services within the CI&ES.

1.12. Community Infrastructure Levy

The City Corporation has elected to charge a Community Infrastructure Levy (CIL). The levy is charged on new builds (chargeable developments for the Authority) with appropriate planning consent. The City Corporation charges for and collects the levy, which is a planning charge. The income from the levy will be used to fund a number of infrastructure projects to support the development of the area. CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the CI&ES in accordance with the accounting policy for government grants and contributions set out above. CIL charges will be largely used to fund capital expenditure. However, a small proportion of the charges may be used to fund revenue expenditure.

1.13. Heritage Assets

Heritage assets are those assets intended to be preserved in trust for future generations because of their cultural, environmental or historical associations. Where the cost or value of heritage assets cannot be obtained at a cost which is commensurate with the benefits to the users of the financial statements, such assets will not be recognised in the Balance Sheet. The City Corporation does not consider the expense of obtaining information on cost or values to be justified and therefore recognises on the City Fund balance sheet only those heritage assets for which information on costs is readily available. The City Corporation considers that heritage assets will have indeterminate lives and high residual values; hence the City Corporation does not consider it appropriate to charge the City Fund depreciation for these assets (see note 14, page 54, for details of these assets).

1.14. Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the CI&ES. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the Unallocated Reserve. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the Unallocated Reserve. The gains and losses are therefore reversed out of the Unallocated Reserve in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

1.15. Contingent Assets

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the City Fund. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the debtor (or cash where consideration has been received) and the related revenue are recognised in the financial statements of the period in which the change in circumstances occurs. Where an inflow of economic benefits or service potential is probable (rather than virtually certain) and can be reliably measured, contingent assets are disclosed as notes to the accounts.

1.16. 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 Fund. 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.

1.17. Provisions

Provisions are made where an event has taken place that gives the City Fund 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 Fund

may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation from the City Fund. Provisions are charged as an expense to the appropriate service line in the CI&ES in the year that the City Fund 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 Balance Sheet. 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 and credited back to the relevant service. 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 Fund settles the obligation.

1.18. 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. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification. Freehold land has an indefinite life and the land within the lease is recorded as an operating lease unless it is an immaterial part of the lease.

(a) Finance Leases

(i) City Fund 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.

(ii) City Fund as Lessor

Amounts due from lessees under finance leases are recorded in the Balance Sheet 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 balance sheet 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.

(b) Operating Leases**(i) City Fund as Lessee**

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease). Where rent concessions have been granted because of the Covid-19 pandemic, these have included the forgiveness of a portion of or all lease payments for an agreed period (i.e. a temporary rent reduction or rent holiday). These concessions have been recognised over the periods that the change relate to.

(ii) City Fund as Lessor

Assets subject to operating leases are included in the Balance Sheet according to the nature of the assets. Rental income from operating leases is credited to the CI&ES. Credits are made on a straight-line basis over the period of the lease, even if the payments are not received on this basis (e.g. there is a premium paid at the commencement of the lease).

1.19. Overheads

The costs of support service overheads 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 (including capital charges) are apportioned on the basis of the office area utilised by each service.

1.20. Property, Plant and Equipment

Property, plant and equipment comprises the following classes of tangible long-term assets; council dwellings, other land and buildings, leasehold improvements, vehicles plant and equipment, infrastructure assets, community assets, assets under construction and surplus assets.

(a) Recognition

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised provided that the expenditure is material (generally in excess of £50,000) and the asset yields benefits to the City Fund, and the services it provides, for a period of more than one year. This excludes expenditure on routine repairs and maintenance of property, plant and equipment which is charged directly within service costs.

(b) Valuation

Property, plant and equipment are measured initially at cost, representing the cost directly attributable to acquiring or constructing the asset so that it is capable of operating in the manner intended. Assets are then carried in the Balance Sheet using the following measurement bases:

- Properties regarded as operational - current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV), or where this cannot be assessed because there is no market for the subject asset, the depreciated replacement cost, based on modern equivalent assets, as an estimate of current value.
- Council dwellings – current value, determined using the basis of existing use value for social housing
- Non-operational assets under construction – historic cost

- Infrastructure, community and heritage assets - historic cost, net of depreciation, where appropriate
- Vehicles, plant and equipment - cost, net of depreciation, as a proxy for current value.
- Surplus assets – fair value, estimating highest and best use

All properties included on the balance sheet at current or fair value are revalued at least once within a five year period as part of a rolling programme with subsequent additions being included in the accounts at their cost of acquisition until the asset is next revalued. Revaluations are carried out sufficiently regularly to ensure that their carrying value is not materially different from their value at the year end.

(c) Revaluations

An increase arising on revaluation is taken to the revaluation reserve unless the increase is reversing a previous impairment loss charged to Surplus or Deficit on the Provision of Services on the same asset or reversing a previous revaluation decrease charged to Surplus or Deficit on the Provision of Services on the same asset, in which case it is credited to expenditure to the extent of the loss or decrease previously charged there.

Where the carrying amount of an item of property, plant and equipment is decreased as a result of a revaluation, i.e. a significant decline in an asset's carrying amount during the period that is not specific to the asset (as opposed to impairment – see below), the decrease is recognised in the Revaluation Reserve to the extent that there is a balance on the reserve for the asset and, thereafter, against the Surplus or Deficit on the Provision of Services.

Legislation prescribes that revaluation gains or losses charged to Surplus or Deficit on the Provision of Services are not proper charges to the City Fund. Such amounts are transferred to the Capital Adjustment Account and reported in the Movement in Reserves Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal inception following implementation from the 2007 Statement of Recommended Practice. Gains arising before that date have been consolidated in the Capital Adjustment Account.

(d) 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 by the authority to undertake a significant reorganisation, or a significant adverse change in the statutory or other regulatory environment in which the authority operates.

An annual assessment takes place as to whether there is any indication that an asset may be impaired. An impairment loss is recognised in the Revaluation Reserve to the extent that there is a balance on that reserve relating to the specific asset and thereafter to the Surplus or Deficit on the Provision of Services.

The reversal of an impairment loss previously recognised in Surplus or Deficit on the Provision of Services will not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Any excess above this carrying amount is treated as a revaluation gain and charged to the Revaluation Reserve.

Legislation prescribes that impairment losses and reversal of impairment losses charged to Surplus or Deficit on the Provision of Services are not proper charges to the City Fund. Such amounts are transferred to the Capital Adjustment Account and reported in the Movement of Reserves Statement.

(e) De-recognition

The carrying amount of an item of property, plant and equipment (except for infrastructure assets) 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 Surplus or Deficit on the Provision of Services under other operating expenditure. Legislation prescribes that the gain or loss is not a proper charge to the City Fund or Housing Revenue Account. As a result, the City Fund or Housing Revenue Account is debited (in the case of a gain) or credited (in the case of a loss) with an amount equal to the gain or loss on disposal with the consequent entry being:

- an increase in the Capital Receipts Reserve of an amount equal to the disposal proceeds
- a charge to the Capital Adjustment Account of an amount equal to the carrying amount of the asset.

If the asset derecognised was carried at a re-valued amount, an additional entry is required; the balance on the Revaluation Reserve is written off to the Capital Adjustment Account and reported in the Movement in Reserves Statement. The Capital Receipts Reserve can only be used for new capital investment or set aside to reduce any underlying need to borrow (the capital financing requirement). A proportion of receipts relating to Housing Revenue Account disposals (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government.

For infrastructure assets, the authority has determined in accordance with Regulation [30M] of the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022, that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil.

(f) Depreciation

Depreciation is provided for on all property, plant and equipment with a finite useful life, other than freehold land. The depreciation charge is calculated by allocating the Balance Sheet value of the asset, less its residual value, to the periods expected to benefit from its use; generally the straight-line method has been adopted.

The costs of services include charges for depreciation for all property, plant and equipment used in the delivery of services based on the value of assets at the start of the year. Where the effects of major additions or disposals occurring during the year are material, these are also reflected in capital charges to service revenue accounts. Freehold land, certain community assets and assets under construction are not directly used in the delivery of services and therefore do not attract a charge for capital.

(g) Components

Assets other than Housing Revenue Account (HRA) Dwellings

Large assets, for example a building, are reviewed to ascertain whether differences in the useful lives of components would have a material impact on the level of depreciation and/or carrying value of the overall assets. These reviews are undertaken:

- when an asset is acquired
- when an asset is enhanced
- when an asset is revalued.

Where there is a material impact on depreciation and/or the carrying value, the components are treated as separate assets and depreciated over their own useful economic lives.

HRA Dwellings

The components of HRA dwellings are reviewed at the same stages as indicated above. However, upon review, all the main components in HRA dwellings (e.g. roofs, windows, central heating, lifts and electrics) are treated as separate assets and depreciated over their own useful economic lives. This facilitates the use of the Major Repairs Reserve which is classified by Government as 'capital' funding.

1.21. Fair value measurement

The authority measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- a) in the principal market for the asset or liability; or
- b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The authority measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the authority takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the authority's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 – unobservable inputs for the asset or liability.

1.22. Reserves

Specific amounts have been set aside as reserves for future policy purposes or to cover contingencies. Details of the City Fund's earmarked reserves are set out in note 12 (page 48). Certain reserves are required by the Code to manage the accounting process for long-term assets and retirement benefits and do not represent usable resources. Details of these unusable reserves are set out in note 31 (page 78-81).

1.23. Revenue expenditure funded from capital under statute

Legislation allows some expenditure to be classified as capital for funding purposes when it does not result in the expenditure being carried on the Balance Sheet as a long-term asset. The purpose of this is to enable it to be funded from capital resources rather than be charged to revenue and impact on that year's council tax. These items are generally grants and expenditure on property not owned by the authority and amounts directed under statute. Such expenditure is charged to Surplus or Deficit on the Provision of Services in accordance with the general provisions of the Code. Any statutory provision that allows capital resources to meet the expenditure is accounted for by debiting the Capital Adjustment Account and crediting the City Fund unallocated reserve and inclusion as a reconciling item in the Movement in Reserves Statement.

1.24. Value Added Tax

Income and expenditure excludes any amounts related to VAT as all VAT collected is payable to HM Revenue & Customs and all VAT paid is recoverable from it.

1.25. Schools

The Code of Practice on Local Authority Accounting in the United Kingdom confirms that the balance of control for local authority maintained schools (i.e. those categories of school identified in the School Standards and Framework Act 1998, as amended) lies with the local authority. The Code also stipulates that those schools' assets, liabilities, reserves and cash flows are recognised in the local authority financial statements. Therefore schools' transactions, cash flows and balances are recognised in each of the financial statements of the authority as if they were the transactions, cash flows and balances of the authority.

1.26. Accounting for Council Tax and National Non Domestic Rates

The council tax and National Non Domestic Rates (NNDR) income included in the CI&ES is the City Fund's share of accrued income for the year. However, regulations determine the amount of council tax and NNDR that must be included in the City Fund. Therefore, the difference between the income included in the CI&ES and the amount required by regulation to be credited to the City Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the City Fund's share of the end of year balances in respect of council tax and NNDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

1.27. Accounting for the London Business Rates Pool Pilot

In 2018-19 the City of London undertook the role of Lead Authority for the 100% London Business Rates Pool Pilot which brought together the business rates generated across the 32 London Boroughs, the City Corporation and the GLA. The City of London has continued this role on 2020-21. In its role as Lead

Authority, the City Corporation has received funds and made payments on behalf of the pool and retaining funds for distribution to pool members in the future. The City Corporation has treated these transactions as an agent on behalf of the pool members and therefore has not accounted for these transactions in its CI&ES. Any outstanding transaction to or from the pool are shown as a debtor or creditor balances on the City Corporation balance sheet.

2. Accounting Standard issued but not yet adopted

2.1 At the balance sheet date, the following new standards and amendments to existing standards have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the United Kingdom:

- Definition of a Business: Amendments to IFRS 3 Business Combinations
- Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7
- Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.
- IFRS 16 Leases will require local authorities recognise assets they lease into the organisation on their balance sheets as right-of-use assets with corresponding lease liabilities (there is recognition for low-value and short-term leases). Implementation of this standard has been previously deferred but is now scheduled for implementation from 1 April 2022. At the balance sheet date, no reasonable estimate of the impact of this change could be made.



Annual Governance Statement

Introduction

1. The City Corporation has approved and adopted a code of corporate governance which is consistent with the principles of the CIPFA/SOLACE *Delivering Good Governance in Local Government Framework 2016*. This statement explains how the City Corporation has complied with the code and also meets the requirements of regulation 6(1) of the Accounts and Audit (England) Regulations 2015, which requires all relevant bodies to prepare an annual governance statement.
2. The City of London Corporation is satisfied that appropriate governance arrangements are in place. The organisation is committed to continuous improvement and changes that are due to be made in the coming year will strengthen this position further.

Code of Corporate Governance

3. The principles of good governance are embedded within a comprehensive published Code of Corporate Governance. This code covers both the Local authority and Police Authority roles, and links together a framework of policies and procedures, all of which are published on the City of London Corporation's web pages at the following location: [Corporate governance - City of London](#)

Review of Effectiveness

The Governance Review

4. Robert Rodgers, The Lord Lisvane, was commissioned to undertake an independent review of the City Corporation's governance arrangements in 2019. His findings were received in September 2020. The recommendations are far-reaching and wide-ranging and are currently in the process of being considered. Up until 31 March 2021 consideration has been given to the organisation's constitutional arrangements and support given to the abolition of the Standards Committee and the Standards Appeal Committee, the introduction of Independent Panels to receive allegations of

misconduct, determine whether to investigate, present findings to the Court, and hear any appeal; the creation of Innovation and Growth Advisory Board as well an Emergency Committee to provide Member oversight in emergency situations in future. Work on the review is ongoing.

5. Lord Lisvane's Review, whilst concluded in late 2020, continues to be scrutinised by the Court of Common Council through regular Member Engagement Sessions chaired by Sherriff Christopher Hayward. Each aspect of the review and the Court's decision-making arrangements continue to be explored in detail by Members and views sought as to how the current committee structure and governance arrangements could be revised to put in place a more effective, efficient and relevant decision-making structure. Whilst some changes have been agreed and implementation is underway (Standards and Innovation and Growth), further changes will not be known until later in the year and full implementation of a revised structure is unlikely to take place until after the Ward elections in 2022.
6. In parallel with the Corporation-wide Lisvane review, the City of London Police Authority undertook its own governance review in 2020/21. As a result, the Police Authority designed and implemented the various changes to improve clarity and strengthen decision making processes. The changes included defining the roles of the Committee Chairs, creation of a Member induction pack, refreshed Police Authority content on the City Corporation's website and bi-furcation of the Performance & Resource Management Committee into two new Committees – Strategic Planning & Performance Committee and Resources, Risk & Estates Committee.
7. The effectiveness of these new governance arrangements have not yet been tested or evaluated. An independent review by Internal Audit will be undertaken as part of their audit programme for 2021/22.
8. No material issues or weaknesses were identified in the work undertaken by Internal Audit during 2020/21. Various recommendations have been made to improve governance arrangements within individual operational areas, these recommendations do not form part of the AGS action plan but remain within the oversight of Internal Audit and the Audit and Risk Management Committee.
9. The Head of Internal Audit and Risk Management has provided an annual opinion stating that the City has adequate and effective systems of internal control (which includes governance arrangements) in place to manage the achievement of its objectives. This is informed by completed Audit work, discussion with key officers and observation of the governance process in operation, with particular regard to the implementation and continued operation of amended governance processes to address the impact of the COVID-19 pandemic.

10. An independent debrief was commissioned during the summer 2020 recess to assess the operational response to COVID-19. The focus was on learning for the officer teams to assist in the continued mitigation of the crisis and identification of transferable learning to cope with other resilience scenarios. The results of the debrief were considered by the Policy & Resources Committee on 21 January 2021 which resolved to establish a new Emergencies Committee as part of the governance changes being implemented to address the findings of the independent review of Governance. It was further resolved that civil resilience training should be included as part of the Member development programme.
11. New working parties (not formal decision-making), including some which were in response to COVID-19 i.e. the COVID-19 Response Working Party were created in 2020/21. Others include the Tackling Racism task Force and the Statues Working Group- all of which are Member-led and time limited with specific terms of reference.

Standards Committee

12. The review of the Standards regime resulted in the abolition of the current Standards Committee and the Standards Appeal Committee and the creation of an Independent Panel. The new Panel will comprise of a diverse group of independent persons only appointed by the Court of Common Council following a transparent advertising and recruitment process. It is currently in the process of being appointed. Its purpose will be to receive allegations of misconduct, determine whether to investigate, present findings to the Court, and hear any appeal. The new regime involves a three-stage process, an informal stage which is conciliatory in nature; a formal stage involving a hearing and an appeal stage. The new Panel would also be responsible for considering requests for dispensations.
13. In the interim, other elements of the Standards Committee's work are currently retained under the auspices of the Policy and Resources Committee pending the outcome of the governance review e.g. promoting and maintaining high standards of conduct by Members and Co-opted Members and keeping under review and monitoring the following:-
 - City of London Corporation's Member Code of Conduct together with any guidance
 - City of London Corporation's Employee Code of Conduct by way of an annual update by the Director of HR
 - The Protocol on Member/Officer Relations
 - Training Members and Co-opted Members on matters relating to the City of London Corporation's Code of Conduct

Performance Management

14. During 2020, work commenced to design a Corporate Performance Framework (CPF), a performance monitoring system drawing data from dashboards, applications, spreadsheets, websites etc. in order to develop a corporate overview of how the organisation is performing against its commitments. The ambition was to provide a 'single source of data' with the creation underpinned by business requirements and design principles to ensure the approach and resulting product was fit for purpose. These included:
- Enable effective scrutiny of policy, project and corporate delivery through tracking performance against stated outcomes and targets
 - Encourage cross-organisational working and innovation increasing awareness of what is happening in other parts of the organisation, identify and replicate best practice and spot opportunities for mutually beneficial joined-up working
 - Support efforts to streamline, standardise and improve performance management practices
 - Benefits to outweigh (administrative) burden
 - Make sure data is easy to use, outcome focused, verifiable and compliant (with, for example, GDPR)
15. The initial approach suggesting phasing the work with development paused after phase one so that progress could be assessed and test what changes (if any) were required to fulfil the ambition of the Target Operating Model review. Preliminary work focussed on understanding the KPIs currently used to monitor performance, identifying the data underpinning these and assessing how this is collected and stored. A mock-up CPF was produced and usability testing undertaken to both refine the look and feel of the product and test ways data could flow into Microsoft Power BI. By Spring 2021, a partially functioning product capable of managing large volumes of data containing 282 high-level KPIs and mapped against multiple filters was developed. 206 (73%) of these KPIs contained associated data, including targets where available. Of the remaining 76 KPIs with no data, 30 (11% of the overall total) were in development i.e. no data exists yet. Data for the remaining 45 KPIs have gaps remaining e.g. data not accessible in a machine readable way or other barriers to access exist.
16. This 'bottom up' exercise helped to highlight what is being measured. However, there was less progress on agreeing which KPIs could and should be prioritised as being critical/key indicators of organisational performance. Also, many KPIs measured input and outputs not outcomes.

Financial Management Arrangements

17. The Chamberlain is the Chief Finance Officer in accordance with section 151 of the Local Government Act 1972 and has overall responsibility for the proper administration of the City's financial affairs. In 2010 CIPFA issued a "Statement on the Role of the Chief Financial Officer in Local Government" which defines the key responsibilities of this role and sets out how the requirements of legislation and professional standards should be met. The City's financial management arrangements were reviewed and found to conform to the governance requirements of the Statement. The Chamberlain also fulfils the role of Treasurer of the Police Authority.

18. The City Corporation has a long-standing and in-built culture of maximising returns from its resources and seeking value for money. It assesses the scope for improvements in efficiency/value for money at a corporate and service level by a variety of means, including improvement priorities set by the Policy & Resources Committee through the annual resource allocation process, and internal examination and review by the Efficiency & Performance (Finance) Sub Committee.
19. The Efficiency & Performance Sub Committee has responsibility for monitoring and oversight of the Efficiency and Sustainability Plan and of departmental Economy, Efficiency and Effectiveness (EEE) Health Checks. These include consideration of income, helping to embed further a value for money culture within the City Corporation's business planning processes.
20. The EEE Health Checks are designed to achieve better alignment of business plans to the Corporate Plan, the delivery of the 2% year-on-year Efficiency and Sustainability Plan in local risk budgets, and to enable the Efficiency & Performance Sub-Committee to fulfil its duty to review periodically the performance of each Chief Officer in order to promote efficiency and value for money.
21. The City Corporation's project management and procurement arrangements provide a consistent approach to project management and co-ordination of the portfolio of projects across the organisation. The Projects Sub Committee meets monthly to ensure that projects align with corporate objectives and strategy and provide value for money. Oversight for the major programmes is provided by the Capital Buildings Committee, meeting every two months, supported by a monthly Major Programme Assurance board.

Risk Management

22. The City Corporation has established formal Risk Management arrangements which include the development and maintenance of corporate, departmental, and service risks, their regular review by departmental senior management and reported to the relevant Grand/Service Committee. These arrangements are subject to annual review by the Audit and Risk Management Committee and have continued to operate effectively, albeit with the review of corporate and red departmental risk registers being undertaken virtually by the Chief Officers Risk Management Group.

23. The Audit and Risk Management Committee continued to play an important and integral part in ensuring that our most important risks were reviewed through regular risk updates and deep dives of ten corporate risks.
24. The Committee also reviewed the Chief Officer informal risk challenge process in July 2020. This has resulted in a greater focus by the Committee on the department's risk processes and arrangements. Format changes were also initiated to allow more frequent sessions being held (usually monthly) and that they take place separately from on the main Committee meetings. The new arrangements became effective from September and are considered to be working well.

Role of Internal Audit

25. Internal Audit has provided independent and objective assurance across a range of City Corporation activities and services, in accordance with the Annual Internal Audit Plan (part of a 3-year Strategic Audit Plan). The Audit Plan has been managed proactively throughout the year with the engagement and support of the Audit and Risk Management Committee; amendments were made to accommodate the impact of COVID-19 on frontline services, with work being reprioritised and rescheduled accordingly.
26. The Internal Audit Team completed 90% of all planned work to at least draft report stage, which is considered sufficient to inform an overall opinion as to the adequacy of the organisation's risk management, governance and internal control framework. In addition to this a programme of follow-up work has been completed to determine the extent to which Internal Audit recommendations have been implemented, reexamining those areas where an Amber or Red assurance rating had been provided.
27. In accordance with the requirements of the Public Sector Internal Audit Standards, an annual self-assessment has been undertaken and confirmed that the City Corporation's Internal Audit function conforms with the requirements of the standards, with no material exceptions noted.

Audit and Risk Management Committee

28. The Audit & Risk Management Committee has a wide-ranging but focused brief that underpins the City of London Corporation's governance processes. It has met this remit via structured independent challenge and oversight of the adequacy of Corporate and departmental risk management, in addition to the internal controls and financial reporting frameworks. Headline outcomes for the year include:

- Adding greater depth to the oversight and scrutiny of effective risk management through the Informal Risk Challenge Process and “deep dive” reviews
- Driving the continued evolution of risk management organisation wide, both on the part of Officers within departments, and also elected Members
- Challenging and supporting the organisation in its response to the COVID-19 pandemic
- Supporting the process to ensure that Internal Audit activity is focussed towards areas of most significant risk
- Ensuring timely and effective implementation of Internal Audit recommendations through a robust process of follow-up activity

Key Governance Issues

Impact of COVID-19

- Page 912
29. Under the Civil Contingencies Act 2004 the City of London Corporation is a Category 1 responder. It therefore has statutory responsibilities under the act and the emergency provisions that comes with it. The outbreak of the COVID-19 pandemic in 2020 resulted in officers deploying command and control structures in order to effectively manage the City Corporation’s response to the global crisis. Officers worked, and continue to work, with Public Health England and other partners, in accordance with current Government guidance, to maintain the organisation’s critical and other services and to minimise the impact of COVID-19 on the City’s communities in the lead up to a return to normality.
30. At the beginning of the pandemic concerns were expressed about the level of communication with Members, particularly as not all Members were fully conversant with the emergency planning arrangements, the operation of the Gold command structure or what fell within their remit in terms of decision-making. This resulted in concerns about communication, the lack of democratic oversight and confidence in the decision-making process as well as concerns about the pace at which formal virtual meetings were introduced. It also resulted in the receipt of over 120 independent queries from Members within a 5 day period between 12-18th March.
31. A Member level Sounding Board was quickly established at the beginning of the first lockdown period, although most Members were unaware of its existence and some questioned its composition. As a result, and in order to engage Members on an informal basis more widely, a Sounding Board was replaced by thematic consultation groups covering, public services, communities, culture and finance. In doing so it acknowledged that whilst this would provide a mechanism for Members to comment on emerging issues at an early stage there were limitations as it would not always

possible or practical to canvass the views of 125 Members on all items. The Resource Allocation Sub-Committee met informally on a fortnightly basis in order to improve the transparency of urgent decisions taken.

32. The introduction of temporary emergency measures (the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020) enabled formal decision-making meetings to be undertaken in that virtually until 6th May 2021. The ability to operate in this manner was very successful, it introduced more flexibility, helped to facilitate greater public scrutiny, and aided Members and officers in conducting business more efficiently.
33. Prior to the introduction of virtual meetings, matters which required an immediate formal committee decision were dealt with in accordance with Standing Order No 41(a) i.e. under the urgency procedures. Whilst decisions taken in this manner usually involves consultation with just the Chairman and Deputy Chairman of a committee, the process was extended so that all Members of a committee were given the opportunity to comment before a decision was taken. As the emergency measures to allow for virtual meetings have now ceased, the nature in which decisions shall be formally taken, in accordance with the COVID-19 Approval Process (as agreed by the Court of Common Council on 15th April 2021) are explicit on every committee/sub-committee agenda. Those decisions are being recorded by the Town Clerk's Department as and when they are taken and are available for Member/public scrutiny. It is anticipated that these measures will remain in place until such time that the current COVID-19 restrictions, as applied by the Government, lift.
34. The management of risk has been at the heart of the governance arrangements employed to manage the City Corporation's response to COVID-19. The City Corporation's Gold group agreed a risk management protocol which set out the process by which the corporate risk for COVID-19 (CR34) and operational risks (silver/ thematic group) were identified, assessed, managed, and reported. The processes is supported by the Corporate Risk Manager.
35. The Audit and Risk Management Committee received detail of all the COVID-19 risks and in July 2020 undertook a deep dive review of the corporate COVID-19 risk.
36. An external review of the City Corporation's business continuity response to COVID-19 (undertaken in July/August 2020) recognised the positive impact of effective risk management in maintaining City Corporation services during the period from March to July 2020.

Electoral arrangements


37. The City Corporation administers electoral registration and elections in the City of London and maintains an accurate database of organisations and individuals in the City of London who are eligible to register to vote. For these purposes, three separate registers are maintained: the Common Hall Register of Liverymen, the Ward Lists and the Electoral Register.
38. Common Hall is one of the assemblies through which the City Corporation operates and is a meeting of the Liverymen of the City of London Livery Companies, held at Guildhall twice a year, to elect officers of the City including the Sheriffs and the Lord Mayor. The Lord Mayor is elected annually at Michaelmas, on 29 September, and the City's Sheriffs are elected after Midsummer day on 24 June. The main role of the Sheriffs is to support the Lord Mayor in their official duties undertaken on behalf of the City Corporation. It was not possible to assemble Common Hall in June 2020 due to the pandemic. The terms of office of the existing Sheriffs and Lord Mayor were extended by one year. The Election of the Lord Mayor was conducted in October 2020 with significantly reduced attendance to ensure social distancing was maintained.
39. COVID-19 has had a significant effect on electoral arrangements. The Government passed legislation suspending the London Mayoral and Local Government Elections until May 2021. Whilst these provisions did not apply to the City of London elections, the City wide elections were due to be held within that time period. An Act of Common Council was passed in October 2020 postponing the City wide elections until March 2022. The argument for doing so was the impact that the COVID-19 pandemic had had on Ward List voter registration. The Ward List in 2020/2021 consisted of 19,200 voters whereas, due to the pandemic, the number of voters on the Ward List had decreased to 13,748. It was clear during the canvass that the pandemic was affecting the responses from businesses in particular, as they were largely absent from the City. In addition to postponing the elections for 12 months, an Election Engagement Manager was appointed to work on improving the voter statistics for the City so that those workers and residents who are entitled to vote in the election are not disenfranchised because of the effects of the pandemic. The City wide elections will be held in March 2022. Aldermanic elections have also been postponed due to Ward Lists being incomplete, these will resume after the publication of the Ward Lists in 2022.
40. It was also agreed that no by-elections would take place for any occurring vacancies for the Common Council prior to the 2022 elections. The Court of Aldermen also agreed to suspend the convention of resigning after a six year term or retiring at the age of 70 until Spring 2022. There have therefore, been no elections held during 2020-21.

Accountability and Action Plans

41. The City Corporation proposes over the coming year to take the following actions to address the significant governance issues:

- Work to further develop, refine, implement and embed a Corporate Performance Framework will resume once a team is in place (initiated in Nov 2021) and subject to a successful. In the meantime, a successful application to issue Power BI licences to all staff means that Departments can now access real-time performance data as and when required.
- Corporate Performance Framework will be used to provide performance information for scrutiny at Committee, corporate, strategic, departmental, service and operational levels, as well as in published reports.
- In 2022, the Executive Leadership Board will consider Organisational Performance as a standing agenda item at its monthly meetings to ensure transparency, oversight, ownership and scrutiny of performance across the organisation.
- Officer Governance has been reviewed to enable more agile and proactive working. From June 2021 The Executive Leadership Board (ELB), made up of our senior leadership team with quarterly attendance from Heads of Institutions, will set, refresh and align on strategy, share major risks, review performance, make key decisions, manage talent & succession and collaborate across the organisation. Tier 2 leaders across the organisation will also be invited to attend quarterly meetings of the refreshed Senior Leaders Forum (SLF), which will connect on plans across the organisation, shaping strategy, initiatives and decisions before they are escalated to the ELB.
- Review of the decision-making process to be carried out to create more sustainable decision-making processes using hybrid meetings.
- Further consideration of the findings of the Lisvane review and implementation of recommendations as appropriate.
- Risk management maturity exercise to be undertaken.

This annual governance statement was approved by the City Corporation's Audit and Risk Management Committee on 30th November 2021.



John Barradell
Town Clerk and Chief Executive
Date: December 2021



Catherine McGuinness
Chair, Policy and Resources Committee
Date: December 2021



Further Information

City's Cash	The existence of City's Cash can be traced back to the fifteenth century and it has built up from a combination of properties, lands, bequests and transfers under statute since that time. It is accounted for separately and does not form part of the City Fund statements, although references are made to City's Cash in certain parts of the statements. The fund is now used to finance activities mainly for the benefit of London as a whole but also of relevance nationwide. These services include the work of the Lord Mayor in promoting UK trade overseas, numerous green spaces and work in surrounding boroughs supporting education, training and employment opportunities.
Creditors	Individuals or organisations to which the City Fund owes money at the end of the financial year.
Collection Fund	Statutory account showing transactions in relation to the collection of Council Tax, payments to the Greater London Authority and the administration of the National Non-Domestic Rate.
Community assets	Assets that the City of London intends to hold in perpetuity, that have no determinable useful life, and that may have restrictions on their disposal. Examples of community assets are parks and gardens or historic buildings.
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.
Curtailment (pensions)	For a defined benefit scheme, an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service. Curtailments include: <ul style="list-style-type: none">• termination of employees' services earlier than expected, for example as a result of discontinuing an activity, and• termination of, or amendment to, the terms of a defined benefit scheme so that some or all future service by current employees will no longer qualify for benefits or will qualify only for reduced benefits.
Debtors	Individuals or organisations that owe the City Fund money at the end of the financial year.
Deferred capital receipts	These result mainly from loans to the Museum of London plus outstanding loans in respect of past sales of council dwellings to tenants who were unable to obtain a building society loan or other external means of financing. Their indebtedness is reflected in the balance sheet under long term debtors. This account shows the amount to be paid on deferred terms and is reduced each year by repayments made.

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.
Direct revenue financing	Expenditure on the provision or improvement of capital assets met directly from revenue account.
Donated assets	Assets transferred at nil value or acquired at less than fair value.
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.
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.
Infrastructure assets	Long-term assets that are inalienable, expenditure on which is recoverable only by continued use of the asset created. Examples are highways, footpaths, bridges and sewers.
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.
Levies	These are charges incurred by the City of London to meet London-wide services. They include payments to the London Boroughs Grants Committee, the Environment Agency and the London Planning Advisory Committee.
National Non-Domestic Rate (NNDR)	A flat rate in the pound set by the Government and levied on businesses who occupy offices and buildings within the City. The income is collected by the City of London and is passed on to Central Government and the Greater London Authority (GLA).
Net current replacement cost	The cost of replacing a particular asset in its existing condition and in its existing use.
Net realisable value	The open market value of an asset in its existing use (or open market value in the case of non-operational assets) less the expenses to be incurred in realising the asset.
Non-operational assets	Long-term assets held but not directly occupied, used or consumed in the delivery of service. Examples are investment properties.
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	<p>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:</p> <ul style="list-style-type: none">• the benefits for pensioners and deferred pensioners (i.e. individuals who have ceased to be active members but are entitled to benefits payable at a later date) and their dependants, allowing where appropriate for future increases; and the accrued benefits for members in service on the valuation date. The accrued benefits are the benefits for service up to a given point in time, whether vested rights or not. Guidance on the projected unit method is given in the Guidance Note GN26 issued by the Faculty and Institute of Actuaries.
Provision	<p>An amount set aside in the accounts for liabilities of uncertain timing or amount that have been incurred. Provisions are made when:</p> <ul style="list-style-type: none">• the City of London has a present obligation (legal or constructive) as a result of a past event;• it is probable that a transfer of economic benefits will be required to settle the obligation; and• a reliable estimate can be made of the amount of the obligation.

Reserves	<p>Reserves are reported in two categories in the Balance Sheet of local authorities:</p> <ul style="list-style-type: none">• Usable reserves - surpluses of income over expenditure and amounts set aside outside the definition of a provision and which can be applied to the provision of services. Certain reserves are allocated for specific purposes and are described as earmarked reserves.• Unusable reserves - those that cannot be used to provide services. This category of reserves include adjustment accounts which deal with situations where statutory requirements result in income and expenditure being recognised against the City Fund or HRA balance on a different basis from that expected by accounting standards.
Revaluation Reserve	<p>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.</p>
Revenue expenditure	<p>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.</p>
Revenue expenditure funded from capital under statute	<p>Legislation allows some expenditure to be classified as capital for funding purposes when it does not result in the expenditure being carried on the Balance Sheet as a long-term asset. The purpose of this is to enable it to be funded from capital resources rather than be charged to revenue and impact on council tax. These items are generally grant payments and expenditure on property not owned by the authority.</p>
Scheme liabilities	<p>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.</p>
Section 106 agreement	<p>A legal agreement between Local Authorities and developers; these are linked to planning permissions and can also be known as planning obligations.</p>
Section 278 agreement	<p>A section of the Highways Act 1980 that allows developers to enter into a legal agreement with the Local Authority to make permanent alterations or improvements to a public highway as part of a planning approval.</p>

AVC	Additional Voluntary Contributions
BCMS	Business Continuity Management System
BRS	Business Rate Supplement
CFR	Capital Financing Requirement
CIL	Community Infrastructure Levy
CIPFA	Chartered Institute of Public Finance & Accounting
CPI	Consumer Price Index
DfE	Department for Education
DSG	Dedicated Schools Grant
EUV	Existing Use value
FTE	Full Time Equivalent
GAAP	Generally Accepted Accounting Practice
GLA	Greater London Authority
HRA	Housing Revenue Account
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
ISB	Individual Schools Budget
LASAAC	Local Authority (Scotland) Accounts Advisory Committee
LGPS	Local Government Pension Scheme
LIBOR	London Interbank Offered Rate
MRP	Minimum Revenue Provision
NNDR	National Non-Domestic Rate
OFSTED	Office for Standards in Education, Children's Services and Skills
PCN	Penalty Charge Notice
RPI	Retail Price Index
SBNDR	Small Business Non-Domestic Rate
SeRCOP	Service Reporting Code of Practice
SETS	Stock Exchange Electronic Trading Service
SI	Statutory Instruments
SIP	Strategic Investment Pot
SOLACE	Society of Local Authority Chief Executives
VAT	Value-Added Tax
VOA	Valuation Office Agency

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THE CITY OF LONDON CORPORATION
Audited Statement of Annual Accounts for
the City Fund Year Ended 31 March 2022

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Preface

AN INTRODUCTION TO THE CITY OF LONDON CORPORATION

The City of London Corporation (City Corporation) is the governing body of the Square Mile dedicated to a vibrant and thriving City, supporting a diverse and sustainable London within a globally-successful UK. The Square Mile is the historic centre of London and is home to the 'City' – the financial and commercial heart of the UK. Our reach extends far beyond the Square Mile's boundaries and across private, public and charitable and community sector responsibilities. This, along with our independent and non-party political voice, convening power and ability to work with others, enable us to promote the interests of people and organisations across London and the UK and play a valued role on the world stage.

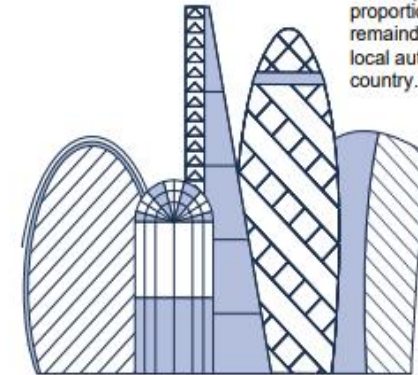
The City Corporation manages two funds, City Fund and City's Cash, and is the sole trustee of Bridge House Estates, a long-standing charity which maintains Tower, London, Southwark, Millennium and Blackfriars Bridges. The funding arm of Bridge House Estates, City Bridge Trust, distributes funds surplus to bridge requirements and is London's largest independent charitable funder. City's Cash allows us to provide services that are of importance to Greater London as well as to the City at little or no cost to the public. More information about the City Fund is given in the following pages.

As the governing body of the Square Mile, we deliver the functions of a local authority and a police authority for our residents, workers, learners and visitors, as well as being the port health and animal health authorities for London. There are approximately 8,000 residents living in the Square Mile. However, in normal times we have a high daytime population in the Square Mile made up of approximately 550,000 workers daily.

The City contributes to the rest of the economy, generating

£1.2bn

in business rates. This represents **5% of England's total business rates collection.**



The City retains a small proportion locally, the remainder is distributed to local authorities across the country.

With more large firms than Manchester, Birmingham or Leeds, the City **generates more in business rates than all three combined.**

CORPORATE STRATEGY

In 2018-19 the City Corporation launched its 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 terrorism and cyber-crime as well as mitigating the impacts of climate change, 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.



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 measures to reduce the social, economic and environmental impact of motor traffic and congestion.
- **Climate Action Strategy 2020-2027** – Commits the City Corporation to net zero emissions in its operations by 2027 and net zero by 2040 on its full value chain and across the square mile.

OUR FUNDING STRUCTURE

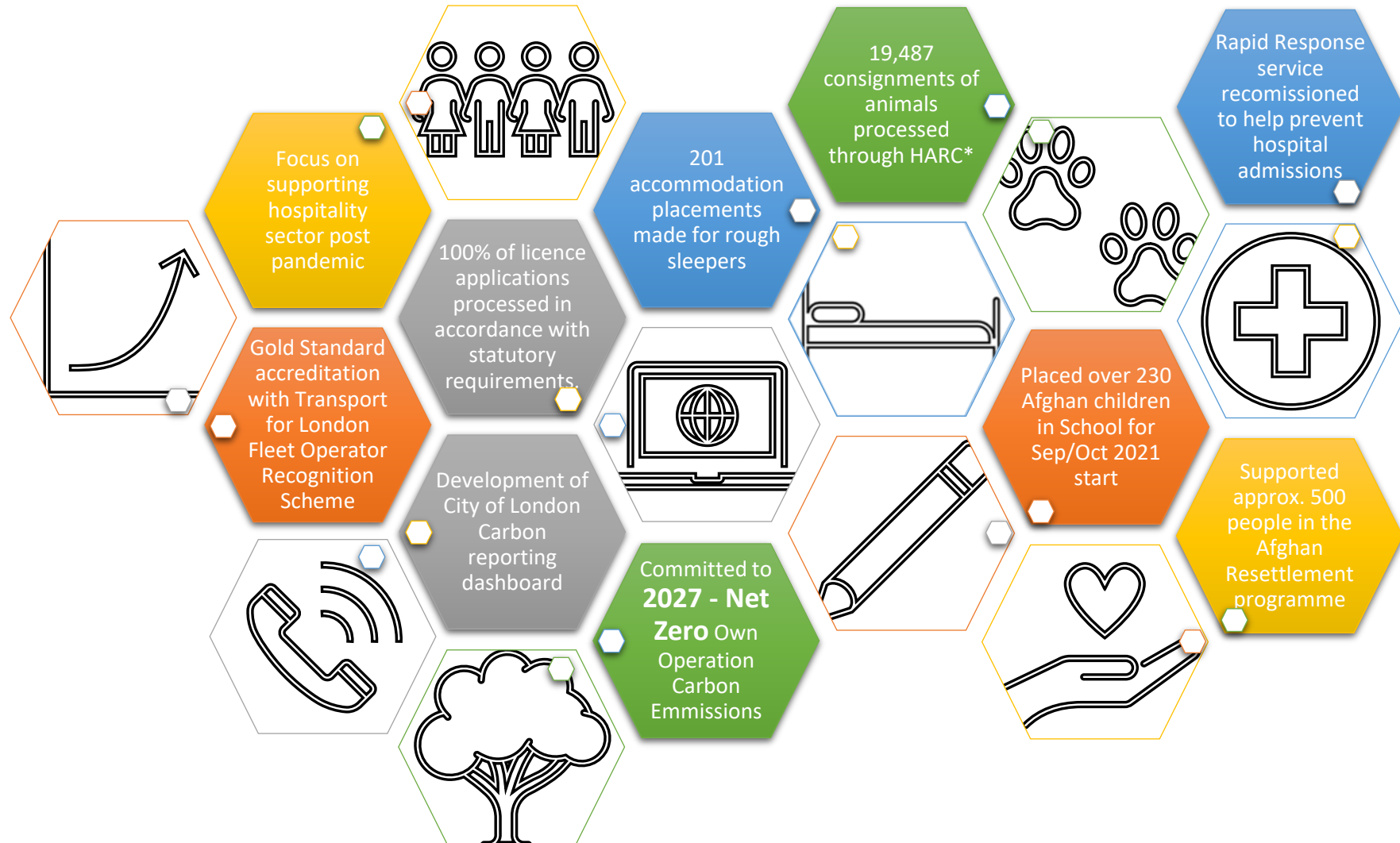
In common with other local authorities, City Fund receives funding via grants from central government, a share of business rates income and the proceeds of the local council tax. City Fund also generates rental and interest income to help finance its activities. A breakdown of these amounts for 2021-22 is shown below in the financial summary for the year.

Whilst collecting more than £1bn in business rate income, the City Fund retains only a small proportion of the amounts collected from its area, in accordance with the national arrangements. The remainder is paid over to central government and is redistributed to local authorities throughout the country. Due to its special circumstances – notably its very low resident population and high daytime population – the City of London is allowed uniquely to set its own business rate via the business rate premium. For 2021/22 this was set at 0.8p in the £. These funds are used to support security objectives within the City with the majority being passed to the City of London Police. More information on the role and ongoing work of the City Corporation, can be found on the City's website at www.cityoflondon.gov.uk¹

¹ The City of London Corporation is responsible for the maintenance and integrity of the corporate and financial information included on its website. Legislation in the United Kingdom governing the preparation and dissemination of financial information differs from legislation in other jurisdictions.

PERFORMANCE

Over the past year, our activities have been shaped by the impact of COVID-19 but we have also sort to further the aim and objectives we have set out in our corporate plan. The below highlight some of our achievement during this year.



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*Heathrow Animal Reception Centre

Risk Management and Priorities for the Coming Year

Our risk management processes help us identify and manage the most significant risks to the organisation, by significant we mean those that could stop us achieving our strategic objectives or have a significant detrimental impact on the City of London Corporation. The Audit and Risk Management Committee (A&RMC) maintains oversight for risk management and is ultimately responsible for ensuring that satisfactory arrangements are in place for this. An external Risk Management Health Check was undertaken in 2021/22 which found that the City Corporation's risk management approach aligns with best practice.

The key risks to the organisation relate to maintaining a safe and healthy environment and ensuring the financial sustainability of our operations as well as working to ensure the continued relevance of the services we provide to London and the UK following the Covid-19 pandemic.

OTHER DISCLOSURES

The Trade Union Regulations 2017 requires public authorities to disclose trade union activity as part of their annual accounts. The below tables set out the information required under this regulation. It outlines the volume of union activity as well as the annual cost to the City where union activity is carried out during working hours.

Trade Union representatives and full-time equivalents	
Number of trade union representatives (people)	26
FTE trade union representative	26

Total pay bill and facility time costs 2021-22	£m
Total City of London pay bill	224.0
Total cost of facility time	0.1
Percentage of pay spend on facility time	0.04%

Percentage of working hours spend on facility time by union representative	No. of People
0% of working hours	22
1% to 50% of working hours	1
51% to 99% of working hours	3
100% of working hours	0
Total	26

FINANCIAL OUTLOOK

The City Corporation has an ambitious programme of investment across its funds aimed at fulfilling its strategic aims and continuing to make the City the place people want to live, work, study and enjoy. City Fund is supporting the Combined Courts project, which will relocate the Magistrates court to a new world class facility and build a new headquarters for the City of London Police. It is also jointly supporting the relocation of the Museum of London with the GLA in our capacity as joint funders of the organisation. These programmes require significant financial investment at a time where the City Fund is facing a number of threats to its funding and pressures on its services. These include:

- **Economic Outlook** – there is significant uncertainty in the economic outlook linked to the current high levels of inflation, the impact of the war in Ukraine and the ongoing recovery from the pandemic. These factors pose a risk to key revenue streams funding activity, and the demand and costs of providing public services.
- **Spending Review** – With the Government providing significant financial support to the UK economy during the pandemic, it is likely that a level of public spending restrictions will be in place to manage the fiscal deficit, limiting any additional funding for Local Authorities.
- The **Fair Funding Review** of local government funding could shift resources away from London. Its implementation had been delayed due to COVID-19 and we are awaiting confirmation from Government on their implementation plans.
- **Business Rates** – the expected changes to the Business Rate Retention System have been delayed due to COVID-19, but still present a significant risk to the City Corporation as this is a major source of funding for City Fund activity.

The below table sets out the current financial projections for City Fund across the medium-term planning horizon. City Fund is already committed to making savings due to cost pressures and its commitments to financing its major projects. Delivery of these savings will be essential to ensure City Fund remains in a financially sustainable position to deliver its corporate plan. City Fund maintains adequate levels of both general and earmarked reserves (£300.1m) to support its functions across the short to medium term. The projected deficit will require addressing as part of the financial planning process carried out in the autumn.

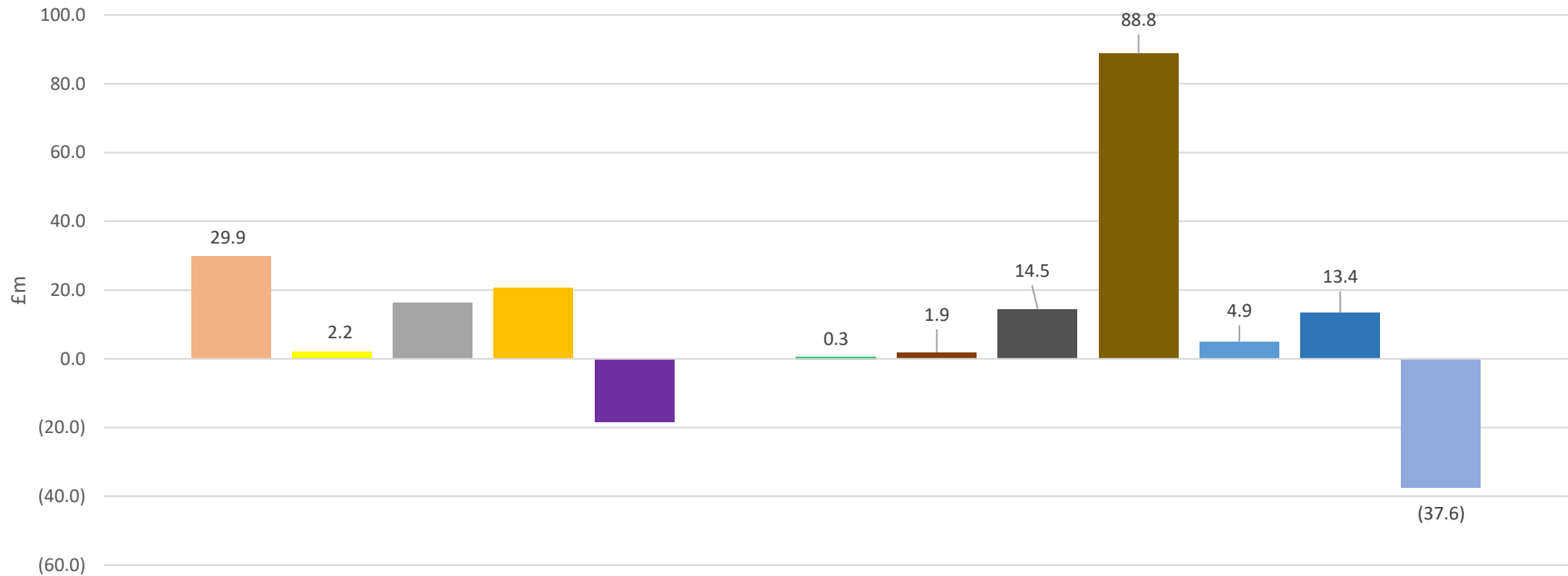
City Fund Medium Term Forecast	22/23	23/24	24/25	25/26	26/27
	£'000	£'000	£'000	£'000	£'000
City Fund Surplus/(Deficit) before savings	15.7	14.8	0.4	(26.4)	(27.3)
Forecast Savings	11.9	11.9	14.8	14.8	14.8
City Fund Surplus/(Deficit) after saving and contributions	27.6	26.8	15.1	(11.6)	(12.5)
Saving/Income opportunities to be identified	0.0	0.0	0.0	(11.6)	(12.5)

2021-22 FINANCIAL SUMMARY

Revenue Budget

Our budget for 2021-22 was agreed by the Court of Common Council (the City Corporation's primary decision-making body) in March 2021 for both capital and revenue expenditure. The below chart sets out the revenue outturn by Committee, which reflects the operational areas of City Fund activity. The City Fund's largest area of spend is the City of London Police which is largely funded via grants from government along with a contribution from the business rate premium, which for 2021-22 was set at 0.8p in the £. City Fund also benefits from a large property investment portfolio, overseen by the Property Investment Board, which generates additional income to fund our services. Within the year the City Corporation instigated a new Target Operating Model (TOM) to achieve savings required in ensure financial sustainability and better align its resources to organisational priorities. This has brought the overall cost of services down by £7m before accounting for any in-year variances. The below provide an overview of the 21-22 revenue outturn.

Provisional Outturn 2021/22 by Committee



Committees

- Barbican Centre
- Barbican Residential
- Community and Children's Services
- Culture, Heritage and Libraries
- Finance
- Licensing
- Markets
- Open Spaces and City Gardens
- Planning and Transport
- Police
- Policy and Resources
- Port Health and Environmental Services
- Property Investment

The adjacent table compares each committee outturn to its final budget for 2021-22, the City Fund recorded a £18.5m underspend for the year. The most material variances and the reason for these are:

- Barbican Centre – Additional funding of £7m provided to support the Barbican in its recovery from the pandemic was not fully required resulting in a £5.9m underspend.
- Finance – A reduction in the financing requirements for capital projects, repairs and maintenance, and the release of contingency funds which were not required resulted in a £9.3m underspend.
- Port Health and Environmental Services – vacancies held pending the restructure of the department and unbudgeted funding for the Fishmonger Hall inquest resulted in a £3.3m underspend for the department.

A breakdown of the City Fund taxation and grants income can be seen below.

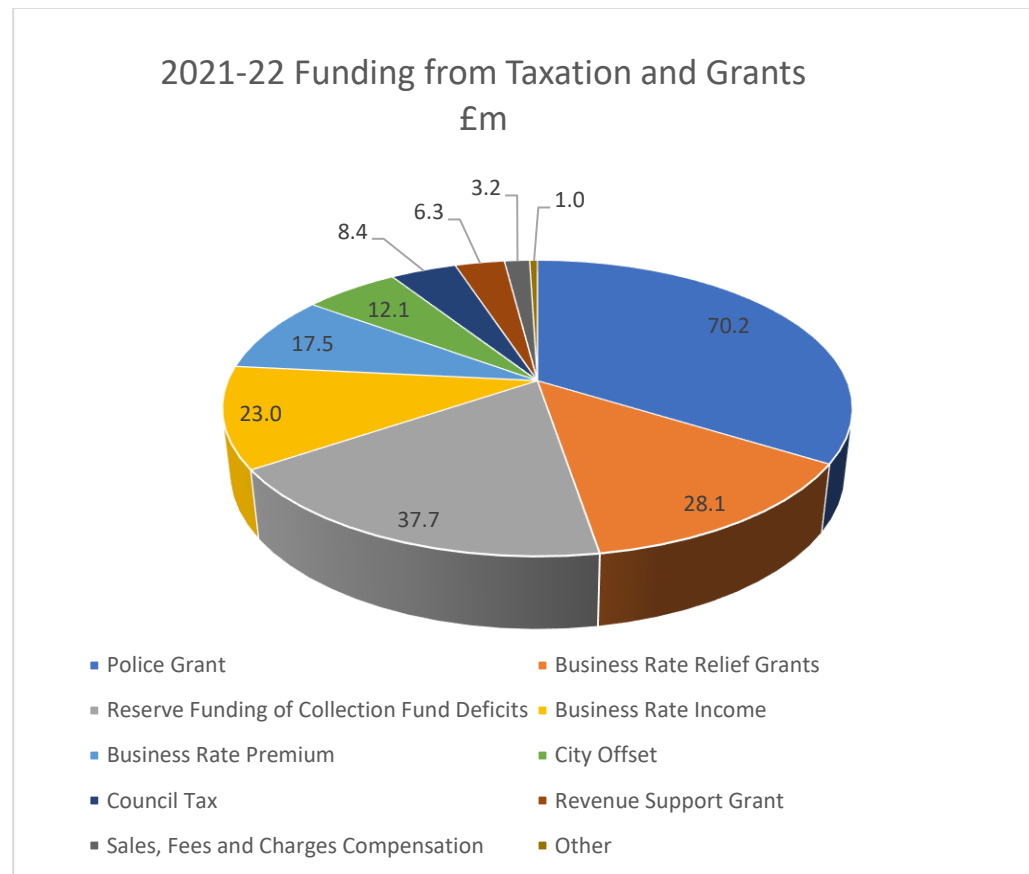
2020/21		2021/22 Budget v Outturn – City Fund Summary by Committee		
		Budget	Provisional	Variation (Better)/Worse
Outturn	Net Expenditure (Income)	Net	Outturn	Total
£m		£m	£m	£m
35.2	Barbican Centre	35.8	29.9	(5.9)
2.9	Barbican Residential	2.4	2.2	(0.2)
17.0	Community and Children's Services	15.3	16.3	1.0
21.2	Culture Heritage and Libraries	21.2	20.7	(0.5)
(21.6)	Finance	(9.2)	(18.5)	(9.3)
0.4	Licensing	0.1	0.2	0.1
(0.5)	Markets	(0.1)	0.3	0.4
1.9	Open Spaces	1.8	1.9	0.1
16.2	Planning and Transportation	15.5	14.5	(1.0)
93.8	Police	88.8	88.8	0.0
6.1	Policy and Resources	4.7	4.9	0.2
16.3	Port Health and Environmental Services	16.7	13.4	(3.3)
(39.7)	Property Investment Board	(37.5)	(37.6)	(0.1)
149.2	City Fund requirement to be met from government grants, local taxation and transfers to/(from) reserves.	155.5	137.0	(18.5)

Where this funding relates to a specific service or activity, this is shown under the relevant committee heading. Where funding is non-specific, it is shown under the funding from taxation and grants heading. The key items to note for the year are:

- As part of its support to assist businesses recovering from the pandemic, the Govt continued its business rate relief scheme for the retail, leisure, and hospitality sector, which began in 2020-21. The scheme was amended from the previous year with eligible businesses receiving 100% relief for the first 3 months of the year and then 66% relief thereafter. This decision represents a loss of business rates income for which Govt provides compensation for in the form of a grant which totalled £28.1m. It should be noted that due to the structure of the business rates system, shortfalls in income collection create collection fund deficits which are recovered over the following 2 financial years. Therefore, £24.6m of this grant will be used to make good deficits to be accounted for between 2022-2024 and has been transferred into the Business Rate Equalisation reserve for this purpose. More details about Collection Fund losses can be found on pages 99-102.
- Business rate income is comparatively low for the year at £23m but this includes accounting for prior year collection fund deficits of £37.7m, which are more significant due to the reliefs described above enacted in 2020-21. This deficit is offset by funding held in the business rate equalisation reserve and is included in the adjacent chart to provide a truer picture of resources available in the year.
- In 2020-21 the Govt introduced a Sales, Fees and Charges compensation scheme, which compensated local authorities for income losses incurred due to COVID-19. Compensation was 75p in the £ after a deduction of 5% of the annual budget for that income stream. This scheme was extended to cover losses incurred in quarter

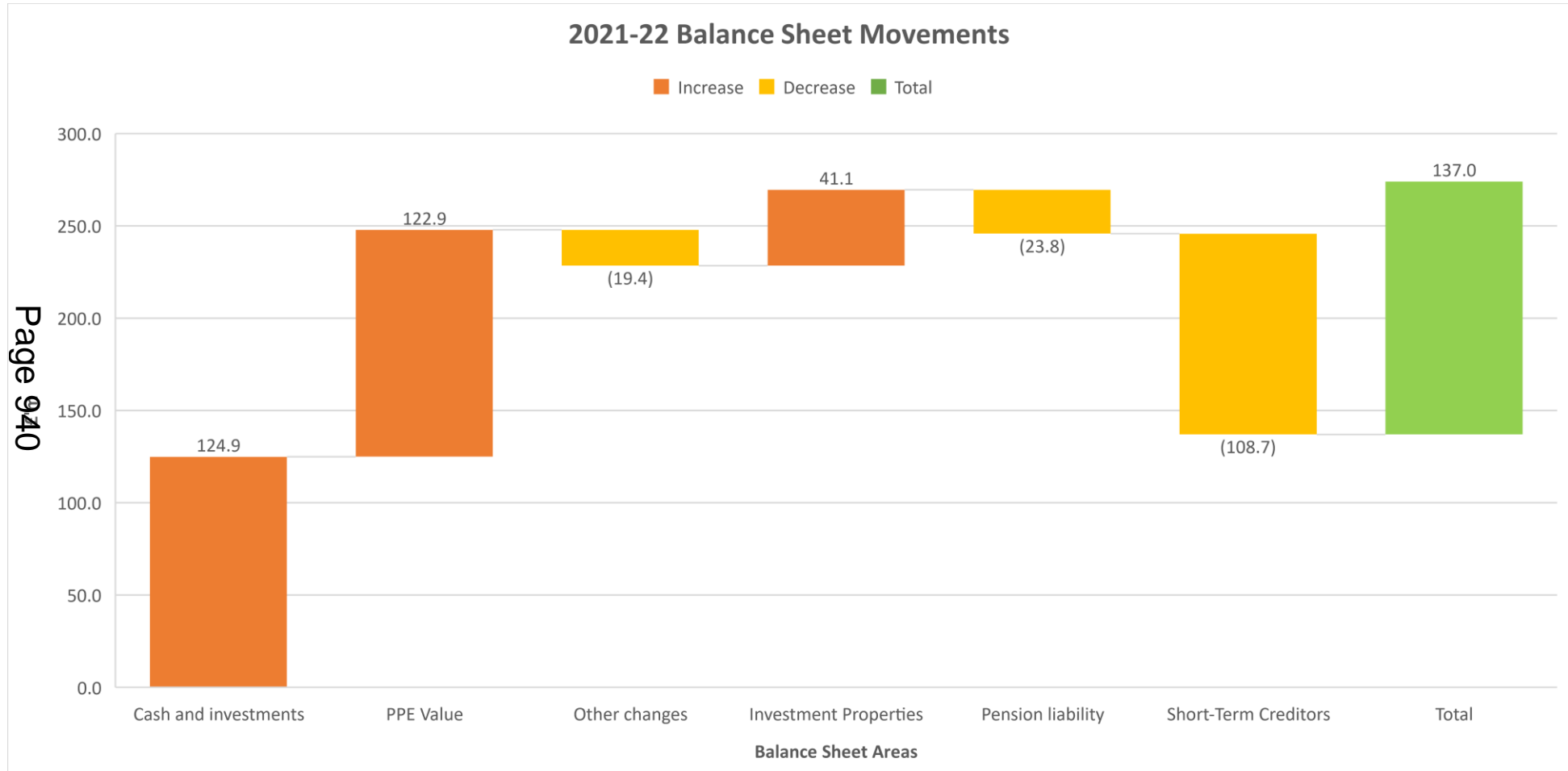
1 of 2021-22, which resulted in £3.2m being received. This scheme is now closed.

Please note the figures shown here do not take account of statutory accounting adjustments and reserve movements aside from those mentioned. These may differ to those presented in the main accounts.



Balance Sheet

The City Corporation maintains a strong balance sheet position with net assets totalling £1,315.6m at year end. The key movements which have contributed to an overall balance sheet increase of £137.0m compared to the previous year are shown below. For more detail on these movements please refer to the following notes to the accounts: Cash and Investments – Notes 32-34, Property, Plant and Equipment (PPE) – Note 13, Investment Properties – Note 17, Pension Liabilities – Notes 23-26 and Short-Term Creditors – note 21.



2021-22 STATEMENT OF ACCOUNTS

This Statement of Accounts is prepared for the City of London Corporation (“the City Corporation”) only to the extent that it exercises functions in relation to the collection fund of the Common Council, the City Fund administered by the Common Council (collectively referred to as “the City Fund”), as required by the Local Audit and Accountability Act 2014. Accordingly, the reporting entity, for the purpose of these accounts, is the City Fund which is a portion of the City Corporation but is not in itself a legal entity. This means the legal party to transactions and balances allocated to the City Fund is the City Corporation.

Assets, liabilities and transactions of the City Corporation are allocated to the City Fund where they relate to the economic activity of the City Corporation’s local authority function, for example where they relate to education, housing, social care; policing; and port health authority functions. Similarly, transactions and balances that relate to the City Corporation’s other economic activities are excluded from these accounts. Note 1 (page 30) to the accounts provides further details on the critical judgments in preparing and applying accounting policies for these statements.

The City Fund Statement of Accounts have been prepared in compliance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom 2021-22. The accounts have been structured to support the reader in understanding the local authority accounting framework, however, this remains a complex document, combining International Finance Reporting Standards (IFRS) alongside the statutory framework set by Government, which overrides these accounting standards.

There have been no significant changes to accounting standards or framework this year barring those related to infrastructure assets, which are set out on page 53 of these statements. However, the impact of the COVID-19 pandemic has continued throughout the year effecting how the organisation operates, impacting costs and revenues, and the future financial outlook. Some key areas of note within the 2021-22 statement of accounts are described below:

- **Grants to businesses** – as part of the Government’s response to the pandemic it has made available grants to businesses which have been affected by the restrictions in place. These were first introduced during 2020-21 but have continued into 2021-22. Local Authorities have acted as the distribution mechanism for these grants, and where we have not played a part in determining the distribution of these grants, these have been treated as agency transactions and do not feature in the City Fund CI&ES.
- **Pension Liabilities** – Each year City Fund is required to update its assessment of the assets and liabilities it has accumulated through its staff and officer’s membership of the Local Government Pension Scheme (LGPS), Police Pension Scheme and Judges’ Pension Scheme. This assessment is carried out by our independent actuary, Barnett Waddingham LLP, based on the principles set out in International Accounting Standard 19 – Employee Benefits. This year, this assessment has resulted in a decrease in the net liability of £23.8m, which is a relatively small movement compared to the overall liability of £1,634.8m. Note 23-26 (page 66-76) provides more detail on this change, but it should be noted that this assessment does not determine the contributions the City Corporation makes into these pension schemes. These are determined by the periodic valuations of the pension schemes which are due to be carried out in 2022 for the LGPS to set contribution rates from 2023-2026, and is currently being carried out for the Police Pension Scheme which will set contribution rates for 2023-2027.

- **Collection Fund Deficit** – In line with all other billing authorities, City Fund maintains a Collection Fund which accounts for the difference between estimated and actual collection of business rates and council tax. These differences are then spread over the following 2 financial years in order to smooth the impact of any material change in resources derived from these sources. The Collection Fund has ordinarily been in surplus, but, for 2021-22, a deficit of £141.2m remains for business rates (note this is the total deficit and City Fund’s share is 30%)., This deficit has stemmed largely from the expansion of business rate relief for the retail, leisure, and hospitality sector, where 100% relief was awarded during 2020-21 and 75% relief being awarded in 2021-22. In each case, the decision to award reliefs was taken after the estimate of business rate income was submitted to Govt (January each year) which provides a fixed point for accounting purposes upon which variances with actual collection is measured. These reliefs are funded by Govt, and these funds, current held in the business rate equalisation reserve, will be released in line with the release of the City Fund’s share of collection fund deficits (30%). In 2020-21 the Government had allowed local authorities to spread any deficits outside of those caused by the relief issue mentioned above, over 3 years rather than the normal 2, acknowledging the impact COVID-19 has had on the collection of business rates and council tax. Pages 102-105 provide more details on the collection fund position.
- **Valuation of property assets** – City Fund maintains a substantial portfolio of investment property and operational assets which are subject to valuation on an annual basis. In the previous 2 financial years some of these valuations had been subject to “material valuation uncertainty” linked to the impact of COVID-19 on the property market and the basis used for forming a valuation. These issues are no longer impacting the valuation process and therefore none of the 21/22 valuations were subject to this clause.
- **Recovery on outstanding debt** – Due to improved assumptions on the recovery of outstanding debt, the bad debt provision held has reduced by £1.4m, especially for outstanding rental income and parking enforcement fines.

The City of London Corporation's Responsibilities

The City of London Corporation is required to:

- make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. This officer is the Chamberlain
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets
- approve the Statement of Accounts.

The Chamberlain's Responsibilities

The Chamberlain is responsible for the preparation of the Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021-22 ("the Code").

In preparing this Statement of Accounts, the Chamberlain has:

- selected suitable accounting policies and then applied them consistently
- made judgments and estimates that were reasonable and prudent
- complied with the local authority Code.

The Chamberlain has also:

- kept proper accounting records which were up to date
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Chamberlain's Certificate

I certify that the Statement of Accounts gives a true and fair view of the financial position of the City Fund and the Pension Funds of the City of London Corporation at the reporting date and of its expenditure and income for the year ended 31 March 2022.

Caroline Al-Beyerty – Chamberlain and Chief Financial Officer

Date: XX October 2023

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Core Financial Statements

Comprehensive Income and Expenditure Statement

2020-2021				Notes	2021-22		
Gross Expenditure	Gross Income	Net Expenditure/ (Income)			Gross Expenditure	Gross Income	Net Expenditure/ (Income)
£m	£m	£m			£m	£m	£m
			Services				
158.1	(66.0)	92.1	Police		167.8	(76.9)	90.9
46.5	(7.0)	39.5	Barbican Centre		51.2	(17.8)	33.4
36.2	(16.9)	19.3	Community & Children's Services		38.6	(20.1)	18.5
29.9	(14.4)	15.5	Housing Revenue Account (HRA)		17.4	(14.1)	3.3
41.7	(28.9)	12.8	Planning & Transportation		39.7	(28.7)	11.0
32.6	(17.4)	15.2	Port Health & Environmental Services		34.2	(21.9)	12.3
24.8	(2.0)	22.8	Culture, Heritage and Libraries		24.6	(2.1)	22.5
31.3	(16.8)	14.5	Finance		67.6	(35.7)	31.9
15.2	(15.3)	(0.1)	Barbican Residential		16.1	(16.8)	(0.7)
21.5	(13.2)	8.3	Policy & Resources		27.1	(16.3)	10.8
2.9	(0.5)	2.4	Open Spaces and City Gardens		3.1	(0.6)	2.5
1.4	(0.5)	0.9	Property Investment Board		2.2	(1.2)	1.0
1.1	(0.6)	0.5	Licensing		1.1	(0.8)	0.3
26.1	0.0	26.1	London NNDR Pool Strategic Investment Pot		0.2	0.0	0.2
5.4	0.0	5.4	Pension Past Service Cost		4.8	0.0	4.8
9.0	0.0	9.0	Major Project Cost		16.6	0.0	16.6
433.7	(199.5)	284.2	Cost of Services		512.3	(253.0)	259.3
		(0.1)	Other Operating Income	7			5.8
		(0.3)	Financing & Investment Income & Expenditure	7			(122.6)
		(182.8)	Taxation & Non-Specific Grant Income	7			(215.4)
		101.0	(Surplus)/Deficit on the Provision of Services				(72.9)
		8.5	Surplus on the Revaluation of Property, Plant & Equipment	13			(27.8)
		299.6	Remeasurements of the Pensions Liability	26			(36.3)
		308.1	Other Comprehensive (Income) & Expenditure				(64.1)
		409.1	TOTAL COMPREHENSIVE (INCOME) & EXPENDITURE				(137.0)

Major project costs in relation to the Museum of London relocation have been separately identified in the CI&ES to reflect the material items of spend that have occurred. Pension past service costs have also been separately identified due to amendments in the IAS19 standard which now requires net defined benefit liability to be remeasured using current assumptions and the fair value of plan assets at the time of the event.

Movement in Reserves Statement

	Notes	City Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	Major Repairs Reserve	Total Usable Reserves	Unusable Reserves	Total Reserves
		£m	£m	£m	£m	£m	£m	£m	£m
Balance at 31 March 2021 carried forward*		(254.3)	(0.2)	(56.4)	(39.5)	(2.0)	(352.4)	(826.2)	(1,178.6)
Movement in reserves during 2020-21									
Total Comprehensive Income & Expenditure		(75.6)	2.7	0.0	0.0	0.0	(72.9)	(64.1)	(137.0)
Adjustments between accounting basis & funding basis under regulations	11	29.8	(2.7)	25.9	(6.7)	0.6	46.9	(46.9)	0.0
(Increase) or decrease in 2020-21		(45.8)	0.0	25.9	(6.7)	0.6	(26.0)	(111.0)	(137.0)
Balance at 31 March 2022 carried forward*		(300.1)	(0.2)	(30.5)	(46.2)	(1.4)	(378.4)	(937.2)	(1,315.6)

*The City Fund balance of £300.1m comprises unallocated revenue funds of £68.1m and earmarked revenue reserves of £232.0m (see note 12, page 49).

	Notes	City Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	Major Repairs Reserve	Total Usable Reserves	Unusable Reserves	Total Reserves
		£m	£m	£m	£m	£m	£m	£m	£m
Balance at 31 March 2020 carried forward*		(177.0)	(0.1)	(73.7)	(39.0)	(3.4)	(293.2)	(1,294.5)	(1,587.7)
Movement in reserves during 2020-21									
Total Comprehensive Income & Expenditure		86.5	14.5	0.0	0.0	0.0	101.0	308.1	409.1
Adjustments between accounting basis & funding basis under regulations	11	(163.8)	(14.6)	17.3	(0.5)	1.4	(160.2)	160.2	0.0
(Increase) or decrease in 2020-21		(77.3)	(0.1)	17.3	(0.5)	1.4	(59.2)	468.3	409.1
Balance at 31 March 2021 carried forward*		(254.3)	(0.2)	(56.4)	(39.5)	(2.0)	(352.4)	(826.2)	(1,178.6)

** The City Fund balance of £254.3m comprises unallocated revenue funds of £56.3m and earmarked revenue reserves of £198.0m (see note 12, page 49).

Balance Sheet

The Statement of Accounts was authorised for issue by the Chamberlain on XX October 2023. Events after the balance sheet date and up to XX October 2023 have been considered in respect of material impact on the financial statements. No adjustments have been made.

31 March 2021		Notes	31 March 2022
£m			£m
925.6	Property, Plant and Equipment	13	1,048.5
9.0	Heritage Assets	14	9.0
1,601.0	Investment Property	17	1,642.1
0.4	Intangible Assets		0.4
15.8	Long-Term Debtors	16	12.3
2,551.8	Long-Term Assets		2,712.3
873.6	Short-Term Investments		992.1
1.6	Assets Held for Sale		2.7
0.6	Inventories		0.5
0.0	Intangible Current Assets		0.0
139.5	Short-Term Debtors	20	154.9
26.9	Cash and Cash Equivalents		33.3
1,042.2	Current Assets		1,183.5
(286.8)	Short-Term Creditors	21	(395.5)
(91.3)	Grants and Contributions Received in Advance – Revenue	27	(131.9)
(45.8)	Provisions	22	(40.2)
(423.9)	Current Liabilities		(567.6)
(1,611.0)	Pensions Liability	26	(1,634.8)
(115.5)	Grants and Contributions Received in Advance - Capital	27	(94.8)
(197.6)	Rents Received in Advance	28	(225.9)
(67.4)	Other Long-Term Liabilities	29	(57.1)
(1,991.5)	Long-Term Liabilities		(2,012.6)
1,178.6	NET ASSETS		1,315.6
(352.4)	Usable Reserves		(378.4)
(826.2)	Unusable Reserves	31	(937.2)
(1,178.6)	TOTAL RESERVES		(1,315.6)

Cash Flow Statement

The cash flow statement shows the changes in cash and cash equivalents of City Fund during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. Details of these movements are set out in note 32-34 (page 86-87) of the accounts. The cash and cash equivalent balance is held in bank current accounts held by the City Corporation.

2020-21		Notes	2021-22
£m			£m
101.0	Net (surplus)/deficit on the provision of services		(72.9)
(262.2)	Adjustments for non-cash movements	32	(33.7)
24.9	Adjustments for items that are investing and financing activities	32	70.9
(136.3)	Net cash (inflows)/outflows from operating activities		(35.7)
65.8	Investing activities	33	180.5
117.7	Financing activities	34	(151.2)
47.2	Net (increase)/decrease in cash and cash equivalents		(6.4)
(74.1)	Cash and cash equivalents at the beginning of the reporting period		(26.9)
(26.9)	Cash and cash equivalents at the end of the reporting period		(33.3)



Notes to the Core Financial Statements

1. Critical Judgements in the Basis of Preparation and Applying Accounting Policies

In applying the accounting policies set out on p134, the City Corporation has had to make certain judgements about complex transactions or those involving uncertainty about future events. These are as follows:

Related Parties

The City Corporation makes an assessment of the relationships it has with other entities, establishing where control and influence lay and adopting the appropriate accounting practice to reflect the relationship. After a thorough evaluation, we have determined that the Museum of London (MoL) should not be classified as a subsidiary, associate, or joint venture for accounting purposes. We therefore disclose this relationship as a related party in the relevant disclosure (note 35, page 89). This judgment is based on the following key considerations:

- 1. Absence of Significant Control (IFRS 10):** CoLC does not exercise significant control over MoL's operations. While CoLC appoints board members, these members are legally obligated to act in MoL's best interests without being bound by CoLC's directives.
- 2. Independent Legal Entity (Museum of London Act 1965):** MoL operates as a distinct legal entity under the Museum of London Act 1965, with its own statutory obligations, governance structure, and objectives.

Alternative Judgment:

In considering an alternative judgment, it could be argued that MoL should be classified as an associate based on the significance of CoLC's financial support and board appointments. This alternative judgment highlights the following points:

- 1. Significance of Financial Support (IPSAS 36):** CoLC provides annual funding to MoL, which plays a critical role in supporting MoL's operations. However, it is important to clarify that this financial support is not indicative of significant influence or control over MoL's activities. The financial support provided by CoLC is aligned with the cultural and historical preservation objectives of MoL, and it does not lead to decision-making authority over MoL's operations. The absence of specific directives or obligations in the Museum of London Act 1965, which established MoL, regarding the funding amount further emphasises that this financial support is not tied to conditions that would imply control. Instead, it serves the broader mission and independence of MoL in fulfilling its cultural and historical preservation responsibilities.
- 2. Board Appointments:** CoLC appoints members to MoL's Board of Governors, contributing to the governance structure. While these members are legally bound to act in MoL's best interests, their appointment by CoLC could suggest a level of influence. However, it is crucial to note that their primary responsibility is to act in MoL's best interests, and they are not obligated to follow directives from CoLC. This legal framework ensures MoL's operational autonomy and independence in decision-making.

Impact of the Alternative Judgment:

If the alternative judgment were adopted, it would imply the consolidation of an appropriate share of MoL's financial figures, including Total Assets of £64.1m, Total Liabilities of £67.6m, Total Income of £49.4m, and Total Expenditure of £46.9m, into the City of London Corporation's financial statements.

2. Assumptions Made About the Future and Other Major Sources of Estimation and Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by Management 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 items in the authority's Balance Sheet at 31 March 2022 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions																			
Pensions Liability	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 and mortality rates. The actuarial firm Barnett Waddingham LLP have been appointed as the City Corporation's actuary to provide the City Fund with expert advice about the assumptions to be applied.	<p>The total value of the Pensions Liability as at the end of March 2022 is £1,634.8m (consisting of City Fund £386.9m, Police Pension Scheme £1,245.0m and Judges Pension Scheme £2.9m). The estimation of the net liability to pay pensions depends on a number of complex assumptions used in the calculation of the liabilities. These include the discount rate used, the rate at which salaries are projected to increase, changes to retirement ages, mortality rates and expected returns on pension fund assets. Where the outcome is different to the assumptions this will impact on the pension liability. Variations in the key assumptions will have the following impact on the net liability:</p> <table border="1"> <thead> <tr> <th rowspan="3">Assumptions</th> <th colspan="2">Movement in liability</th> </tr> <tr> <th>Increase in assumption</th> <th>Decrease in assumption</th> </tr> <tr> <th>£m</th> <th>£m</th> </tr> </thead> <tbody> <tr> <td>0.1% adjustment to discount rate</td> <td>- 47.1</td> <td>48.4</td> </tr> <tr> <td>0.1% adjustment to salary increase rate</td> <td>4.5</td> <td>- 4.4</td> </tr> <tr> <td>0.1% adjustment to Pension increase rate</td> <td>43.6</td> <td>- 42.4</td> </tr> <tr> <td>1 year adjustment to life expectancy</td> <td>111.2</td> <td>- 105.7</td> </tr> </tbody> </table>	Assumptions	Movement in liability		Increase in assumption	Decrease in assumption	£m	£m	0.1% adjustment to discount rate	- 47.1	48.4	0.1% adjustment to salary increase rate	4.5	- 4.4	0.1% adjustment to Pension increase rate	43.6	- 42.4	1 year adjustment to life expectancy	111.2	- 105.7
Assumptions	Movement in liability																				
	Increase in assumption	Decrease in assumption																			
	£m	£m																			
0.1% adjustment to discount rate	- 47.1	48.4																			
0.1% adjustment to salary increase rate	4.5	- 4.4																			
0.1% adjustment to Pension increase rate	43.6	- 42.4																			
1 year adjustment to life expectancy	111.2	- 105.7																			
Property, plant and equipment	The carrying values of property, plant and equipment and investment properties are primarily dependent on judgements of such variables as the state of the property market, location, asset lives, condition of the property, indices etc. All properties included on the balance sheet at current or fair value are revalued at least once within a five year period as part of a rolling programme with subsequent additions being included in the accounts at their cost of acquisition until the asset is next revalued.	<p>A reduction in the estimated valuations would result in reductions to the Revaluation Reserve and / or a loss recorded as appropriate in the Comprehensive Income and Expenditure Statement. The net book value of non-current operational assets subject to potential revaluation as at the end of March 2022 is £847m (£768m as at the end of March 2021). If the value of the Corporation's operational properties were to reduce by 10%, this would result in a charge to the Comprehensive Income and Expenditure Statement of approximately c£85m.</p> <p>An increase in estimated valuations would result in increases to the Revaluation Reserve and / or reversals of previous negative revaluations to the Comprehensive Income and</p>																			

Item	Uncertainties	Effect if actual results differ from assumptions
	<p>Revaluations are carried out sufficiently regularly to ensure that their carrying value is not materially different from their value at the year end, list of assets that were valued as at the end of March 2022 are available on p55 of the accounts.</p> <p>The estimated remaining useful life of all operational assets is reviewed annually based on the advice from the Corporations external valuers.</p>	<p>Expenditure Statement and / or gains being recorded as appropriate in the Comprehensive Income and Expenditure Statement.</p> <p>Depreciation charges for operational buildings will change in direct relation to changes in estimated current value.</p> <p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the asset falls. It is estimated that the annual depreciation charge for assets subject to depreciation would increase by £5m for every year that useful lives had to be reduced.</p>
Valuation of Investment property	The Corporation’s external valuers use valuation techniques to determine the fair value of investment property. This involves developing estimates and assumptions consistent with how market participants would price the property. The valuers base their assumptions on observable data as far as possible, but this is not always available. In that case, the valuers use the best information available.	A reduction in estimated valuations would result in reductions to the Revaluation Reserve and/or a loss recorded as appropriate in the CI&ES. The net book value of investment properties as at the end of March 2022 is £1,642m (£1,601m as at the end of March 2021).If the value of the Corporation’s investment properties were to reduce by 1%, this would result in a £16m debit to “Financing and Investment Income and Expenditure” in the CI&ES. Conversely, an increase in operational property values would result in increases to the Revaluation Reserve and/or reversals of previous negative revaluations to the CI&ES and/or gains being recorded as appropriate in the CI&ES.



Notes to the Comprehensive Income and Expenditure Statement

3. Expenditure and Funding Analysis

2020-21			2021-22			
Net Expenditure Chargeable to City Fund and HRA Balances	Adjustments between the Funding and Accounting Basis	Net Expenditure in the CI&ES		Net Expenditure Chargeable to City Fund and HRA Balances	Adjustments between the Funding and Accounting Basis	Net Expenditure in the CI&ES
£'m	£'m	£'m		£'m	£'m	£'m
			Committees			
90.4	1.7	92.1	Police	88.8	2.1	90.9
35.2	4.3	39.5	Barbican Centre	29.9	3.5	33.4
17.7	1.6	19.3	Community and Children's Services	16.3	2.2	18.5
(0.1)	15.6	15.5	HRA	0.0	3.3	3.3
10.3	2.5	12.8	Planning and Transport	14.5	3.5	11.0
14.7	0.5	15.2	Port Health and Environmental Services	13.4	1.1	12.3
20.7	2.1	22.8	Culture, Heritage and Libraries	20.7	1.8	22.5
(21.0)	35.5	14.5	Finance	(18.5)	50.4	31.9
2.9	(3.0)	(0.1)	Barbican Residential	2.2	(2.9)	(0.7)
6.4	1.9	8.3	Policy and Resources	4.9	5.9	10.8
1.9	0.5	2.4	Open Spaces and City Gardens	1.9	0.6	2.5
(39.7)	40.6	0.9	Property Investment	(37.6)	38.4	1.0
0.4	0.1	0.5	Licensing	0.2	0.1	0.3
(0.5)	0.5	0.0	Markets	0.3	(0.3)	0.0
25.4	0.7	26.1	London NNDR Pool Strategic Investment Pot	0.0	0.2	0.2
0.0	5.4	5.4	Pension Past Service Cost	0.0	4.8	4.8
0.0	9.0	9.0	Major Project Cost	0.0	16.6	16.6
164.7	119.5	284.2	Net Cost of Services	137.0	122.3	259.3
(242.0)	58.9	(183.2)	Other Income and Expenditure	(182.8)	(149.4)	(332.2)
(77.3)	178.4	101.0	(Surplus) or Deficit on the Provision of Services	(45.8)	(27.1)	(72.9)
(177.0)			Opening City Fund and HRA Balances	(254.3)		
(77.3)			Add (Surplus) or Deficit on City Fund and HRA Balance in Year	(45.8)		
(254.3)			Closing City Fund and HRA Balances at 31 March*	(300.1)		

* For a split of this balance between the City Fund and the HRA – see the Movement in Reserves Statement; page 26

Further information on the City Corporation's Committees can be found on the website at : <http://democracy.cityoflondon.gov.uk/mgListCommittees.aspx?bcr=1>

4. Note to the Expenditure and Funding Analysis

This note provides a reconciliation of the main adjustments to Net Expenditure Chargeable to the City Fund and HRA Balances to arrive at the amounts in the Comprehensive Income and Expenditure Statement.

2020-21					2021-22					
Adjustments for Capital Purposes	Net Changes for Pension Adjustments	Collection Fund Adjustment Account	Other Adjustments	Total Adjustments	Committees	Adjustments for Capital Purposes	Net Changes for Pension Adjustments	Collection Fund Adjustment Account	Other Adjustments	Total Adjustments
£'m	£'m	£'m	£'m	£'m		£'m	£'m	£'m	£'m	£'m
6.2	(5.3)	0.0	0.8	1.7	Police	5.6	4.4	0.0	(7.9)	2.1
0.0	4.0	0.0	0.3	4.3	Barbican Centre	0.0	3.5	0.0	0.0	3.5
0.0	1.5	0.0	0.1	1.6	Community and Children's Services	0.0	1.5	0.0	0.7	2.2
14.5	1.1	0.0	0.0	15.6	HRA	0.7	1.1	0.0	1.5	3.3
0.1	2.6	0.0	(0.2)	2.5	Planning and Transport	0.4	2.6	0.0	(6.5)	(3.5)
0.0	2.6	0.0	(2.1)	0.5	Port Health and Environmental Services	0.0	2.9	0.0	(4.0)	(1.1)
9.0	1.8	0.0	(8.7)	2.1	Culture, Heritage and Libraries	0.0	1.7	0.0	0.1	1.8
21.7	2.8	0.0	11.0	35.5	Finance	51.3	1.3	0.0	(2.2)	50.4
0.0	0.9	0.0	(3.9)	(3.0)	Barbican Residential	0.0	1.0	0.0	(3.9)	(2.9)
0.3	1.6	0.0	0.0	1.9	Policy and Resources	1.8	1.7	0.0	2.4	5.9
0.2	0.3	0.0	0.0	0.5	Open Spaces and City Gardens	0.2	0.4	0.0	0.0	0.6
0.1	0.1	0.0	40.5	40.6	Property Investment	0.0	0.1	0.0	38.5	38.6
0.0	0.1	0.0	0.0	0.1	Licensing	0.0	0.1	0.0	0.0	0.1
0.0	0.3	0.0	0.2	0.5	Markets	0.0	0.3	0.0	(0.6)	(0.3)
0.0	0.0	0.0	0.7	0.7	London NNDR Pool Strategic Investment Pot	0.0	0.0	0.0	0.2	0.2
0.0	5.4	0.0	0.0	5.4	Pension Past Service Cost	0.0	4.8	0.0	0.0	4.8
0.0	0.0	0.0	9.0	9.0	Major Project Cost	0.0	0.0	0.0	16.6	16.6
52.0	19.8	0.0	47.7	119.5	Net Cost of Services	60.0	27.4	0.0	34.9	122.3
0.5	29.8	82.1	(53.5)	58.9	Other Income and Expenditure	(140.8)	32.6	(12.2)	(29.0)	(149.4)
52.5	49.6	82.1	(5.8)	178.4	Difference between the City Fund and HRA surplus or deficit and the Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(80.8)	60.0	(12.2)	5.9	27.1

Adjustments for Capital Purposes

This column adjusts for capital items which need to be included in the CI&ES such as:

- the net gain on the disposal of fixed assets
- revaluation gains or losses on investment properties
- income from capital grants.

Net Changes for Pensions Adjustments

This column removes the employer pension contributions charges to services during the year and replaces them with pension related expenditure and income calculated in accordance with International Accounting Standard (IAS) 19 *Employee Benefits*.

Collection Fund Adjustment Account

This is a timing difference between what is chargeable under statutory regulations for business rates and council tax, which is largely based on estimates at the start of the year, and the income recognised under generally accepted accounting practices.

Other Adjustments

This column includes:

- the re-mapping of items reported to service committees to financing and investment income and expenditure in the CI&ES. Such items include income and expenditure relating to investment properties reported to the Property Investment Board, trading activities reported to the Markets Committee and interest on cash balances reported to Finance Committee
- the elimination of recharges between committees which would otherwise result in gross expenditure and income being overstated in the CI&ES.

The above adjustments are reallocation of figure and therefore have no overall impact on the total amount.

The net difference remaining relates to annual leave entitlement and financial instrument adjustments.

5. Expenditure and Income Analysed by Nature

City Fund income and expenditure included in the net cost of services is analysed below.

Restated* 2020-21		2021-22
£'m		£'m
	Expenditure	
218.3	Employee expenses	231.8
195.9	Other service expenses	208.1
38.3	Support service recharges	36.4
47.0	Depreciation, amortisation and impairments*	66.8
29.5	Interest payments	32.0
0.5	Precepts and levies	0.5
305.4	Business rates tariff and levy payments to Government	304.7
0.6	Payments to Government's housing capital receipts pool	0.4
(1.6)	Gain on the disposal of assets	4.4
833.9	Total expenditure	885.1
	Income	
(153.8)	Fees, charges and other service income	(185.9)
(7.6)	Interest and investment income	(5.6)
(474.8)	Business rates and council tax income	(365.5)
(121.1)	Government grants and other grants, contributions and reimbursements	(282.0)
24.4	Unrealised (gains)/loss on revaluation of investment properties	(119.0)
(732.9)	Total Income	(958.0)
101.0	(Surplus) or Deficit on the Provision of Services	(72.9)

*In 2020-21, REFCUS expenditure (£11.2m) was erroneously included within Depreciation, amortisation and impairments. The prior year figures in the table above have been restated to correct this, REFCUS expenditure has been moved to the Other service expense line.

6. Grant Income

2020-21	Credited to Services	2021-22
£m	Revenue Grants (Government)	£m
	Home Office	
(16.8)	Police Pensions	(18.9)
(7.2)	Counter Terrorism	(7.1)
(0.9)	Covid-19 Surge Funding grant	0.0
(4.8)	National Cyber Security Programme	(8.4)
(4.4)	National Fraud Intelligence Bureau	(4.3)
(2.3)	National Lead Force for Fraud	(2.3)
(3.0)	Other	(4.4)
(6.6)	Action Fraud Managed Services	(6.8)
(2.5)	Economic Crime Capability	(2.5)
	Department for Work and Pensions	
(3.8)	Housing and Council Tax Benefit	(3.9)
(2.6)	Other	(8.5)
(6.2)	HM Courts and Tribunals Service	(6.5)
	Department for Education	
(3.2)	Dedicated Schools Grant	(3.4)
(0.7)	Other	(1.8)
	Ministry of Housing, Communities and Local Government	
(0.4)	Covid-19 Strategic Co-ordination Group grant	0.0
(1.0)	Covid-19 Contingency Fund Grant	0.0
(0.9)	Covid-19 Mortuary costs grant	0.0
(0.2)	Covid-19 Resilience Forum grant	0.0
(1.0)	Covid-19 Transition Management Board	0.0
(5.1)	Other	(5.2)

2020-21	Credited to Services	2021-22
£m	Revenue Grants (Government) Continued	£m
	Department for Health	
(1.6)	Public Health	(1.7)
(0.7)	Other	0.0
(3.7)	Transport for London	(2.6)
(0.7)	Greater London Authority	(0.9)
	Department for Business, Energy and Industrial Strategy	
(2.7)	Discretionary grants to Businesses	(5.7)
(0.3)	Other	(0.3)
(0.7)	Department for Environment, Food & Rural Affairs	(1.7)
(2.0)	Her Majesty's Revenue and Customs	(0.4)
(0.4)	Arts Council England	(0.4)
(2.6)	Other revenue grants (Government)	(2.8)
	<u>Non-Government revenue grants and contributions</u>	
(2.1)	S106/S278 and other developer contributions	(1.8)
(2.6)	UK Payments Administration Ltd	(3.6)
(3.8)	Association of British Insurers	0.0
(8.9)	Other	(16.8)
	<u>Capital Grants and contributions (funding revenue expenditure under statute)</u>	
(1.1)	Other	(4.6)
(107.5)	Total	(127.3)

7. Income and Expenditure below Cost of Services

2020-21		2021-22	
Net Expenditure/ (Income)		Net Expenditure/ (Income)	
£m		£m	
(1.6)	Net Gain on Disposal of Fixed Assets	4.4	
0.4	Inner and Middle Temple Precepts	0.4	
0.1	Local levies	0.1	
0.6	Payment to Government Housing Capital Receipts Pool	0.4	
0.4	Pension Fund Administration Expenses	0.5	
(0.1)	Total Other Operating Income and Expenditure	5.8	
	Investment Properties		
(40.1)	Operational	(36.8)	
24.4	(Gain)/loss on revaluation	(119.0)	
(7.6)	Interest receivable and similar income	(5.7)	
29.5	Pension Interest Cost	32.1	
(0.2)	Contribution from Trading Services	0.0	
0.6	Movement on bad debt provisions	(0.7)	
(6.9)	Financial instrument (gain)/loss	7.5	
(0.3)	Total Financing and Investment Income and Expenditure	(122.6)	

2020-21		2021-22	
Income		Income	
£m		£m	
1.7	Retained National Business Rates	(23.0)	
(15.9)	City Fund Non-Domestic Rates Premium	(17.5)	
(12.1)	City Fund Offset	(12.1)	
(7.9)	Council Tax Income	(8.4)	
	Non Ringfenced Government Revenue Grants		
(6.3)	Revenue Support Grant	(6.3)	
(65.9)	Police Core Grant	(70.2)	
(11.9)	Sales, Fees and Charges Compensation	(3.2)	
(42.3)	Non-Domestic Rating Income S.31 Grant	(28.1)	
(8.7)	Other	(1.0)	
(0.2)	London NNDR Pool Strategic Investment Pot	0.0	
	Capital Grants & Contributions		
(0.2)	Home Office	(4.0)	
(0.1)	Greater London Authority	(1.1)	
(1.5)	Transport for London	(1.9)	
(1.4)	Ministry of Justice	(1.4)	
(10.0)	Section 106/278 Contributions	(22.4)	
(2.6)	Community Infrastructure Levy	(10.6)	
2.5	Other Capital Grants and Contributions	(4.2)	
(182.8)	Total Taxation and Non-Specific Grant Income	(215.4)	
(183.2)	Total Income and Expenditure below Cost of Services	(285.3)	

There are no restrictions on the City Fund's ability to realise the value inherent in its Investment Property or on the City Fund's right to the remittance of income and the proceeds of disposal.

Operational Investment Properties is comprised of income of £55.2m and operating expenses of £18.4m

Contribution from Trading Services comprises a turnover of £8.2m and expenditure of £8.2m.

8. Dedicated Schools Grants

In 2021-22, the City Fund received a specific grant from the Department for Education, the Dedicated Schools Grant (DSG), of £3.6m (2020-21: £3.3m). DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget as defined in the School Finance (England) Regulations 2019. The Schools Budget includes elements for a range of education services provided on an authority-wide basis and for the Individual School Budget for maintained schools.

Details of the deployment of DSG receivable for 2021-22 are as follows:

2020-21	Schools Budget Funded by DSG		
	Central Expenditure	Individual School Budget	Total
	£m	£m	£m
Final DSG for 2020-21 before Academy recoupment	1.3	2.0	3.3
Academy Figure recouped for 2020-21	0.0	0.0	0.0
Total DSG after Academy recoupment for 2020-21	1.3	2.0	3.3
Plus: Brought forward from 2019-20	0.9	0.0	0.9
Less: Carry forward to 2021/22 agreed in advance	0.0	0.0	0.0
Agreed initial budgeted distribution in 2020-21	2.2	2.0	4.2
In year adjustments	0.0	0.0	0.0
Final budgeted distribution for 2020-21	2.2	2.0	4.2
Less: Actual central expenditure	(1.2)	0.0	(1.2)
Less: Actual ISB deployed to schools	0.0	(2.0)	(2.0)
Plus: Local authority contribution for 2019-20	0.0	0.0	0.0
Carry forward to 2021-22	1.0	0.0	1.0

2021-22	Schools Budget Funded by DSG		
	Central Expenditure	Individual School Budget	Total
	£m	£m	£m
Final DSG for 2021-22 before Academy recoupment	1.5	2.1	3.6
Academy Figure recouped for 2021-22	0.0	0.0	0.0
Total DSG after Academy recoupment for 2021-22	1.5	2.1	3.6
Plus: Brought forward from 2020-21	1.0	0.0	1.0
Less: Carry forward to 2021/22 agreed in advance	0.0	0.0	0.0
Agreed initial budgeted distribution in 2021-22	2.5	2.1	4.6
In year adjustments	0.0	0.0	0.0
Final budgeted distribution for 2021-22	2.5	2.1	4.6
Less: Actual central expenditure	(1.2)	0.0	(1.2)
Less: Actual ISB deployed to schools	0.0	(2.1)	(2.1)
Plus: Local authority contribution for 2020-21			
Carry forward to 2022-23	1.3	0.0	1.3

9. Remuneration and Exit Packages of Employees

Tables 1 to 3 set out the information required in accordance with the Accounts and Audit Regulations 2015 for 2021-22 and 2020-21 respectively.

The number of officers whose remuneration, excluding employer's pension contributions, were £50,000 or more grouped in rising bands of £5,000 is set out in Table 1 (only bands which include officers are shown in the table). Officers have been classified between those employees charged wholly to the City Fund, including Police officers, and those employees charged partly to the City Fund and partly to other funds of the City Corporation.

The information in Table 1 relates to those officers' full salary and not just the part charged to the City Fund. This excludes senior officer salaries which are included in table 2.

Table 3 relates to the Exit packages of employees.

Table 1 - Remuneration in Bands

Proportion charged to City Fund			Proportion charged to City Fund			
Wholly charged		Partially Charged to		Wholly charged		Partially Charged to
2020-21			Salary Range	2021-22		
Police Officers	Other		£	Police Officers	Other	
183	72	119	50 - 54,999	203	52	95
105	59	88	55 - 59,999	126	38	94
51	25	54	60 - 64,999	71	16	41
57	23	68	65 - 69,999	58	13	72
22	13	23	70 - 74,999	29	6	28
8	12	32	75 - 79,999	5	8	19
6	6	9	80 - 84,999	3	4	13
4	5	15	85 - 89,999	5	3	10
7	2	5	90 - 94,999	9	0	7
1	3	3	95 - 99,999	5	2	8
0	2	6	100 - 104,999	1	3	3
1	1	1	105 - 109,999	0	0	4
0	0	0	110 - 114,999	1	0	4
2	0	7	115 - 119,999	1	0	1
0	1	2	120 - 124,999	1	1	2
0	1	4	125 - 129,999	1	0	3
0	0	3	130 - 134,999	0	2	1
0	0	0	135 - 139,999	0	0	0
0	0	0	140 - 144,999	0	0	1
0	1	1	145 - 149,999	0	0	0
447	226	440	Total	519	148	406

Table 2 – Senior Officer Remuneration

2021-22	Proportion charged to Local or Police Authority Activities	Total Salary	Salary (including fees & allowances)	Bonus	Compensation for Loss of Office	Other Payments (Police Officers only)	Total Remuneration excluding pension contributions	Pension Contributions	Total Remuneration including Pension Contributions
	%	£000	£000	£000	£000	£000	£000	£000	£000
Salary is £150,000 or more a year									
Town Clerk & Chief Executive – J. Barradell	55%	266.0	146.0	0.0	0.0	0.0	146.0	31.0	177.0
Managing Director I&G – Brussels Office – N. Collier	100%	230.0	230.0	0.0	0.0	0.0	230.0	48.0	278.0
Chamberlain – C. Al-Beyerty (started May 2021)	60%	173.0	104.0	0.0	0.0	0.0	104.0	22.0	126.0
Police Commissioner – I. Dyson (left December 2021)	100%	155.0	155.0	61.0	0.0	5.0	221.0	0.0	221.0
Comptroller & City Solicitor – M. Cogher	65%	180.0	117.0	0.0	0.0	0.0	117.0	25.0	142.0
City Surveyor – P. Wilkinson	40%	159.0	64.0	8.0	0.0	0.0	72.0	15.0	87.0
Salary is between £50,000 and £150,000									
Managing Director Barbican Centre (left September 2021)	100%	103.0	103.0	0.0	0.0	0.0	103.0	22.0	125.0
Managing Director Barbican Centre (acting up from September 2021)	100%	102.0	102.0	0.0	0.0	0.0	102.0	21.0	123.0
Managing Director Barbican Centre (acting up from September 2021)	100%	99.0	99.0	0.0	0.0	0.0	99.0	21.0	120.0
Police Commissioner (started January 2022)	100%	47.0	47.0	3.0	0.0	5.0	55.0	14.0	69.0
Executive Director of Environment (started August 2021)	100%	112.0	112.0	0.0	0.0	0.0	112.0	18.0	130.0
Director of Innovation & Growth	67%	146.0	98.0	0.0	0.0	0.0	98.0	20.0	118.0
Chief Operating Officer (started July 2021)	65%	133.0	87.0	0.0	0.0	0.0	87.0	18.0	105.0
Director of Community & Children's Services	100%	146.0	146.0	0.0	0.0	0.0	146.0	31.0	177.0
Chamberlain (left April 2021)	60%	37.0	22.0	0.0	36.0	0.0	58.0	1.0	59.0
Director of Markets & Consumer Protection (left December 2021)	55%	72.0	40.0	4.0	0.0	0.0	44.0	8.0	52.0
Director of Markets & Consumer Protection (started August 2021)	55%	74.0	41.0	0.0	0.0	0.0	41.0	8.0	49.0

2020-21	Proportion charged to Local or Police Authority Activities	Total Salary	Salary (including fees & allowances)	Bonus	Compensation for Loss of Office	Other Payments (Police Officers only)	Total Remuneration excluding pension contributions	Pension Contributions	Total Remuneration including Pension Contributions
	%	£000	£000	£000	£000	£000	£000	£000	£000
Salary is £150,000 or more a year									
Town Clerk & Chief Executive – J. Barradell	55%	264.0	145.0	4.0	0.0	0.0	149.0	31.0	180.0
Chamberlain – P. Kane	60%	198.0	119.0	3.0	0.0	0.0	122.0	26.0	148.0
Police Commissioner – I.Dyson	100%	191.0	191.0	1.0	0.0	7.0	199.0	0.0	199.0
Managing Director Barbican Centre – N.Kenyon	100%	204.0	204.0	6.0	0.0	0.0	210.0	44.0	254.0
Comptroller & City Solicitor – M.Cogher	65%	174.0	113.0	0.0	0.0	0.0	113.0	24.0	137.0
City Surveyor – P Wilkinson	40%	158.0	63.0	10.0	0.0	0.0	73.0	15.0	88.0
Executive Director of Mansion House & Old Bailey – V Annells	30%	152.0	45.0	2.0	46.0	0.0	93.0	10.0	103.0
Salary is between £50,000 and £150,000									
Director of Built Environment	100%	131.0	131.0	4.0	137.0	0.0	272.0	29.0	301.0
Director of Community & Children's Services	100%	135.0	135.0	0.0	0.0	0.0	135.0	28.0	163.0
Director of Markets & Consumer Protection	55%	114.0	63.0	0.0	0.0	0.0	63.0	13.0	76.0
Director of Open Spaces	30%	116.0	35.0	0.0	0.0	0.0	35.0	7.0	42.0

Table 3 – Exit Packages charged to City Fund

2020-21					2021-22				
Number of Compulsory Redundancies (FTE No.)	Number of Other Departures Agreed (FTE No.)	Total Number of Exit Packages by Cost Band (FTE No.)	Total Cost of exit Packages in Each Band (£'000)		Number of Compulsory Redundancies (FTE No.)	Number of Other Departures Agreed (FTE No.)	Total Number of Exit Packages by Cost Band (FTE No.)	Total Cost of exit Packages in Each Band (£'000)	
5.0	8.0	13.0	67.4	£0 - £20,000	18.0	1.0	19.0	57.4	
1.0	1.0	2.0	49.9	£20,001 - £40,000	2.0	2.0	4.0	123.6	
0.0	0.0	0.0	0.0	£40,001 - £60,000	0.0	0.0	0.0	0.0	
0.0	1.0	1.0	65.0	£60,001 - £80,000	0.0	0.0	0.0	0.0	
0.0	1.0	1.0	94.0	£80,001 - £100,000	0.0	0.0	0.0	0.0	
0.0	0.0	0.0	0.0	£100,001 - £150,000	0.0	0.0	0.0	0.0	
0.0	0.0	0.0	0.0	£150,001 - £200,000	0.0	0.0	0.0	0.0	
0.0	0.0	0.0	0.0	£200,001 - £250,000	0.0	0.0	0.0	0.0	
0.0	0.0	0.0	0.0	£250,001 - £300,000	0.0	0.0	0.0	0.0	
6.0	11.0	17.0	276.3	Total	20.0	3.0	23.0	181.0	

10. Audit Fees

Estimated costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections provided by the City Fund's external auditor, are set out in the adjacent table. The 2021-22 audit will be carried out by our newly appointed auditor, Grant Thornton. Audit Fees of £25,000 (2020-21: £22,000) in respect of the City of London Pension Fund are met by the Pension Fund and are not included in the table.

2020-21		2021-22
£'000		£'000
111.0	External audit services carried out by the appointed auditor under the National Audit Office Code of Audit Practice in accordance with the Local Audit and Accountability Act 2014.	340.0
20.0	Certification of grant claims and returns by the appointed auditor	25.0
5.0	Non-audit fees – other grant and certification fees	0.0
136.0		365.0



Notes to the Movement in Reserves Statement

11. Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to meet future capital and revenue expenditure.

The following sets out a description of the reserves that the adjustments are made against.

City Fund Balance

This is the statutory fund into which all receipts are required to be paid and out of which all liabilities are to be met in respect of the City Fund's activities as a local authority, police authority and port health authority, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the City Fund unallocated reserve, which is not necessarily in accordance with proper accounting practice. The City Fund Balance is not available to fund Housing Revenue Account (HRA) services. With this exception, the City Fund Balance therefore summarises the resources that the City Fund statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the City Fund is required to recover) at the end of the financial year.

Housing Revenue Account (HRA) Balance

The HRA Balance reflects the statutory obligation to maintain a revenue account for local authority council housing provision in accordance with Part VI of the Local Government and Housing Act 1989. It contains the balance of income and expenditure as defined by the 1989 Act that is available to fund the City Fund's HRA landlord function or (where in deficit) that is required to be recovered from tenants in future years.

Capital Receipts Reserve

This reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

Capital Grants Unapplied

This reserve holds the grants and contributions received towards capital projects which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

Major Repairs Reserve

The City Fund is required to maintain this reserve, which controls an element of resources limited to being used on capital expenditure on HRA assets or the financing of historic capital expenditure by the HRA. The balance shows the resources that have yet to be applied at the year-end.

2021-22	Usable Reserves					Movement in Unusable Reserves
	City Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	Major Repairs Reserve	
	£m	£m	£m	£m	£m	£m
Adjustments to the Revenue Resources						
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements						
Pensions costs (transfers to or from the Pensions Reserve)	(59.0)	(1.1)				60.1
Council Tax and Non-Domestic Rates (transfers to or from the Collection Fund Adjustment Account)	12.2					(12.2)
Holiday pay (transfers to or from the Accumulated Absences Reserve)	1.5					(1.5)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (transfers to or from the Capital Adjustment Account)	49.2	(5.5)				(43.7)
Transfer of capital grants & contributions from revenue to the Capital Grants Unapplied Account	13.1			(13.1)		0.0
Transfer of deferred non-current assets sale proceeds from revenue to the Deferred Capital Receipts Reserve	(2.7)					2.7
Transfer to the Pooled Investment Reserve	(7.6)					7.6
Total Adjustments to Revenue Resources	6.7	(6.6)	0.0	(13.1)	0.0	13.0
Adjustments between Revenue and Capital Resources						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	20.1	0.9	(21.0)			0.0
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	(0.4)		0.4			0.0
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	6.8					(6.8)
Posting of HRA resources from revenue to the Major Repairs Reserve		3.0			(3.0)	0.0
Contribution from Community Infrastructure Levy to fund revenue expenditure	(3.4)			3.4		0.0
Total Adjustments between Revenue and Capital Resources	23.1	3.9	(20.6)	3.4	(3.0)	(6.8)
Adjustments to Capital Resources						
Use of the Capital Receipts Reserve to finance capital expenditure			46.8			(46.8)
Use of the Major Repairs Reserve to finance capital expenditure					3.6	(3.6)
Application of capital grants to finance capital expenditure (transferred to the Capital Adjustment Account)				3.0		(3.0)
Cash payments in relation to deferred capital receipts			(0.3)			0.3
Total Adjustments to Capital Resources	0.0	0.0	46.5	3.0	3.6	(53.1)
Total Adjustments	29.8	(2.7)	25.9	(6.7)	0.6	(46.9)

2020-21	Usable Reserves					Movement in Unusable Reserves
	City Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	Major Repairs Reserve	
	£m	£m	£m	£m	£m	£m
Adjustments to the Revenue Resources						
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements						
Pensions costs (transfers to or from the Pensions Reserve)	(48.5)	(1.1)				49.6
Council Tax and Non-Domestic Rates (transfers to or from the Collection Fund Adjustment Account)	(82.1)					82.1
Holiday pay (transfers to or from the Accumulated Absences Reserve)	(1.1)					1.1
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (transfers to or from the Capital Adjustment Account)	(57.4)	(18.1)				75.5
Transfer of capital grants & contributions from revenue to the Capital Grants Unapplied Account	3.9			(3.9)		0.0
Transfer to the Pooled Investment Reserve	6.9					(6.9)
Total Adjustments to Revenue Resources	(178.3)	(19.2)	0.0	(3.9)	0.0	201.4
Adjustments between Revenue and Capital Resources						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	5.1	1.5	(6.6)			0.0
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	(0.6)		0.6			0.0
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	11.3					(11.3)
Posting of HRA resources from revenue to the Major Repairs Reserve		3.1			(3.1)	0.0
Contribution from Community Infrastructure Levy to fund revenue expenditure	(1.3)			1.3		0.0
Total Adjustments between Revenue and Capital Resources	14.5	4.6	(6.0)	1.3	(3.1)	(11.3)
Adjustments to Capital Resources						
Use of the Capital Receipts Reserve to finance capital expenditure			23.8			(23.8)
Use of the Major Repairs Reserve to finance capital expenditure					4.5	(4.5)
Application of capital grants to finance capital expenditure (transferred to the Capital Adjustment Account)				2.1		(2.1)
Cash payments in relation to deferred capital receipts			(0.5)			0.5
Total Adjustments to Capital Resources	0.0	0.0	23.3	2.1	4.5	(29.9)
Total Adjustments	(163.8)	(14.6)	17.3	(0.5)	1.4	160.2

12. Transfers (to)/from Earmarked Revenue Reserves

This note sets out the amounts set aside within the City Fund Balance in earmarked revenue reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet City Fund expenditure in 2021-22.

	Notes	Balance at 31 March 2020	Transfers Out 2020-21	Transfers In 2020-21	Balance at 31 March 2021	Transfers Out 2021-22	Transfers In 2021-22	Balance at 31 March 2022
		£m	£m	£m	£m	£m	£m	£m
Highway Improvements	i	(42.7)	5.7	(10.1)	(47.1)	6.2	(10.7)	(51.6)
Major Projects Reserve	ii	(16.9)	9.4	(61.5)	(69.0)	51.6	(36.2)	(53.6)
Business Rate Equalisation	iii	0.0	0.0	(47.9)	(47.9)	37.7	(24.6)	(34.8)
City Fund Risk Reserve	iv	0.0	0.0	0.0	0.0	0.0	(30.0)	(30.0)
Build Back Better Reserve	v	0.0	0.0	0.0	0.0	1.1	(18.1)	(17.0)
London NNDR Pool SIP	vi	(34.1)	25.4	0.0	(8.7)	0.0	(0.5)	(9.2)
Crime Reduction Initiatives	vii	(1.4)	0.0	(0.8)	(2.2)	0.0	(6.8)	(9.0)
Police Future Expenditure	viii	(2.9)	2.9	(4.3)	(4.3)	2.6	(3.5)	(5.2)
Other Earmarked Reserves	ix	(16.7)	2.4	(4.5)	(18.8)	2.0	(4.8)	(21.6)
Total		(114.7)	45.8	(129.1)	(198.0)	101.2	(135.2)	(232.0)

- (i) Highway Improvements – Created from on-street car parking surpluses to finance future highways related expenditure and projects as provided by section 55 of the Road Traffic Regulation Act 1984, as amended by the Road Traffic Act 1991.
- (ii) Major Projects Reserve – This reserve has been established to fund the 2 major projects funded from City Fund resources, the Combined Criminal Court and the Museum of London Relocation.
- (iii) Business Rate Equalisation Reserve – This reserve will be used to fund collection fund deficits that will be accounted for in future years. The reserve holds funding received from Government to offset the impact of granting business rate relief to retail, leisure and hospitality businesses during 2021-22 (£24.6m) and compensation received from Govt to assist local authorities with losses incurred in the collection of business rates and council tax.
- (iv) City Fund Risk Reserve – This reserve is held to mitigate the additional financial risks brought about COVID-19 and the current economic climate including factors like inflation.
- (v) Build Back Better Reserve – Funds set aside to finance the build back better programme which seeks to support the recovery in the City post COVID-19.
- (vi) Unallocated London NNDR Pool Strategic Investment Pot (SIP) – This relates to yet to be allocated SIP funds generate through the London NNDR Pool. The City Corporation acts a lead authority for the pool and in that role has the final say on the allocation of SIP funds.
- (vii) Police Future Expenditure Reserve – Revenue expenditure for the City Police service is cash limited. The net position each year is taken from/to this reserve to fund future service costs.
- (viii) Under the guidelines of the Proceeds of Crime Scheme funds received by the City Police must be ring fenced for “crime reduction initiatives”.
- (ix) Other Earmarked Reserves – The total for all other reserves set aside for specific purposes including service projects, VAT, the School’s reserve and renewals and repairs.

A photograph of a courtyard with a fountain, wooden benches, and a church tower in the background. The courtyard is paved with cobblestones and features a central circular fountain with a wooden top. Several wooden benches are arranged around the fountain. The background shows a large, multi-story brick building and a tall, white church tower with a spire. The foreground is dominated by large, green, leafy plants.

Notes to the Balance Sheet

13. Property, Plant and Equipment

Movements on Balances 2021-22	Council Dwellings	Other Land & Buildings	Leasehold Improvements	Vehicles, Plant & Equipment	Community Assets	Assets Under Construction	Surplus Assets	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Cost or valuation								
at 1 April 2021	263.0	509.2	7.3	115.9	1.5	48.0	3.0	947.9
Additions	1.9	3.3	0.6	5.4	0.0	52.0	0.0	63.2
Transfers	0.3	104.1	0.0	0.8	0.0	(4.5)	(1.8)	98.9
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(5.7)	21.6	0.0	0.0	0.0	0.0	0.0	15.9
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(1.6)	(36.7)	0.0	0.0	0.0	0.0	0.0	(38.3)
Derecognition – disposals	(6.8)	0.0	0.0	(0.2)	0.0	0.0	(0.2)	(7.2)
at 31 March 2022	251.1	601.5	7.9	121.9	1.5	95.5	1.0	1,080.4
Accumulated Depreciation and Impairment								
at 1 April 2021	(0.1)	(4.5)	(0.7)	(65.1)	0.0	0.0	(0.7)	(71.1)
Depreciation Charge	(2.6)	(10.8)	(0.7)	(7.3)	0.0	0.0	0.0	(21.4)
Depreciation written out to the Revaluation Reserve	1.7	9.9	0.0	0.0	0.0	0.0	0.0	11.6
Depreciation written out to the Surplus/Deficit on the Provision of Services	0.9	0.2	0.0	0.0	0.0	0.0	0.0	1.1
Derecognition – disposals	0	0.0	0.0	0.2	0.0	0.0	0.0	0.2
at 31 March 2022	(0.1)	(5.2)	(1.4)	(72.2)	0.0	0.0	(0.7)	(79.6)
Net Book Value								
at 31 March 2021	262.9	504.7	6.6	50.8	1.5	48.0	2.3	876.8
at 31 March 2022	251.0	596.3	6.5	49.7	1.5	95.5	0.3	1,000.8

Property, Plant and Equipment (Continued)

Movements on Balances 2020-21	Council Dwellings	Other Land & Buildings	Leasehold Improvements	Vehicles, Plant & Equipment	Community Assets	Assets Under Construction	Surplus Assets	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Cost or valuation								
at 1 April 2020	303.7	505.6	7.0	108.4	1.5	21.6	3.8	951.6
Additions	1.6	2.0	0.3	8.0	0.0	29.3	0.0	41.2
Transfers	1.1	2.3	0.0	(0.5)	0.0	(2.9)	(0.7)	(0.7)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(22.8)	0.7	0.0	0.0	0.0	0.0	(0.1)	(22.2)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(15.6)	(1.4)	0.0	0.0	0.0	0.0	0.0	(17.0)
Derecognition – disposals	(5.0)	0.0	0.0	0.0	0.0	0.0	0.0	(5.0)
at 31 March 2021	263.0	509.2	7.3	115.9	1.5	48.0	3.0	947.9
Accumulated Depreciation and Impairment								
at 1 April 2020	(0.1)	(4.0)	0.0	(58.4)	0.0	0.0	(0.7)	(63.2)
Depreciation Charge	(2.7)	(13.1)	(0.7)	(6.7)	0.0	0.0	(0.2)	(23.4)
Depreciation written out to the Revaluation Reserve	1.6	11.9	0.0	0.0	0.0	0.0	0.2	13.7
Depreciation written out to the Surplus/Deficit on the Provision of Services	1.1	0.7	0.0	0.0	0.0	0.0	0.0	1.8
Derecognition – disposals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
at 31 March 2021	(0.1)	(4.5)	(0.7)	(65.1)	0.0	0.0	(0.7)	(71.1)
Net Book Value								
at 31 March 2020	303.6	501.6	7.0	50.0	1.5	21.6	3.1	888.4
at 31 March 2021	262.9	504.7	6.6	50.8	1.5	48.0	2.3	876.8

Infrastructure Assets

In accordance with the temporary relief offered by the Update to the Code of Practice on infrastructure assets, this note does not include disclosure of gross costs and accumulated depreciation. This is due to historical reporting practices and resultant information deficits meaning that this would not faithfully represent the asset position to the users of the financial statements and would not provide the basis for these users to take economic or other decisions relating to infrastructure assets.

We have also utilised the provisions granted under The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022 SI 1232/2022 which allows for the derecognition of replaced elements of infrastructure assets to be assumed to be at nil value and confirms that prior year adjustments are not required in relation to this matter. This means that the figures presented below represent the spend and depreciation calculated for this asset class, but due the information deficits, may not accurately reflect the true value of these assets.

2020-21	Infrastructure Assets Movement on Balances	2021-22
£m		£m
51.6	Opening Net Book Value at 1 April	48.8
5.3	Additions	6.9
(8.1)	Depreciation	(8.0)
48.8	Closing Net Book Value at 31 March	47.7

Reconciliation of Property, Plant and Equipment

The below table reconciles the individual disclosure notes to the total property, plant and equipment balance on the face of the balance sheet

2020-21	Reconciliation of Property, Plant and Equipment	2021-22
£m		£m
876.8	Other PPE Assets	1,000.8
48.8	Infrastructure Assets	47.7
925.6	Total PPE Assets Net Book Value	1,048.5

The authority has determined in accordance with Regulation 30M of the Local Authorities (Capital Finance and Accounting) (England/Wales) (Amendment) Regulations 2022 that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil.

Depreciation

The useful lives and depreciation rates generally used in the calculation of depreciation are listed below.

- | | |
|---|----------------|
| • General operational buildings | 50 years |
| • Council Dwellings | 125 years |
| • Certain listed ² operational buildings | 75 – 125 years |
| • Leasehold Improvements | 10 – 30 years |
| • Infrastructure | 10 – 25 years |
| • Heavy vehicles and plant | 7 years |
| • Equipment | 5 -12 years |
| • Cars and light vans | 5 years |
| • Assets under construction | None |
| • Community Assets | None |

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Where there is a material impact on depreciation and/or the carrying value, components are treated as separate assets and depreciated over their own useful economic lives. Indicative economic lives of typical asset components include:

- | | |
|-----------------------|-------------|
| • Internal fit-out | 10-25 years |
| • Plant and Machinery | 15-25 years |

HRA Dwelling Valuations

Dwellings are valued at their 'existing use with vacant possession' and then reduced to reflect 'existing use for social housing'. The reduction is a measure of the economic cost of providing council housing at less than open market rents. Current MHCLG guidance (guidance for valuers – 2016) identifies a vacant possession adjustment factor for London of 25%. This factor has been adopted in establishing the Existing Use Value- Social Housing. The estimated vacant possession value of HRA dwellings is £712.4m which has been reduced by 75% to £179.7m to reflect social housing.

The City Fund also maintains the Barbican Estate which, whilst classed as Council Dwellings, sits outside of the HRA and is not subject to the adjustment factor.

²A building which is included on the statutory list of 'buildings of special architectural or historic interest'.

Commitments

At 31 March 2022, the authority has entered into a number of contracts for the construction or enhancement of property, plant and equipment in 2022/23 and future years budgeted to cost £40.6m. The major commitments are:

- £4.2m relating to Salisbury Square demolition and development scheme
- £3.3m relating to phase 4 works at Central Criminal Court (Old Bailey)
- £3.3m relating to the replacement of mechanical and electrical services and Walbrook Wharf Depot
- £1.6m outstanding in respect of the installation of sprinklers on the Avondale Square Housing estate
- £1.3m in respect of the Poultry Market roof
- £1.2m in respect of heating and hot water replacement schemes at York Way estate

The City Fund is not aware of any material change in value of any other assets and therefore the valuations have not been updated. The current asset values used in the accounts for the Barbican Centre, Central Criminal Court, Public Car Parks, Public Conveniences, Walbrook Wharf (depot and offices), Golden Lane Recreation Centre, Woodredon and Warlies Park, Cemetery and Crematorium, Police Station, Animal Reception Centre and the investment properties are based on assessments by external valuers. The firms of chartered surveyors who have prepared valuations for the City Fund are Cushman and Wakefield LLP, Gerald Eve LLP and Savills (UK) Ltd.

All other asset values have been prepared by registered RICS valuers employed in the City Corporation's City Surveyor's Department.

Revaluations

The following have been revalued at 31 March 2021 in accordance with the Rolling Five Year Programme of Revaluation or to reflect material changes in value:

- Barbican Centre, including the Barbican lending library
- Barbican Estate residential properties, baggage stores, and car bays
- Bishopsgate Police Station
- Central Criminal Court
- City of London Cemetery and Crematorium properties
- Cleansing Depot and Offices at Walbrook Wharf
- Housing Commercial Properties (shop units, garages and parking spaces)
- Housing Dwellings (including guest flats)
- Public Car Parks
- Public Conveniences
- Spitalfields Market
- Woodredon and Warlies Park Estate
- Surplus Properties
- Investment Properties
- Assets Held for Sale – HRA non-dwelling properties at Holloway

14. Heritage Assets

The carrying value of heritage assets currently held in the Balance Sheet at historic cost is £9.0m (2020-21 £9.0m) which relates almost exclusively to one asset – the capital's only Roman Amphitheatre. The amphitheatre was discovered in Guildhall Yard during an archaeological dig taking place in preparation for a building project. In 2002, the doors to the amphitheatre opened for the first time in nearly 2,000 years.

The London Metropolitan Archives look after 105km of books, maps, films and photographs about London and Londoners dating from as far back as 1067. Guildhall Library also specialises in the history of London with a printed books collection from the 15th century onwards and many special collections including those devoted to Samuel Pepys, John Wilkes and Sir Thomas More. Reliable valuations are not available for these assets and the cost of obtaining such valuations in order to recognise them on the balance sheet would outweigh the benefit of such recognition to the users of the financial statements.

Further information on the Roman Amphitheatre and the London Metropolitan Archives, including opening times and details of the collections held by the LMA, can be found on the City Corporation website (<https://www.cityoflondon.gov.uk/things-to-do/history-and-heritage/london-metropolitan-archives>)

15. Capital Expenditure and Finance

The total amount of capital expenditure incurred in the year is shown, in the table adjacent, together with the resources that have been used to finance it. Where assets are acquired under finance leases (see note 30, page 77-80) the transactions are considered to be the same as if the City Fund had purchased the assets and financed this by taking out a loan. Liabilities are therefore recognised for the same amount as the assets acquired under finance leases.

A nil or negative Capital Financing Requirement (CFR) indicates that the City Fund's provision for debt is equal to or greater than the debt incurred. Where capital expenditure is to be financed in future years by charges to revenue the expenditure results in a positive CFR, a measure of the capital expenditure incurred historically that has yet to be financed. The net increase

in the capital financing requirement of £33.3m reflects the recognition of £34.4m of additional borrowing requirement to fund capital schemes, partially offset by a £1.1m minimum revenue provision made in the year.

2020-21		2021-22
£m		£m
45.3	Opening Capital Financing Requirement	53.4
	Capital Investment	
46.5	Property, Plant and Equipment	70.1
3.9	Investment Properties	40.1
0.2	Intangible Assets	0.2
11.2	Revenue Expenditure Funded for Capital Under Statute	20.9
	Sources of Finance	
(1.1)	Minimum Revenue Provision	(1.1)
(23.8)	Capital Receipts	(46.9)
(13.0)	Capital grants, contributions and donations	(39.6)
(4.5)	Major Repairs Reserve	(3.6)
(11.3)	Direct revenue contributions	(6.8)
53.4	Closing Capital Financing Requirement	86.7

2020-21		2021-22
£m		£m
	Explanation of movement in year	
(1.1)	Minimum Revenue Provision	(1.1)
0.0	Assets acquired under finance leases	0.0
9.2	Increase in underlying need to borrow	34.4
8.1	Increase/(decrease) in Capital Financing Requirement	33.3

16. Long Term Debtors

31 March 2021		31 March 2022
£m		£m
12.1	Net Investment in Finance Leases	9.1
1.3	Loans to Museum of London (repayable by 2032)	1.2
2.2	Rent	1.8
0.1	Museum in Docklands Loan	0.1
0.1	Service Charge Loans	0.1
15.8	Total	12.3

17. Investment Properties

2020-21		2021-22
£m		£m
1,621.5	Balance at start of the year	1,601.0
0.0	Transfers	(100.8)
	Additions:	
3.9	Purchases	40.1
0.0	Construction	0.0
0.5	Subsequent expenditure	0.0
0.0	Disposals	(17.2)
	Revaluations:	
(24.4)	Net gains from fair value adjustments	119.0
1,601.0	Balance at end of the year	1,642.1

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The fair values of investment properties have been based on a combination of:

- The market approach having regard to current market conditions, recent sales prices and lettings and other relevant information for similar properties in the area.
- The income approach, by means of the discounted cash flow method, where the expected cash flows are discounted at a market rate to establish the present value of the net income stream.

This is in the context of the active property market that exists in the City of London.

The £100.8m transfer of investment property relates to the use of previously income generating property as part of the Combine Courts major project, which will provide a new headquarters for the City of London Police. As these properties are no longer held for income generation or capital appreciation, they do not meet the definition of an investment property and have been transferred to the other land and buildings heading.

The City Find Estate valuation includes £223.8m of lease adjustments and £2.9m rent smoothing adjustment.

As part of the annual valuation of our investment properties, our external valuers have determined that the portfolio has been valued on a level 3 basis. This means there are some significant unobservable inputs which determine the value of these properties, namely the market rent and yield when using the valuation method highlighted above. The below table set out the sensitivity of the property valuations provided by Savills to these inputs based on a +/- 0.25% change in yield (with yields in the range of 2.26% to 7.01%) and +/-5% change in market rents as appropriate; and the sensitivity of the property valuations provided by Cushman & Wakefield to these inputs based on a +/- 0.25% change in yield (with yields in the range 2.75% to 6.06%) and +/- 5% change in market rents as appropriate. The Lease premiums adjustments of £223.8m have been add below but have 0% sensitivity due to receiving the funds upfront

Unobservable Inputs	Sensitivity Range	Yield Sensitivity Range	Value at 31 March 2022	Tolerance Range
	%	%	£m	£m
Investment property valued by Savills			1,109.4	
Yield Sensitivity	+/-0.25	2.26% - 7.01%	1,109.4	1,007.0 – 1,188.1
Market Rents	+/-5.0		1,109.4	1,069.8 – 1,112.5
Investment property valued by Cushman and Wakefield (Strategic estate)			130.7	
Yield Sensitivity	+/-0.25	2.75% - 5.52%	130.7	128.7 – 138.1
Market Rents	+/-5.0		130.7	124.9 – 136.2
Investment property valued by Cushman and Wakefield (non-Strategic estate)			223.1	
Yield Sensitivity	+/-0.25	4.52% - 6.06%	181.0	160.5-185.3
Market Rents	+/-5.0		181.0	164.0-180.4
Investment Property valued by Gerald Eve			7.6	
Yield Sensitivity			7.6	7.6-7.6
Market Rents			7.6	7.6-7.6
Investment Property - Lease Premiums			223.8	
Yield Sensitivity			223.8	223.8-223.8
Market Rents			223.8	223.8-223.8
Total Valuation			1,652.5	

Investment Property valued using L3 inputs as at 1 April 2021 was £1,412.8m and Investment Property valued using L3 inputs as at 31 March 2022 was £1,421.1m, and Investment Property valued using L1 inputs (lease premium adjustments) as at 1 April 2022 was £191.1m and the Investment Property valued using L1 inputs as at 31 March 2022 was £223.8m

18. Financial Instruments

The financial instruments recognised in the City Fund financial statements include trade debtors and creditors, bank deposits and investments.

Categories of Financial Instruments

The financial instruments disclosed in the Balance Sheet are made up of the following categories under IFRS 9.

Long Term	Current		Long Term	Current
31 March 21	31 March 21		31 March 22	31 March 22
£m	£m		£m	£m
		Investments		
0.0	380.1	Fair value through profit and loss	0.0	324.6
0.0	493.5	Amortised Cost	0.0	667.5
0.0	873.6	Total Investments	0.0	992.1
		Debtors		
15.8	41.9	Amortised Cost	12.3	89.5
15.8	41.9	Total Debtors	12.3	89.5
		Creditors		
0.0	(54.6)	Amortised Cost	0.0	(76.1)
0.0	(54.6)	Total Creditors	0.0	(76.1)
		Long Term Liabilities		
(5.4)	0.0	Amortised Cost	(4.9)	0.0
(5.4)	0.0	Total Long Term Liabilities	(4.9)	0.0

Investments

The City Fund's investments comprise cash that is not required for day to day purposes invested in deposits of varying fixed lengths and money market funds (including short dated bonds). Investments in fixed term deposits, call accounts and notice accounts are classified as amortised cost financial assets because they comprise of cash flows which are solely payments of principal and interest. Investment in money market funds are classed as fair value through profit or loss financial assets as the net asset value of these funds can vary slightly.

Income, Expense, Gains and Losses

The gains and losses recognised in the CI&ES in relation to financial instruments are made up as follows:

2020-21		2021-22
£m		£m
(6.9)	Net(gain)/loss on financial assets at fair value through profit and loss	7.5
(6.9)	Total net (gains)/losses in Surplus or Deficit on the Provision of Services	7.5
(7.6)	Interest (income)/expenses from financial assets	(5.7)
(7.6)	Total interest revenue in Surplus or Deficit on the Provision of Services	(5.7)

31 March 2021			31 March 2022	
Carrying Amount	Fair Value		Carrying Amount	Fair Value
£m	£m		£m	£m
		Financial assets		
7.1	7.1	Long Term Debtors – investment properties	4.3	4.3
8.7	8.7	Long Term Debtors – other	8.0	8.0
873.6	873.6	Short Term Investments	992.1	992.1
41.9	41.9	Short Term Debtors	89.5	89.5
931.3	931.3	Total financial assets	1,093.9	1,093.9
		Financial liabilities		
(54.6)	(54.6)	Short Term Creditors	(76.1)	(76.1)
(5.4)	(5.4)	Long Term Liabilities	(4.9)	(4.9)
(60.0)	(60.0)	Total financial liabilities	(81.0)	(81.0)

Fair Value of Assets and Liabilities

Financial assets held at fair value through profit and loss are valued using unadjusted quoted prices in active markets for identical assets (level 1 inputs in the fair value hierarchy).

All other financial liabilities and financial assets represented by amortised cost and long-term debtors and creditors are carried on the balance sheet at amortised cost. Short-term debtors and creditors are carried at cost as this is a fair approximation of their value.

The fair value of long term debtors in relation to investment properties (comprising finance lease debtors) have been assessed based on the investment property fair values categorised within Level 2 of the fair value hierarchy (see accounting policy 1.21). Other long term debtors consist mainly of a loan to and finance lease debtor with the Museum of London. As there is no active market for these items, the fair value is assumed to be the same as the carrying value categorised within level 3 of the fair value hierarchy.

19. Nature and Extent of Risks arising from Financial Instruments

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

- Credit risk – the possibility that other parties might fail to pay amounts due to City Fund
- Liquidity risk – the possibility that the City Fund might not have enough funds available to meet its 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 the financial markets such as interest rates, stock market movements and foreign exchange rates.

The City Corporation has adopted CIPFA's Treasury Management in the Public Services: Code of Practice and sets treasury management indicators to control key financial instrument risks in accordance with CIPFA's Prudential Code. The City Fund'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. Risk management is carried out by a central treasury team, under policies approved by the Court of Common Council in the annual treasury management strategy statement.

The public health measures taken in United Kingdom to mitigate the spread of the Covid 19 virus, and their effects on the economy in the UK in 2021-22, have not significantly increased the City Fund's exposure to credit or liquidity risks arising from financial instruments.

Credit Risk

Credit risk arises from deposits with banks, other financial institutions and other local authorities, as well as credit exposures to the City Fund's customers. Deposits are only made with banks with a minimum Fitch (a leading credit rating agency) "rating" of Long term A and Short term F1 or are building societies with assets over £10bn (or which have a minimum credit rating similar to that set for the banks). The City Fund also invests in money market funds, which are subject to a minimum credit rating of AAmmf (Fitch) or equivalent. The City Fund 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 array 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 Fund's 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, NatWest and Santander UK were maintained at maximum lending limits of £100m each during 2021-22, 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 twelve foreign banks with individual limits of £100m with a maximum loan duration of three years. The included foreign banks are Australia and New Zealand Banking Group, National Australia Bank, Bank of Montreal, Royal Bank of Canada, Toronto-Dominion Bank, Landesbank Hessen-Thuringen Girozentrale, Cooperatieve Rabobank, DBS Bank, United Overseas Bank, Skandinaviska

Enskilda Banken, Swedbank, and Svenska Handelsbanken. The lending list also includes five highly rated money market funds (Aberdeen Sterling Liquidity Fund, CCLA Public Sector Deposit Fund, Deutsche Managed Sterling Fund, Federated Short-Term Sterling Prime Fund, and Invesco Sterling Liquidity Portfolio); 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 also lends to other UK local authorities with a limit of £25m to any individual authority.

The City Fund's maximum exposure 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 the City Fund does not expect any losses from non-performance by any counterparty in relation to outstanding deposits. As at 31 March 2022, the City Fund had £1,022.0m in cash, cash equivalents and investments.

The City Fund, along with other Funds of the Corporation, share a common Corporation cashbook and at any time cash balances will be put out to investments in bank notice accounts, money market funds or deposit accounts. Each fund has a share of the invested balances in proportion to this relative holding in the Corporation cashbook. There is little exposure to credit risk arising from these investments.

The City Fund does not generally allow credit for customers. Therefore, the potential maximum exposure to credit risk is with customers for which prudent provision for bad debts and expected credit losses has been included within the accounts based on the length of time past the due date and progress on recovery action.

31 March 2022	<3 months	3-6 months	6-12 months	>1 year	Total
Expected loss rate	2%	11%	31%	50%	-
Gross carrying amount (£m)	16.6	3.9	2.6	4.1	27.2
Loss provision (£m)	0.3	0.4	0.8	2.1	3.6

Liquidity risk

The authority has ready access to borrowings from the money markets to cover any day to day cash flow need, and the Public Works Loans Board, for access to longer term funds. The authority is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. At present, the City Fund has no borrowing exposure.

Market risk

Interest rate risk

The authority 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 the authority. For instance, a rise in interest rates would have the following effects:

- investments at variable rates – the interest income credited to the CI&ES will rise,
- investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

Changes in interest receivable on variable rate investments are posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in fair value of fixed rate investments that have a quoted market price will be reflected in the Other Comprehensive Income and Expenditure Statement.

The Treasury Management Team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget, quarterly during the year. According to this assessment strategy, if interest rates had been 1% higher with all other variables held constant, the financial effect at 31 March on investments with variable rates would be:

2020-21		2021-22
£m		£m
	Increase in interest receivable on investments held at variable rates	
4.3	City Fund	4.6
0.0	HRA	0.0
4.3	Total	4.6

The impact of a 1% fall in interest rates would be as above but with the movements being reversed. All of the City Fund's financial investments held at amortised cost are due to mature within twelve months as at 31 March 2022 and therefore the impact of a 1% movement in interest rates on the fair value of fixed rate investment assets would not be material. Within its financial investments held at fair value through profit or loss, the City Fund holds two short dated bond fund investments whose value is sensitive to fluctuations in interest rates. Based on the combined modified duration of these investments as at 31 March 2022, the Corporation estimates that a 1% increase (decrease) in interest rates will decrease (increase) their carrying value by £4.6m.

Foreign exchange risk

The authority has no financial assets or liabilities denominated in foreign currencies and therefore has no exposure to loss arising from movements in exchange rates.

Other price risks

The City of London Corporation has no material investments in equity shares attributable to the City Fund.

20. Short-term debtors

31 March 2021		31 March 2022
£m		£m
34.2	Central Government Bodies	35.2
8.8	Greater London Authority	3.4
23.5	London Business Rates Pool	41.1
	All Other Bodies	
25.3	Rents	20.4
10.8	Sundry	6.9
27.2	Trade Debtors	37.7
12.7	City Fund's Share of National Business Rates Arrears	10.7
8.9	Other	10.0
(11.9)	Less: Impairment allowances for expected credit losses and doubtful debts	(10.5)
139.5	Total	154.9

The adjacent table provides a breakdown of the short term debtor balance including the allowance made for expecting credit losses and bad debts. The majority of the amounts due to the City Corporation relate to transactions with other public bodies where grant and reimbursements are due to fund our activities and outstanding balances related to the London Business Rate Pool, where we act as the lead authority for London (more details can be found in note 38) . The remaining amounts relate to outstanding business rate arrears, rental income, fees and charges and Penalty Charge Notice income.

21. Short-term creditors

The adjacent table provides a breakdown of the outstanding creditor and receipt in advance balances for the year. The majority of these balances are held with other public entities and are predominantly due to movements linked to business rate income.

The remaining balances with Central Govt bodies and the GLA have been impacted by the reduction in collection fund deficits, detail of which can be found in the collection fund accounts section of the statement.

The London Business Rates Pool position relates to our role as lead authority so account for all the outstanding movement for the Pool. This balance reflects that pre-COVID business rate income estimates were used to assess contributions to the Pool, which are now lower due to the pandemic and therefore contributions require repayment (more details provided in note 38). This does not represent a draw on City Fund resources.

31 March 2021		31 March 2022
£m		£m
(30.3)	Central Government Bodies	(83.7)
(19.6)	Greater London Authority and Transport for London	(49.0)
(105.3)	London Business Rates Pool	(105.9)
(33.2)	City Fund's share of national business rates creditors and receipts in advance	(40.0)
(9.8)	Deposits	(8.3)
(61.2)	Sundry	(77.8)
(27.4)	Receipts in advance	(30.8)
(286.8)	Total	(395.5)

22. Provisions

With the introduction of the Business Rates Retention Scheme from 1 April 2013, Local Authorities are liable for successful appeals against business rates in their proportionate share. A provision is recognised for the best estimate of the City Fund's liability at the year-end for appeals. The estimate has been calculated using the Valuation Office Agency (VOA) ratings list of appeals outstanding as at 31 March 2022 and an analysis of successful appeals and trends in 2021-22.

	National Business Rates	City Fund Premium on Business Rates	Total
	£m	£m	
Balance at 1 April 2021	(43.9)	(1.9)	(45.8)
Appeals settled in 2021-22	17.2	0.9	18.1
Provisions made in 2021-22	(11.9)	(0.6)	(12.5)
Balance at 31 March 2022	(38.6)	(1.6)	(40.2)

23. Pension Schemes

As part of the terms and conditions of employment of its employees, the City Fund makes contributions towards the cost of post-employment benefits. Employees are members of the following pension schemes:

- The City of London Corporation Pension Scheme
- The Police Pension Schemes (1987, 2006 and 2015)
- The Judges' Pension Scheme
- The Teachers' Pension Scheme.

These schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees working for the City Corporation. Notes 24 to 26 (page 69-74) provide further information on each of the above schemes.

City of London Pension Scheme

The City Corporation Pension Scheme (the "Scheme") is operated under the regulatory framework for the Local Government Pension Scheme (LGPS) with policy determined in accordance with Pension Fund Regulations. It is a funded defined benefit scheme, meaning that the employers and employees pay contributions into a fund calculated at a level intended to balance the pension liabilities with investment assets. Prior to 1 April 2014, LGPS pension benefits were based on final pensionable pay and length of pensionable service. From 1 April 2014, the scheme became a career average scheme.

The City Corporation administers the Scheme on behalf of its participating employers. The City Corporation's Corporate Services Committee is responsible for personnel and administration matters, whilst its Pensions Committee is responsible for appointing fund managers and monitoring performance. These functions were previously carried out by the Establishment Committee and the Financial Investment Board.

The principal risks to the authority of the scheme are the mortality rate assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme.

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 the City Fund 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 City Corporation's three funds based on the proportion of pensionable payroll of each fund.

Disclosures in relation to City Corporation and the City Fund's share of the overall scheme which satisfy the requirements of a defined benefit pension scheme are set out in this note. This information is not used to determine the employer's pension contribution rate. This is calculated at the triennial valuation and updated by any subsequent interim valuations. The most recent triennial valuation was as at 31 March 2019 and found that the Pension Fund's funding position had improved to 90% (from 84% as at 31 March 2016). The valuation informed consideration of the level of employer's pension contribution to be charged from 1 April 2020 to 31 March 2023, which remain unchanged from 2019-20 at 21.0% per annum.

Assets and Liabilities in Relation to Retirement Benefits

a. Reconciliation of present value of the scheme liabilities

CITY OF LONDON CORPORATION	CITY FUND SHARE 51%		CITY OF LONDON CORPORATION	CITY FUND SHARE 51%
31 March 2021	31 March 2021		31 March 2022	31 March 2022
£m	£m		£m	£m
(1,572.5)	(802.1)	1 April	(2,108.5)	(1,075.5)
(79.6)	(40.6)	Current Service Cost	(85.2)	(43.4)
(29.8)	(15.2)	Interest Cost	(41.5)	(21.2)
		Remeasurement gains/losses:		
18.0	9.2	Actuarial Gains/losses arising from demographic assumptions	50.9	25.9
(482.9)	(246.3)	Actuarial gains/losses arising from changes in financial assumptions	121.8	62.1
20.7	10.6	Other Actuarial Gains/Losses	1.3	0.7
(10.5)	(5.4)	Past Service Cost, including curtailments	(9.4)	(4.8)
(6.6)	(3.4)	Liabilities extinguished on settlements	0.0	0.0
45.5	23.2	Benefits paid	48.2	24.6
(11.2)	(5.7)	Contributions from scheme participants	(11.2)	(5.7)
0.4	0.2	Unfunded Pension Payments	0.4	0.2
(2,108.5)	(1,075.5)	31 March	(2,033.3)	(1,037.1)

Liabilities are discounted to their value at current prices, using a discount rate of 2.35% (based on the annualised Merrill Lynch AA rated corporate bond yield curve where the spot curve is assumed to be flat beyond the 30 year point).

b. Reconciliation of fair value of the scheme assets

CITY OF LONDON CORPORATION	CITY FUND SHARE 51%		CITY OF LONDON CORPORATION	CITY FUND SHARE 51%
31 March 2021	31 March 2021		31 March 2022	31 March 2022
£m	£m		£m	£m
936.9	477.9	1 April	1,188.8	606.4
14.6	7.5	Interest on Assets	22.8	11.6
		Remeasurement gains/losses:		
236.1	120.4	Return on Assets less interest	57.3	29.2
0.0	0.0	Other actuarial gains/losses	6.8	3.5
0.0	0.0	Change in proportion allocated to City Fund	0.0	0.0
(0.8)	(0.4)	Administration expenses	(1.0)	(0.5)
33.3	17.0	Contributions by Employer	37.4	19.1
11.2	5.7	Contributions by Scheme Participants	11.2	5.7
(45.9)	(23.4)	Benefits Paid	(48.6)	(24.8)
3.5	1.8	Settlement Prices Received/(Paid)	0.0	0.0
1,188.8	606.4	31 March	1,274.7	650.2

Scheme assets consist of the following categories, by proportion of the total assets held:

31 March 2021		31 March 2022	
%		%	
60	Equity Investments	59	
1	Cash	1	
12	Infrastructure	12	
28	Absolute return portfolio	27	
100		100	

The analysis of investments held and valuations are included in the accompanying Pension Fund accounts.

c. Overall net deficit

CITY OF LONDON CORPORATION	CITY FUND SHARE 51%		CITY OF LONDON CORPORATION	CITY FUND SHARE 51%
31 March 2021	31 March 2021		31 March 2022	31 March 2022
£m	£m		£m	£m
(635.6)	(324.1)	1 April	(919.7)	(469.0)
(536.0)	(273.4)	change in liabilities	75.2	38.4
251.9	128.5	change in assets	85.9	43.8
(919.7)	(469.0)	31 March	(758.6)	(386.8)

Basis for Estimating Assets and Liabilities

The liabilities have been valued by the City of London's independent consulting actuaries (Barnett Waddingham LLP) using the projected unit method, based upon the latest full valuation of the scheme as at 31 March 2019 and updated to the balance sheet date. The main assumptions used in the calculations are as follows:

2020-21		2021-22
	Mortality assumptions:	
	Life expectancy in years from age 65	
	Retiring today	
21.6	Men	21.6
24.3	Women	24.3
	Retiring in 20 years	
22.9	Men	23.0
25.7	Women	25.8
3.20%	Rate of Inflation – RPI	3.40%
2.85%	Rate of Inflation – CPI	3.25%
3.85%	Salary Increases	4.25%
2.85%	Pension Increases	3.25%
2.00%	Discount Rate	2.60%

Impact on defined benefit obligation from changes to actuarial assumptions

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out above. The following table, prepared on an actuarial projected unit basis, shows the impact on the defined benefit obligation from changes to various actuarial assumptions. The sensitivity analysis has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated.

Change in assumptions at 31 March 2022				
	CITY OF LONDON CORPORATION		CITY FUND SHARE 51%	
	Increase	Decrease	Increase	Decrease
	£m	£m	£m	£m
0.1% change in rate for discounting scheme liabilities	(67.6)	69.5	(47.1)	48.4
0.1% change in rate of increase in salaries	5.9	(5.9)	4.5	(4.4)
0.1% change in rate of increase in pensions	63.2	(61.4)	43.6	(42.4)
One year change in rate of mortality assumption	160.0	(152.0)	111.2	(105.7)

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Impact on the City Fund's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The Corporation has agreed a deficit recovery period of 20 years from 2015-16 with the scheme's actuary. Funding levels are monitored on an annual basis.

The liabilities show the estimated underlying commitments that the City Fund has in the long run to pay post-employment (retirement) benefits. The net liability of £386.8m has a substantial impact on the net worth of City Fund as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the City Fund remains sound. The deficit will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

The total employer contributions expected to be made to the scheme for the City of London Corporation across all its funds in the year to 31 March 2022 are £37.4m (estimated City Fund Share £19.1m).

The scheme actuary has estimated that the weighted average duration of the defined benefit obligation for scheme members is 21 years

24. The Police Pension Scheme

There are three Police Pension Schemes – the 1987 Scheme, the 2006 Scheme and the 2015 Scheme. Except where otherwise stated, the “Police Pension Scheme” is used generically to cover all the schemes. The Police Pension Scheme is defined benefit and unfunded. It is administered by the City of London in accordance with Home Office regulations and is not a multi-employer scheme.

The Scheme is funded on a pay as you go basis, with the employer contributing a percentage of police pay into the Pension Fund and the Home Office meeting the balance. At the year end the Police Pension Fund Account is balanced to nil by either receiving a contribution from the City Fund equal to the amount by which the amounts payable from the Pension Fund for the year exceed the amounts receivable or, by paying to the City Fund the amount by which sums receivable by the Fund for the year exceed the amounts payable.

Where the City Fund makes a transfer into the Pension Fund, the Home Office will pay an equivalent top-up grant to the City Fund. Where the City Fund receives a transfer from the Pension Fund, the City Fund must pay the amount to the Home Office. The Police Pension Scheme 2015 came into effect from 1 April 2015 and any benefits accrued from that date will be based on career average revalued salaries.

The Police Pension liability represents the pension benefits Officers have accrued as at 31 March 2022 as assessed via actuarial calculation. These benefits, however, will not be payable until Officers have retired. As an unfunded scheme, the liabilities will be met through employee and employer contributions with any deficit being met by the Home Office.

The last full valuation of the police Pension Scheme was at 31 March 2016 by the Government Actuary’s Department and set contributions for the period 1 April 2019 to 31 March 2023.

Liabilities in Relation to Retirement Benefits

As the scheme is unfunded, it has no assets.

Reconciliation of present value of the scheme liabilities

31 March 2021		31 March 2022
£m		£m
(935.1)	1 April	(1,139.3)
(16.9)	Current Service Cost	(28.8)
(21.6)	Interest Cost	(22.5)
	Remeasurement gains/losses:	
14.2	Actuarial Gains/losses arising from demographic assumptions	(6.1)
(208.0)	Actuarial gains/losses arising from changes in financial assumptions	44.1
0.2	Other Actuarial Gains/Losses	(123.1)
31.9	Benefits paid	34.9
0.0	Past Service Costs	0.0
(4.6)	Contributions from scheme participants	(4.9)
0.6	Injury Benefits Paid	0.5
(1,139.3)	31 March	(1,245.1)

Impact on defined benefit obligation from changes to actuarial assumptions

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out above. The following table, prepared on an actuarial projected unit basis, shows the impact on City Fund’s defined benefit obligation from changes to various actuarial assumptions. The sensitivity analysis has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated.

Basis for Estimating Liabilities

The liabilities have been valued by the City of London's independent consulting actuaries (Barnett Waddingham LLP) using the projected unit method, based upon the last full valuation of the scheme updated to the balance sheet date. The main assumptions used in the calculations are as follows

2020-21	Mortality assumptions:	2021-22
	Life expectancy in years from age 65	
	Retiring today	
21.1	Men	21.1
23.3	Women	23.4
	Retiring in 20 years	
22.3	Men	22.4
24.8	Women	24.9
3.20%	Rate of Inflation – RPI	3.55%
2.80%	Rate of Inflation – CPI	3.25%
3.80%	Salary Increases	4.25%
2.80%	Pension Increases	3.25%
2.00%	Discount Rate	2.60%

Change in Assumptions at 31 March 2022

Impact on the Defined Benefit Obligation in the Scheme		
	Increase	Decrease
	£m	£m
0.1% change in rate for discounting scheme liabilities	(25.7)	26.3
0.1% change in rate of increase in salaries	3.0	(3.0)
0.1% change in rate of increase in pensions	23.1	(22.6)
One year change in rate of mortality assumption	60.2	(57.3)

Impact on the City Fund's Cash Flows

The liabilities show the estimated underlying commitments that the City Fund has in the long run to pay post-employment (retirement) benefits. The net liability of £1,245.1m has a substantial impact on the net worth of the City Fund as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the City Fund remains sound. Future contributions are expected to be met by an annually assessed grant from the Home Office.

The total employer contributions for the combined position of the Police Pension Schemes 1987, 2006 and 2015 for the year to 31 March 2022 are expected to be £11.4m and the expected top up grant from the Government is £18.4m.

The scheme actuary has estimated that the weighted average combined duration of the defined benefit obligation for the schemes is 21 years.

25. Judges' Pension Scheme

The Judges' Pension Scheme is defined benefit and unfunded. The scheme is subject to the provisions of the Judicial Pensions and Retirement Act 1993. The Treasury is responsible for payment of Judges' pensions and the City of London reimburses them in accordance with regulations made under the Act.

Liabilities in Relation to Retirement Benefits

As the scheme is unfunded, it has no assets.

Reconciliation of present value of the scheme liabilities

31 March 2021		31 March 2022
£m		£m
(2.7)	1 April	(2.8)
(0.2)	Current Service Cost	(0.2)
(0.1)	Interest Cost	(0.1)
	Remeasurement gains/losses:	
0.0	Actuarial Gains/losses arising from demographic assumptions	0.0
(0.4)	Actuarial gains/losses arising from changes in financial assumptions	0.1
0.5	Other Actuarial Gains/losses	0.0
0.1	Benefits paid	0.1
(2.8)	31 March	(2.8)

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Basis for Estimating Liabilities

The liabilities have been valued by the City of London's independent consulting actuary (Barnett Waddingham LLP) using the projected unit method, based upon the last full valuation of the scheme updated to the balance sheet date. The main assumptions used in the calculations are as follows:

2020-21	Mortality assumptions:	2021-22
	Life expectancy in years from age 65	
	Retiring today	
21.6	Men	21.6
24.3	Women	24.3
	Retiring in 20 years	
22.9	Men	23.0
25.7	Women	25.8
3.45%	Rate of Inflation – RPI	3.55%
2.85%	Rate of Inflation – CPI	3.45%
3.85%	Salary Increases	4.45%
2.85%	Pension Increases	3.45%
1.85%	Discount Rate	2.65%

Impact on defined benefit obligation from changes to actuarial assumptions

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out above. The following table, prepared on an actuarial projected unit basis, shows the impact on the City Fund's defined benefit obligation from changes to various actuarial assumptions. The sensitivity analyses have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated.

Change in Assumptions at 31 March 2022

Impact on the Defined Benefit Obligation in the Scheme		
	Increase	Decrease
	£m	£m
0.1% change in rate for discounting scheme liabilities	(0.03)	0.03
0.1% change in rate of increase in salaries	0.00	0.00
0.1% change in rate of increase in pensions	0.03	(0.03)
One year change in rate of mortality assumption	0.16	(0.15)

Impact on the City Fund's Cash Flows

The liabilities show the estimated underlying commitments that the City Fund has in the long run to pay post-employment (retirement) benefits. The net liability of £2.9m has an impact on the net worth of the City Fund as recorded in the Balance Sheet. However, the City Fund has set aside funds in an earmarked reserve to assist with meeting its share of liabilities.

The scheme actuary has estimated that the weighted average combined duration of the defined benefit obligation for the scheme is 11 years.

26. Transactions Relating to Post-employment Benefits within the Financial Statements

The Teachers' Pension Scheme is accounted for as if it is a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Children's and Education Services line in the CI&ES is charged with the employer's contributions payable to Teachers' Pension Scheme in the year.

Retirement benefits from schemes accounted for on a defined benefit basis (City of London, Police and Judges') are recognised in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge against council tax is based on cash payable in the year, so the real cost of retirement benefits is reversed out of the City Fund and Housing Revenue Account via the Movement in Reserves Statement.

The cumulative amount of actuarial gains and losses recognised in Other Comprehensive Income and Expenditure in the actuarial gains or losses on pensions assets and liabilities line was at 31 March 2022 a loss of £1.0m (at 31 March 2021 it was a loss of £299.6m). The amount included in the Balance Sheet arising from the City Fund's estimated obligation in respect of the defined benefit plans is as follows:

31 March 2021		31 March 2022	
£m		£m	
	Present Value of the defined benefit obligation		
(1,073.2)	City of London Pension Scheme – City Fund	(1,035.0)	
(1,127.4)	Police Pension Schemes	(1,234.4)	
(2.8)	Judges Pension Scheme	(2.8)	
	Fair Value of plan assets		
606.4	City of London Pension Scheme – City Fund	650.2	
	Present value of unfunded obligation		
(2.3)	City of London Pension Scheme – City Fund	(2.1)	
(11.8)	Police Pension Schemes	(10.7)	
(1,611.0)	Net liability on balance sheet	(1,634.8)	

There are no outstanding or pre-paid employee contributions at the balance sheet date.

The table summarises the entries in the financial statements for the City of London, Police and Judges' Schemes:

2020-21									2021-22			
Police	Judges	City of London City Fund	Total		Police	Judges	City of London City Fund	Total				
£m	£m	£m	£m		£m	£m	£m	£m				
				Comprehensive Income & Expenditure Statement (CIES)								
				Cost of Services:								
16.9	0.2	40.6	57.7	Current service cost	28.8	0.2	43.4	72.4				
0.0	0.0	5.4	5.4	Past service costs	0.0	0.0	4.8	4.8				
0.0	0.0	1.6	1.6	(gain)/loss from settlements	0.0	0.0	0.0	0.0				
				Other Operating Income								
0.0	0.0	0.4	0.4	Administration expenses	0.0	0.0	0.5	0.5				
				Financing & Investment Income & Expenditure								
0.0	0.0	0.0	0.0	Current service cost	0.0	0.0	0.0	0.0				
21.6	0.1	7.8	29.5	Interest cost	28.8	0.1	9.6	38.5				
38.6	0.3	55.8	94.6	Total Retirement Benefit Charged to the Surplus or Deficit on the Provision of Services	57.6	0.3	58.3	116.2				
				Other Comprehensive Income & Expenditure								
				Remeasurement of the net defined benefit liability:								
0.0	0.0	(120.4)	(120.4)	Return on plan assets	0.0	0.0	(29.2)	(29.2)				
(14.2)	(0.0)	(9.2)	(23.4)	Actuarial (gains) & losses – changes in demographic assumptions	6.1	0.0	(25.9)	(19.8)				
208.0	0.4	246.3	454.7	Actuarial (gains) & losses – changes in financial assumptions	(44.1)	(0.1)	(62.1)	(106.3)				
(0.2)	(0.5)	(10.6)	(11.3)	Actuarial (gains) & losses – Other	123.1	(0.0)	(4.1)	119.0				
193.6	(0.1)	106.1	299.6	Total Other Comprehensive Income & Expenditure	85.1	(0.1)	(121.3)	(36.3)				
232.1	0.2	161.9	394.1	Total Retirement Benefit Charged/(Credited) to the CIES	142.7	0.1	(63.1)	79.8				
				Movement in Reserves Statement								
(232.1)	(0.2)	(161.9)	(394.2)	Reversal of net charges/credits for retirement benefits in accordance with the Code	(142.7)	(0.1)	63.1	(79.8)				
27.8	0.1	17.0	44.9	Actual amount charged against the City Fund and HRA Balances	30.5	0.1	19.1	49.7				

27. Grants and Contributions Received in Advance

A number of grants and contributions have yet to be recognised as income as they have conditions attached to them which if they are not met, will require the monies to be returned to the provider. The balances at the year-end are as follows:

31 March 2021		31 March 2022
£m		£m
	Grants and Contributions Received in Advance - Capital (Long-term)	
(115.5)	S106 / S278 Contributions	(94.8)
	Grants and Contributions Received in Advance - Revenue (Short-term)	
(91.3)	S31 Grant for NNDR Reliefs due to Central Government	(67.5)
0.0	COVID Additional Relief Fund Receipt in Advance from Central Government	(64.4)
(91.3)	Total	(131.9)

28. Rents Received in Advance

Premiums received at the commencement of operating leases for investment properties are effectively rents received in advance and are released to revenue on a straight line basis over the lease term. This totals £225.9m.

29. Other Long-term Liabilities

At the 31 March 2022 the City Fund has long term liabilities of £57.1m which consists of £52.2m (2020-21: £62.0m) of outstanding London NNDR Pool Strategic Investment Pot (SIP) project funding due to be released over the life span of agreed projects and £4.9m (2020-21: £5.4m) of financial lease liabilities.

30. Leases

Finance Leases

City Fund as Lessee

Nine property agreements have been classified as finance leases – five relating to operational properties and four in respect of investment properties. In addition, as part of the City of London contract for its cleansing services, the vehicles owned by the contractor, but which are used exclusively on the City of London contract have been classified as finance leases.

The assets acquired under these leases are carried as Property, Plant and Equipment and Investment Properties in the City Fund's Balance Sheet at the following net amounts:

31 March 2021		31 March 2022
£m		£m
	Property, Plant and Equipment	
14.4	Other Land and Buildings	13.6
2.2	Vehicles, Plant and Equipment	1.7
46.9	Investment Properties	43.6
63.5		58.9

Upon review of Cleansing Vehicle leases, the Useful Economic Life of 5 years has been deemed more appropriate than the 8 years previously used. This has changed the balance of minimum lease payments.

The rental payments for most of the property leases are immaterial, the highest being £600 per annum. Consequently, no liabilities are recognised in the balance sheet for these leases and the rental payments are met in full from revenue over the terms of the leases rather than being apportioned between finance charges (interest) and reductions in the outstanding liabilities.

For two investment property leases and the vehicles the City Fund will make payments over the term of the leases to meet the costs of the long term liabilities and the finance costs payable.

The leases are carried under other long term liabilities on the balance sheet:

31 March 2021		31 March 2022	
£m		£m	
3.2	Investment Property	3.2	
2.2	Cleansing Vehicles	1.7	
5.4	Long Term Liabilities	4.9	

The minimum lease payments in relation to the investment property are:

Total Future Minimum Lease Payments	Present Value of Future Lease Payments		Total Future Minimum Lease Payments	Present Value of Future Lease Payments
31 March 2021	31 March 2021		31 March 2022	31 March 2022
£m	£m		£m	£m
0.7	0.6	Not later than one year	0.7	0.6
2.1	1.6	Later than one year and not later than five years	1.6	1.1
13.1	3.2	Later than five years	13.0	3.2
15.9	5.4	Total	15.2	4.9

City Fund as Lessor

The gross investment is made up of the following amounts:

31 March 2021			31 March 2022	
£m			£m	
	Finance lease debtor (net present value of minimum lease payments)			
0.3	Current		0.3	
11.8	non-current		8.8	
29.7	Unearned finance income		17.3	
0.0	Unguaranteed residual value of property		0.0	
41.8	Gross investment in the lease		26.4	

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

Gross Investment in Lease	Net Present Value of Minimum Lease Payments		Gross Investment in Lease	Net Present Value of Minimum Lease Payments
31 March 2021	31 March 2021		31 March 2022	31 March 2022
£m	£m		£m	£m
0.7	0.3	Not later than one year	0.6	0.3
2.4	1.1	Later than one year and not later than five years	2.0	1.1
38.7	10.7	Later than five years	23.8	7.7
41.8	12.1	Total	26.4	9.1

There are no commitments in respect of finance leases entered into before the year end but whose term has yet to commence.

The City Fund has a gross investment in finance leases relating to the minimum lease payments expected to be received over the remaining terms. There is no residual value anticipated for the properties when the leases come to an end. The minimum lease payments comprise settlement of the long-term debtor for the interest in the properties acquired by the lessees and finance income that will be earned by the City Fund in future years whilst the debt remains outstanding.

The minimum lease payments receivable are not contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. Income from investment properties is set out in note 7.

Operating Leases**City Fund as Lessee**

The future minimum lease payments due under non-cancellable leases in future years are shown below.

31 March 2021		31 March 2022	
£m		£m	
2.7	Not later than one year	2.7	
8.9	Later than one year and not later than five years	6.9	
16.9	Later than five years	16.2	
28.5	Total	25.8	

City Fund as Lessor

The City of London has granted leases in respect of several City Fund properties, principally Investment Properties, which are treated as operating leases. The future minimum lease payments receivable under non-cancellable leases in future years are shown below.

31 March 2021		31 March 2022	
£m		£m	
52.7	Not later than one year	45.7	
175.3	Later than one year and not later than five years	163.4	
2,950.5	Later than five years	3,228.0	
3,178.5	Total	3,437.1	

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews.

31. Unusable Reserves

31 March 2021		Note	31 March 2022
£m			£m
(330.7)	Revaluation Reserve	A	(346.4)
(2,151.2)	Capital Adjustment Account	B	(2,267.2)
1,611.0	Pensions Reserve	C	1,634.8
54.1	Collection Fund Adjustment Account	D	41.8
5.2	Accumulated Absences Account	E	3.8
(12.2)	Deferred Capital Receipts Reserve	F	(9.1)
0.2	Financial Instrument Revaluation Reserve	G	0.2
(2.6)	Pooled Investment Adjustment Account	H	4.9
(826.2)	Total Unusable Reserves		(937.2)

A. Revaluation Reserve

The Revaluation Reserve contains the gains arising from increases in the value of Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account (see note B).

2020-21		2021-22	
£m		£m	£m
(348.4)	Balance at 1 April		(330.6)
(34.1)	Upward revaluation of assets	(36.1)	
42.7	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	8.3	
8.6	Surplus on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services		(27.8)
5.2	Difference between fair value depreciation and historical cost depreciation	5.5	
0.0	Assets reclassified as investments	0.0	
4.0	Accumulated gains on assets sold or scrapped	6.5	
9.2	Amount written off to the Capital Adjustment Account		12.0
(330.6)	Balance at 31 March		(346.4)

B. Capital Adjustment Account

The Capital Adjustment Account includes entries for the financing of capital expenditure and other capital transactions. The account contains the amount of capital expenditure financed from revenue, capital receipts and other sources. It is reduced by the amounts provided for depreciation and for the write-down of revenue expenditure funded from capital under statute and adjustments for disposals of long-term assets. The account contains accumulated gains and losses on Investment Properties. It also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

2020-21		2021-22	
£m		£m	£m
(2,176.1)	Balance at 1 April		(2,151.2)
	Reversal of items relating to capital expenditure debited or credited to the CI&ES:		
48.0	Charges for depreciation, impairment and revaluation losses of non-current assets	69.7	
(1.2)	Revaluation gains on Property, Plant and Equipment	(3.2)	
0.2	Amortisation of intangible assets	0.2	
11.2	Revenue expenditure funded from capital under statute	21.0	
5.0	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CI&ES	25.2	
63.2	Total reversal of items relating to capital expenditure debited or credited to the CI&ES:		112.9
(9.2)	Adjusting amounts written out of the Revaluation Reserve	(12.1)	
54.0	Net written out amount of the cost of non-current assets consumed in the year		100.8
	Capital financing applied in the year:		
(20.4)	Use of the Capital Receipts Reserve to finance new capital expenditure	(46.9)	
(4.4)	Use of the Major Repairs Reserve to finance new capital expenditure	(3.6)	
(14.4)	Capital grants, contributions & donations credited to the CI&ES that have been applied to capital financing	(36.4)	
(2.1)	Application of grants to capital financing from the Capital Grants Unapplied Account	(3.2)	
(1.1)	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(1.1)	
(11.3)	Capital expenditure charged against the City Fund & HRA balances	(6.8)	
(53.7)	Total Capital financing applied in the year:		(98.0)
24.4	Movements in the market value of Investment Properties debited or credited to the CI&ES		(119.0)
0.2	Museum of London loan principle		0.2
(2,151.2)	Balance at 31 March		(2,267.2)

C. Pension Reserve

2020-21		2021-22
£m		£m
1,261.8	Balance at 1 April	1,611.0
299.6	Remeasurements of the net defined benefit liability	(36.3)
94.5	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	109.8
(44.9)	Employer's pension contributions less direct payments to pensioners payable in the year	(49.7)
1,611.0	Balance at 31 March	1,634.8

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. Post-employment benefits in the CI&ES are recognised as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as employer's contributions are paid to pension funds. The debit balance on the Pensions Reserve therefore shows a substantial shortfall between the benefits earned by past and current employees and the resources set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid. The negative pension reserve matches the estimated liabilities on the City of London (City Fund share), Police and Judges' Pension Schemes as determined by independent actuaries using the projected unit method and in accordance with IAS19.

D. Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of national business rates and council tax income in the CI&ES as it falls due from business rate and council tax payers compared with the statutory arrangements for paying across amounts to the City Fund from the Collection Fund. A deficit of £41.8m has arisen in the account. This deficit is largely due to timing difference between our submission of estimated business rate income for the year, submitted in January for the preceding financial year, and the announcement of the continuation of business rate relief to the retail, leisure, and hospitality sectors occurring in March 2021. Whilst this decision on reliefs is funded by Govt, the ring-fence around the collection fund means it will receive less income than estimated, which creates a deficit to be released over the next two financial years. The £41.8m deficit represents City Fund's 30% share. Government funding of £34.8m has been set aside in the business rate equalisation reserve (see note 12, page 49) to offset this deficit as it unwinds over future financial years. The balance will be incorporated into the medium term financial plan. Further detail on the collection fund can be found in the Collection Fund Accounts (Page 102-105).

E. Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the City Fund unallocated reserve from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the City Fund unallocated reserve is neutralised by transfers to or from the Account.

F. Financial Instrument Revaluation Reserve

The Financial Instruments Revaluation Reserve contains the gains made by the authority arising from increases in the value of its investments that are measured at fair value through other comprehensive income.

G. Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets, but for which cash settlement has yet to take place. Under statutory arrangements, these gains are not treated as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

H. Pooled Investment Reserve

The Pooled Investment Reserve accounts for the fair value movements in Pooled Investments, which are required to be held in a ring-fence reserve until these movements are realised.



Notes to the Cash Flow Statement

32. Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following item:

2020-21		2021-22
£m		£m
(47.0)	Depreciation, impairments and impairment reversal	(66.9)
(132.5)	Increase/(Decrease) in creditors	5.2
(6.1)	Increase/(Decrease in debtors	24.7
0.1	Increase/(Decrease in inventories	(0.1)
(49.6)	Movement in pension liability	(60.1)
(5.0)	Carrying amount of non-current assets sold	(25.2)
(24.4)	Movement in investment property values	119.0
(1.1)	Deferred credits	(28.5)
3.4	(Increase)/Decrease in contributions to provisions	5.6
0.0	Other non-cash items charged to the net surplus or deficit on the provision of services	(7.4)
(262.2)	Total	(33.7)

The surplus/deficit on the provision of services has been adjusted for the following items that are investing and financing activities:

2020-21		2021-22
£m		£m
(7.6)	Interest received	(5.7)

The surplus on the provision of services has been adjusted for the following non-cash movements:

2020-21		2021-22
£m		£m
6.6	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	21.3
18.3	Capital grants credited to the net surplus or deficit on the provision of services	49.6
24.9		70.9

33. Cash Flow Statement – Investing Activities

2020-21		2021-22
£m		£m
58.0	Purchase of property, plant and equipment, investment property and intangible assets	108.1
(1,885.9)	Proceeds from short-term and long-term investments	(1,918.3)
1,943.7	Purchase of short-term and long-term investments	2,044.5
(7.4)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(24.5)
(44.4)	Capital grants received	(36.0)
1.8	Other receipts from investing activities	6.7
65.8	Net cash outflows/(inflows) from investing activities	180.5

34. Cash Flow Statement – Financing Activities

2020-21		2021-22
£m		£m
117.2	Billing Authorities – Council Tax and NNDR Adjustments	(151.7)
0.5	Reduction in finance lease liability	0.5
117.7	Net cash inflows from financing activities	(151.2)



Other Notes to the Accounts

35. Related Party Transactions

The City Fund is required to disclose information on material “related party transactions” with bodies or individuals that have the potential to control or influence the authority or be controlled or influenced by the authority.

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 in 2021-22, including instances where their close family has made transactions with the City of London.

During 2021-22 the following transactions have been disclosed. This is where Members held positions of control or significant influence in related parties to City Fund are;

Related party	Connected party	2021-22 £000	2020-21 £000	Detail of transaction
Age UK London	The City Corporation nominates a Member to Age UK London	-	233	Digital outreach services paid by City Fund
Askonsas Holt Ltd	A member is the board chairman of Askonsas Holt	30	9	Fees and expenses received and paid by City Fund
Association of British Insurers	A Member is a Board Member of the Association of British Insurers.	(4,873)	(6,779)	Provision of service costs received by City Fund
Association of Police and Crime Commissioners	A Member is nominated by the City Corporation to the Association of Police and Crime Commissioners,	-	30	Membership fees paid by City Fund
Blind in Business Charity	A member is appointed as Chair of Trustees	-	10	Business Rate relief
City of London Reserve Forces and Cadets Association	One member is nominated to the City of London Reserve Forces and Cadets Association	-	28	Purchase of training courses and uniforms paid by City Fund
CORAM (Thomas Coram Foundation for Children)	A member is appointed as a trustee	20/(44)	-	Provision of service costs received by City Fund
DLA Piper UK LLP	One member is an equity partner and one member is a consultant to DLA Piper UK LLP	(35)	-	Provision of service costs received by City Fund
Dr Johnson’s House Trust	A member is nominated to Dr Johnson’s House Trust by the City Corporation	8	13	Local Restrictions grant paid by City Fund
East London NHS Foundation Trust	The City Corporation nominates a Member to the East London NHS Foundation Trust	56	79	Service costs paid by City Fund and catering and hire fees received by City Fund

Related party	Connected party	2021-22 £000	2020-21 £000	Detail of transaction
Hiscox Group	A Member is the Chief Executive of Hiscox Group	(10)	(11)	Contribution received by City Fund
Homerton University Hospital	A Member is nominated to Homerton University Hospital by the City Corporation.	-	83/0	IT enabler funding paid by City Fund and support costs received by the City Fund
International Dispute Resolution Centre Ltd	A Member is a Director of the International Dispute Resolution Centre Ltd who are a tenant of the City of London Corporation	-	(1,914)	Rent and service charges received by City Fund during the year and an amount due at the balance sheet date
Local Government Association – General	The City Corporation nominates two members to the Local Government Association – General Assembly	-	18	Subscription fees paid by City Fund
London and Partners	A Member is nominated by the City Corporation to London and Partners	-	29	Letting, hire and storage fees paid by City Fund
Partnership for Young London	The City Corporation nominates a Member to the Partnership for Young London.	15/(14)	30	Service paid by City Fund and workshop; central support charges received by City Fund
Phoenix Group Holdings PLC	A Member is Chairman for Phoenix Group Holdings PLC	(50)	-	Strategic partnership costs paid to City of London
United Kingdom Accreditation Service	A Member is the Director of United Kingdom Accreditation Service	-	16	Assessment fees paid by City Fund

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The following transactions have been disclosed where Members have declared an interest in parties that have transactions with the City Fund during 2021-22.

Related party	Connected party	2021-22 £000	2020-21 £000	Detail of transaction
Bakers' Company	A member is a court assistant to Bakers' Company	12	-	Payment of Restart Grant by City Fund
CBRE	A member is employed by CBRE	160	-	Payment of rent and service charges by City Fund
Crossrail Ltd	A member is a consultant to Crossrail Ltd	(13)	-	Provision of service costs received by City Fund
Eight Members Club	A member is member to Eight members club	-	30/(3)	Government grants paid by City Fund
Lloyds	A Member is a Member for Lloyds	(219)	-	Contributions and sponsorships paid to City Fund in relation to NECVCU
London Borough of Lambeth	A member is employed by London Borough of Lambeth	29/(1,868)	-	Provision of service costs received by City Fund
London Symphony Orchestra	A member is a member of the Advisory Council for London Symphony Orchestra	3,539/(2,201)	-	Provision of service costs received by City Fund

Related party	Connected party	2021-22 £000	2020-21 £000	Detail of transaction
Moore Kingston Smith LLP	A Member is a consultant to Kingston Smith LLP	-	13	Fundraising services paid by City Fund
Named Members	One Members paid the City Fund	(12)	(36)	Rent received by City Fund
PWC LLP	A Member is an Advisor of PWC LLP	58	(11)	Consultancy services paid and room fees received by City Fund
Trinity House	A Member is a Member of Trinity House	32	-	Payment of Local Restrictions Support Grant and Restart Grant by City Fund
UBS	A Member has declared an interest in UBS.	-	6/(6)	Membership and licensing received by City Fund
Walbrook Club	A Member is a Member of Walbrook Club	12	16	Business rate relief
Worshipful Company of Butchers	Three members are Liverymen	18	-	Payment of Restart Grant by City Fund
WSP Group PLC	A member is a consultant for WSP Group PLC	89	-	Services purchased by City Fund

Related Party Transactions with the Museum of London

The Museum of London is financed by the City of London and the Greater London Authority with the latter being the major funder as a co-sponsor. The City of London's contribution in 2021-22 was £22.1m (2020-21: £14.6m) and the City Fund received £0.6m for rent, loan repayments and other services. At 31st March 2022 there was an outstanding receivable of £0.5m relating to rent and loan repayments. For 2022-23, City Fund is committed to provide £5.3m of grant funding for the running costs of the Museum.

Half of the appointments to the Board are made by the City of London and a Member has declared an interest in the Museum. However, the City of London does not exercise control of the Museum.

Related Party Transactions with City's Cash and Bridge House Estates

During 2021-22, City's Cash provided a grant to the HRA of £0.7m (2020-21: £0.5m). The Guildhall School of Music and Drama (City's Cash) paid £0.2m for provision of service costs. There were no significant transactions between City

Fund and Bridge House Estates during the year or during the prior year and there were no outstanding balances at year end.

Related Party Transactions not disclosed elsewhere in the Accounts

The UK government has significant influence over the general operations of City Fund. It is responsible for providing the statutory framework within which the City Fund operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that City Fund has with other parties (e.g. council tax bills, housing benefits). Grants from government departments are shown in Note 6. Amounts due to and from central government departments at 31 March 2022 are shown in notes respectively. Disclosures are made in respect of other public bodies which are subject to common control by central government in other parts of the accounts as follows:

- Precepts from other Authorities

- Pension Fund

Amounts paid to HM Revenues and Customs in respect of employer's national insurance contributions of £14.1m (2021: £13.8m).

A Member of the City of London has declared that they are the Lead Non-Executive Director for the Home Office. Further details of the City Fund's Transactions with the Home Office can be found in Note 6 (page 38) and Note 20 (page 64).

In the City of London Police's role as lead force for cybercrime the City Corporation has assumed responsibility of National CRC Group Limited (company no 13027672), which is a company limited by guarantee tasked with promoting the effectiveness and efficiency of the Police Service in connection to the protection from and prevention of cybercrime through England and Wales. The City Corporation assumed this role from December 2021. As the only Member of the company this would be considered a subsidiary of the City Corporation, specifically of City Fund. However, due to the limited activity of the company to date and small financial value (total balance sheet value at 31 March 2022 was £2,624), no consolidation has taken place.

36. Members Allowances

In 2021, the Court of Common Council introduced an annual, flat rate, allowance for Members, based on the City Corporation's rate for inner-London Weighting. The allowance is optional and is intended to recompense Members for the duties they undertake on behalf of the City Corporation, while also enabling those who chose not to claim from the scheme to maintain their status as volunteers. During the year, £0.08m in remuneration from the City Fund was claimed for Members undertaking their duties (2020-21: £0.00m).

Members may also 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 Corporation. These costs totalling £8,664 (2020-21: £237) across all of the City's activities. These costs were met from the endowment funds of the City Corporation and not charged to City Fund.

37. Contingent Liabilities

There are no contingent liabilities to disclose as at the 31 March 2022.

38. Agency Transactions

The City Fund carries out certain work on an agency basis for this it is fully reimbursed.

The City Fund has acted as a Lead Authority for the London Business Rate Pool, which has been operating from 2018-19 through to 2020-21. This role includes acting as finance lead for the pool, which involves aggregating business rate income from participating authorities and distributing funds on behalf of the pool. Whilst the pool did not operate during 2021-22, residual balances relating to prior year pool activity remain on the City Fund balance sheet pending completion of external audits of all members and finalisation/settlement of outstanding fund. These outstanding debtors and creditors balances are shown below. Please note this excludes London NNDR Pool SIP balances which are included in the City Fund CI&ES and Balance Sheet.

Business Rate Pool Balances	Balance as at 31 March 2022 £m
Short-Term Debtors	41.1
Cash & Cash Equivalents	64.8
Short-Term Creditors	(105.9)

As part of its response to the COVID-19 pandemic, the Government initiated several grant support schemes for businesses impacted by the COVID-19 restriction in place during 2020-21. Business rate billing authorities were asked to distribute this funding in line with the qualification criterion set by Government. Several such scheme continued into 2021-22, and we have again judged that City Fund has acted as an intermediary in these transactions and they are therefore not accounted for in the CI&ES. £20.4m of grants were distributed to businesses (2020-21: £38.1m) which were funded from grant income from Government.



Supplementary Accounts and Notes

Housing Revenue Account

The HRA Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis on which rents are raised, is shown in the Movement on the HRA Statement.

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Income and Expenditure Statement				
2020-21		Notes	2021-22	
£m			£m	£m
	Expenditure			
4.2	Repairs and maintenance		5.0	
8.0	Supervision and management		8.3	
3.1	Depreciation of non-current assets		2.9	
14.5	Revaluation (gain)/loss on HRA dwellings		0.7	
0.1	Movement in the allowance for bad debts	1	0.5	
29.9	Total Expenditure			17.4
	Income			
(10.3)	Dwelling rents		(10.4)	
(1.7)	Non-dwelling rents		(2.4)	
(2.6)	Charges for services and facilities		(1.1)	
0.2	Contributions towards expenditure		(0.2)	
(14.4)	Total Income			(14.1)
15.5	Net Expenditure/(Income) of HRA Services as included in the City Fund CI&ES cost of services			3.3
	HRA share of other income and expenditure included in the City Fund CI&ES			
(1.0)	Net (gain)/loss on Disposal of Fixed Assets			(0.6)
0.0	Interest and investment income			0.0
0.0	Investment property (gain)/loss on revaluation			0.0
14.5	(Surplus)/deficit for the year on HRA Services			2.7

Movement on the HRA Statement				
2020-21		Notes	2020-21	
£m			£m	£m
(0.1)	Balance on the HRA at the end of the previous year			(0.2)
14.5	(Surplus)/deficit for the year on the HRA Income and Expenditure Statement		2.7	
(14.6)	Adjustments between accounting basis and funding basis under statute	2	(2.7)	
(0.1)	(Increase)/decrease in year on the HRA			0.0
(0.2)	Balance on the HRA at the end of the current year			(0.2)

1. Impairment Allowance for Bad and Doubtful Debts

2020-21		2020-21	
£m		£m	
0.13	Provision at 1 April	0.22	
(0.02)	Bad Debts written off	(0.01)	
0.11	Decrease in Provision	0.38	
0.22	Provision at 31 March	0.58	

2. Adjustments between Accounting Basis and Funding Basis under Statute

Note 11 (page 46-48) to the City Fund Financial Statements provides further analysis of the adjustments between the accounting basis and funding basis under statute.

3. Housing Stock

As at 31 March 2022 the City Corporation's HRA rental stock was 1,864 dwellings. The HRA also includes costs and service charge income relating to properties sold on long leases of which there were 932 as at 31 March 2022 (2021: 927).

31 March 2021		31 March 2022
No.		No.
27	Houses and Bungalows	27
1,840	Flats	1,837
1,867	Total	1,864

31 March 2021		31 March 2022
No.		No.
1,872	Stock at 1 April	1,867
(5)	Sales	(5)
0	New Build	2
1,867	Stock at 31 March	1,864

4. Arrears of Rent, Service and Other Charges

As at 31 March 2022 the total arrears for rent, service charges and other charges were £3.5m (31 March 2021: £2.9m) as follows:

31 March 2021		31 March 2022	
£m		£m	
0.1	Former residential tenants	0.1	
0.4	Current residential tenants	0.3	
1.1	Commercial tenants	1.6	
1.1	Service charges	1.3	
0.2	Other charges	0.1	
2.9	Total arrears	3.5	

5. HRA Property, Plant and Equipment

The value of council dwellings within the HRA does not include all council dwellings owned by the City Fund (see note 13, page 51-55) as some council dwellings are held outside of the HRA such as the Barbican Estate.

2020-21									2021-22			
Council Dwellings	Other Land & Buildings	Assets under construction	Total	Movements on Balances					Council Dwellings	Other Land & Buildings	Assets under construction	Total
£m	£m	£m	£m						£m	£m	£m	£m
				Cost or valuation								
221.5	43.2	12.3	277.0	at 1 April 2020					184.1	40.0	21.3	245.4
1.6	0.4	10.1	12.1	Additions					1.9	(0.0)	21.5	23.4
1.1	0.0	(1.1)	0.0	Transfers					0.3	0.0	(0.3)	0.0
(24.0)	(3.6)	0.0	(27.6)	Revaluation increase/(decrease) recognised in the Revaluation Reserve					4.4	0.0	0.0	4.4
(15.6)	0.0	0.0	(15.6)	Revaluation decreases recognised in the Surplus/Deficit on the Provision of Services					2.2	0.0	0.0	2.2
(0.5)	0.0	0.0	(0.5)	Derecognition – disposals					(0.3)	0.0	0.0	(0.3)
0.0	0.0	0.0	0.0	Assets reclassified (to)/from Held for Sale					0.0	0.0	0.0	0.0
184.1	40.0	21.3	245.4	at 31 March 2021					192.6	40.0	42.5	275.1
				Accumulated Depreciation and Impairment								
(0.1)	(0.1)	0.0	(0.2)	at 1 April 2020					0.0	(0.2)	0.0	(0.2)
(2.6)	(0.3)	0.0	(2.9)	Depreciation Charge					(2.6)	(0.3)	0.0	(2.9)
1.6	0.2	0.0	1.8	Depreciation written out to the Revaluation Reserve					0.0	0.0	0.0	0.0
1.1	0.0	0.0	1.1	Depreciation written out to the Surplus/Deficit on the Provision of Services					(0.8)	0.0	0.0	(0.8)
0.0	0.0	0.0	0.0	Derecognition – disposals					0.0	0.0	0.0	0.0
0.0	(0.2)	0.0	(0.2)	at 31 March 2021					(3.4)	(0.5)	0.0	(3.9)
				Net Book Value								
221.4	43.1	12.3	276.8	at 1 April 2020					184.1	39.8	21.3	245.2
184.1	39.8	21.3	245.2	at 31 March 2021					189.2	39.5	42.5	271.2

6. Housing Asset Valuation

Dwellings are valued at their 'existing use with vacant possession' and then reduced to reflect 'existing use for social housing'. The reduction is a measure of the economic cost of providing council housing at less than open market rents. Current MHCLG guidance (guidance for valuers – 2016) identifies a vacant possession adjustment factor for London of 25%.

The estimated vacant possession value of HRA dwellings is £712.4m which has been reduced by 75% to £179.7m to reflect social housing.

7. Major Repairs Reserve

2020-21		2021-22
£m		£m
(3.4)	Balance 1 April	(2.0)
	Transfer from HRA equal to depreciation	
(3.1)	dwellings	(2.9)
0.0	non dwellings	0.0
0.0	Additional contribution to/(from) HRA	0.0
4.5	Capital expenditure (dwellings)	3.6
(2.0)	Balance 31 March	(1.3)

The reserve is used to finance capital expenditure and the balance is included with other capital reserves in the City Fund Balance Sheet.

8. HRA Capital Expenditure

Expenditure for capital purposes and methods of financing are set out below.

2020-21		2021-22
£m		£m
	Expenditure in year	
	Fixed assets	
10.2	Assets under construction	21.5
1.6	Dwellings	1.9
0.4	Other	0.0
1.1	Revenue expenditure funded from capital under statute	1.4
13.2	Total Expenditure	24.8
	Methods of financing	
0.3	Capital Receipts	0.1
4.5	Major Repairs Reserve	3.6
8.4	Reimbursements and Donations	21.1
13.2	Total Financing	24.8

Collection Fund Account

The Collection Fund shows the transactions of the billing authority in relation to the collection of council tax and non-domestic rates from local taxpayers, and its subsequent distribution to local authorities and the Government. The City Corporation's share of council tax and business rates income is reflected in the CI&ES on an accruals basis in line with the Code.

Revenue Account

2020-21			Notes	2021-22		
Council Tax	Business Rates	Total		Council Tax	Business Rates	Total
£m	£m	£m	£m	£m	£m	
						INCOME
(8.7)		(8.7)		(9.0)	(9.0)	Council Tax Receivable
(0.2)		(0.2)		(0.2)	(0.2)	Transfer from City Fund (Reliefs)
	(1,135.6)	(1,135.6)	1		(1,137.3)	National Business Rates
	(39.4)	(39.4)			(38.7)	GLA Business Rate Supplement
	(17.8)	(17.8)			(17.9)	City Fund Business Rate Premium
(8.9)	(1,192.8)	(1,201.6)		(9.2)	(1,193.9)	TOTAL INCOME
						EXPENDITURE
						Council Tax Precepts and Demands
7.6		7.6	2	7.8	7.8	City Fund
0.7		0.7		0.7	0.7	GLA
0.2		0.2			0.0	Impairment of debt for Council Tax
						National Business Rates Precepts and Demands
	363.2	363.2			352.7	City Fund
	447.9	447.9			435.0	GLA
	399.5	399.5			388.0	Central Government
	3.8	3.8			1.1	National Business Rates transitional protection payments
	38.2	38.2			39.0	Business Rate Supplement collected on behalf of GLA

Revenue Account Continued

2020-21			Notes	2021-22		
Council Tax	Business Rates	Total		Council Tax	Business Rates	Total
£m	£m	£m		£m	£m	£m
			Expenditure Continued			
	15.9	15.9	City Fund Business Rate Premium		17.5	17.5
	12.1	12.1	City Fund Offset	4	12.1	12.1
			Impairment of debts for Business Rates			
	31.1	31.1	National		(8.4)	(8.4)
	1.1	1.1	GLA		(0.3)	(0.3)
	0.5	0.5	Premium		(0.1)	(0.1)
			Impairment of appeals for Business Rates			
	83.0	83.0	National		39.8	39.8
	1.3	1.3	Premium		0.6	0.6
			Cost of Collection Allowance			
	2.0	2.0	National Business Rates		2.0	2.0
	0.0	0.0	GLA Business Rate Supplement		0.1	0.1
			Contributions towards previous year's estimated Collection Fund Surplus/(Deficit)			
1.2	19.2	20.4	City Fund		0.6	(37.7)
0.1	10.8	10.9	GLA		0.1	(51.6)
	8.4	8.4	Central Government			(45.8)
9.8	1,438.0	1,447.6	Total Expenditure		9.3	1,143.9
0.9	245.2	246.1	(Surplus)/Deficit for Year	5	0.1	(50.1)
(1.5)	(53.9)	(55.4)	Balance 1 April		(0.6)	191.3
(0.6)	191.3	190.7	Balance 31 March		(0.5)	141.2

1. Income from Business Rates

The Local Government Finance Act 1988 replaced the Locally Determined Non-Domestic Rate with a National Non-Domestic Rate (NNDR) set by the Government. In addition to the NNDR, there is a discounted rate for small businesses known as the Small Business Non-Domestic Rate (SBNDR). In 2021-22 the City of London set a non-domestic rating multiplier of 0.52 (52.0p in the £) and a small business non-domestic rating multiplier of 0.517 (51.7p in the £). This comprises the NNDR and SBNDR multipliers of 0.512 and 0.499 respectively, plus a premium of 0.8p in the £ to provide additional funding to enable the City Corporation to continue to support Police, security, resilience and contingency planning at an enhanced level.

In addition, for those business premises which have a rateable value of more than £70,000, the Greater London Authority (GLA) is levying a business rate supplement (BRS) multiplier of 2p in the £ for the 2021-22 financial year to finance the Crossrail project. The City Corporation collects the BRS on an agency basis on behalf of the GLA. The rateable value at the 31 March 2022 was £2.576bn.

2020-21		2021-22
£m		£m
(1,341.2)	National Business Rates	(1,324.7)
52.6	Less: Voids	86.5
22.8	Mandatory and discretionary relief	21.0
128.7	Expanded retail, leisure, and hospitality relief	77.9
1.5	Partly occupied allowance	2.0
(1,135.6)	Net income from national business rates	(1,137.3)

2. Calculation of Council Tax

The Local Government Finance Act 1992 introduced the Council Tax from 1 April 1993, replacing the Community Charge. The Act prescribes the detailed calculations that the City of London Corporation, as a billing authority, has to make to determine the Council Tax amounts. The City of London set a basic amount of £952.91 for a Band D property, inclusive of a 3% adult social care precept. There was no increase in council tax.

To this £952.91 is added £96.53 in respect of the precept from the Greater London Authority to arrive at the total Council Tax of £1,049.44 for a Band D property in 2021-22. Prescribed proportions are applied to this basic amount to determine the Council Tax amounts for each of the bands as follows:

BAND	Proportion	Council Tax
		£
A	6/9	699.62
B	7/9	816.23
C	8/9	932.83
D	9/9	1,049.44
E	11/9	1,282.65
F	13/9	1,515.86
G	15/9	1,749.06
H	18/9	2,098.88

3. Tax Bases 2021-22

The table below shows the number of chargeable dwellings in each valuation band converted to an equivalent number of Band D dwellings. The totals for each area are described as “aggregate relevant amounts” which reflects the number of dwellings adjusted for applicable discounts and exemptions. These amounts, multiplied by the collection rate of 95%, produce the tax base for each of the areas shown.

BAND	MIDDLE	INNER	CITY AREA	TOTAL
	TEMPLE	TEMPLE	EXCLUDING	CITY
			TEMPLES	AREA
A	0.00	0.00	2.33	2.33
B	0.00	0.00	148.33	148.33
C	0.00	0.00	415.53	415.53
D	0.00	0.00	779.20	779.20
E	9.47	1.22	3,068.88	3,079.57
F	30.69	23.83	1,670.21	1,724.73
G	24.17	60.83	1,941.43	2,026.43
H	0.00	4.00	419.50	423.50
AGGREGATE RELEVANT AMOUNTS	64.33	89.88	8,445.41	8,599.62
COLLECTION RATE	95%	95%	95%	
TAX BASES	61.11	85.39	8,023.14	8,169.64

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4. City Fund Offset

To reflect the unique characteristics of the square mile, the Government allows the City Fund to retain an amount from the NNDR paid by City businesses. This totalled £12.1m in 2021-22 (2020-21: £12.1m).

5. (Surplus)/Deficit for the year

A business rates surplus of £50.1m was achieved for the year, but this was in large part due to the recovery of large a deficit created in the previous year of £245.2m. After adjusting for the recovery, the in-year position was a £85m deficit, the majority of which related to the continuation of business rate relief for the retail, leisure, and hospitality sectors at a rate of 75% (down from 100% in the previous year). Due to the timing of this announcement, which was after the submission of estimated business rate income in January 2021, a mismatch has occurred between expected and actual income creating a deficit in the collection fund. These reliefs are funded from Govt so the release of this element of the deficit into City Fund will be matched with funds held in the business rate equalisation reserve. The below table tracks the movement of business rate collection fund surplus/deficit position across the 3 preceptors.

Breakdown of Business Rate Collection Fund Deficit	Total	City	GLA	Central Govt
Percentage Allocation		30%	37%	33%
Opening Collection Fund Deficit	191.3	54.6	63.3	73.4
Part Recovery of 20-21 Deficit in 21-22	(135.1)	(37.7)	(51.6)	(45.8)
21-22 Deficit due to retail, leisure, and hospitality reliefs	77.9	23.4	28.8	25.7
Other 21-22 variances	7.1	2.1	2.6	2.3
Closing Deficit	141.2	42.4	43.2	55.6

Police Pension Fund

Police Pension Fund Account for the year ended 31 March 2022

2020-21		2021-22	
£m		£m	£m
	Contributions receivable		
	- from employer		
(10.7)	normal	(11.2)	
0.0	early retirements	0.0	
(4.5)	- from members	(4.9)	
(15.2)			(16.1)
(0.3)	Transfers in from other Police Authorities		(0.3)
	Benefits payable		
26.0	- pensions	27.0	
6.2	- commutations and lump sums	7.8	
32.2			34.8
	Payments to and on account of leavers		
0.0	- Transfers out to other Police Authorities	0.5	
0.0	- Other	0.0	
0.0			0.5
16.7	Sub-total: Net amount payable for the year before transfer from Police Authority		18.9
(16.7)	Additional contribution from Police Authority		(18.9)
0.0	Net amount payable/receivable for the year		0.0

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- i. The Police Pension Fund was established under the Police Pension Fund Regulations 2007 (SI 2007 No. 1932).
- ii. It is a defined benefits scheme, administered internally by the City of London and all City of London police officers are eligible for membership of the pension scheme.
- iii. The fund's financial statements have been prepared using the accounting policies adopted for the City Fund financial statements set out on pages 134 to 151. The fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end. Information on the long-term pension obligations can be found in the City Fund financial statements (see notes 23 to 26, page 66-76).
- iv. Under the rules of the scheme, members may elect to commute a proportion of their pension in favour of a lump sum. Where a member has taken a commutation option, these lump sums are accounted for on an accruals basis from the date the option is exercised.
- v. Transfer values represent the capital sums in respect of members' pension rights either received from or paid to other pension schemes in respect of members who have joined or left the service.
- vi. The scheme is unfunded and consequently has no investment assets. Benefits payable are funded by contributions from employers and employees and any difference between benefits payable and contributions receivable is met by a top-up grant from the Home Office.
- vii. Employees' and employer's contribution levels are based on percentages of pensionable pay set nationally by the Home Office and are subject to triennial revaluation by the Government Actuary's Department.
- viii. The account is prepared on an accruals basis and normal contributions, both from the members and the employer, are accounted for in the payroll month to which they relate.

Hold for Independent Auditors report to the Members of City of London Pension Fund

City of London Pension Fund Account

Fund Account for the year ended 31 March 2022

2020-21	Notes	2021-22
£m		£m
	Dealings with members, employers and others directly involved in the Fund	
(47.3)	Contributions	(51.4)
(2.6)	Transfers in from other pension funds	(3.4)
(49.9)		(54.8)
49.8	Benefits	52.8
1.9	Payments to and on account of leavers	1.9
51.7		54.7
1.8	Net (additions)/withdrawals from dealings with members	(0.1)
9.1	Management expenses	10.9
10.9	Net withdrawals including fund management expenses	10.8
	Returns on investments	
(3.4)	Investment income	(4.0)
(279.9)	Profit and losses on disposal of investments and changes in the value of investments	(93.8)
(283.3)	Net return on investments	(97.8)
(272.4)	Net (increase)/decrease in the net assets available for benefits during the year	(87.0)
(1,028.7)	Opening net assets of the scheme	(1,301.1)
(1,301.1)	Closing net assets of the scheme	(1,388.1)

Net Asset Statement as at 31 March 2022

2020-21	Notes	2021-22
£m		£m
0.2	Long-term investments	0.2
1,294.4	Investment assets	1,368.9
1,294.6	Total net investments	1,369.1
7.4	Current assets	20.4
(0.9)	Current liabilities	(1.4)
1,301.1	Net assets of the Fund available to fund benefits at the end of the reporting period	1,388.1

1. Description of the City of London Pension Fund

a) General

The City of London Pension Fund is part of the LGPS and is administered by the City of London. The City of London is the reporting entity for this pension fund.

The City of London Pension Fund is a funded defined benefits scheme established in accordance with statute. With the exception of serving police officers, teachers and judges who have their own schemes, all City of London staff are eligible for membership of the Local Government Pension Scheme (LGPS).

Benefits include retirement pensions and early payment of benefits on medical grounds and payment of death benefits where death occurs either in service or in retirement. The benefits payable in respect of service from 1st April 2014 are based on career average revalued earnings and the number of years of eligible service. Pensions are increased each year in line with the Consumer Price Index.

The Fund is governed by the Public Service Pensions Act 2013 and the following secondary legislation:

- The LGPS Regulations 2013 (as amended)
- The LGPS (transitional Provisions, Savings and Amendment) Regulations 2014 (as amended) and
- The LGPS (Management and Investment of Funds) Regulations 2016.

The Fund is administered internally by the City of London. The Fund's investments are managed externally by several fund managers with differing mandates determined and appointed by the City of London.

b) Membership of the Fund

Membership of the LGPS is voluntary and employees are free to choose whether to join the scheme, remain in the scheme or make their own personal arrangements outside the scheme. Organisations participating in the City of London Pension Fund include:

- Scheduled bodies, which are automatically entitled to be members of the Fund
- Admitted bodies, which are other organisations that participate in the Fund under an admission agreement between the Fund and the relevant organisation. Admitted bodies include voluntary, charitable and similar bodies or private contractors undertaking a local authority function following outsourcing to the private sector.

The following table summarises the membership numbers of the scheme:

	31 March 2022			31 March 2021	
	Current contributors	Beneficiaries in receipt of pension	Deferred members	Total	Total
	No.	No.	No.	No.	No.
ADMINISTERING AUTHORITY					
City of London Corporation	4,332	4,232	4,282	12,846	12,521
	4,332	4,232	4,282	12,846	12,521
SCHEDULED BODIES:					
Museum of London	258	268	636	1,162	1,140
Magistrates Court	0	18	13	31	31
Multi Academy Trust	12	0	1	13	4
	270	286	650	1,206	1,175
ADMITTED BODIES:					
Irish Society	4	10	2	16	16
City Arts Trust	0	0	0	0	1
Parking Committee for London	0	6	6	12	12
Guildhall Club	0	4	4	8	8
City Academy - Southwark	95	11	134	240	218
Sir John Cass (Brookwood)	0	1	0	1	1
AMEY (Enterprise)	0	6	3	9	9
Eville and Jones	0	0	1	1	1
London CIV	14	1	15	30	29
Westminster Drug Project	1	0	1	2	2
Agilysis	5	5	14	24	24
Agilysis (police)	0	1	2	3	3
Bouygues (EDTE)	0	0	1	1	1
Cook & Butler	1	0	1	2	2
1SC Guarding Limited	0	0	1	1	1
Skanska	4	1	0	5	5
Veolia	3	1	1	5	5
	127	47	186	360	338
TOTAL	4,729	4,565	5,118	14,412	14,034

c) Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the Fund in accordance with the Local Government Pension Scheme Regulations 2013 and ranged from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2022. Employers' contributions are set based on triennial actuarial funding valuations. The last such valuation was at 31 March 2019. For 2021/22, employer contribution rates range from 15.0% to 21.0% of pensionable pay.

d) Benefits

Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service. From 1 April 2014, the scheme became a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th. Accrued pension is updated annually in line with the Consumer Prices Index.

A range of other benefits are also provided including early retirement, disability pensions and death benefits, as explained on the [LGPS website](#).

2. Basis of preparation

The statement of accounts summarises the Fund's transactions for the 2021/22 financial year and its financial position at 31 March 2022. The accounts have been prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom 2021/22* (the Code) which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

Paragraph 3.3.1.2 of the Code requires disclosure of any accounting standards issued but not yet adopted. IFRS 16, introduced on 1 January 2019, is due to be adopted by the Code for accounting periods commencing on or after 1 April 2022. This new accounting standard largely removes the distinction between operating and finance leases by introducing an accounting model that requires lessees to recognise assets and liabilities for all leases with a term of more than 12 months

unless the underlying asset is of low value. This will bring assets formerly off-Balance Sheet onto the Balance Sheet of lessees. Implementation of IFRS 16 is not expected to have a material impact on the Pension Fund because it does not hold any assets as a lessee.

The accounts report on the net assets available to pay pension benefits. They do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year nor do they take into account the actuarial present value of promised retirement benefits. The Code gives administering authorities the option to disclose this information in the net assets statement, in the notes to the accounts or by appending an actuarial report prepared for this purpose. The Pension Fund has opted to disclose this information in Note 18.

The accounts have been prepared on a going concern basis. The administering authority is confident that the Fund will have sufficient resources to meet obligations as they fall due over the foreseeable future.

3. Accounting policies

- i. The pension fund accounts are accounted for on an accruals basis for income and expenditure, with the exception of transfer values in and out, which are accounted for on a cash basis.
- ii. The Fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end.
- iii. Investment assets are included in the net assets statement on a fair value basis as at the reporting date. A financial asset is recognised in the net assets statement on the date the Fund becomes party to the contractual acquisition of the asset. From this date any gains or losses arising from changes in the fair value of the asset are recognised in the fund account.
- iv. The values of investments as shown in the net assets statement have been determined at fair value in accordance with the requirements of the Code and IFRS13 (see Note 13). For the purposes of disclosing levels of fair value hierarchy, the Fund has adopted the classification guidelines recommended in Practical Guidance on Investment Disclosures (PRAG/Investment Association, 2016).

- v. Acquisition costs are included in the purchase costs of investments.
- vi. Assets and liabilities in overseas currencies are translated into sterling at the exchange rates ruling at the net asset statement date. Transactions during the year are translated at rates applying at the transaction dates. Surpluses and deficits arising on conversion are dealt with as part of the change in market values of the investments.
- vii. The Fund discloses its pension fund management expenses in accordance with the CIPFA guidance Accounting for Local Government Pension Scheme Management Expenses (2016), as shown below. All items of expenditure are charged to the Fund on an accruals basis as follows:

Administration expenses	All staff costs of the pensions administration team are charged direct to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund.
Oversight and governance	All staff costs associated with governance and oversight are charged direct to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund.
Investment management expenses	Investment management expenses are charged directly to the Fund as part of management expenses and are not included in, or netted off from, the reported return on investments.

- viii. Income from investments is accounted for on an accruals basis. Investment income arising from the underlying investments of the Pooled Investment Vehicles is typically reinvested within the Pooled Investment Vehicles and reflected in the unit price.

- ix. The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profit and losses realised on sales of investments and unrealised changes in market value.
- x. Normal contributions, both from members and employers, are accounted for in the payroll month to which they relate at rates as specified in the rates and adjustments certificate. Additional contributions from employers are accounted for in accordance with the agreement under which they are paid, or in the absence of such agreement, when received.
- xi. Under the rules of the Scheme, members may receive a lump sum retirement grant in addition to their annual pension. Lump sum retirement grants are accounted for from the date of retirement. Where a member can choose to take a greater retirement grant in return for a reduced pension these lump sums are accounted for on an accruals basis from the date the option is exercised.
- xii. Transfer values represent the amounts received and paid during the year for members who have either joined or left the Fund during the financial year and are calculated in accordance with the Local Government Pension Scheme Regulations 2013. Individual transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged.
- xiii. Where an investment manager's fee note has not been received by the balance sheet date, an estimate based upon the most recent available equivalent trailing reporting period is used for inclusion in the fund account.

4. Critical judgements in applying accounting policies

The net pension fund liability is recalculated every three years by the appointed actuary, with annual updates in the intervening years.

This estimate is subject to significant variances based on changes to the underlying assumptions which are agreed with the actuary and have been summarised in Note 18.

These actuarial revaluations are used to set future contribution rates and underpin the Fund’s most significant investment management policies, for example in terms of the balance struck between longer term investment growth and short-term yield/return.

5. Assumptions made about the future and other major sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the year-end date and the amounts reported for the revenues and expenses during the year. Estimates and assumptions are made considering historical experience, current trends and other relevant factors. However, the nature of estimation means that the actual outcomes could differ from the assumptions and estimates.

The items in the net assets statement at 31 March 2022 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Actuarial present value of promised retirement benefits (Note 18)	Estimation of the net liability to pay pensions depend on a number of complex judgements 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 Fund with expert advice about the assumptions to be applied. This uncertainty relates solely to the disclosures made in Note 18 and does not impact on the Net Asset Statement or Pension Fund Account.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance: <ul style="list-style-type: none"> a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £47m a 0.1% increase in assumed earnings inflation would increase the value of liabilities by approximately £4m a one-year increase in assumed life expectancy would increase the liability by approximately £100m.
Private equity investments (Note 13)	Private equity investments are valued at fair value in accordance with International Private Equity and Venture Capital Valuation Guidelines (2018) and use valuation techniques that rely on unobservable inputs.	Private equity investments are valued at £34m in the accounts. There is a risk that this investment may be under or overstated significantly if the underlying valuation assumptions change.
Infrastructure and pooled property investments (Note 13)	Infrastructure and pooled property investments are valued at fair value using valuation techniques that rely on unobservable inputs.	Infrastructure and pooled property investments are valued at £69m and £101m, respectively in the accounts. There is a risk that this investment may be under or overstated significantly if the underlying valuation assumptions change.

6. Events after the reporting date

There are no events occurring after the reporting date that necessitate adjustments (adjusting events) or disclosure (non-adjusting events).

7. Contributions receivable

By Category

2020-21		2021-22	
£m		£m	
(12.1)	Employees' contributions	(12.1)	
	Employers' contributions		
(24.6)	Normal contributions	(24.3)	
(9.0)	Deficit recovery contributions	(9.0)	
(1.6)	Pensions strain contributions	(6.0)	
(35.2)	Total employers' contributions	(39.3)	
(47.3)		(51.4)	

By type of employer

2020-21		2021-22	
£m		£m	
(44.0)	Administering authority	(48.2)	
(2.2)	Scheduled bodies	(2.2)	
(1.1)	Admitted bodies	(1.0)	
(47.3)		(51.4)	

8. Benefits payable

By Category

2020-21		2021-22	
£m		£m	
40.9	Pensions	43.1	
7.7	Lump sum retirement benefits	8.8	
1.2	Lump sum death benefits	0.9	
49.8		52.8	

By type of employer

2020-21		2021-22	
£m		£m	
46.7	Administering authority	49.9	
2.8	Scheduled bodies	2.5	
0.3	Admitted bodies	0.4	
49.8		52.8	

9. Payments to and on account of leavers

2020-21		2021-22	
£m		£m	
1.8	Individual transfers out	1.8	
0.1	Refunds to members leaving service	0.1	
1.9		1.9	

10. Management expenses

2020-21		2021-22
£m		£m
0.6	Administration expenses	0.7
8.2	Investment management expenses	9.8
0.3	Oversight and governance*	0.4
9.1		10.9

*Includes audit fees of £21,500 that have been charged to the Pension Fund (2020/21: £25,300). The 2021-22 audit will be carried out by our newly appointed auditor; Grant Thornton and the fee payable is estimated to be £35,000.

a. Investment management expenses

2020-21				2021-22				
Management Fees	Performance Related Fees	Transaction Costs	Total		Management Fees	Performance Related Fees	Transaction Costs	Total
£m	£m	£m	£m		£m	£m	£m	£m
0.7	0.0	0.0	0.7	Infrastructure funds	0.6	2.1	0.0	2.7
4.4	0.9	0.3	5.6	Pooled investments**	4.7	0.3	0.0	5.0
0.5	0.0	0.0	0.5	Pooled property investments	0.5	0.0	0.0	0.5
0.4	1.0	0.0	1.4	Private equity	0.4	1.2	0.0	1.6
6.0	1.9	0.3	8.2	Total	6.2	3.6	0.0	9.8

**Included £1.1m charged to the Pension Fund by the London CIV regional asset pool (£1.1m in 2020/21).

11. Income from investments

2020-21		2021-22
£m		£m
(0.8)	Infrastructure funds	(0.5)
(0.1)	Interest	(0.0)
(2.4)	Pooled property investments	(2.3)
(0.1)	Private equity	(1.2)
(3.4)	Total	(4.0)

The Pension Fund's investment policies are focussed on capital accumulation in pooled vehicles and private equity investments. Dividends and interest are typically retained at pool level. Where any shortfall of the Net Deductions on Contributions and Benefits Paid was previously covered by investment income, it is intended that the Fund will sell holdings in the pooled vehicles, as necessary, to cover any shortfalls. There are no limitations imposed by the fund managers on the selling of these pooled vehicle funds.

12. Investments

Market Value 31-03-2021		Market Value 31-03-2022
£m		£m
	Investment assets	
	Pooled funds	
243.2	Diversified growth funds	257.3
562.4	Global equity	590.3
117.3	Multi asset credit	120.2
182.3	UK equities	197.2
1,105.2		1,165.0
	Other investments	
62.8	Infrastructure funds	68.7
88.2	Pooled property investments	101.1
38.0	Private equity funds	34.1
189.0		203.9
0.2	Investment income due	0.0
1,294.4	Total investment assets	1,368.9
	Long-term investments	
0.2	Equities	0.2
1,294.6	Net investment assets	1,369.1

a. Reconciliation of movements in investments

The table below shows the movement in market values by asset type

	Market Value 31-03-2021	Purchases During the Year	Sales During the Year	Change in Value	Market Value 31-03-2022
	£m	£m	£m	£m	£m
Infrastructure funds	62.8	0.3	(7.9)	13.5	68.7
Long-term investments	0.2	0.0	0.0	0.0	0.2
Pooled investments	1,105.2	121.6	(126.5)	64.7	1,165.0
Pooled property investments	88.2	6.6	(0.6)	6.9	101.1
Private equity funds	38.0	0.2	(12.8)	8.7	34.1
	1,294.4	128.7	(147.8)	93.8	1,369.1
Investment income due	0.2				0.0
Net investment assets	1,294.6				1,369.1

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	Market Value 31-03-2020	Purchases During the Year	Sales During the Year	Change in Value	Market Value 31-03-2021
	£m	£m	£m	£m	£m
Infrastructure funds	62.3	0.1	(0.9)	1.3	62.8
Long-term investments	0.2	0.0	0.0	0.0	0.2
Pooled investments	848.3	40.0	(52.7)	269.6	1,105.2
Pooled property investments	66.1	22.3	(0.6)	0.4	88.2
Private equity	34.7	1.4	(6.7)	8.6	38.0
	1,011.6	63.8	(60.9)	279.9	1,294.4
Cash deposits	11.9				0.0
Investment income due	0.1				0.2
Net investment assets	1,023.6				1,294.6

b. Investments analysed by fund manager

Market value 31-03-2021		Market value 31-03-2022
£m		£m
	Investments managed by the London CIV	
183.9	LCIV Global Alpha Growth Fund*	171.7
117.3	LCIV MAC Fund	0.0
0.0	LCIV Alternative Credit Fund*	120.2
0.2	London CIV	0.2
301.4		292.1
	Investments managed outside the London CIV	
58.7	Alternative assets	51.7
94.4	Artemis Institutional Equity Income Fund*	104.3
29.5	Aviva Lime Property Fund	32.6
140.9	C Worldwide Global Equities*	156.6
106.6	Harris Associates Global Equity Fund*	113.4
42.1	IFM Global Infrastructure (UK)	51.1
48.3	Lindsell Train UK Equity Fund	50.9
29.0	M&G UK Residential Property Fund	36.3
29.7	M&G Secured Property Income Fund	32.2
39.6	Liontrust UK Equity Fund	42.0
136.7	Pyrford Global Total Return Fund*	142.8
106.5	Ruffer Absolute Return Fund*	114.5
131.0	Veritas Global Focus Fund*	148.6
993.0		1,077.0
1,294.4	Total	1,369.1
0.2	Investment income due	0.0
1,294.6	Net investment assets	1,369.1

*These investments each singularly represent over 5% of the net assets of the Fund.

Alternative assets comprise of private equity and infrastructure investments managed through eleven separate investment managers.

13. Fair value - basis for valuation

The basis of the valuation of each class of investment asset is set out below. There has been no change in the valuation techniques used during the year. All assets have been valued using fair value techniques which represent the highest and best price available at the reporting date.

Item	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key Sensitivities affecting the valuations provided
Pooled investments - equity funds (UK and Global)	Level 2	Closing bid price where bid and offer prices are published. Closing single price where single price published	NAV-based pricing set on a forward pricing basis	Not required
Pooled investments - multi-asset funds	Level 2	Closing bid price where bid and offer prices are published. Closing single price where single price published	NAV-based pricing set on a forward pricing basis	Not required
Pooled property investments	Level 3	Closing bid price where bid and offer prices are published. Closing single price where single price published	NAV-based pricing set on a forward pricing basis	Valuations could be affected by significant changes in rental growth, vacancy levels, and the discount rate applied to future cash flows as well as more general changes in market conditions.
Private equity funds	Level 3	Comparable valuation of similar companies in accordance with international private equity valuation guidelines.	Earnings before interest, tax, depreciation and amortisation (EBITDA) multiple, revenue multiple, discount for lack of marketability.	Valuations include assumptions based on non-observable market data, such as discounts applied either to reflect changes in the fair value of financial assets or to adjust earnings multiples.
Infrastructure funds	Level 3	Discounted cashflows applied to equity and debt instruments. The Funds determine fair value for these securities by engaging external valuation services.	Earnings before interest, tax, depreciation and amortisation (EBITDA) multiple, revenue multiple, discount for lack of marketability.	Valuations include assumptions based on non-observable market data, such as discounts applied either to reflect changes in the fair value of financial assets or to adjust earnings multiples.

Sensitivity of assets valued at Level 3

Having analysed historical data and current market trends, and consulted with independent investment advisors, the Fund has determined that the valuation methods described above are likely to be accurate to within the following ranges, and has set out below the consequent potential impact on the closing value of investments held at 31 March 2022.

	Assessed valuation range	Market value 31-03-2022	Value on increase	Value on decrease
	(+/-)	£m	£m	£m
Private equity funds	10%	34.1	37.5	30.7
Pooled property investments	10%	101.1	111.2	91.0
Infrastructure funds	10%	68.7	75.6	61.8
		203.9	224.3	183.5

a. Fair value hierarchy

Assets have been classified into three levels, according to the quality and reliability of information used to determine fair values.

Level 1

Financial instruments at level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as level 1 must be traded in active markets, this includes quoted equities, quoted fixed securities, quoted index linked securities and exchange traded unit trusts.

Level 2

Financial instruments at level 2 are those where quoted market prices are not available for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value. Products classified as level 2 comprise open ended pooled investment vehicles which are not exchange traded, unquoted bonds and repurchase agreements.

Level 3

Financial instruments at level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data. Such instruments would include private equity investments and infrastructure funds which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions.

The values of pooled property investments are based on valuations provided by the fund managers which in turn represent estimates by independent professional valuers of the open market value of those investment as at the reporting date.

The values of the investment in private equity and infrastructure funds are based on valuations provided by the general partners to the private equity funds in which City of London Pension Fund has invested.

These valuations are prepared in accordance with the international private equity and venture capital valuation guidelines, which follow the valuation principles of IFRS and US GAAP. Valuations are typically undertaken annually at the end of December. Cash flow adjustments are used to roll forward the valuations to 31 March as appropriate.

Guidance released by the Pensions Research Accountants Group (PRAG) in 2016 provides further clarification on the classification of pooled investment vehicles as level 1, 2 and 3. Pooled funds that are not quoted on an exchange are classed as level 2, as these do not meet the definition of level 1 investment: *The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.* The table that follows provides an analysis of the assets of the Pension Fund grouped into Levels 1 to 3, based on the level at which the fair value is observable.

Values as at 31 March 2021									Values as at 31 March 2022				
Quoted market price	Using observable inputs	With significant unobservable inputs			Quoted market price	Using observable inputs	With significant unobservable inputs						
Level 1	Level 2	Level 3	Total		Level 1	Level 2	Level 3	Total					
£m	£m	£m	£m		£m	£m	£m	£m					£m
				Financial assets at fair value through profit and loss									
0.0	0.0	62.8	62.8	Infrastructure funds	0.0	0.0	68.7	68.7					
0.0	0.0	0.2	0.2	Long-term investments	0.0	0.0	0.2	0.2					
0.0	1,105.2	0.0	1,105.2	Pooled investments	0.0	1,165.0	0.0	1,165.0					
0.0	0.0	88.2	88.2	Pooled property investments	0.0	0.0	101.1	101.1					
0.0	0.0	38.0	38.0	Private equity funds	0.0	0.0	34.1	34.1					
0.0	1,105.2	189.2	1,294.4	Total investment assets	0.0	1,165.0	204.1	1,369.1					
0.2	0.0	0.0	0.2	Investment income due	0.0	0.0	0.0	0.0					
0.2	1,105.2	189.2	1,294.6	Net investment assets	0.0	1,165.0	204.1	1,369.1					

b. Reconciliation of fair value measurements within level 3

The table below shows the movements in level 3 disclosures for 2021/22

Disclosures for level 3	Market value at 31-03-2021	Transfers into level 3	Transfers out of level 3	Purchases at cost	Sales	Unrealised gains / (losses)	Realised gains / (losses)	Market value at 31-03-2022
	£m	£m	£m	£m	£m	£m	£m	£m
Private equity	38.0	0.0	0.0	0.2	(12.8)	6.1	2.6	34.1
Pooled property investments	88.2	0.0	0.0	6.6	(0.6)	6.9	0.0	101.1
Infrastructure	62.8	0.0	0.0	0.3	(7.9)	11.4	2.1	68.7
Long term investment	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.2
Total level 3	189.2	0.0	0.0	7.1	(21.3)	24.4	4.7	204.1

14. Financial Instruments

a. Classification of financial instruments

at 31 March 2021				at 31 March 2022				
Fair Value through profit and loss	Assets held at amortised cost	Financial liabilities at amortised cost	Total		Fair Value through profit and loss	Assets held at amortised cost	Financial liabilities at amortised cost	Total
£m	£m	£m	£m		£m	£m	£m	£m
				Financial assets				
62.8	0.0	0.0	62.8	Infrastructure funds	68.7	0.0	0.0	68.7
0.0	0.2	0.0	0.2	Long-term investments	0.0	0.2	0.0	0.2
1,105.2	0.0	0.0	1,105.2	Pooled investments	1,165.0	0.0	0.0	1,165.0
88.2	0.0	0.0	88.2	Pooled property investments	101.1	0.0	0.0	101.1
38.0	0.0	0.0	38.0	Private equity funds	34.1	0.0	0.0	34.1
0.0	7.2	0.0	7.2	Cash	0.0	19.9	0.0	19.9
0.0	0.2	0.0	0.2	Investment income due	0.0	0.0	0.0	0.0
0.0	0.1	0.0	0.1	Other debtors*	0.0	0.0	0.0	0.0
1,294.2	7.7	0.0	1,301.9		1,368.9	20.1	0.0	1,389.0
				Financial liabilities				
0.0	0.0	(0.1)	(0.1)	Creditors*	0.0	0.0	(0.1)	(0.1)
1,294.2	7.7	(0.1)	1,301.8	Total	1,368.9	20.1	(0.1)	1,388.9

*The table above excludes debtors valued at £0.5m (31 March 2021: £0.1m) and creditors valued at £1.3m (31 March 2021: £0.8m) which are non-contract based transactions and balances and therefore do not meet the criteria of financial instruments. Further information on current assets and current liabilities outstanding at the reporting date is detailed in notes 19 and 20 below.

b. Net (Gains) and Losses on Financial Instruments

2020-21		2021-22	
£m		£m	
	<u>Financial Assets</u>		
279.9	Fair value through profit and loss	93.8	
279.9		93.8	

15. Risk and risk management

The Pension Fund's primary long-term risk is that its assets will fall short of its liabilities (i.e. promised benefits payable to members). Therefore, the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole Fund portfolio.

The Fund's 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, various industrial sectors and asset classes. The managers' investing practices are controlled by pre-defined levels of tolerance.

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 in order to ensure cash flow requirements are met as and when they fall due.

All of 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

16. Market risks

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The Fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix. The objective of the Fund's risk management strategy is to identify, manage and control market risk exposure within acceptable parameters, while optimising investment return.

In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sectors, asset classes and individual securities. To mitigate market risk, the Pension Fund and its investment advisors undertake appropriate monitoring of market conditions and benchmark analysis.

Price risk

In consultation with its investment consultant, Mercer Ltd, the Fund has determined that the following movements in market price risk are reasonably possible for 2021/22, assuming that all other variables, in particular foreign exchange rates and interest rates, remain the same:

Asset type	Value as at 31 March 2022	Change	Value on increase	Value on decrease
	£m	%	£m	£m
Developed market global equities	745.6	18.9%	886.5	604.7
Emerging market global equities	42.1	28.6%	54.1	30.1
Diversified growth funds	257.3	11.8%	287.7	226.9
Multi asset credit	120.2	10.8%	133.2	107.2
UK property (proxy for residential property)	36.3	9.9%	39.9	32.7
Long lease UK property	64.8	16.5%	75.5	54.1
Private equity	34.1	24.8%	42.6	25.6
Unlisted infrastructure	68.7	16.2%	79.8	57.6
Total	1,369.1		1,599.3	1,138.9

Asset type	Value as at 31 March 2021	Change	Value on increase	Value on decrease
	£m	%	£m	£m
Developed market global equities	688.3	18.7%	817.0	559.6
Emerging market global equities	56.6	28.6%	72.8	40.4
Diversified growth funds	243.2	11.6%	271.4	215.0
Multi asset credit	117.3	10.5%	129.6	105.0
UK property (proxy for residential property)	29.0	16.4%	33.8	24.2
Long lease UK property	59.2	9.7%	64.9	53.5
Private equity	38.0	24.7%	47.4	28.6
Unlisted infrastructure	62.8	16.1%	72.9	52.7
Total	1,294.4		1,509.8	1,079.0

Interest rate risk

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. The pooled multi-asset investments are indirectly subject to interest rate risks, as underlying holdings include fixed income instruments, and this represent the risk that the fair value or these financial instruments will fluctuate because of changes in market interest rates. Fund managers have the discretion to manage interest risk exposure through the use of derivatives.

The Fund's indirect exposure to interest rate movements as at 31 March 2022 and 31 March 2021 is set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value. Bonds and cash balances are exposed to interest rate risk. The table below demonstrates the change in value of these assets had the interest rate increased or decreased by 1%.

Value as at 31 March 2021	Change	Value on increase	Value on decrease	Assets exposed to interest rate risk	Value as at 31 March 2022	Change	Value on increase	Value on decrease
£m	%	£m	£m		£m	%	£m	£m
7.2		7.2	7.2	Cash and cash equivalents	19.9		19.9	19.9
231.5	1.00%	230.2	240.2	Bonds	245.9	1.00%	241.2	250.7
238.7		237.4	247.4	Total	265.8		261.1	270.6

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. The Fund is exposed to currency risk on financial instruments owned directly or through a pooled structure, that are denominated in any currency other than the functional currency of the Fund (UK sterling).

Currency	As at 31 March 2022			
	Value	Change	Value on increase	Value on decrease
	£m	%	£m	£m
United States Dollar	417.7	2.41%	427.8	407.6
Euro	123.2	1.54%	125.1	121.3
Japanese Yen	37.7	2.67%	38.7	36.7
Australian Dollar	31.1	2.32%	31.8	30.4
Swiss Franc	17.1	2.00%	17.4	16.8
Hong Kong Dollar	14.9	2.37%	15.3	14.5
Taiwanese Dollar	11.4	2.08%	11.6	11.2
Indian Rupee	10.7	3.11%	11.0	10.4
Swedish Krona	10.3	1.97%	10.5	10.1
Indonesian Rupiah	10.1	2.18%	10.3	9.9
Other overseas	57.1	1.85%	58.2	56.0
Overseas total	741.3		757.7	724.9
Sterling	627.8			
Net investment assets	1,369.1			

The table above summarises the position as at 31 March 2022, and the comparable position as at 31 March 2021 is shown below. The analysis uses historical currency volatility data sourced from the fund custodian, BNY Mellon.

Currency	As at 31 March 2021			
	Value	Change	Value on increase	Value on decrease
	£m	%	£m	£m
United States Dollar	376.1	2.35%	384.9	367.3
Euro	120.0	1.56%	121.9	118.1
Japanese Yen	35.0	2.74%	36.0	34.0
Australian Dollar	20.8	2.27%	21.3	20.3
Swiss Franc	17.5	2.24%	17.9	17.1
Hong Kong Dollar	16.4	2.34%	16.8	16.0
Chinese Yuan	13.3	2.38%	13.6	13.0
Taiwanese Dollar	10.8	2.00%	11.0	10.6
Indian Rupee	10.8	2.61%	11.1	10.5
Swedish Krona	10.3	2.28%	10.5	10.1
Other overseas	70.1	2.40%	71.8	68.4
Overseas total	701.1		716.8	685.4
Sterling	593.5			
Net investment assets	1,294.6			

Liquidity risk

Liquidity risk represents the risk that the Fund 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 the Fund's commitments. The Fund has immediate access to its cash holdings.

Liquid assets are those that can be converted to cash within three months, subject to normal market conditions. As at 31 March 2022, liquid investment assets were £1,165.0m representing 85% of total fund assets (£1,105.4m at 31 March 2021 representing 85% of the Fund at that date). These investments can in fact be liquidated within a matter of days.

Credit Risk

Credit risk represents the risk that the counterparty to a financial transaction will fail to discharge an obligation and cause the Fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund's financial assets and liabilities. The selection of high-quality counterparts, brokers and financial institutions minimises credit risk that may occur through the failure of third parties to settle transactions in a timely manner.

17. Funding arrangements

In accordance with statutory regulations a triennial valuation of the Pension Fund was completed by the City's independent consulting actuaries, Barnett Waddingham LLP, as at 31 March 2019 using the projected unit method and the resulting employers' contribution were implemented for the three financial years commencing 1 April 2020. A more recent valuation was undertaken as at 31 March 2022, and employer contribution rates resulting from this exercise will apply from 1 April 2023.

The main funding assumptions which follow were incorporated into the funding model used in the 31 March 2019 and the 31 March 2022 valuations (Consumer Price Inflation has been used as basis to reflect the actuarial assumption in real terms):

	March 2019		March 2022	
	% p.a.	% p.a.	Real % p.a.	Real % p.a.
Financial assumptions				
Discount rate	5.1	2.5	4.6	2.9
Retail Price Inflation	3.6	1.0	3.2	1.0
Consumer Price Inflation	2.6	-	2.9	-
Pension increases	2.6	-	2.9	-
Pay increases	3.6	1.0	3.9	1.0

The discount rate reflects the asset allocation embedded in Fund's long-term strategy; the below table outlines how these assumptions translate into an overall discount rate assumption as at 31 March 2019 and 31 March 2022.

Future assumed returns at 31 March 2019	Percentage of Fund	Return Assumption	Real (relative to CPI)
	%	%	%
Equities	55.0	6.7	4.1
Property and infrastructure	15.0	6.1	3.5
Absolute return fund - inflation plus 3.7%	30.0	6.3	3.7
Expenses (deduction)		(0.2)	(0.2)
Neutral estimate of discount rate based on long-term investment strategy		6.3	3.7
Prudence allowance		(1.2)	(1.2)
Discount rate		5.1	2.5

Future assumed returns at 31 March 2022	Percentage of Fund	Return Assumption	Real (relative to CPI)
	%	%	%
Equities	55.0	6.9	5.2
Property and infrastructure	15.0	6.4	4.7
Absolute return fund - inflation plus 3.7%	30.0	4.9	3.2
Expenses (deduction)		(0.2)	(0.2)
Neutral estimate of discount rate based on long-term investment strategy		6.0	4.3
Prudence allowance		(1.4)	(1.4)
Discount rate		4.6	2.9

Demographic assumptions

The assumed life expectancy from age 65 is shown below for the 31 March 2019 valuation and 31 March 2022 valuation.

Life expectancy from age 65		31 March 2019
Retiring today	Male	21.7
	Female	24.3
Retiring in 20 years	Male	23.1
	Female	25.8

Life expectancy from age 65		31 March 2022
Retiring today	Male	21.0
	Female	23.5
Retiring in 20 years	Male	22.3
	Female	24.9

Commutation assumption

As part of the 31 March 2019 valuation the actuary assumed that members on average exchanged pension to get approximately 50% of the maximum available cash on retirement.

50:50 membership

The actuary has assumed that existing members will continue to participate in their current section

Funding Position at Valuation date

The valuation at 31 March 2019 and 31 March 2022 revealed that the relationship between the values placed on the assets held by the Fund and the liabilities accrued in respect of pensionable service at that date was as follows:

	March 2019	March 2022
Past service liabilities	£m	£m
Active members	(383.7)	(448.0)
Deferred pensioners	(236.7)	(286.0)
Pensioners	(555.3)	(670.0)
Total	(1,175.7)	(1,404.0)
Assets	1,062.9	1,371.0
Deficit	(112.8)	(35.0)
Funding level	90%	98%

Based on the above data the derivation of the basic rate of employer's contribution is set out below.

	March 2019	March 2019
	Contribution rate %	Contribution rate %
Future service funding rate	15.0	18.5
Past service adjustment	5.5	2.5
Total contribution rate	20.5	21.0

The secondary rate contributions agreed with individual employers were set at the 31 March 2019 valuation to restore the Fund to a funding position of 100% over a recovery period of no longer than 14 years. This deficit recovery plan was maintained at the 31 March 2022 valuation (i.e. the secondary rates established in 2022 aim to restore 100% funding over 11 years).

Whilst the Fund level contribution rate is now 21.0% per annum, within this individual employer contribution rates vary. Having considered the basic rate

of employer's contributions above, the City of London Corporation set contribution rates applicable to its employees of 21.0% for each of the financial years 2020/21 to 2022/23. Exceptions are City Academy and the Multi Academy Trust who both pay 17.1% p.a., the London CIV (15.0%), Veolia (17.6%) and the Museum of London (16.1%).

Following the 31 March 2022 valuation, most employers will continue to pay contribution rates of 21.0% for the three years commencing 1 April 2023 apart from the City Academy and the Multi Academy Trust (17.1%); the Museum of London (16.1%) and the London CIV (15.0%).

18. Funded Obligation of the Overall Pension Fund

31 March 2021		31 March 2022
£m		£m
(2,304.4)	Present Value of the defined benefit obligation*	(2,201.1)
1,301.1	Fair Value of Fund Assets (bid value)	1,388.1
(1,003.3)	Net Liability	(812.9)

*The present value of the funded obligation consists of £2,171.4m in respect of vested obligations and £29.6m in respect of non-vested obligations (2020/21: £2,262.4m and £42.0m respectively).

The above figures show the total net liability of the Fund as at 31 March 2022 and have been prepared by the fund actuary (Barnett Waddingham LLP) in accordance with IAS26. In calculating the disclosed numbers, the value of Fund's liabilities calculated for the funding valuation as at 31 March 2019 have been rolled forward, using financial assumptions that comply with IAS19.

at 31 March 2021		Assumptions	at 31 March 2022	
% p.a.	Real % p.a.*		% p.a.	Real % p.a.*
2.85	-	CPI increase	3.20	-
3.85	1.00	Salary increase	4.20	1.00
2.85	-	Pension increase	3.20	-
2.00	-	Discount Rate	2.60	-

* Consumer Price Inflation has been used as basis to reflect the actuarial assumption in real terms.

Life expectancy from age 65		31 March 2021	31 March 2022
Retiring today	Males	21.6	21.0
	Female	24.3	23.5
Retiring in 20 years	Males	22.9	22.3
	Female	25.7	24.9

McCloud and Sargeant judgments

The Government reformed public service pension schemes in 2014 and 2015 and introduced protections for older members. In December 2018, the Court of Appeal ruled that younger members of the Judges' and Firefighters' Pension schemes have been discriminated against because the protections do not apply to them. The Government has confirmed that there will be changes to all main public sector schemes, including the LGPS, to remove this age discrimination. The present value of the defined benefit obligation includes an allowance for the impact of any amendments that may be required to the Local Government Pension Scheme as a result of the Court of Appeal judgement on the McCloud and Sargeant cases on the basis that there is a constructive obligation as at 31 March 2022.

Guaranteed Minimum Pension (GMP) Equalisation

On 22 January 2018, the Government published the outcome of its *Indexation and equalisation of GMP in public service pension schemes* consultation, concluding that the requirement for public service pension schemes to fully price protect the GMP element of individuals' public service pension would be extended to those individuals reaching State Pension Age (SPA) before 6 April 2021. The present value of the defined benefit obligation assumes that the Fund will pay limited increases for members that have reached SPA by 6 April 2016, with the Government providing the remainder of the inflationary increase. For members that reach SPA after this date, the calculation assumes that the Fund will be required to pay the entire inflationary increase.

19. Current assets

Current assets include cash balances of £19.9m at 31 March 2022 (£7.2m at 31 March 2021) and accruals for contributions of £0.5m (£0.2m at 31 March 2021).

20. Current liabilities

Current liabilities represent accruals for investment management expenses, custodian fees and benefits payable.

21. Additional voluntary contributions

Market Value at 31 March 2021		Market Value at 31 March 2022
£m		£m
2.1	Prudential	2.1
0.6	Standard Life Investments	0.6
0.2	Utmost Life and Pensions	0.1
2.9		2.8

Additional voluntary contributions (AVCs) are managed externally and independently from the rest of the Pension Fund. They are paid by members to the Corporation and transferred directly to the relevant fund managers – Prudential, Standard Life Investments and Utmost Life and Pensions (formerly Equitable Life). AVCs of £0.44m were paid in 2021/22 (2020/21: £0.44m).

In accordance with Regulation 4(1) (b) of the Pension Scheme (Management and Investment of Funds) Regulations 2016, the contributions paid, and the assets of these investments are not included in the Fund's accounts.

22. Related party transactions

The City of London Pension Fund is administered by the City of London Corporation. Consequently, there is a strong relationship between the local authority and the Pension Fund.

During the reporting period, the administering authority incurred salary expenses amounts to £0.6m (2020/21: £0.6m) which were recharged to the Pension Fund.

The Corporation is also the single largest employer of members of the Pension Fund and the employer contributions paid by it was £31.2m in 2021/22 (2020/21: £31.3m).

23. Key management personnel

The key management personnel of the Fund as at 31 March 2022 were the Chamberlain, Corporate Treasurer, Pensions Manager (Administration) and Group Accountant for Pensions and Treasury Management. Total remuneration payable from the Pension Fund to key management personnel is set out below and has been apportioned based on an estimate of management personnel's time attributable to the Pension Fund.

2020-21		2021-22
£m		£m
0.2	Short-term benefits	0.2
0.2		0.2

24. Contingent liabilities and contractual commitments

The Fund had external outstanding capital commitments relating to property amounting to £38.6m as at 31 March 2022 (31 March 2021: £0m), which are expected to be called down in the next 12-18 months. Further outstanding capital commitments at 31 March 2022 totalled £6.9m (31 March 2021: £8.0m). These commitments relate to outstanding call payments due on unquoted limited partnership funds held in the private equity and infrastructure parts of the portfolio. The amounts 'called' by these funds are irregular in both size and timing over a period of between four and six years from the date of each original commitment.



Accounting Policies

Accounting Policies

1. Accounting Policies

The accounting policies set out the specific principles, bases, conventions, rules and practices applied in preparing and presenting the financial statements.

1.1. Basis of Preparation

This Statement of Accounts is prepared for the City of London Corporation (“the City Corporation”) only to the extent that it exercises functions in relation to the collection fund of the Common Council, the City Fund administered by the Common Council (collectively referred to as “the City Fund”), as required by the Local Audit and Accountability Act 2014. Accordingly, the reporting entity, for the purpose of these accounts, is the City Fund which is a portion of the City Corporation but is not in itself a legal entity. This means the legal party to transactions and balances allocated to the City Fund is the City Corporation.

Assets, liabilities and transactions of the City Corporation are allocated to the City Fund where they relate to the economic activity of the City Corporation’s local authority function, for example where they relate to education, housing, social care; policing; and port health authority functions. Similarly, transactions and balances that relate to the City Corporation’s other economic activities are excluded from these accounts.

The basis of allocation has been made on a consistent basis for a number of years and are reported in more detail in the section below – Applying Accounting Policies.

The Statement of Accounts summarises the authority’s transactions for the 2021-22 financial year and its position at the year end of 31 March 2022. The Statement of Accounts have been prepared on the base that the Corporation will remain a “going-concern” and will continue to operate in the foreseeable future. The accounts are prepared in accordance with proper accounting practices as required by the Accounts and Audit Regulations 2015. This comprises the Code of Practice on Local Authority Accounting in the United Kingdom 2021-22 (the Code) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), supported by International Financial Reporting Standards (IFRS). The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

1.2. Accruals of Expenditure and Income

The accounts of the City Fund are maintained on an accruals 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 contracts with service recipients, whether for service or the provision of good, is recognised when (or as) the good or services are transferred to the service recipient in accordance with the performance obligations in the contract;

- 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 inventories 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 and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract; and
- 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 it is subsequently identified that 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.

1.3. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours less cheques and BACS payments issued but not presented. Cash equivalents are highly liquid investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1.4. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the City Fund's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period and are disclosed in the notes.

1.5. Charges to Revenue for Non-current Assets

Services are debited with the following amounts to record the cost of holding non-current assets during the year:

- depreciation attributable to the assets used by the relevant service;

- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- amortisation of intangible assets attributable to the service.

The City Fund is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, if it had a borrowing requirement it would be required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount, the Minimum Revenue Provision (MRP), calculated on a prudent basis determined in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisation would then be replaced by the MRP by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves.

1.6. Employee Benefits

(a) Short-term employee benefits

Short-term benefits are those due to be settled within 12 months of the year end. They include such benefits as salaries, wages, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service.

The cost of leave earned but not taken by employees at the end of the period is recognised within the Surplus or Deficit on the Provision of Services to the extent that employees are permitted to carry forward leave into the following period. However, statutory regulations require this cost to be reversed out of the accounts and this is achieved by crediting the revenue account for 'adjustments between accounting basis and funding basis under regulations' within the Movement in Reserves and debiting the 'statutory adjustments account' on the balance sheet.

(b) Termination benefits

Termination benefits are amounts payable as a result of a decision to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service in the CI&ES at the earlier of when the authority can no longer withdraw the offer of those benefits or when the authority recognises costs for a restructuring. Where termination benefits involve the enhancement of pensions, statutory provisions require the City Fund Balance to be charged with the amount payable by the employer to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

(c) Retirement benefit costs**(i) Pension Costs – City of London Staff**

With the exception of serving police officers and teachers, City of London staff are eligible to contribute to the City of London Pension Fund, which is a funded defined benefits scheme. The estimated net deficit on the Fund is the responsibility of the City of London Corporation as a whole, as one employer, rather than the specific responsibility of any of its three funds (City Fund, City's Cash and Bridge House Estates). 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 the City Fund 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.

- The liabilities attributable to the City Fund are included on the balance sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions including mortality rates, employee turnover rates and projections of earning for current employee;
- Liabilities are discounted to their value at current prices;
- The assets attributable to the City Fund are included in the balance sheet at their fair value using estimated bid values where necessary.

The change in the net pensions liability is analysed into the following components:

- Service cost comprising:
 - current service cost, the increase in liabilities as a result of years of service earned this year, allocated in the CI&ES to the services for which the employees worked;
 - past service cost, the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the surplus or deficit on the provision of services in the CI&ES as part of non-distributed costs;
 - net interest on the net defined benefit liability is charged to the financing and investment income and expenditure line of the CI&ES. The interest is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments
- Remeasurements comprising:

- the return on plan assets, excluding amounts included in the net interest on the net defined benefit liability, charged to the pensions reserve as other comprehensive income and expenditure;
 - actuarial gains and losses, changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions, charged to the pensions reserve as other comprehensive income and expenditure
- Contributions paid to the Pension Fund, cash paid as employer's contributions to the pension fund in settlement of liabilities, not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the City Fund unallocated reserve to be charged with the amount payable to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the movement in reserves statement, this means that there are transfers to and from the pension reserve to remove the notional debits and credits for retirement benefits and replace them with debits for cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end. The negative balance that arises on the pension reserve thereby measures the beneficial impact to the City Fund unallocated reserve of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

(ii) Pension Costs – Police Officers and Judges'

The Police Pension Scheme is unfunded. Prior to 1 April 2006 each police authority was responsible for paying the pensions of its own former employees on a "pay as you go" basis. Under the current arrangements the City Fund no longer meets pension costs directly; instead it contributes a percentage of police pay into the Police Pension Fund. At the year end the Police Pension Fund is balanced to zero by either receiving a contribution from the City Fund equal to the amount by which the amounts payable from the Pension Fund for the year exceed the amounts receivable or, by paying to the City Fund the amount by which sums receivable by the Pension Fund for the year exceed the amounts payable. Where the City Fund makes a transfer to the Pension Fund, the Home Office will pay an equivalent top-up grant to the City Fund. Where a transfer is made out of the Pension Fund, the City Fund must pay the amount to the Home Office.

The payment of pensions to former judges' is the responsibility of the Treasury with the City of London reimbursing the Treasury for the City Fund's share of the liability. The City Fund's estimated liability has been determined by independent actuaries in accordance with IAS19.

The accounting treatment for the estimated liabilities on the Police and Judges' schemes are similar to that outlined above for the City of London Pension Scheme.

(iii) **Pension Costs - Teachers**

The payment of pensions to former teachers under the Teachers' Pension Scheme is administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE). The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Authority. However, the arrangements for the teachers' scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Authority. The scheme is therefore accounted for as if it was a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Community and Children's Services line in the CI&ES is charged with the employer's contributions payable to Teachers' Pensions in the year.

1.7. **Events After the Reporting Period**

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

(a) Adjusting Events

Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.

(b) Non-adjusting Events

Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but, where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

1.8. **Financial Instruments**

(a) Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the CI&ES for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

(b) Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- amortised cost;
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI).

The authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

(i) Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the CI&ES for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CI&ES is the amount receivable for the year in the loan agreement.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CI&ES.

(ii) Expected Credit Loss Model

The authority recognises expected credit losses on all of its financial assets (excluding statutory amounts such as council tax and NNDR) held at amortised cost, either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the authority.

The City Corporate currently has finance lease debtors for ground rents due on leases properties. Due to the low value of these rents compared to the investment lessees have made in these properties it is highly unlikely that default will occur and therefore no expected credit loss has been applied to these amounts.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised,

losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

(iii) Financial Assets Measured at Fair Value through Profit of Loss

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices – the market price;
- other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date;
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly;
- Level 3 inputs – unobservable inputs for the asset.

(iv) Financial Assets Measured at Fair Value through Other Comprehensive Income (designated equity instruments)

The authority has designated an equity investment in the Municipal Bonds Agency as a financial asset measured at FVOCI on the basis that it is not held for trading and is held for strategic purposes. Fair Value gains and losses are recognised through other comprehensive income and expenditure. Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the CI&ES.

The City Fund is not party to any material finance guarantees and therefore no adjustment to the accounts has been made.

1.9. Interest Income

Interest is credited to the City Fund and Housing Revenue Account based upon average balances held by the Chamberlain and invested by him in the London Money Markets.

1.10. Government Grants and Other Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as income at the date that the authority satisfies the conditions of entitlement to the grant/contribution, there is reasonable assurance that the monies will be received.

Where a grant or contribution has been received but the conditions of entitlement have not been satisfied, the grant or contribution is treated as a receipt in advance.

(a) Revenue

Specific, ring-fenced, revenue grants are credited to the appropriate service revenue accounts. Non ring-fenced grants to finance the general activities of a local authority (e.g. Revenue Support Grant) are disclosed in the CI&ES within taxation and non-specific grant income.

(b) Capital

Where a capital grant or contribution has been recognised as income in the CI&ES, and the expenditure to be financed from the grant or contribution has been incurred at the Balance Sheet date, the grant or contribution is transferred from revenue to the Capital Adjustment Account, reflecting the application of capital resources to finance expenditure. This transfer is reported in the Movement in Reserves Statement.

Where a capital grant or contribution has been recognised as income in the CI&ES, but the expenditure to be financed from that grant or contribution has not been incurred at the Balance Sheet date, the grant or contribution is transferred to the Capital Grants Unapplied Account within the usable reserves section of the balance sheet reflecting its status as a capital resource available to finance expenditure. This transfer is reported in the Movement in Reserves Statement.

When, at a future date, the expenditure to be financed from the grant or contribution is incurred, the grant or contribution is transferred from the Capital Grants Unapplied Account to the Capital Adjustment Account, reflecting the application of capital resources to finance expenditure. This transfer is reported in the Movement in Reserves Statement.

1.11. Business Improvement Districts

A Business Improvement District (BID) scheme applies across an area of the City (Cheapside). The scheme is funded by a BID levy paid by non-domestic ratepayers. The Authority acts as principal under the scheme, and accounts for income received and expenditure incurred (including contributions to the BID project) within the relevant services within the CI&ES.

1.12. Community Infrastructure Levy

The City Corporation has elected to charge a Community Infrastructure Levy (CIL). The levy is charged on new builds (chargeable developments for the Authority) with appropriate planning consent. The City Corporation charges for and collects the levy, which is a planning charge. The income from the

levy will be used to fund a number of infrastructure projects to support the development of the area. CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the CI&ES in accordance with the accounting policy for government grants and contributions set out above. CIL charges will be largely used to fund capital expenditure. However, a small proportion of the charges may be used to fund revenue expenditure.

1.13. Heritage Assets

Heritage assets are those assets intended to be preserved in trust for future generations because of their cultural, environmental or historical associations. Where the cost or value of heritage assets cannot be obtained at a cost which is commensurate with the benefits to the users of the financial statements, such assets will not be recognised in the Balance Sheet. The City Corporation does not consider the expense of obtaining information on cost or values to be justified and therefore recognises on the City Fund balance sheet only those heritage assets for which information on costs is readily available. The City Corporation considers that heritage assets will have indeterminate lives and high residual values; hence the City Corporation does not consider it appropriate to charge the City Fund depreciation for these assets (see note 14, page 54, for details of these assets).

1.14. Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the CI&ES. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the Unallocated Reserve. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the Unallocated Reserve. The gains and losses are therefore reversed out of the Unallocated Reserve in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

1.15. Contingent Assets

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the City Fund. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the debtor (or cash where consideration has been received) and the related revenue are recognised

in the financial statements of the period in which the change in circumstances occurs. Where an inflow of economic benefits or service potential is probable (rather than virtually certain) and can be reliably measured, contingent assets are disclosed as notes to the accounts.

1.16. 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 Fund. 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.

1.17. Provisions

Provisions are made where an event has taken place that gives the City Fund 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 Fund may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation from the City Fund. Provisions are charged as an expense to the appropriate service line in the CI&ES in the year that the City Fund 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 Balance Sheet. 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 and credited back to the relevant service. 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 Fund settles the obligation.

1.18. 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. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification. Freehold land has an indefinite life and the land within the lease is recorded as an operating lease unless it is an immaterial part of the lease.

(a) Finance Leases

(i) City Fund 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.

(ii) City Fund as Lessor

Amounts due from lessees under finance leases are recorded in the Balance Sheet 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 balance sheet 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.

(b) Operating Leases

(i) City Fund as Lessee

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease). Where rent concessions have been granted because of the Covid-19 pandemic, these have included the forgiveness of a portion of or all lease payments for an agreed period (i.e. a temporary rent reduction or rent holiday). These concessions have been recognised over the periods that the change relate to.

(ii) City Fund as Lessor

Assets subject to operating leases are included in the Balance Sheet according to the nature of the assets. Rental income from operating leases is credited to the CI&ES. Credits are made on a straight-line basis over the period of the lease, even if the payments are not received on this basis (e.g. there is a premium paid at the commencement of the lease).

1.19. **Overheads**

The costs of support service overheads 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 (including capital charges) are apportioned on the basis of the office area utilised by each service.

1.20. **Property, Plant and Equipment**

Property, plant and equipment comprises the following classes of tangible long-term assets; council dwellings, other land and buildings, leasehold improvements, vehicles plant and equipment, infrastructure assets, community assets, assets under construction and surplus assets.

(a) Recognition

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised provided that the expenditure is material (generally in excess of £50,000) and the asset yields benefits to the City Fund, and the services it provides, for a period of more than one year. This excludes expenditure on routine repairs and maintenance of property, plant and equipment which is charged directly within service costs.

(b) Valuation

Property, plant and equipment are measured initially at cost, representing the cost directly attributable to acquiring or constructing the asset so that it is capable of operating in the manner intended. Assets are then carried in the Balance Sheet using the following measurement bases:

- Properties regarded as operational - current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV), or where this cannot be assessed because there is no market for the subject asset, the depreciated replacement cost, based on modern equivalent assets, as an estimate of current value;
- Council dwellings – current value, determined using the basis of existing use value for social housing;
- Non-operational assets under construction – historic cost
- Infrastructure, community and heritage assets - historic cost, net of depreciation, where appropriate
- Vehicles, plant and equipment - cost, net of depreciation, as a proxy for current value.
- Surplus assets – fair value, estimating highest and best use

All properties included on the balance sheet at current or fair value are revalued at least once within a five year period as part of a rolling programme with subsequent additions being included in the accounts at their cost of acquisition until the asset is next revalued. Revaluations are carried out sufficiently regularly to ensure that their carrying value is not materially different from their value at the year end.

(c) Revaluations

An increase arising on revaluation is taken to the revaluation reserve unless the increase is reversing a previous impairment loss charged to Surplus or Deficit on the Provision of Services on the same asset or reversing a previous revaluation decrease charged to Surplus or Deficit on the Provision of Services on the same asset, in which case it is credited to expenditure to the extent of the loss or decrease previously charged there.

Where the carrying amount of an item of property, plant and equipment is decreased as a result of a revaluation, i.e. a significant decline in an asset's carrying amount during the period that is not specific to the asset (as opposed to impairment – see below), the decrease is recognised in the Revaluation Reserve to the extent that there is a balance on the reserve for the asset and, thereafter, against the Surplus or Deficit on the Provision of Services.

Legislation prescribes that revaluation gains or losses charged to Surplus or Deficit on the Provision of Services are not proper charges to the City Fund. Such amounts are transferred to the Capital Adjustment Account and reported in the Movement in Reserves Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal inception following implementation from the 2007 Statement of Recommended Practice. Gains arising before that date have been consolidated in the Capital Adjustment Account.

(d) 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 by the authority to undertake a significant reorganisation, or a significant adverse change in the statutory or other regulatory environment in which the authority operates.

An annual assessment takes place as to whether there is any indication that an asset may be impaired. An impairment loss is recognised in the Revaluation Reserve to the extent that there is a balance on that reserve relating to the specific asset and thereafter to the Surplus or Deficit on the Provision of Services.

The reversal of an impairment loss previously recognised in Surplus or Deficit on the Provision of Services will not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Any excess above this carrying amount is treated as a revaluation gain and charged to the Revaluation Reserve.

Legislation prescribes that impairment losses and reversal of impairment losses charged to Surplus or Deficit on the Provision of Services are not proper charges to the City Fund. Such amounts are transferred to the Capital Adjustment Account and reported in the Movement of Reserves Statement.

(e) De-recognition

The carrying amount of an item of property, plant and equipment (except for infrastructure assets) 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 Surplus or Deficit on the Provision of Services under other operating expenditure.

Legislation prescribes that the gain or loss is not a proper charge to the City Fund or Housing Revenue Account. As a result, the City Fund or Housing Revenue Account is debited (in the case of a gain) or credited (in the case of a loss) with an amount equal to the gain or loss on disposal with the consequent entry being:

- an increase in the Capital Receipts Reserve of an amount equal to the disposal proceeds;
- a charge to the Capital Adjustment Account of an amount equal to the carrying amount of the asset.

If the asset derecognised was carried at a re-valued amount, an additional entry is required; the balance on the Revaluation Reserve is written off to the Capital Adjustment Account and reported in the Movement in Reserves Statement. The Capital Receipts Reserve can only be used for new capital investment or set aside to reduce any underlying need to borrow (the capital financing requirement). A proportion of receipts relating to Housing Revenue Account disposals (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government.

For infrastructure assets, the provisions under The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022 SI 1232/2022 allow for the derecognition of replaced elements of infrastructure assets to be assumed to be at nil value. This provision has been utilised in forming the statement of accounts. In the event that a disposal proceed was received for an infrastructure asset, the accounting treatment described above would be utilised for this receipt.

(f) Depreciation

Depreciation is provided for on all property, plant and equipment with a finite useful life, other than freehold land. The depreciation charge is calculated by allocating the Balance Sheet value of the asset, less its residual value, to the periods expected to benefit from its use; generally the straight-line method has been adopted.

The costs of services include charges for depreciation for all property, plant and equipment used in the delivery of services based on the value of assets at the start of the year. Where the effects of major additions or disposals occurring during the year are material, these are also reflected in capital charges to service revenue accounts. Freehold land, certain community assets and assets under construction are not directly used in the delivery of services and therefore do not attract a charge for capital.

(g) ComponentsAssets other than Housing Revenue Account (HRA) Dwellings

Large assets, for example a building, are reviewed to ascertain whether differences in the useful lives of components would have a material impact on the level of depreciation and/or carrying value of the overall assets. These reviews are undertaken:

- when an asset is acquired
- when an asset is enhanced
- when an asset is revalued.

Where there is a material impact on depreciation and/or the carrying value, the components are treated as separate assets and depreciated over their own useful economic lives.

HRA Dwellings

The components of HRA dwellings are reviewed at the same stages as indicated above. However, upon review, all the main components in HRA dwellings (e.g. roofs, windows, central heating, lifts and electrics) are treated as separate assets and depreciated over their own useful economic lives. This facilitates the use of the Major Repairs Reserve which is classified by Government as 'capital' funding.

1.21. Fair value measurement

The authority measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- (a) *In the principal market for the asset or liability; or*
- (b) *In the absence of a principal market, in the most advantageous market for the asset or liability.*

The authority measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the authority takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the authority's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 – unobservable inputs for the asset or liability.

1.22. Reserves

Specific amounts have been set aside as reserves for future policy purposes or to cover contingencies. Details of the City Fund's earmarked reserves are set out in note 12 (page 48). Certain reserves are required by the Code to manage the accounting process for long-term assets and retirement benefits and do not represent usable resources. Details of these unusable reserves are set out in note 31 (page 78-81).

1.23. Revenue expenditure funded from capital under statute

Legislation allows some expenditure to be classified as capital for funding purposes when it does not result in the expenditure being carried on the Balance Sheet as a long-term asset. The purpose of this is to enable it to be funded from capital resources rather than be charged to revenue and impact on that year's council tax. These items are generally grants and expenditure on property not owned by the authority and amounts directed under statute.

Such expenditure is charged to Surplus or Deficit on the Provision of Services in accordance with the general provisions of the Code. Any statutory provision that allows capital resources to meet the expenditure is accounted for by debiting the Capital Adjustment Account and crediting the City Fund unallocated reserve and inclusion as a reconciling item in the Movement in Reserves Statement.

1.24. Value Added Tax

Income and expenditure excludes any amounts related to VAT as all VAT collected is payable to HM Revenue & Customs and all VAT paid is recoverable from it.

1.25. Schools

The Code of Practice on Local Authority Accounting in the United Kingdom confirms that the balance of control for local authority maintained schools (i.e. those categories of school identified in the School Standards and Framework Act 1998, as amended) lies with the local authority. The Code also stipulates that those schools' assets, liabilities, reserves and cash flows are recognised in the local authority financial statements. Therefore, schools'

transactions, cash flows and balances are recognised in each of the financial statements of the authority as if they were the transactions, cash flows and balances of the authority.

1.26. Accounting for Council Tax and National Non-Domestic Rates

The council tax and National Non-Domestic Rates (NNDR) income included in the CI&ES is the City Fund's share of accrued income for the year. However, regulations determine the amount of council tax and NNDR that must be included in the City Fund. Therefore, the difference between the income included in the CI&ES and the amount required by regulation to be credited to the City Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the City Fund's share of the end of year balances in respect of council tax and NNDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

1.27. Accounting for the London Business Rates Pool Pilot

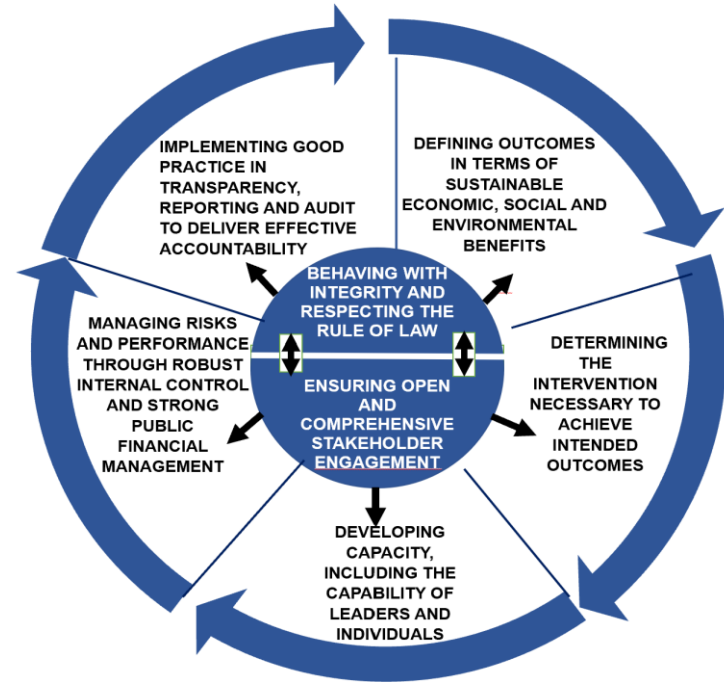
In 2018-19 the City of London undertook the role of Lead Authority for the 100% London Business Rates Pool Pilot which brought together the business rates generated across the 32 London Boroughs, the City Corporation and the GLA. The City of London has continued this role on 2020-21. In its role as Lead Authority, the City Corporation has received funds and made payments on behalf of the pool and retaining funds for distribution to pool members in the future. The City Corporation has treated these transactions as an agent on behalf of the pool members and therefore has not accounted for these transactions in its CI&ES. Any outstanding transaction to or from the pool are shown as a debtor or creditor balances on the City Corporation balance sheet.



Annual Governance Statement

Executive Summary

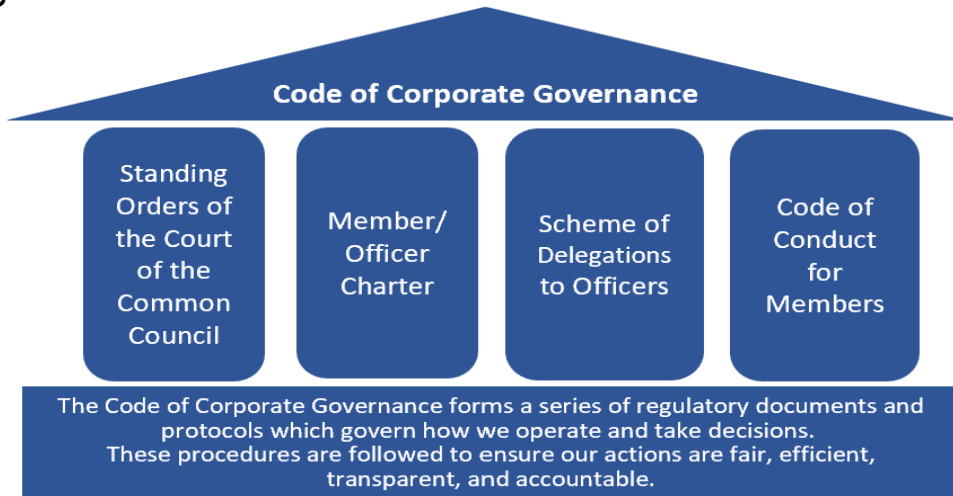
1. The City Corporation has approved and adopted a code of corporate governance which is consistent with the principles of the CIPFA/SOLACE *Delivering Good Governance in Local Government Framework 2016*.
2. This statement explains how the City Corporation has complied with the code and also meets the requirements of regulation 6(1) of the Accounts and Audit (England) Regulations 2015, which requires all relevant bodies to prepare an annual governance statement.
3. The City of London Corporation is satisfied that appropriate governance arrangements are in place. The organisation is committed to continuous improvement and changes that are due to be made in the coming year will strengthen this position further.
4. **The Head of Internal Audit and Risk Management has provided an annual opinion stating that the City has adequate and effective systems of internal control (which includes governance arrangements) in place to manage the achievement of its objectives. This is informed by completed Audit work, discussion with key officers and observation of the governance process in operation, with particular regard to the implementation and continued operation of amended governance processes to address the impact of the COVID-19 pandemic.**



Code of Corporate Governance

5. The principles of good governance are embedded within a comprehensive published Code of Corporate Governance. This code covers both the Local authority and Police Authority roles, and links together a framework of policies and procedures, all of which are published on the City of London Corporations web pages at the following location: [Corporate Governance - City of London](#)

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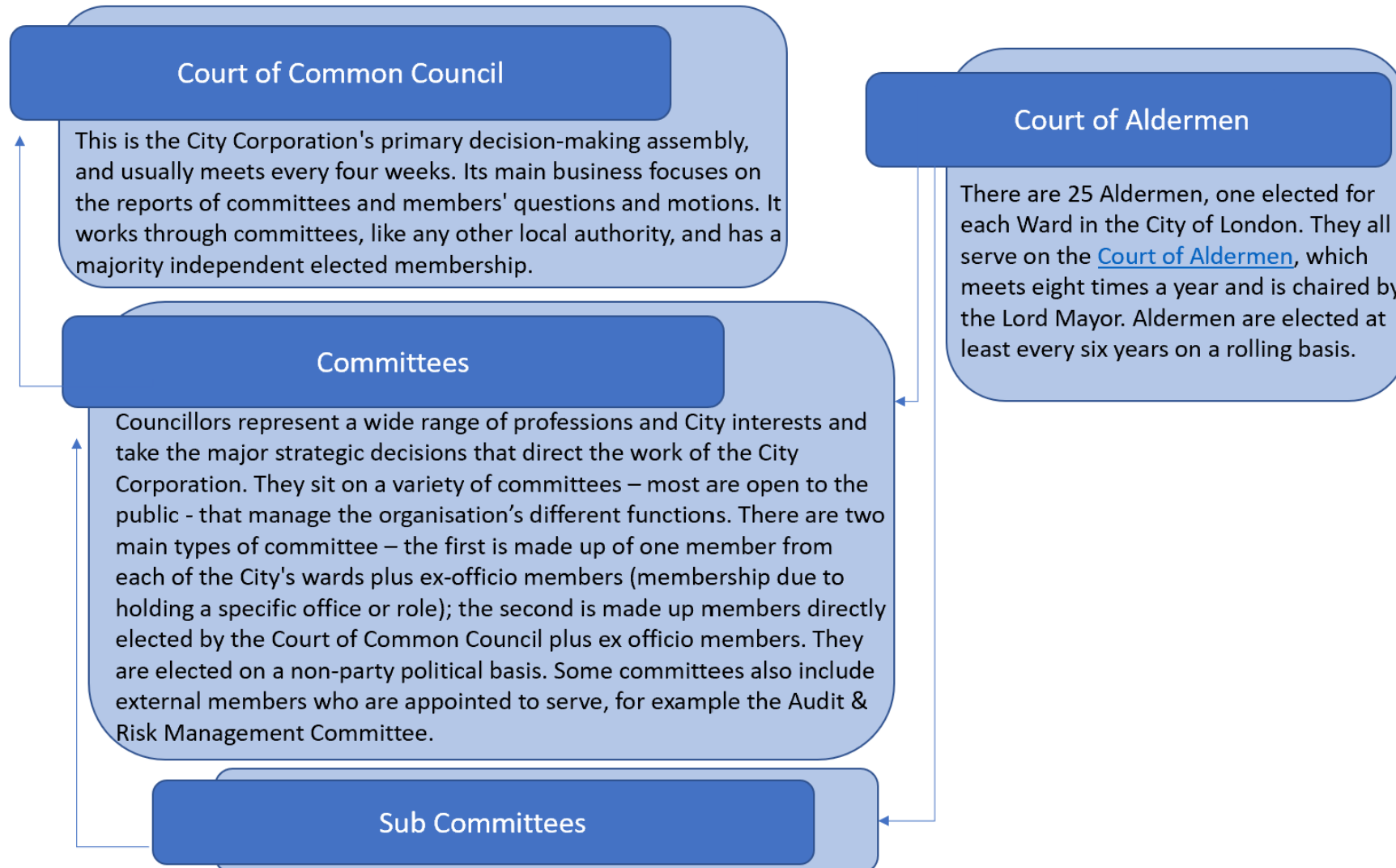
The [Standing Orders of the Court of the Common Council](#) outline how the court shall be run.

Our [Member/Officer Charter](#), in conjunction with the City Corporation’s Member and Employee codes of conduct, ensures that appropriate working relationships and mutual expectations are more clearly established and promoted between Members and Officers.

The Court of Common Council has agreed the principle that authority should be delegated to Chief Officers (and their nominated Deputies or Assistants) under the [Scheme of Delegations to Officers](#) for carrying out the day-to-day management of all services and for the discharge of specific statutory and non-statutory functions.

The [Code of Conduct for Members](#) states members shall have regard for the Seven Principles of Public Life: Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty and Leadership.

6. Our decision-making arrangements operate on a committee-based system whereby elected Members (Councillors) are appointed annually to serve on our many committees and sub committees. These committees, the principal governing body being the [Court of Common Council](#), meet regularly throughout the year.



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7. Key features of the City Corporation's Governance Framework include effective leadership, scrutiny and review, and robust decision making and risk management.

Key Elements of the Governance Framework	
<p>Members, Committees and Policy Chair</p> <p>Provide leadership and set policy to maintain the City’s global standing as a vibrant and thriving City, supporting a diverse and sustainable London within a globally successful UK</p>	<p>Scrutiny and Review</p> <p>Committees scrutinize and review the City Corporation’s policy, plans and performance:</p> <ul style="list-style-type: none"> • Audit and Risk Management Committee • Efficiency and Performance Sub (Finance) Committee • Finance Committee • Policy and Resources Committee • Police Authority Board • Bridge House Estates Board
<p>Decision making</p> <p>Committee meetings are held in public and recordings are available on City of London Corporation – YouTube channel for up to one year</p> <p>Decisions are recorded on the City Corporation website</p>	<p>Risk Management</p> <p>Corporate risks are considered quarterly by the Executive Leadership Board and reported to the Audit and Risk Management Committee</p> <p>Town Clerk and Chief Executive, Deputy Town Clerk and Chief Officers</p> <p>The Town Clerk and Chief Executive is the Head of Paid Service and responsible for City Corporation staff and for leading the Chief Officer executive leadership team.</p> <p>The Deputy Town Clerk is responsible for servicing meetings of the Court of Common Council and Court of Aldermen, their committees, sub-committees and working parties, acting as the Electoral Registration Office and being responsible for the City of London Corporation’s Communications.</p> <p>The Chamberlain and Chief Finance Officer is the City Corporation’s s.151 Officer responsible for ensuring the City Corporation’s financial position.</p>

The Corporate Plan 2018-23

8. The City of London Corporation [Corporate Plan 2018-23](#) provides the framework for the delivery of our services. We aim to contribute to a flourishing society, support a thriving economy and shape outstanding environments. Our annual Business Planning process is aligned to the Corporate Plan outcomes, with the objective of focusing the City Corporation’s ambition, resources and performance on the achievement of twelve strategic outcomes. Development of the Corporate Plan 2025-30 is underway under the direction of the new Chief Strategy Officer, appointed in 2021.

Review of Effectiveness

Governance Key Performance Indicators	Outcome																		
<p>Internal Audit Work: 38 Internal Audit reviews were completed in 2021/22, 50% of which resulted in a Moderate Assurance opinion, a small minority of Limited Assurance opinions were given with the remainder of areas reviewed receiving Substantial Assurance. A total of 168 recommendations were raised by Internal Audit, more than half of which were given an Amber priority rating, requiring prompt attention from Management. Less than 5% of recommendations raised were Red (critical) priority, all of which have been promptly resolved.</p>	<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>Assurance Ratings Provided</p> <table border="1"> <tr><th>Rating</th><th>Count</th></tr> <tr><td>Moderate Assurance</td><td>18</td></tr> <tr><td>Substantial Assurance</td><td>14</td></tr> <tr><td>Limited Assurance</td><td>4</td></tr> <tr><td>Total</td><td>36</td></tr> </table> </div> <div style="text-align: center;"> <p>Recommendations Raised</p> <table border="1"> <tr><th>Category</th><th>Count</th></tr> <tr><td>Green</td><td>59</td></tr> <tr><td>Red</td><td>8</td></tr> <tr><td>Total</td><td>101</td></tr> </table> </div> </div>	Rating	Count	Moderate Assurance	18	Substantial Assurance	14	Limited Assurance	4	Total	36	Category	Count	Green	59	Red	8	Total	101
Rating	Count																		
Moderate Assurance	18																		
Substantial Assurance	14																		
Limited Assurance	4																		
Total	36																		
Category	Count																		
Green	59																		
Red	8																		
Total	101																		
<p>Fraud identification: proven fraudulent activities carried out by members or staff</p>	<p>None in 2021/22</p>																		
<p>Outcomes of investigations carried out by Monitoring Officer or Standards Committee</p>	<p>None in 2021/22</p>																		
<p>s151 formal issues raised</p>	<p>None in 2021/22</p>																		
<p>Local Government Ombudsman referrals (where upheld)</p>	<p>None in 2020/21 (update when the 2021/22 data is available)</p>																		
<p>Meeting statutory deadlines/targets as per Electoral Commission Performance Standards</p>	<p>Achieved</p>																		
<p>Freedom of Information and Environmental Information Regulations</p>	<p>2021: 95.5% of FOI and EIR requests responded to within the statutory compliance deadline. Information Commissioners Office target: 90% of FOIs responded to in time. Complaints received concerning request responses: 9% upheld, 13% partially upheld, 77% not upheld.</p>																		

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The Governance Review

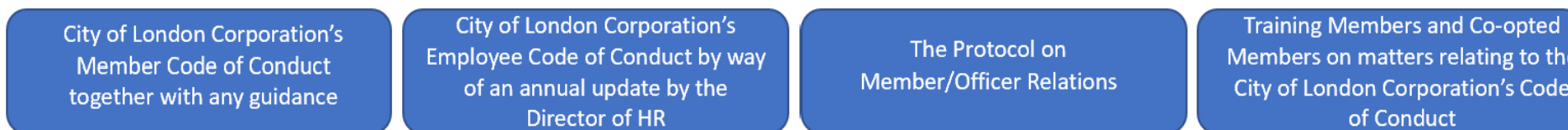
- Robert Rodgers, The Lord Lisvane, was commissioned to undertake [an independent review of the City Corporation’s governance arrangements](#) in 2019. His findings were received in September 2020. The review was scrutinised by the Court of Common Council through regular Member Engagement Sessions; each aspect of the review and the Court’s decision-making arrangements was explored in detail and views were sought on revising the committee structure and governance arrangements to be a more effective, efficient and relevant decision-making structure. Initially, up until 31 March 2021, consideration had been given to the organisation’s constitutional arrangements and support given to the abolition of the Standards Committee and the Standards Appeal Committee, the introduction of Independent Panels to receive allegations of misconduct, determine whether to investigate, present findings to the Court, and hear any appeal; the creation of the now-named Competitiveness Advisory Board as well an Emergency Committee to provide Member oversight in emergency

situations in future. In December 2021, further changes were agreed upon by Court and full implementation of a revised structure will take place after the 2022 Ward elections. This will see a wholesale restructure of the Court’s Committees, in line with the Review recommendations. Committees will then be responsible for enacting changes with respect to their sub-committees. There will still be ongoing development in some areas of governance, such the City’s Planning and housing functions. The Court of Common Council has agreed to review all new Governance arrangements after two years, however, if any areas are identified as problematic, an urgent focused assessment will be conducted to recommend changes to the appropriate body. Work undertaken by Internal Audit during 2020/21 did not identify any material issues or weaknesses, though various recommendations have been made to improve governance arrangements within individual operational areas. These recommendations do not form part of the Annual Governance Statement action plan but remain within the oversight of Internal Audit and the Audit and Risk Management Committee.

Independent Panel

- The review of the Standards regime resulted in the abolition of the previous Standards Committee and the Standards Appeal Committee and the creation of an [Independent Panel](#). The new Panel comprises a diverse group of independent persons only appointed by the Court of Common Council following a transparent advertising and recruitment process. Its purpose is to receive allegations of misconduct, determine whether to investigate, consider the outcome of investigations and if necessary, hold a hearing and only appeal and present recommendations to the Court. The new regime involves a three-stage process, an assessment stage, a hearing stage and an appeal stage. The new Panel is also responsible for considering requests for dispensations. Other elements of the Standards Committee’s work are currently retained under the auspices of the Policy and Resources Committee, pending the outcome of the governance review, e.g. promoting and maintaining high standards of conduct by Members and Co-opted Members and keeping under review and monitoring the following: -

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Performance Management

- Work had previously started on a Corporate Performance Framework (CPF) aiming to capture around 300 organisational performance indicators from data streams collated from across the organisation. This work was paused in Q2 2021 while the Corporate Strategy and Performance Team (CSPT) went through its Target Operating Model (TOM) review. Following the TOM restructure work remained on hold as a consequence of staff changes and recruitment, recommencing at the end of 2021, once the new Assistant Director for Corporate Performance & Analysis was in post. An informal review of existing CPF activity has been completed. Findings indicated that the original performance indicators identified may be of value to some areas of the organisation where they relate to specific work programmes. However, collectively they fall short of providing overarching strategic performance indicators for City Corporation. The Framework also lacked any way of delivering strategic oversight of organisational activity. Nor did the CPF provide a means of visualising organisational activity or progress over time. A shift towards performance indicators measuring outcomes – especially when these are specific, measurable, achievable,

relevant and timebound – and ways of visualising data to make it more accessible, and allow for increased analysis, is necessary to provide more depth to corporate understanding of performance and use this data to inform strategic decision making.

12. In late March 2022 a discussion took place on the CPF at the Executive Leadership Board. Agreement was reached that it was necessary to refocus previous activity in order to deliver a workable solution for the CPF. This iteration of the framework aims to be focussed on identifying ways of tracking relevant strategic outcomes, developing ways of using data that underpin this to visualise activity for City Corporation. The updated CPF will also be designed for continuous improvement, with ongoing feedback on content encouraged. This work is being developed in tandem with the new Corporate Plan so as to ensure alignment of performance and strategic plans – however, parts of the CPF will be available in 2022, in advance of the new plan.

Financial Management Arrangements

13. The Chamberlain is the Chief Finance Officer in accordance with section 151 of the Local Government Act 1972 and has overall responsibility for the proper administration of the City's financial affairs. CIPFA's 2010 Statement on the Role of the Chief Financial Officer in Local Government defines the key responsibilities of this role and sets out how the requirements of legislation and professional standards should be met. The City's financial management arrangements were reviewed and found to conform to the governance requirements of the Statement. The Chamberlain also fulfils the role of Treasurer of the Police Authority. Compliance with [CIPFA's Financial Management Code](#) has been [reviewed](#) and areas for action in relation to this have been determined.

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14. The City Corporation culture is to maximise returns from its resources and seek value for money. It assesses the scope for improvements in efficiency/value for money by a variety of means, including improvement priorities set by the Policy & Resources Committee through the annual resource allocation process, and internal examination and review by the Efficiency & Performance (Finance) Sub Committee. The Efficiency & Performance Sub Committee has responsibility for monitoring and oversight of the Efficiency and Sustainability Plan and of departmental Economy, Efficiency and Effectiveness (EEE) Health Checks. These include consideration of income, helping to embed further a value for money culture within the City Corporation's business planning processes. The Projects Sub Committee meets monthly to ensure that projects align with corporate objectives and strategy and provide value for money. Oversight for the major programmes is provided by the Capital Buildings Committee, meeting every two months, supported by a monthly Major Programme Assurance board.

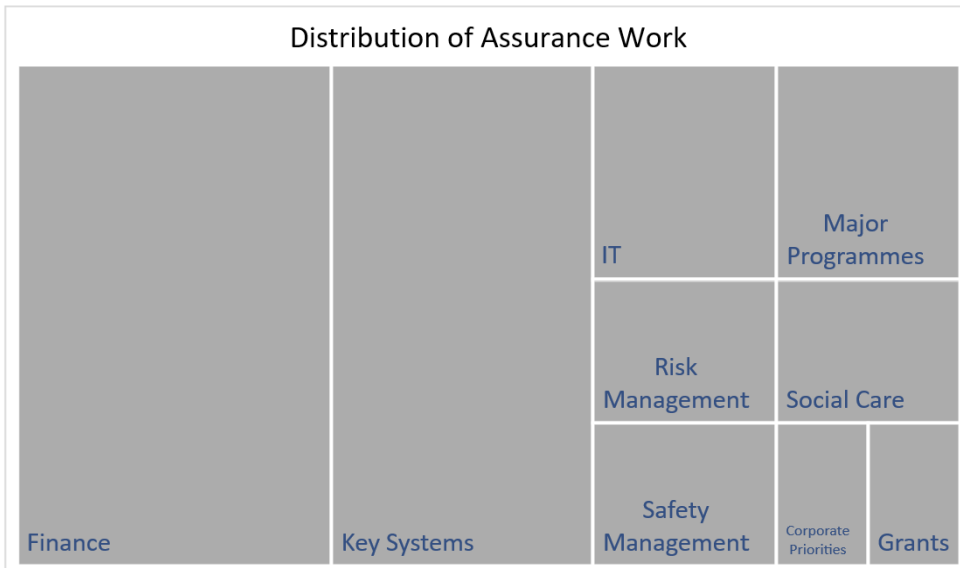
Risk Management

15. The City Corporation has established formal Risk Management arrangements which include the development and maintenance of corporate, departmental, and service risks, their regular review by departmental senior management, through the Chief Officer Risk Management Group, and reported to the relevant Grand/Service Committee. These arrangements are subject to annual review by the Audit and Risk Management Committee and have continued to operate effectively.
16. The Audit and Risk Management Committee continued to play an important and integral part in ensuring that our most important risks were reviewed through regular risk updates and deep dives of corporate risks on a rolling basis. The Committee also continued to operate the Informal Risk Challenge process, meeting with Chief Officers individually to evaluate their approach to managing risk within their operations.
17. An external Risk Management Health check was undertaken in 2021/22 which found that:

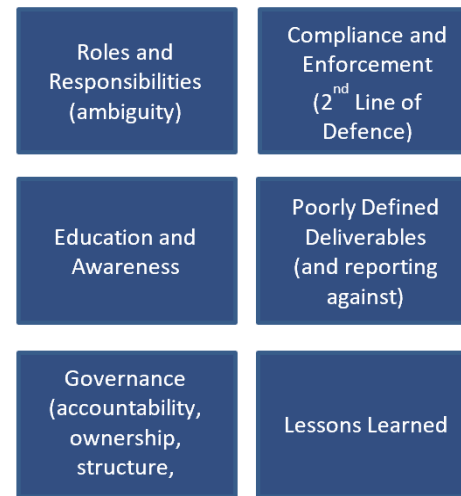
“Overall, the Health Check review found that the City Corporation's risk management approach aligns with best practice, it strives for continuous improvement, recognising that there are always improvements that can be made to its effectiveness.”

Role of Internal Audit

18. Internal Audit has provided independent and objective assurance across a range of City Corporation activities and services, in accordance with the Annual Internal Audit Plan (part of a 3-year Strategic Audit Plan). The Audit Plan has been managed proactively throughout the year with the engagement and support of the Audit and Risk Management Committee; amendments were made to accommodate the continued impact of the Target Operating Model review, with work being reprioritised and rescheduled accordingly. The diagram below indicates the broad categorisation of assurance work within the Internal Audit programme of work and the key themes emerging from Audit findings:



Key themes emerging:



19. In accordance with the requirements of the Public Sector Internal Audit Standards, an annual self-assessment has been undertaken and confirmed that the City Corporation’s Internal Audit function conforms with the requirements of the standards.

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Audit and Risk Management Committee

20. The [Audit & Risk Management Committee](#) has a wide-ranging but focused brief that underpins the City of London Corporation’s governance processes. It met this remit via structured independent challenge and oversight of the adequacy of Corporate and departmental risk management, in addition to the internal controls and financial reporting frameworks.

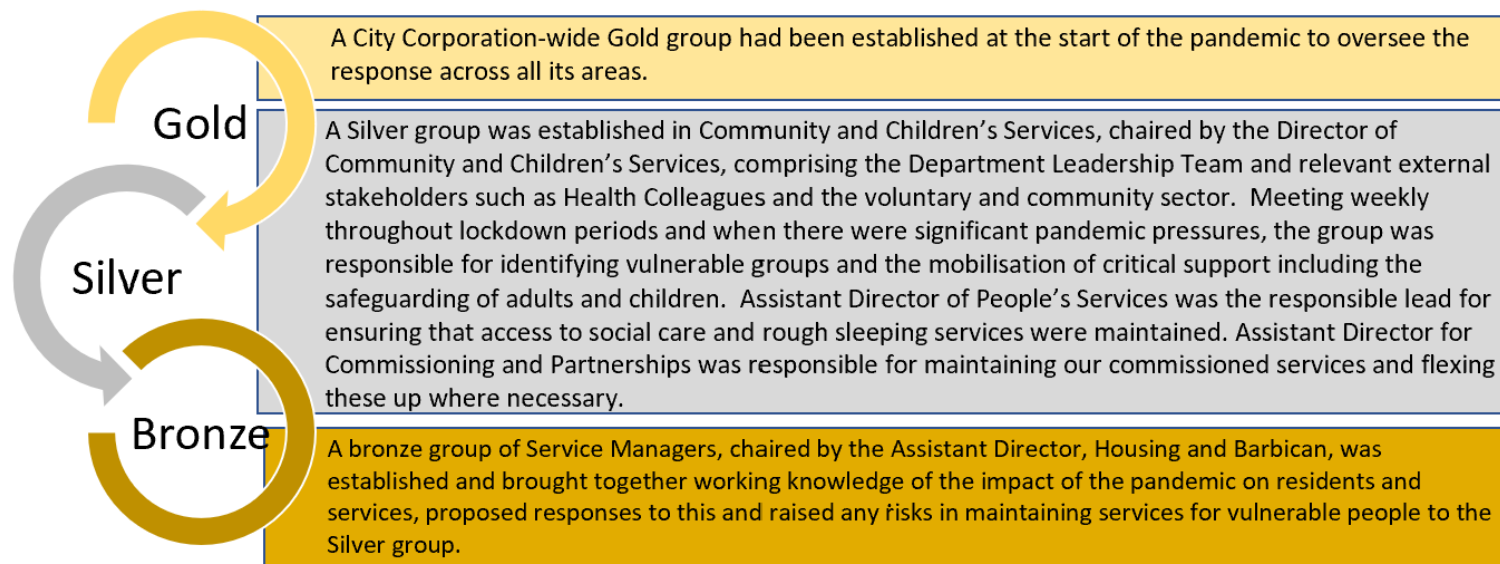
Headline outcomes for the year include:

- Adding greater depth to the oversight and scrutiny of effective risk management through the Informal Risk Challenge Process and “deep dive” reviews
- Driving the continued evolution of risk management organisation wide, both on the part of Officers within departments, and also elected Members
- Challenging and supporting the organisation in its response to the COVID-19 pandemic
- Supporting the process to ensure that Internal Audit activity is focussed towards areas of most significant risk
- Ensuring timely and effective implementation of Internal Audit recommendations through a robust process of follow-up activity

Key Governance Issues

COVID-19

- 21. Under the Civil Contingencies Act 2004 the City of London Corporation is a Category 1 responder. It therefore has statutory responsibilities under the act and the emergency provisions that comes with it. The outbreak of the COVID-19 pandemic in 2020 resulted in officers deploying command and control structures in order to effectively manage the City Corporation’s response to the global crisis. Officers worked, and continue to work, with Public Health England and other partners, in accordance with current Government guidance, to maintain the organisation’s critical and other services and to minimise the impact of COVID-19 on the City’s communities as we enter a new period post the pandemic emergency.
- 22. The introduction of [temporary emergency measures](#) enabled formal decision-making meetings to be undertaken virtually until 6th May 2021. The ability to operate in this manner was very successful, it introduced more flexibility, helped to facilitate greater public scrutiny, and aided Members and officers in conducting business more efficiently. Prior to the introduction of virtual meetings, matters which required an immediate formal committee decision were dealt with in accordance with [Standing Order No 41\(a\)](#) i.e. under the urgency procedures. Decisions taken in this manner usually involves consultation with just the Chairman and Deputy Chairman of a committee, but the process was extended so all Members of a committee had the opportunity to comment before a decision was taken. The arrangements were lifted but temporarily re-imposed from 16 December 2021 to 27 January 2022 due to the Omicron outbreak.
- 23. The management of risk has been at the heart of the governance arrangements employed to manage the City Corporation’s response to COVID-19. The City Corporation’s Gold group agreed a risk management protocol which set out the process by which the corporate risk for COVID-19 (CR34) and operational risks (silver/ thematic group) were identified, assessed, managed, and reported. The Audit and Risk Management Committee received detail of all the COVID-19 risks.
- 24. Throughout the period, the City Corporation ensured that access to services was maintained for vulnerable people and that additional support was provided where required.
- 25. Since March 2020, the City has been delivering a range of Grant support to City Businesses, primarily focussed on the Retail, Hospitality and Leisure Sectors, on behalf of Central Government. The City’s own City Business Support Grant scheme has delivered around £15m to SME Retail, Hospitality and Leisure businesses.



26. The City's Business Rate Enhanced Retail and Hospitality Relief scheme, gave 100% relief from business rates to businesses in these sectors in the first three months of 2021/22 financial year, followed by a 66% reduction for the remainder of the year.

Electoral arrangements

27. The City Corporation administers electoral registration and elections in the City of London and maintains a database of organisations and individuals in the City of London who are eligible to register to vote. Three separate registers are maintained: the Common Hall Register of Liverymen, the Ward Lists and the Electoral Register. Information on [the electoral process and how to vote](#) is published on the City Corporation website. Common Hall is one of the assemblies through which the City Corporation operates and is a meeting of the Liverymen of the City of London Livery Companies, held at Guildhall twice a year, to elect officers of the City including the Sheriffs and the Lord Mayor. The Lord Mayor is elected annually at Michaelmas, on 29 September, and the City's Sheriffs are elected after Midsummer day on 24 June. Sheriffs support the Lord Mayor in their official duties undertaken on behalf of the City Corporation.
28. City-wide elections due to be held in 2021 were delayed to March 2022. The COVID-19 pandemic had impacted on Ward List voter registration, businesses and workers were not present in the City, and it was uncertain whether it would be possible for the City of London Corporation to physically arrange and hold elections. At the time of making this decision to alter the electoral term for serving Members it was both unknown and unpredictable how long or far reaching the impacts of the pandemic would be on the city and its citizens. Delays to elections are rare and only happen in exceptional circumstances; this unusual and difficult decision was not taken lightly and it was the first time it had happened since the time of World War II. T, which illustrates how fundamental the City of London Corporation regarded it to be. Other governance changes were made due to the impacts of the pandemic to permit Alderman to continue to serve until the age of 75 and for the incumbent Lord Mayor to extend his 1 year term by 12 months.
29. A campaign to improve the voter statistics for the City, and a dedicated [Speak for the City](#) website that enabled voter registrations and provided information on how to stand as a candidate, meant workers and residents who were entitled to vote in the March 2022 election were not disenfranchised because of the effects of the pandemic. The City's electoral register for the March 2022 elections stood at its highest level for seven years with almost 20,000 voters, up nearly 50% on the previous year. 38 new members and 62 returning members were elected to the Court of Common Council. Of these, 32 were women – an increase of eight on the figure from 2017 (24). More than half of new candidates were either women or people from black, Asian or minority ethnic backgrounds. Aldermanic elections will resume after the publication of the Ward Lists in 2022.

Equality Diversity & Inclusion

30. Equality, Diversity & Inclusion (EDI) needs continued to gain increased prominence and recognition in the Corporation. The Tackling Racism Taskforce proposed 35 [recommendations](#) including on tackling historical issues such as statues and landmarks, that the City Corporation implemented to promote economical, educational, and social inclusion, and put diversity and inclusivity front and centre in everything it does, from staffing and governance arrangements to its family of schools, the City of London Police and its close relationship with the City's financial and professional services sector. The Corporation worked closely with Barbican Centre to respond to the publication of [Barbican Stories](#), acting quickly to put in place an External Review by employment and equality law specialist Lewis Silkin LLP, and a HR Audit of working practices at the Barbican and beyond. The Barbican EDI Plan was updated and a dedicated Interim Director of Equity, Inclusion and Diversity was appointed. The Nominations, Effectiveness and Inclusions Committee oversees the Barbican Centre's EDI policies. In November 2021, funding of a small but focussed team to support the City Corporation's Head of Equality, Diversity & Inclusion (EDI) was agreed. The dedicated EDI function will provide access to professional expertise and specialist knowledge in the areas of Leadership, Culture, Line management, Behaviours, Career progression, Policies and practices, Customer satisfaction and Supply chain involvement. It will also be critical to the City Corporation in ensuring it meets its requirements under the Equality Act 2010. Executive Leadership Board approval was given to establish a pool of EDI reps in the organisation who will assist the City Corporation in meeting its requirements on EDI.

31. The City Corporation continued its upward progress in the [Social Mobility Employer Index](#), moving up 10 places in 2021 to rank 40th in the national league table of organisations which work to attract and progress talent from a wide range of backgrounds. The City Corporation continued to lead the Government-commissioned [Socio-Economic Diversity Taskforce](#), which has over 100 employers represented across UK financial and professional services. The City Corporation has identified some newly emerging recruitment and retention challenges that are related to the impacts of the pandemic, and that are also being widely experienced by other sectors, and its Target Operating Model implementation. Action to mitigate this is being taken forward by Chief Officers.

Target Operating Model



31. Implementation of a new Target Operating Model (TOM) for the Corporation was taken forward in 2021/22 to align activity and resources and build competence and capability to better enable the organisation to achieve Corporate Plan outcomes and drive competitiveness in the sectors where it operates. TOM Programme Office oversight of five workstreams - Tier 1 Restructure / Talent & Leadership, Organisational Design, Enabling Functions, Ways of Working, Institutions, and Behaviours & Culture - came to an end in March 2022 with oversight transferring to the Chief Strategy Officer. Effective governance was provided by the Design Advisory Board, TOM Steering Group, and Establishment Committee. All

departments and institutions produced Committee proposals to align their structures with the TOM Organisational Design principles. The approved proposals mean that the financial target of the TOM has been met. Success measures and metrics are being developed for the Target Operating Model whilst Departments continue to seek agreement to implement further phases of change, and transition to business as usual. A post implementation Review will be undertaken in 2023.

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Afghanistan






32. In September 2021 the City Corporation was informed that the government had secured two “bridging hotels” in the Square Mile to provide temporary homes to families evacuated from Afghanistan. The urgency with which this operation was delivered meant there was little early clarity in terms of the host local authority’s responsibilities or role. Early in the placement of these families the government asked the City Corporation to provide “wrap around” support. The support aims to ensure families health and welfare needs are being met, that people are safe, that children and young people get school and college places, and families can access to health, welfare benefits and other support. The delivery of this role was supported by government funding to the City Corporation. A Gold group established at the outset period to provide leadership and decision making to secure immediate resource and delivery was replaced by a humanitarian assistance working group chaired by the Executive Director – Community and Children’s Services. It brought together internal and external stakeholders to provide co-ordination and accountability. It is supported by an operations group. The department’s Head of Finance and two Assistant Directors form a finance group to assess and approve requests for funding to deliver services and ensure funding is used effectively and in line with the guidance of government. A policing group meets to review incidents and intelligence to ensure guests remain safe. The City Corporation also participates in London Councils’ Afghan Bridging Hotels group, where all London authorities hosting bridging hotels convene to identify common issues and share information

Ukraine

33. Following the Russian Invasion of Ukraine the UK has imposed a range of sanctions on Russia in addition to those which have been in place since 2020. A Gold Group chaired by the Chief Operating Officer was put in place in March 2022 to ensure that the City Corporation is compliant. The City Corporation’s City Bridge Trust is also helping Ukrainian refugees receive a warm and safe welcome.

Accountability and Action Plans

34. Progress has been taken to address key governance issues identified in the Annual Governance Statement 2020-21:

Issue identified	Action Taken	Outcome
Work to further develop, refine, implement and embed a Corporate Performance Framework will resume once a team is in place (initiated in Nov 2021). In the meantime, a successful application to issue Power BI licences to all staff means that Departments can now access real-time performance data as and when required. Corporate Performance Framework will be used to provide performance information for scrutiny at Committee, corporate, strategic, departmental, service and operational levels, as well as in published reports.	Recruitment action was successfully completed through the end of 2021/22, enabling a review of the Corporate Performance Framework to be undertaken. Work on the CPF remains ongoing, with the future approach having been agreed by the Executive Leadership Board in March 2022.	Ongoing
In 2022, the Executive Leadership Board will consider Organisational Performance as a standing agenda item at its monthly meetings to ensure transparency, oversight, ownership and scrutiny of performance across the organisation.	Included as a regular item in the Executive Leadership Board Forward Plan for 2022.	
Officer Governance has been reviewed to enable more agile and proactive working. From June 2021 The Executive Leadership Board (ELB), made up of our senior leadership team with quarterly attendance from Heads of Institutions, will set, refresh and align on strategy, share major risks, review performance, make key decisions, manage talent & succession and collaborate across the organisation. Tier 2 leaders across the organisation will also be invited to attend quarterly meetings of the refreshed Senior Leaders Forum (SLF), which will connect on plans across the organisation, shaping strategy, initiatives and decisions before they are escalated to the ELB.	Officer governance and the route whereby issues can be escalated through the reshaped Senior Leaders Forum and Executive Leadership Board is included on the City Corporation intranet.	
Review of the decision-making process to be carried out to create more sustainable decision-making processes using hybrid meetings.	The Court of Common Council has agreed to review all new Governance arrangements after two years.	
Further consideration of the findings of the Lisvane review and implementation of recommendations as appropriate.	The Court of Common Council considered each aspect of the review, and changes agreed in December 2021, will see a revised committee structure put in place after the 2022 Ward elections. An Independent Panel, a Competitiveness Advisory Board and an Emergency Committee have been implemented.	
Risk management maturity exercise to be undertaken.	An external Risk Management Review by Risk Management Partners (RMP) in mid-2021 provided assurance to Executive Leadership Board and to the Audit and Risk Management Committee as to the effectiveness of risk management arrangements.	

35. The City Corporation proposes over the coming year to take the following actions to address these key governance issues:

Refining the Corporation's annual Business Planning Process, to ensure the development of the City of London Corporation Corporate Plan 2025-30

Lead:
Chief Strategy Officer

A redesign of the Corporate Performance Framework so it aligns to the development of the City of London Corporation Corporate Plan 2025-30

Lead:
Chief Strategy Officer

Further work on developing new Corporate Risks

Lead:
Chief Strategy Officer

Continuing to strengthen Equality, Diversity & Inclusion

Lead:
Chief Operating Officer

Establishing the agreed new Committee Structure and governance arrangements to conclude the implementation of the Lisvane Review

Lead:
Deputy Town Clerk

Ensure compliance with the CIPFA Financial Management Code

Lead:
The Chamberlain and Chief Finance Officer

Ensuring new Operating Model transition to business as usual and providing an assessment of its effectiveness via a Continuous Improvement and Review process.

Lead:
Chief Strategy Officer

36. This annual governance statement was approved by the City Corporation's Audit and Risk Management Committee on 12th July 2022.

John Barradell
Town Clerk and Chief Executive
Date: 12 July 2022

Christopher Hayward
Chair, Policy and Resources Committee
Date: 12 July 2022



Further Information

City's Cash	The existence of City's Cash can be traced back to the fifteenth century and it has built up from a combination of properties, lands, bequests and transfers under statute since that time. It is accounted for separately and does not form part of the City Fund statements, although references are made to City's Cash in certain parts of the statements. The fund is now used to finance activities mainly for the benefit of London as a whole but also of relevance nationwide. These services include the work of the Lord Mayor in promoting UK trade overseas, numerous green spaces and work in surrounding boroughs supporting education, training and employment opportunities.
Creditors	Individuals or organisations to which the City Fund owes money at the end of the financial year.
Collection Fund	Statutory account showing transactions in relation to the collection of Council Tax, payments to the Greater London Authority and the administration of the National Non-Domestic Rate.
Community assets	Assets that the City of London intends to hold in perpetuity, that have no determinable useful life, and that may have restrictions on their disposal. Examples of community assets are parks and gardens or historic buildings.
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)	<p>For a defined benefit scheme, an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service. Curtailments include:</p> <ul style="list-style-type: none">• termination of employees' services earlier than expected, for example as a result of discontinuing an activity, and• termination of, or amendment to, the terms of a defined benefit scheme so that some or all future service by current employees will no longer qualify for benefits or will qualify only for reduced benefits.
Debtors	Individuals or organisations that owe the City Fund money at the end of the financial year.
Deferred capital receipts	These result mainly from loans to the Museum of London plus outstanding loans in respect of past sales of council dwellings to tenants who were unable to obtain a building society loan or other external means of financing. Their indebtedness is reflected in the balance sheet under long term debtors. This account shows the amount to be paid on deferred terms and is reduced each year by repayments made.

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.
Direct revenue financing	Expenditure on the provision or improvement of capital assets met directly from revenue account.
Donated assets	Assets transferred at nil value or acquired at less than fair value.
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.
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.
Infrastructure assets	Long-term assets that are inalienable, expenditure on which is recoverable only by continued use of the asset created. Examples are highways, footpaths, bridges and sewers.
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.
Levies	These are charges incurred by the City of London to meet London-wide services. They include payments to the London Boroughs Grants Committee, the Environment Agency and the London Planning Advisory Committee.
National Non-Domestic Rate (NNDR)	A flat rate in the pound set by the Government and levied on businesses who occupy offices and buildings within the City. The income is collected by the City of London and is passed on to Central Government and the Greater London Authority (GLA).
Net current replacement cost	The cost of replacing a particular asset in its existing condition and in its existing use.
Net realisable value	The open market value of an asset in its existing use (or open market value in the case of non-operational assets) less the expenses to be incurred in realising the asset.
Non-operational assets	Long-term assets held but not directly occupied, used or consumed in the delivery of service. Examples are investment properties.
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	<p>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:</p> <ul style="list-style-type: none">• the benefits for pensioners and deferred pensioners (i.e. individuals who have ceased to be active members but are entitled to benefits payable at a later date) and their dependants, allowing where appropriate for future increases; and the accrued benefits for members in service on the valuation date. The accrued benefits are the benefits for service up to a given point in time, whether vested rights or not. Guidance on the projected unit method is given in the Guidance Note GN26 issued by the Faculty and Institute of Actuaries.
Provision	<p>An amount set aside in the accounts for liabilities of uncertain timing or amount that have been incurred. Provisions are made when:</p> <ul style="list-style-type: none">• the City of London has a present obligation (legal or constructive) as a result of a past event;• it is probable that a transfer of economic benefits will be required to settle the obligation; and• a reliable estimate can be made of the amount of the obligation.

Reserves	<p>Reserves are reported in two categories in the Balance Sheet of local authorities:</p> <ul style="list-style-type: none">• Usable reserves - surpluses of income over expenditure and amounts set aside outside the definition of a provision and which can be applied to the provision of services. Certain reserves are allocated for specific purposes and are described as earmarked reserves.• Unusable reserves - those that cannot be used to provide services. This category of reserves include adjustment accounts which deal with situations where statutory requirements result in income and expenditure being recognised against the City Fund or HRA balance on a different basis from that expected by accounting standards.
Revaluation Reserve	<p>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.</p>
Revenue expenditure	<p>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.</p>
Revenue expenditure funded from capital under statute	<p>Legislation allows some expenditure to be classified as capital for funding purposes when it does not result in the expenditure being carried on the Balance Sheet as a long-term asset. The purpose of this is to enable it to be funded from capital resources rather than be charged to revenue and impact on council tax. These items are generally grant payments and expenditure on property not owned by the authority.</p>
Scheme liabilities	<p>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.</p>
Section 106 agreement	<p>A legal agreement between Local Authorities and developers; these are linked to planning permissions and can also be known as planning obligations.</p>
Section 278 agreement	<p>A section of the Highways Act 1980 that allows developers to enter into a legal agreement with the Local Authority to make permanent alterations or improvements to a public highway as part of a planning approval.</p>

AVC	Additional Voluntary Contributions
BCMS	Business Continuity Management System
BRS	Business Rate Supplement
CFR	Capital Financing Requirement
CIL	Community Infrastructure Levy
CIPFA	Chartered Institute of Public Finance & Accounting
CPI	Consumer Price Index
DfE	Department for Education
DSG	Dedicated Schools Grant
EUV	Existing Use value
FTE	Full Time Equivalent
GAAP	Generally Accepted Accounting Practice
GLA	Greater London Authority
HRA	Housing Revenue Account
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
ISB	Individual Schools Budget
LASAAC	Local Authority (Scotland) Accounts Advisory Committee
LGPS	Local Government Pension Scheme
LIBOR	London Interbank Offered Rate
MRP	Minimum Revenue Provision
NNDR	National Non-Domestic Rate
OFSTED	Office for Standards in Education, Children's Services and Skills
PCN	Penalty Charge Notice
RPI	Retail Price Index
SBNDR	Small Business Non-Domestic Rate
SeRCOP	Service Reporting Code of Practice
SETS	Stock Exchange Electronic Trading Service
SI	Statutory Instruments
SIP	Strategic Investment Pot
SOLACE	Society of Local Authority Chief Executives
VAT	Value-Added Tax
VOA	Valuation Office Agency

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City of London Corporation City Fund - Audit Findings

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Authority or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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1. Headlines

This table summarises the key findings and other matters arising from the statutory audit of City of London Corporation - City Fund Authority ('the Authority') and the preparation of the Authority's financial statements for the year ended 31 March 2022 for those charged with governance.

Page 1103

Financial Statements

Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion:

- the Authority's financial statements give a true and fair view of the financial position of the Authority and income and expenditure for the year; and
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local Authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS), Narrative Report and Pension Fund Financial Statements), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Our audit work was completed in a hybrid manner in two visits November 2022-March 2023 and July-September. We had planned to complete the 21-22 audit in the first visit and the break taken was necessitated by our commitments to completing NHS final account audits. When we took on the contract which was a direct appointment and sits outside the PSAA contract the expectation had been that we **would complete the 2021-22 audit from November 2022 to March 2023**. The time spent from July-September resulted from the audit not progressing at the pace we would have expected and resulted in significant additional costs to the audit process. The key factors behind these overruns are:

- The Authority has a large net asset base relative to its overall spend when compared with other local authorities. This combined with some working papers being of poor quality in some cases and transaction listings not being cleansed (eg creditors listing containing significant numbers of debits) resulted in much larger sample sizes that we would usually expect or that the Authority itself is used to. We note this has required more time input from both the audit team and the Authority's officers.
- During the audit there was a relatively high level of staff turnover in the Authority's finance team. This was particularly the case between November 2022 to March 2023 in which several staff changed and, in some instances, detailed handovers regarding audit queries had not always been provided. This inevitably added to the time the audit took to complete. We note the Authority has continued to invest in the finance team and pro-actively worked with us to improve the audit response process over time. However, there are clearly challenges and time lags for new staff to bed into roles and familiarise themselves with a complex local Authority, with multiple years of audits being worked on simultaneously. We also recognise the Finance team has had to address multiple audits across the Funds.
- The Authority had two key judgements relating to the Museum of London and Lease premia accounting that both materially impact the Authority's Balance sheet. This required significant levels of audit attention and review from senior members of our audit technical team around key accounting judgements.
- When we were appointed as auditors was on the understanding the 2020-21 audit was expected to be signed by the end of the 2022 calendar year. However, at the date of this report the 2020-21 financial statements audit still has not been signed. This prevents us completing a number of key procedures required under the auditing standards, including gaining assurance over the opening balances. Also, when issues were identified in our audit these then have to be considered with the predecessor auditor to identify the impact on the 2020-21 financial statements.

1. Headlines

This table summarises the key findings and other matters arising from the statutory audit of City of London Corporation - City Fund Authority ('the Authority') and the preparation of the Authority's financial statements for the year ended 31 March 2022 for those charged with governance.

Page 1104

Financial Statements continued....

Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion:

- the Authority's financial statements give a true and fair view of the financial position of the Authority and income and expenditure for the year; and
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local Authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS), Narrative Report and Pension Fund Financial Statements), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We continue to work closely in partnership with your finance team and Senior finance officers to seek to recover as much of the delay as possible in the completion of the audit backlog. Senior officers have taken key steps to support the audit process, but as noted there have been a number of complexities involved in the process. Management have worked hard to mitigate these factors as far as possible including:

- Investing money in interim staff members specifically to help work through the audit backlog.
- Filling staff vacancies with experienced personnel.
- Improving the process in which sample evidence/queries are responded to.

The above has taken some time to bed in but with the above in place we have confidence we can also substantially complete the 2022-23 financial year audit in the 2023 calendar year., subject to the 20/21 audit being signed off by the predecessor auditor.

From our part we remain committed to dealing the Authority's backlog of audits, in particular in light of discussions around backstop dates. **Therefore, as a team we have invested more resource on the audit.** We have also ensured that the team booked to the audit has the **appropriate resource and experience level for what is a complex audit.** In addition, following overruns were possible we have **kept continuity in the team and extended the teams time on the engagement.** However, this has had cost implications on the audit as the audit has effectively taken double the level of resource we had planned for. This has had cost implications on the audit and our proposed fee has taken this into account and is set out in Appendix D.

We also have from the audit have taken learnings of how we can work better with management going forward, modify our approach to sampling/setting materiality and the investment of time to detail our understanding of the key areas of complexity in your accounts will be of significant help in future audits.

Our work is substantially complete and there are no matters of which we are aware that would require modification of our audit opinion or material changes to the financial statements, subject to the following outstanding matters;

- receipt of management representation letter
- review of the final set of financial statements.
- completion of the 2020/21 financial statements audit by your predecessor auditor and our review of their audit file.
- consideration of any post balance sheet events that arise prior to the sign off date.

We have concluded that the other information to be published with the financial statements, is consistent with our knowledge of your organisation and the financial statements we have audited.

Our anticipated audit opinion will be unmodified.

1. Headlines

Value for Money (VFM) arrangements

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are now required to report in more detail on the Authority's overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

Auditors are required to report their commentary on the Authority's arrangements under the following specified criteria:

- Improving economy, efficiency and effectiveness;
- Financial sustainability; and
- Governance

We have completed our VFM work, which was reported to management on the 13th March 2023., in our Interim Annual auditor's report. This was an interim report due to the fact it cannot be finalised until the prior year's value for money opinion is issued and our own financial statements opinion work is complete. We will reissue this report if any significant matters come to our attention that would require this to be updated, if not this previous report will be finalised when we come to conclude on our Value for Money work.

Our detailed commentary is set out in the separate Auditor's Annual Report, which is presented alongside this report. We are satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

As a firm we have remained committed to the timely reporting of our Value for Money work, even in instances when the financial statement reporting has been delayed.

Statutory duties

The Local Audit and Accountability Act 2014 ('the Act') also requires us to:

- report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and
- to certify the closure of the audit.

We have not exercised any of our additional statutory powers or duties.

We expect to certify the completion of the audit upon the completion of matters set out on page 4.

Significant Matters

As has been noted the timeframe we had anticipated the prior year audit being concluded has been significantly delayed. In addition, our audit work on 2021-22 has taken almost double the time we had anticipated. Due to this there have been significant cost overruns on the audit, and we have set out the key factors regarding this on pages 7 onwards.

2. Financial Statements

Overview of the scope of our audit

This Audit Findings Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents have been discussed with management and the Audit and Risk Management Committee.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

Audit approach

Our audit approach was based on a thorough understanding of the Authority's business and is risk based, and in particular included:

- An evaluation of the Authority's internal controls environment, including its IT systems and controls;
- An evaluation of the Authority based on a measure of materiality considering each as a percentage of the Authority's gross revenue expenditure to assess the significance of the component and to determine the planned audit response. We determined financial statement materiality based on a proportion of the gross expenditure of the City Fund for the financial year.
- Materiality as was communicated in our audit plan and was set at £7.69m. For the City Fund This was based on 1.5% of your gross expenditure for the year.
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks

Conclusion

We have substantially completed our audit of your financial statements and subject to outstanding queries being resolved, we anticipate issuing an unqualified audit opinion following the Audit and Risk management Committee meeting on 06/11/2023.

Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff. The Authority's finance team as noted previously has faced unique challenges with three financial years being worked on simultaneously across two audit firms combined with this being a first-year audit with us as the auditor. We thank management for their continued support and patience in what we appreciate has been a challenging situation to work in. We have worked with management in a hybrid way, coming into offices when requested and typically coming in at least once a week as a full team. We have also used remote arrangements to with remote accessing financial systems, video calling, physical verification of assets, verifying the completeness and accuracy of information provided remotely produced by the entity.

We also appreciate the efforts the finance team have made to strengthening and expanding the resources available as we work through the backlog of audits at the Authority.

2. Financial Statements – Significant matters discussed with management

This section provides commentary on the significant matters we discussed with management during the course of the audit.

Significant matter	Commentary	Conclusion
Backlog of audits and the prior year audit remaining open significantly longer than anticipated.	<p>We had anticipated that the prior year audit would be completed by the end of the 2022 calendar year, as of October 2023 the audit has not been completed for 2020-21 and this has an impact on our audit work in the following areas:</p> <ul style="list-style-type: none"> We are unable to review the accounts opening balances to confirm they agree to the finalised prior year closing balances. We are unable to complete our final review of the prior year audit file and the findings in their final report. Any audit findings identified in the current year then have to be considered by management in relation to the prior year and discussed with the other auditors for their view. This process becomes time consuming for management and has impacted the pace of the audit. We are unable to sign the current years accounts whilst the prior year's remains ongoing, and this obstacle has an impact on us being able to set clear deadlines that we are working to close the audit to. The extended timeframe of the audit also brings more matters into scope in relation to subsequent events which we are required to consider until the audit sign off date. 	<p>We note this issue impacts a number of local authorities and there are also capacity challenges in the sector to deal with the issue. As a firm we remain committed to working with local authorities to ensure audits are complete and the backlog is worked through. However, we note this issue has impacted our ability to conclude this year's audit at the pace we would expect.</p>
During the audit there have been national issues raised in relation to Reinforced Autoclaved Aerated Concrete (RAAC) and its use in the public sector setting. We have had to consider the impact this could have on the Authority's accounts.	<p>Based on our review of the matter we can see the Authority has followed Government advice in checking them for the presence for RAAC. In doing so the following has taken place:</p> <ul style="list-style-type: none"> The Authority has created an RAAC tracker to log issues and if the material is identified a risk assessment is undertaken, with there being 2,200 properties over the whole corporation. As of October 2023, the inspections have revealed no immediate concerns around the assets. With no assets having to have suspended use. There have been no associated liabilities identified in association with this matter, that would require providing for. 	<p>From this assessment we note the following:</p> <ul style="list-style-type: none"> There has been no closure of assets as a result of this issue. No significant issues have been identified that would require the changing of useful lives of assets. There have been no identified remedial action of potential legal provisions identified as a result of this matter. <p>Therefore, at the current date we are satisfied no adjustments are required to the asset valuations or provisions in the Financial statements. We have noted with management that updates on this issue should be made in the narrative report and in the financial statements within post balance sheet events.</p>
Equal pay liability – following recent issues at other local Authority's in relation to significant liabilities associated with equal pay liabilities coming out of recent court cases we were required to consider the impact of this in the Local Authority's accounts.	<p>From our discussion with management no liabilities in relation to this matter have been identified. From our review we are satisfied that this issue does not impact the Authority.</p>	<p>From our work no significant issues identified.</p>

2. Financial Statements – Significant matters discussed with management

This section provides commentary on the significant matters we discussed with management during the course of the audit.

Significant matter	Commentary	Conclusion
Challenges in the audit during November 2022 – March 2023.	<p>As noted in the audit papers set out to the Audit and Risk Management Committee in March 2023 and September 2023 there have been significant delays to the audit versus what had been budgeted. These correlated around the below themes.</p> <ul style="list-style-type: none"> • There were significant challenges in the City Fund adapting to the Grant Thornton requirements in particular around sample evidence. This issue was compounded with their being a high volume of samples in the first-year audit. In both the March and September progress reports we set out samples that were outstanding. Typically, our expected response time for large samples is 2 weeks and for smaller samples a week. During the audit the response time was significantly slower than this and some samples took several months to complete. This resulted from the impact of delayed responses, in which evidence was provided that did not meet the requirements, we had set out leading to a large amount of back and forth that took up a significant amount of time. • There having been a relatively high level of staff turnover within the finance team around/during this visit. Due to the City Fund being a fairly unique and complex Local Authority, it does understandably take staff time to bed into role, and this created challenges in the pace of the audit's delivery. It also meant that the audit team had to review multiple versions of working papers, explain the same point to multiple staff due to staff turnover and this created inefficiencies in the audit process. • Delays in receiving responses to our audit planning enquires which were completed in September 2023, and the delay in this prevents us finalising our risk assessment and planning stage of the audit. • The quality of transaction listings provided by management were challenging to work with. This was due to reconciliation issues and the fact they were not produced in a "clean" format with a large number of reversal entries. Such entries significantly increase our sample size. Another issue was in relation to reconciliation issues with their being material differences in the original listing provided for expenditure and the trial balance. • The finance team from November to January had limited capacity due to having multiple audits of the other Funds ongoing and key gaps members of the finance team. We therefore did not get the level of traction we would expect until February. We then ran into issues in March when the team was booked to the audit due to the finance team having competing pressures in preparing for the financial year end. <p>The above issues have had a significant impact on the time spent on the audit as we had anticipated the audit would be completed in the above time period, however, there was still a significant amount of work required on the 2021-22 audit from July.</p> <p>We would like to highlight in what have been difficult circumstances the Authority have brought in additional resource to support with the backlog, with a number of interims in post. We note this has helped us resolve audit queries but given the staff were new and did not prepare the 21-22 accounts it did take time for this benefit to be realised.</p> <p>As a team we have also taken learnings in how we can work more effectively with management and adapt our audit approach in the second-year audit and are happy to report that progress has markedly improved on the 2022-23 audit.</p>	We note in relation to the issues noted management have taken appropriate action to resolve the issues. However, we do note with a number of interim staff in post that there are risks the issues noted could remerge in the future.

2. Financial Statements – Significant matters discussed with management

This section provides commentary on the significant matters we discussed with management during the course of the audit.

Significant matter	Commentary	Conclusion
<p>Lease premia</p> <p>In our technical review of the accounts and other audit procedures we identified there was a significant balance in the Authority's accounts within Investment properties and Rents Received in advance relating to the accounting for payments received for lease premia.</p> <p>This is quite an unusual accounting matter and due to that there is not direct specific CIPFA or IFRS guidance on the specifics of it. In relation to this matter the Authority received payments for assets for up to one hundred years. This meant the Authority treated the element of this payment that relates to the building as a disposal to a third party and the other aspect of the payment as an operating lease, with the other entries shown as rent received in advance and recognised as income in future years and the associated asset as an Investment property.</p> <p>From our review of Investment properties disclosures in the accounts and the supporting FAR listing we came to understand that there were approximately £176.9m of adjustments, increasing the balance of Investment properties in the accounts relating to lease premiums. There was also an associated Deferred Income liability of £225.9m in the financial statements, representing cash received from the lease premium less the income recognised since the receipt of the cash. Although we noted this position had been unchanged since 2014/15, we are required to make our own assessment of key matters such as this. Upon our review of the Code, IAS17 and IAS 40 along with the CIPFA practitioners guide indicated this approach may not be correct. We therefore challenged management in March on the approach being undertaken.</p>	<p>Initially following this challenge, the Authority appeared to be minded to change the accounts based on the CIPFA practitioners' guidance, with the Council preparing the 2022-23 accounts on this basis. However, management considered the matter further and in greater detail and noted the following aspects of the situation differed to the Practitioners guidance:</p> <ul style="list-style-type: none"> • The length of the lease. • The componentisation of the leases. <p>The Authority determined that guidance outlined in EY's International GAAP 2023 publication was more applicable to the situation, which supported the Authority's original accounting treatment. Following our own review and having consulted with our Technical team on the matter we are satisfied that the CIPFA Code does not contradict this guidance and it is the most appropriate guidance to apply to this matter.</p> <p>We note this matter was made more challenging due to the gap in time between the original accounting decision being made in 2014/15 and staff turnover in that period which meant the Authority did not retain a detailed rationale behind this complex treatment. We recommend that documents provided to us are retained and the basis for the treatment is clearly set out in the financial statements as has now been done in the 2021/22 financial statements.</p> <p>Having agreed the principle of the accounting we undertook testing of the balances in the accounts. From this testing we did identify the Authority had incorrectly applied this to two key items. This resulted in an increase to the Investment property valuations by £47m. The impact of this is to increase the Authority's asset base but due to statutory accounting does not impact the General Fund.</p> <p>The complexity of this issue and the varying responses on the matter has led to increased time spent on the audit and input in particular from senior members of our technical team. With the matter being worked on for several months, from February to August 2023.</p>	<p>Management have updated the accounts to explain the accounting of this matter. Management have also updated the errors we identified regarding the application of this matter, resulting in a £47m adjustment to the Investment property balance.</p>

2. Financial Statements – Significant matters discussed with management

This section provides commentary on the significant matters we discussed with management during the course of the audit.

Significant matter	Commentary	Conclusion
<p>Museum of London</p> <p>In our technical review of the financial statements, we identified that the Authority’s relationship with the Museum of London required a more detailed consideration setting out how it was being accounted for. Due to this being a complex arrangement in which the Authority appoints half of the board and the GLA the other half we requested management to provide a detailed paper on their assessment of the relationship and if it requires group accounting.</p>	<p>Following this challenge, we identified that the explanation provided by management was not sufficiently detailed, with the predecessor auditor having reported similarly in their previous audit reports.</p> <p>From our discussions we noted the accounting for this arrangement could have Group accounting implications, which given the Museum of London has total assets of £64.1m makes this a Critical Judgement in accounting terms.</p> <p>Management then sought to prepare a detailed paper to support the position. On review of this paper, we identified enhancements were required on several areas, with the key area being the consideration of IPSAS 36 and its interpretation of what counts as “quantifiable ownership”.</p> <p>Following this challenge management conducted a thorough review of the relationship and produced a detailed paper considering the key considerations of this and have updated the Critical Judgements within the financial statements, accordingly, setting out clearly why the City of London does not have a quantifiable ownership of the museum.</p> <p>We note that given the impact of this assessment we would have expected detailed papers to support this historic critical judgement. We note this may have been impacted by staff turnover at the Authority over time.</p>	<p>From our review we are satisfied with management accounting treatment of this matter and the updated disclosure. However, we note that for key judgements such as this management should ensure detailed consideration of the relevant standards is undertaken and that this is saved in shared files available to the finance team so that the basis for these judgements is not impacted by staff turnover.</p>

2. Financial Statements - Significant risks

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

This section provides commentary on the significant audit risks communicated in the Audit Plan.

Risks identified in our Audit Plan	Commentary
<p>Management override of controls</p> <p>Under ISA (UK) 240, there is a non-rebuttable presumed risk that the risk of management override of controls is present in all entities. The City Fund faces external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We therefore identified management override of control, in particular journals, management estimates, and transactions outside the course of business as a significant risk for the City Fund, which was one of the most significant assessed risks of material misstatement.</p>	<p>We undertook the following procedures:</p> <ul style="list-style-type: none"> - evaluated the design effectiveness of management controls over journals - analysed the journals listing and determined the criteria for selecting high risk unusual journals - identified and tested journals we considered to have the greatest risk of material misstatement or from our data analytics Journals that were identified to be unusual. We then tested these Journals for appropriateness and corroboration - gained an understanding of the accounting estimates and critical judgements applied by management and considered their reasonableness



2. Financial Statements - Significant risks

Risks identified in our Audit Plan

Commentary

Improper revenue recognition

Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue.

This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.

In the Audit Plan, we reported that having considered the risk factors set out in ISA240 and the nature of the Authority, we had determined that the risk of fraud arising from revenue recognition can be rebutted, because:

- There is little incentive to manipulate revenue recognition.
- Opportunities to manipulate revenue recognition are very limited.
- The culture and ethical frameworks of local Authority's, mean that all forms of fraud are seen as unacceptable.

There have been no changes to our assessment as reported in the Audit Plan.

Improper Expenditure recognition

In line with the Public Audit Forum Practice Note 10, in the public sector, auditors must also consider the risk that material misstatements due to fraudulent financial reporting may arise from the manipulation of expenditure recognition (for instance by deferring expenditure to a later period).

Based on our risk assessment we do not consider there to be a significant risk of fraud or management manipulation of such balances. We did identify the completeness of other expenditure as an Other risk but given its value and the nature of the stream we did not determine this to be a significant risk in our audit strategy.

There have been no changes to our assessment as reported in the Audit Plan.

2. Financial Statements - Significant risks

Risks identified in our Audit Plan

Commentary

Valuation of Investment Property

The City Fund measures its investment properties at its highest and best use and is re-valued each year-end, the overall portfolio is **significant sitting at 1.595 billion** in the draft accounts. Valuations of properties have a number of inputs used in their calculations, that are complex and also subject to market volatility. Therefore, at Local Authority's with Investment properties 4-5X over materiality we typically view this as a significant risk, due to this volatility. **The City Fund has a much higher value** of such assets sitting at nearly 200 times our materiality level. This **Investment property portfolio is therefore significantly higher than the majority of Local Authority's in the sector.**

We undertook the following procedures:

- Evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts, and the scope of their work.
- Evaluate the competence, capabilities and objectivity of the valuation expert.
- Discussed with and wrote to the relevant valuer to confirm the basis on which the valuation was carried out.
- Engaged our own valuer expert to provide commentary on: the instruction process in comparison to requirements from CIPFA/IFRS/RICS; and the valuation methodology and approach, resulting assumptions adopted and any other relevant points.
- Challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding.
- Recalculated the valuations, testing key inputs including yields applied, rental information used, and all other key assumptions applied in the valuers' calculations behind the asset's valuation.
- Test revaluations made during the year to see if they have been input correctly to the City Fund's asset register.
- Assess the value of a sample of assets in relation to market rates for comparable properties.

In our technical review of the accounts and in our testing, we identified that the Authority had a number of complex Lease premiums which related to upfront payments with the land element being treated as Deferred Income and released each year. This was a complex audit issue that required significant audit attention and the details of this can be on page 9 of this report.

Although we agreed with management's original accounting position following the process noted above, we did identify an instance in which it had been incorrectly applied. **This resulted in a material £47m increase in the Investment properties valuation and a corresponding entry to Revaluation Movements which hits the Financing and Investment Income and expenditure line in the CIES.**

2. Financial Statements - Significant risks

Risks identified in our Audit Plan

Commentary

Valuation of Council Dwellings

Dwellings (£251m): The City Fund measures its dwellings at fair value, determined using the basis of existing use value for social housing and is re-valued on a cyclical approach using the Beacon methodology.

Across the Property Plant and equipment balance the City Fund uses 3 valuers along with internal valuers in the process. This reflects the size of the asset portfolio at the Fund.

We undertook the following procedures:

- Evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts, and the scope of their work.
- Evaluate the competence, capabilities and objectivity of the valuation expert.
- Discussed with and wrote to the relevant valuer to confirm the basis on which the valuation was carried out.
- Engaged our own valuer expert to provide commentary on: the instruction process in comparison to requirements from CIPFA/IFRS/RICS; and the guidance regarding the valuation of council dwellings and social housing.
- Reviewed and tested a number of assets back to market data for properties in that area.
- Reviewed a sample of assets to test the appropriateness of the Beacon applied as well as undertaking existence testing of a sample of assets.
- Challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding.

Two assets that were double counted in the Fixed Asset Register and the Financial statements. With an aggregated closing balance of £2.2m, opening balance of £2.3m and closing Revaluation Reserve of £1.6m, we are content that this is immaterial. No other issues were identified in our testing procedures.

2. Financial Statements - Significant risks

Risks identified in our Audit Plan

Commentary

Valuation of land and buildings

The City Fund re-values its land and buildings on a five-yearly rolling basis to ensure that carrying value is not materially different from fair value. This represents a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of the estimate to changes in key assumptions:

Other Land & Buildings (OLB) (£596.3m): The City Fund re-values its land and buildings on a rolling five-yearly basis. The City Fund has appointed three external valuers, as well as the City Corporation's City Surveyor's Department to carry out the valuations for 2021/22.

We undertook the following procedures:

- Evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts, and the scope of their work.
- Evaluate the competence, capabilities and objectivity of the valuation expert.
- Discussed with and wrote to the relevant valuer to confirm the basis on which the valuation was carried out.
- Engaged our own valuer expert to provide commentary on: the instruction process in comparison to requirements from CIPFA/IFRS/RICS (Royal Institute of Chartered Surveyors) ; and the valuation methodology and approach, resulting assumptions adopted and any other relevant points.
- Challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding.
- Recalculated the valuations, testing key inputs including BCIS rates, floor areas, obsolescence rates and other key assumptions used in both Depreciated Replacement cost and Existing Use Valuations. We also considered the appropriateness of the basis of each method for determining the assets valuation.
- Tested revaluations made during the year to see if they have been input correctly to the City Fund's asset register.
- Confirmed via site inspections the asset details corroborated with those in the valuation report.

In our work reconciling the valuation report to the Gerald Eve Valuation report to the Fixed asset register we identified that there was an inaccurate apportionment of the Criminal Court between City Cash and City Fund. This represents an unadjusted misstatement of £2.44m.

No further misstatements were identified. We identified disclosures within the key estimates required enhancement to meet IAS 1:22 requirements regarding Other Land and buildings. In addition, the work undertaken was significantly increased versus audits on other local Authority's where the portfolio is significantly smaller for OLB in particular in proportion to their materiality. This is also reflected in the number of valuers the Authority uses, the use of additional and specialised experts we consider good practise, however, the use of more experts then did require a greater level of audit review of each experts' different methodologies, approaches and reports by both ourself and our valuation experts.

We also identified following our experts review of the valuation reports that there was a control deficiency in the fact the City Surveyor did not prepare a terms of engagement and summary valuation report in line with RICS standards. This did not result in concerns around the valuation approach but is an observation our valuation expert raised around best practise and compliance with RICS standards.

2. Financial Statements - Significant risks

Risks identified in our Audit Plan

Commentary

Valuation of pension fund net liability

The pension fund net liability, as reflected in the City Fund's balance sheet as pensions liability, represents a significant estimate in the financial statements.

The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£1,672.6m) and the sensitivity of the estimate to changes in key assumptions.

The City Fund's pension liability consists of the City Fund's share of the City of London Corporation's net pension liability, the unfunded City Police pension scheme and the Judge's Pension Scheme.

We therefore identified valuation of the City Fund's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement, and a key audit matter.

The methods applied in the calculation of the IAS 19 estimates are routine and commonly applied by all actuarial firms in line with the requirements set out in the Code of practice for local government accounting (the applicable financial reporting framework). We have therefore concluded that there is not a significant risk of material misstatement in the IAS 19 estimate due to the methods and models used in their calculation.

The source data used by the actuaries to produce the IAS 19 estimates is provided by administering Authority's and employers. We do not consider this to be a significant risk as this is easily verifiable.

We undertook the following procedures:

- Gained an understanding of the processes and controls put in place by management to ensure that the City Fund's pension fund net liability is not materially misstated and evaluate the design of the associated controls.
- Evaluated the instructions issued by management to their management expert (actuary) for this estimate and the scope of the actuary's work.
- Assessed the competence, capabilities and objectivity of the actuary who carried out the City Fund's pension fund valuation and the actuary who undertook the valuation of the unfunded Police Pension Liability.
- Assessed the accuracy and completeness of the information provided by the City Fund to the actuary to estimate the liability.
- Tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary.
- Undertook procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report.

The Authority is a member of the City of London Pension Scheme. The latest triennial valuation for the LGPS has recently been published. This valuation, which is at 31 March 2022, provides updated information for the net pension liability on the Authority's balance sheet, particularly in respect of membership data and demographic assumptions.

As a result, we requested that management obtain a revised report from their actuary, detailing what impact this updated information had on its net pension liability disclosures at 31 March 2022. This revised report showed that the impact was material and so management have adjusted the financial statements accordingly. As a result, the Authority's share of the pension fund's assets has increased by £3.6m and its share of the pension fund's liabilities has decreased by £34.3m. Our work has not identified any issues in respect of these adjustments. The impact of this adjustment is to reduce the net deficit by £38m which following this triennial valuation now sits at 386.8m for the City of London Pension Scheme, prior to this review it sat at £424.8m. Additional audit work has been required in respect of this issue, resulting in an increase to the audit fee, which is reflected nationally. This included obtaining assurance in respect of updated membership data, considering the reasonableness of revised assumptions and estimates and checking the accuracy of management's adjustments to the financial statements.

2. Financial Statements - other communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

Issue	Commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with the Audit and Risk Management Committee. We have not been made aware of any other incidents in the period and no other issues have been identified during the course of our audit procedures.
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed.
Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Written representations	A letter of representation has been requested from the Authority, including specific representations in respect of the Authority's assessment of whether the national concerns around RAAC are material to the Local Authority and that there is no impact regarding potential liabilities associated with the equal pay tribunal that would impact the Authority which is included in the Audit and Risk Management Committee papers.

2. Financial Statements - other communication requirements



Issue	Commentary
Confirmation requests from third parties	We requested from management permission to send a confirmation requests to relevant Investments and Borrowings held with third parties. This permission was granted, and the requests were sent out with all requests having been received.
Accounting practices	<p>We have evaluated the appropriateness of the Authority's accounting policies, accounting estimates and financial statement disclosures. Our review found no material omissions in the financial statements.</p> <p>However, we did identify enhancements and adjustments required to the Critical Judgement notes and Key estimates note. In particular enhancements regarding disclosures that related to the Authority's relationship with the Museum of London and accounting treatment of it and the Lease premium issue.</p>
Audit evidence and explanations/significant difficulties	<p>All information and explanations requested from management was provide.</p> <p>However as mentioned previously we did identify challenges particularly at the start of the audit in:</p> <ul style="list-style-type: none"> • Obtaining supporting evidence for samples that met our quality requirements. This resulted in items having to have evidence reviewed several times for a large number of samples with time spent on both sides clarifying what is appropriate audit evidence. • Challenges around the pace we received responses at the start of the audit. • Issues around staff turnover that in some instances lead to sunk time explaining our audit requirements to team members who then left, time for new staff to familiarise themselves with a highly complex/unique local Authority and loss of organisational knowledge in that process. <p>We note the team once they have settled into their new posts have dealt with audit queries in a detailed and prompt manner and we thank the finance team for putting these arrangements in place during a challenging period, particularly given there are 3 financial years with open audits on them.</p>

2. Financial Statements - other communication requirements



Our responsibility

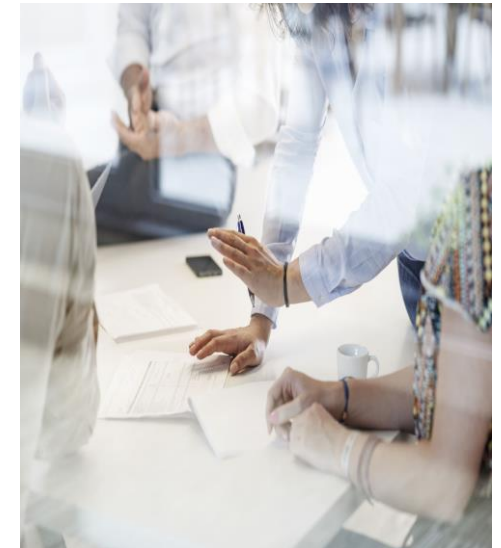
As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern” (ISA (UK) 570).

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Issue	Commentary
Going concern	<p>In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2020). The Financial Reporting Authority recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies.</p> <p>Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities:</p> <ul style="list-style-type: none"> the use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities for many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. Our consideration of the Authority's financial sustainability is addressed by our value for money work, which is covered elsewhere in this report. <p>Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by the Authority meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated:</p> <ul style="list-style-type: none"> the nature of the Authority and the environment in which it operates the Authority's financial reporting framework the Authority's system of internal control for identifying events or conditions relevant to going concern management's going concern assessment. <p>On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that:</p> <ul style="list-style-type: none"> a material uncertainty related to going concern has not been identified management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

2. Financial Statements - other responsibilities under the Code

Issue	Commentary
Other information	<p>We are required to give an opinion on whether the other information published together with the audited financial statements including the Annual Governance Statement and Narrative, is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>No inconsistencies have been identified.</p>
Matters on which we report by exception	<p>We are required to report on a number of matters by exception in a number of areas:</p> <ul style="list-style-type: none"> • if the Annual Governance Statement does not comply with disclosure requirements set out in CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit, • if we have applied any of our statutory powers or duties. • where we are not satisfied in respect of arrangements to secure value for money and have reported a significant weakness. <p>We have nothing to report on these matters</p>



2. Financial Statements - other responsibilities under the Code

Issue	Commentary
Specified procedures for Whole of Government Accounts	<p>We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions.</p> <p>We expect to complete our work on the Whole of Government Accounts prior to the completion of our audit work so that we are able to certify the audit at the date we sign the audit opinion.</p> <p>The Authority falls over the HMT Treasury of having assets >£2 billion (excluding Property plant and equipment)- sitting at 2.847 billion. Therefore we are required to undertake more comprehensive procedures around the Whole of Government accounts process as set out by the NAO, following the completion of our audit work.</p>
Certification of the closure of the audit	<p>We intend to certify the closure of the 2021/22 audit of the City Fund, as detailed in Appendix E.</p>

3. Value for Money arrangements

Approach to Value for Money work for 2021/22

The National Audit Office issued its guidance for auditors in April 2020. The Code require auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under the three specified reporting criteria.

Page 1122



Improving economy, efficiency and effectiveness

Arrangements for improving the way the body delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.



Financial Sustainability

Arrangements for ensuring the body can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years)



Governance

Arrangements for ensuring that the body makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the body makes decisions based on appropriate information

Potential types of recommendations

A range of different recommendations could be made following the completion of work on the body's arrangements to secure economy, efficiency and effectiveness in its use of resources, which are as follows:



Statutory recommendation

Written recommendations to the body under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the body to discuss and respond publicly to the report.



Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the body. We have defined these recommendations as 'key recommendations'.



Improvement recommendation

These recommendations, if implemented should improve the arrangements in place at the body, but are not made as a result of identifying significant weaknesses in the body's arrangements

3. VFM - our procedures and conclusions

We have completed our VFM work, and our detailed commentary is set out in the separate Auditor's Annual Report, which is presented alongside this report.

As part of our work, we considered whether there were any risks of significant weakness in the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources. We did not identify any risks of significant weakness. We are satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

4. Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Authority's Ethical Standard and confirm that we, as a firm, and each covered person, are independent and are able to express an objective opinion on the financial statements

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Authority's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are detailed in Appendix D.

Transparency

Grant Thornton publishes an annual Transparency Report, which sets out details of the action we have taken over the past year to improve audit quality as well as the results of internal and external quality inspections. For more details see [Transparency report 2020 \(grantthornton.co.uk\)](https://www.grantthornton.co.uk/transparency-report-2020)

4. Independence and ethics

Audit and non-audit services

For the purposes of our audit, we have made enquiries of all Grant Thornton UK LLP teams providing services to the Authority. We are required to make you aware of all non-audit work undertaken by the firm that has taken place during the course of the audit. This therefore does not just relate to work that took place in the 2021-22 audit but from the date we were appointed to the date we complete the audit.

Service	Fees £	Threats identified	Safeguards
Audit related			
Grant audits including Housing Benefit Grant claim	Work has not started or taken place in year	Self-Interest	This work has not started but we have been appointed to this work from 2021-22 financial year. We, however, have been unable to start this work as the previous year's certifications remain outstanding. Therefore, to date we have not undertaken or charged any fees for this work and do not expect to before we complete our audit work on the 2021-22 financial statements.
Non-audit related			
Research services analysing US financial services sector	10,000	Self-Interest	The level of this fee taken on its own is not considered a significant threat to independence as the fee for this work is £10,000 in comparison to the total fee for the audit of £357,500 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.

Appendices

A. Action plan – Audit of Financial Statements


We have identified 10 recommendations for the Authority as a result of issues identified during the course of our audit. We have agreed our recommendations with management and we will report on progress on these recommendations during the course of the 2021/22 audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
<p>Medium</p> <p>Page 1127</p> <p>Medium</p>	<p>Journal authorisation - As was identified by your predecessor auditor there are weaknesses around the internal control process regarding managements review of Journals.</p> <p>As part of our testing, we identified this issue has not been resolved. From our work on Journals, we identified this issue has not been resolved. We note for all Journals with individual lines >£100k the system retrospectively identifies these Journals, and it is shared with the approver automatically via email for their approval. However, we have not been able to obtain documentation to confirm the implementation of this control where the approver has confirmed authorisation of the journal lines.</p>	<p>We recommend that a clearer audit trail is maintained to demonstrate the Journal review process and that this is embedded into finance’s working arrangements.</p> <p>Management response</p> <p>The issue identified by the auditors pertains to the review and documentation of Journals by Approvers. While the reports are being circulated, obtaining documented proof of their review has been a challenge. This is recognised as a business issue, and efforts are underway to enhance communication with Approvers, provide targeted training, implement regular follow-ups, and secure management support to reinforce compliance with audit requirements. Progress will be continually monitored and reported to ensure resolution of this matter.</p>
	<p>Capital records-Records to support capital commitments and capital spend. Management in identifying capital additions and capital commitments has relied on utilising purchase orders in some instances. This is not considered best practice as to make these judgements accurately the below considerations are required:</p> <ul style="list-style-type: none"> Capital commitments- the sum that the Authority is contractually committed to. This cannot be determined by relying on purchase orders. Capital additions that the work has taken place prior to the year end. <p>The above has led to us identifying misstatements in 5 of the capital additions items we tested that led to an overstatement of Creditors and PPE Additions of £3.33m. We also identified in our testing of capital commitments an item where the PO did not reflect a genuine contractual commitment with the value of £17,787. The following risks emerge from this internal control weakness:</p> <ul style="list-style-type: none"> The risk of a lack of oversight regarding the timing/completion of capital work if finance are not monitoring capital additions/budgets against the date the service was provided and instead using PO’s. A potential inaccurate picture of what elements of the capital budget have been committed to which could reduce how flexibly management are able to change aspects of their capital programme. 	<p>We recommend management put in place a more rigorous process for capturing information related to capital spend. This should include ensuring capital additions are not recognised until the capital works have taken place. In addition, a detailed register of capital commitments should be maintained, and versions saved to support the year-end financial position. This register should also identify the value within that the Authority is contractually committed to.</p> <p>Management response</p> <p>The scale of capital investment at the City of London has increased significantly in recent years, and coupled with a high turnover and associated knowledge loss of staff has highlighted that existing processes are in need of significant transformation to meet current financial management and reporting requirements. A key component of this will be regularising the oversight and frequency with which capital spend is monitored. Management has therefore undertaken a comprehensive review of our capital processes and is currently implementing a series of recommendations arising.</p> <p>This includes implementing a more robust monitoring and oversight regime to review capital spend by project. This will help in addressing this identified weakness as project managers and finance colleagues work closer together. Additionally, the work to disclose Capital Commitments will be subject to a revision, requiring that an initial schedule of commitments is sought from Project managers, and that the returns are reconciled and validated against centrally held procurement records.</p>

Controls

- High – Significant effect on financial statements
- Medium – Limited Effect on financial statements
- Low – Best practice

A. Action plan – Audit of Financial Statements

Assessment	Issue and risk	Recommendations
<p style="text-align: center;"> Medium</p> <p>— ***downgraded due to improvements from July-September to reflect points having been partially addressed***</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 1128</p>	<p>Quality of working papers and audit evidence provided- capacity of finance team to support audit</p> <p>This issue would have been rated as high; however, we note management have made significant improvements during the audit, following the appointment of new finance staff and their time to bed into the organisation. However, as this issue was identified in the first part of our fieldwork visit and their area number of interim staff in post, we consider it appropriate to raise this recommendation. During the audit the below issues occurred:</p> <ul style="list-style-type: none"> • During our first planned audit visit that had been agreed with the finance team there were times they were unable to accommodate our work. This was due to the finance team having to prioritise the audits of the City Cash and Bridge House Estates. This was in part due to staff vacancies during this period of the audit and due to the knock-on impact of the delayed 2020/21 audit. Although improvements were made in February the team then struggled to provide responses in March when there were competing pressures of the year end closedown procedures as well the loss of key staff include the Assistant Director and the Chief Accountant. • For sample items the pace we received evidence and the fact the evidence in a large number of instances did not meet our quality requirements created a significant amount of time spent going back and forth on this area. • Management providing uncleansed listings which were not of the best quality to enable us to pick appropriate sample sizes. • Reconciliation issues between key working papers/listings and the financial statements. • Staff working papers to support notes to the financial statements not matching the accounts. • Delays in receipt of planning enquiry responses –we note this has not been received for 2022-23, although management have confirmed the responses will be the same as for 2021-22. This delays the pace we can closedown our planning procedures and finalise our audit risk assessment for the audit. The 2021-22 responses were presented at the September 2023 Audit and Risk Management Committee. <p>The above has impacted the pace we have completed the audit in. And played a significant role in us spending nearly double the time we had budgeted to spend on the audit per the days set out in the contract we agreed for the audit.</p>	<p>We note management have made a number of improvements during the course of the audit. With the Authority having:</p> <ul style="list-style-type: none"> • Filled vacant finance positions with team members of a good quality and appropriate experience. • Increased the team with interim staff to support us looking to work through the audit backlog. • Improved the quality of working papers, transaction listings and improved the process in the way audit evidence is provided to us. <p>However, we note the Authority has a number of interim post holders so there is a risk of a reduction in retained knowledge in the next calendar year. We also note once the audit backlog is no longer such a pressing factor that management should look to agree schedules that avoid staff working across multiple audits at the same time where possible. We also note that there have been continued challenges obtaining sample evidence for payroll related items.</p> <p>Management response</p> <p>Acknowledging the challenges faced during the audit, significant improvements have been made, including filling vacant positions and enhancing processes. Efforts are ongoing to stabilise staffing, clear the audit backlog, optimise schedules, and streamline payroll-related evidence collection as much as possible. Management remains committed to addressing these concerns, reviewing ways to improve the year end process through: training; better working papers with procedural notes – ensuring a smooth transition between interim and permanent staff; review areas which can be completed during the year, releasing pressure at year end; overall ensuring a more efficient audit process in the future.</p>

Controls

- High – Significant effect on financial statements
 - Medium – Limited Effect on financial statements
 - Low – Best practice
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A. Action plan – Audit of Financial Statements

Assessment	Issue and risk	Recommendations
<p style="text-align: center;">● Medium</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 1129</p>	<p>Maintaining log of Key judgements impacting the financial statements</p> <p>As noted previously in the report there has been a relatively high level of staff turnover in the Authority’s finance team with a number of interim having been put in post, that are new to what is a complex Authority. The Authority also has a number of complex highly technical judgments in its financial statements including:</p> <ul style="list-style-type: none"> • Treatment of prepayments received for Lease premiums. • A number of Pension schemes the Authority has the liability for. • The accounting treatment for the City of London Museum. <p>During the audit we had delays in receiving responses regarding key information for each of these areas which are all historical and not new to this financial year. Although it is not uncommon for additional challenge on such areas in a first-year audit, in some instances papers to support the position had to be entirely rewritten and reinvestigated by the new finance team. This clearly takes time and meant that we reviewed a number of papers providing feedback where more information was required, which added to the length of the audit period.</p> <p>It is now our view that management have strong papers and a detailed understanding of each of these matters in their consideration. But note if a clearer detailed record of such judgements was held this would of reduced the time spent on both sides resolving these issues. We do also appreciate as new auditors we may have asked different questions being fresh to reviewing these items, but in a complex Authority we note having a clearer trail for complex accounting judgements is considered best practice. This will help improve the disclosures in the financial statements and the pace audit issues are resolved.</p>	<p>We recommend for key areas of judgement management maintain and regularly update their assessment of key judgements that are significant to the financial statements. And do not rely on key personal remaining in post with these assessment papers saved in shared finance folders.</p> <p>Management response</p> <p>As part of our organisational drive for improvement, we have implemented robust measures to store all working papers, not just significant accounting judgements. All documents are now systematically maintained on shared platforms and a designated mailbox has been set up to serve as a recipient for key communications, ensuring comprehensive record-keeping. Procedure notes are being worked through and management will ensure these are regularly updated inline with current practices.</p>

Controls

- High – Significant effect on financial statements
- Medium – Limited Effect on financial statements
- Low – Best practice

A. Action plan – Audit of Financial Statements

Assessment	Issue and risk	Recommendations
<p style="text-align: center;">● Medium</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 1130</p>	<p>Timeliness of revocation of user access in Oracle EBS</p> <p>For a sampled leaver in Oracle EBS, it was identified that their access to the system was revoked six days after their termination date.</p> <p>Additional procedures verified that the user had not accessed the system since their termination date.</p> <p>Risk</p> <p>Where system access for leavers is not disabled in a timely manner, there is a risk that former employees will continue to have access and can process erroneous or unauthorised access transactions. There is also a risk that these accounts may be misused by current system users to circumvent internal controls.</p>	<p>It is recommended that for all leavers, logical access to Oracle EBS is disabled on their leave date. Where this is not possible, access should be disabled no later than the next working day. This will help prevent unauthorised access to the network, applications and underlying data.</p> <p>Management response</p> <p>The Oracle Team currently receive a weekly leavers list from HR - the leavers on the HR report have to be compared to a list of Oracle users, in order to identify which leavers have an Oracle user account that requires action. This list is actioned on the same day as it is received - leavers' responsibilities are removed to prevent them from using Oracle until their user account can be closed, during which time only their Worklist remains accessible which shows notifications such as approvals for Requisitions/POs, unmatched Aps and AP Invoice Price Variances.</p> <p>If we are made aware (by other means) that a person is due to leave in the future, we place a future end date on their responsibilities. The closing of the user account itself necessarily takes longer as there are a number of steps, starting with the employee account, that have to be made before the user account can be closed. The processing of a daily HR leavers list would be quite onerous and the removal of responsibilities largely mitigates the risk until the user account can be closed.</p> <p>The City Corporation is undergoing procurement of a new ERP system and we will look to ensure this recommendation is reviewed in light of the risk raised.</p>
<p style="text-align: center;">● Medium</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 1130</p>	<p>Material Input errors in the Balance Sheet</p> <p>Within the draft accounts the Grants received in advance liability was overstated by £30m. This meant the Balance sheet did not Cast by a material amount in the draft Accounts.</p> <p>This issue was caused by management manually typing in the figures to the published draft accounts, without sufficient levels of checks on the totals.</p> <p>Risk</p> <p>Having such a heavily manual input system of a significant amount of financial data in the accounts creates a risk of errors within the financial statements.</p>	<p>Management should look to reduce the level of manual input involved in producing the finalised accounts, or ensure there are sufficient checks in place to avoid such issues in particular in relation to the figures in the main statements to the accounts.</p> <p>Management response</p> <p>We have already introduced a consistency checker into the accounts preparation process to minimise manual input errors. This initial step has proven effective in identifying discrepancies and ensuring accurate financial reporting.</p> <p>Moving forward, we are committed to making further enhancements in our accounts preparation procedures. We will explore methods to reduce the reliance on manual input, implementing additional checks and validations to prevent similar issues from arising in the future. Our goal is to enhance the accuracy and reliability of our financial statements, mitigating the risk associated with manual data entry.</p>

Controls

- High – Significant effect on financial statements
- Medium – Limited Effect on financial statements
- Low – Best practice

A. Action plan – Audit of Financial Statements

Assessment	Issue and risk	Recommendations
<p style="text-align: center;">● Medium</p>	<p>Management of generic database administrator accounts.</p> <p>Whilst the passwords for privileged generic accounts for both the Oracle EBS application and supporting Oracle database are held in a KeePass password manager, we were unable to verify whether access to the password manager is restricted to the DBA team as it is held in a shared network drive.</p> <p>Risk</p> <p>Without effective restriction of access to the passwords for privileged generic accounts, the misuse of such accounts could result in financial data being changed or deleted without authorisation, impacting on its completeness and accuracy</p>	<p>Management should implement suitable controls to restrict access to the KeePass password manager.</p> <p>This could be through limiting access (i.e. a specific network folder or SharePoint site) to the KeePass password manager to only authorised members of the DBA team.</p> <p>Management response</p> <p>The password database is itself password protected so regardless of where it lives on the network only persons who know the password (the current 3 dbas) have the ability to open it.</p> <p>The password database has now been moved to the DBA SharePoint site.</p>
<p style="text-align: center;">● Low</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 1131</p>	<p>Historical records to support bank recs and reconciliation issues</p> <p>During our cash and cash equivalents testing we identified the following control deficiencies:</p> <ul style="list-style-type: none"> • There is an unexplained £438 petty bank cash reconciliation issue. • There were two balances relating to rent deposits of £148,228 and £250 for uncleared direct debit reconciling items that could not be verified. Management indicated that these are historic balances which they were unable to provide supporting evidence for. • The Central bank account does not reconcile by £139,876 an increase from the prior year of £12k. Management have identified that £90k of this relates to an old fraud case and amounts have yet to be analysed to confirm if they should be written out. The remaining £49k could not be fully explained by management. <p>Risk</p> <p>We note bank reconciliations are a key control for financial governance in order to, ensure the accuracy of the cash and cash equivalent figures. We note the issues above largely relate to old historical issues, and this is why we have badged this as a low risk. However, the above issues do create the risk of the misappropriation of assets.</p>	<p>We recommend all reconciling items are investigated and fully understood on a monthly basis. With management ensuring appropriate action is taken on historical balances.</p> <p>Management response</p> <p>While these discrepancies largely stem from older, unresolved matters, we acknowledge the importance of ensuring accurate historical records to maintain financial governance.</p> <p>Our team is actively working to understand and rectify these historical balances. Additionally, we are implementing measures to strengthen our reconciliation processes, including enhanced documentation and verification procedures.</p>

Controls

- High – Significant effect on financial statements
- Medium – Limited Effect on financial statements
- Low – Best practice

A. Action plan – Audit of Financial Statements

Assessment	Issue and risk	Recommendations
<p style="text-align: center;">●</p> <p style="text-align: center;">Low</p>	<p>Reclassification of assets</p> <p>We identified that there were reclassifications of leaseholders taking place that had not been input into the Terrarius (fixed asset register system). This raises the risk that in future years, this reclassification may not be performed, or some assets may be inappropriately reclassified. The risk is constantly being transferred to the team responsible for preparing the financial statements, whereas an adjustment to the Terrarius system and recoding in the ledger could resolve this.</p>	<p>We recommend management avoid making manual adjustments to the financial systems used to capture information. With all adjustments posted onto the Fixed asset register and other relevant finance systems.</p> <p>Management response</p> <p>Management has noted that the Terrarius system is excessively cumbersome, requiring officers to maintain secondary records and calculations to support the consolidation of year end accounting entries. For FY22/23, management has onboarded interim Capital accounting expertise, in order to decommission the Terrarius system, and create a bespoke Excel-based solution that will consolidate all accounting records, valuations, disposals and capital expenditure allocations within a single workbook. There will be a clear reconciliation from primary records to published accounts disclosures and a reconciliation between these records and the trial balance. In the longer term, management will be exploring options to purchase and implement FAR solutions that maintain these functionalities, but for which continued support is available through the annual subscription fees.</p>
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 1132</p> <p style="text-align: center;">●</p> <p style="text-align: center;">Low</p>	<p>Engagement Letter and valuation report of Valuers</p> <p>Our valuation expert identified that for both Cushman and Wakefield and Savills that the valuers had not complied with RICS standards in issuing a Terms of Engagement. With only the appointment framework dating back to 2017 being available.</p> <p>A similar point was raised around the City Surveyor valuations which also did not fully comply with RICS guidance around Terms of engagement and the issuance of a valuation certificate in the final valuation report.</p> <p>Although we note this is unlikely to impact the overall valuation process, a lack of formal terms does create risks around responsibilities and establishing clear expectations and roles if disputes were to arise.</p>	<p>We recommend management ensure each valuation expert are fully complying with RICS requirement and in particular confirm Terms of engagement for each valuation undertaken.</p> <p>Management response</p> <p>The appointment of external valuers is based on an open market procurement exercise, with awards typically for 3 – 5 years. A key part of any contract award is clarification of the scope of work to be undertaken, as typically set out in an engagement letter.</p> <p>The current contract is due for renewal and management will ensure that in addition to best value and proper expertise, a letter of engagement is supplied at the start of each year to provide clarification for the scope and schedule of properties to be valued for that year.</p>

Controls

- High – Significant effect on financial statements
- Medium – Limited Effect on financial statements
- Low – Best practice

B. Follow up of prior year recommendations

Your predecessor auditor identified the following issues in the 20/21 financial statements. Those we consider most significant that were not addressed were noted in the previous slides. We have noted the overall progress against these recommendations on this slide.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
X	Management had unexplained reconciling items in the bank reconciliations.	As noted previously we identified this issue remained in the 2021/22 Financial statements.
X	Related parties note did not fully comply with the IAS 24 requirements.	Similar issues were identified in our work and have been noted in detail in the disclosure misstatements section of this report.
X	Declarations of interest were not completed by all members and a number that were complete were not signed or inaccurate.	Our work did not identify any inaccuracies of the declarations but did also identify issues around the completion of these declarations.
✓	A number of contracts were unsigned by employees.	We did not identify any issues in relation to this in our audit work.
X	Issues around the quality of working papers to support exit packages.	Although no adjustments were identified from our work we did identify similar issues regarding the quality of working papers in this area.
X	A lack of formal reconciliation between the HRA valuations and the Fixed Asset register.	Although we were able to perform this reconciliation fairly easily, we did identify assets that were double counted in this process which highlights weaknesses in this overall process.

Assessment

- ✓ Action completed
- X Not yet addressed

C. Audit Adjustments

Impact of adjusted misstatements

All adjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year ending 31 March 2022.

Detail	Comprehensive Income and Expenditure Statement £m	Statement of Financial Position £m	Impact on total net expenditure £m
<p>Human error inputting Grants Received in Advance figure</p> <p>It was identified that the Balance sheet was misstated with Grants Received in Advance having a typo and being misstated by £30m.</p> <p>As management input each figure manually this did not lead to an error in the totals but meant the Balance Sheet did not cast by £30m –we have noted in our action plan that management should ensure statements cast particularly for the main statements.</p>	Nil	DR - 30m Rents received in advance – as noted nil net impact on the overall position.	Nil
		Nil overall impact	
Updated triennial valuation adjustment – see significant matters for details behind adjustment	CR Remeasurements of the Pensions Liability- £37.8m	DR Pension Liability £37.8m	£37.8m Unusable Reserves
Short term debtors and Short-term Creditors overstated – this was due coding errors when an error relating to a PO was incorrectly adjusted to the wrong Balance sheet code.	Nil	DR Short term Creditors £2m CR Short term Debtors £2m	Nil
Lease Premium Adjustment – see significant matters for details behind adjustment	CR Financing and Investment income and expenditure - £47m	DR Investment Property £47m	£47m Unusable Reserves
Reclassification between short term creditors and Grants Received in Advance- this was following our technical review and challenge around the CODE requirements to show Grants received in Advance for revenue and capital in separate lines within the Balance Sheet	Nil	DR Short term Creditors £131.9m CR Grants Received in Advance £131.9m	Nil
Overall impact	CR £84.8m	DR £84.8m	£84.8m- Unusable reserves

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

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C. Audit Adjustments

Impact of unadjusted misstatements

Detail	Type of Error	Comprehensive Income and Expenditure Statement £m	Statement of Financial Position £m	Impact on total net expenditure £m
Two HRA Beacons were double counted in the Fixed Asset Register causing Property Plant and Equipment to be overstated by £2.2m.	Factual	DR £2.2m Revaluation Reserve	CR Property Plant and equipment £2.2m	2.2m
Inaccurate apportionment of the Central Criminal Court asset between City Cash and City Fund. The Central Criminal Court had been apportioned as 22.05% to City Cash and 77.95% to City Fund. The records held by the Estates team, however, indicate that it should be apportioned as 19.6% to City Cash and 80.4% to City Fund. This led to the Authority's accounts being understated by £2.44m.	Factual	CR Revaluation Reserve 2.44m	DR Property Plant and Equipment £2.44m	2.44m
We identified an extrapolated error relating to work that had not taken place in year by third parties having been charged to capital expenditure and the spend being shown as creditors.	Projected	Nil	DR Creditors 3.33m CR PPE AUC 3.33m	Nil
Misstatement in the classification between Investment properties and Investment properties – issue relating to lease premiums	Factual	Nil	DR Long Term Debtors 1.48m CR investment properties 1.48m	Nil
During our testing of post year end receipts, we identified the Authority had understated income of £411k. We note this may indicate of further misstatements in this area but from our work we are satisfied there is no material risk of understatement within income.	Factual	CR Income 0.41m	DR Debtors £0.41m	Nil
We identified errors in our testing of expenditure and creditors that indicated a £216k understatement of expenditure relating to overstated prepayments and a £222k overstatement of expenditure again relating to Creditors. Both errors are below are triviality levels and net of to 6k. So we have not reported the overall impact in this table.	Projected	Significantly below triviality	Significantly below triviality	Significantly below triviality
Overall impact		£0.65m	£0.65m	£0.65m

C. Audit Adjustments

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure omission (draft account numbering)	Auditor recommendations	Adjusted?
MIRS	The MIRS due to changes elsewhere in the accounts had material increases to the unusable reserves of £84.8m. In addition, the statutory adjustments figure in the MIRS increased to reflect changes relating to the Lease premium issue of £47m. In addition, other notes related to the Reserves were updated to reflect these changes.	Yes
Cash Flow Statement	There have been material changes to the Cash flow statement to the net surplus/deficit line and the non-cash movements line. This is to reflect the changes resulting from the adjustments noted above.	Yes
Cash Flow Statement	We identified that the Cash flow statement was misstated by £2.7m between the operating and financial activities line. This was due to the fact the debtors balance had not been adjusted as required by the Code to reflect the impact of deferred capital receipts.	No
Accounting Policies – Critical Judgements	In our review of the draft accounts, it was identified that there was information disclosed but it did not meet the IAS 1 requirements of a critical judgements. Per IAS 1 a critical judgement reflects where management have identified two potential accounting treatments are possible and the judgement has a material impact on the financial statements. The aspects noted in the draft accounts did not comply with these requirements. Management have updated this note and added further disclosures setting out a critical judgement regarding the Museum of London’s accounting arrangements. We note this updated disclosure fully meets the requirements set out in IAS 1 and we deem them to be robust and detailed on this matter.	Yes
Accounting Policies – Key Estimates	In relation to Key estimates IAS 1:22 sets out that the requirements of this disclosure are for estimates which have a sensitivity that makes their valuation to have a risk of materially changing in the next 12 months. In addition, there is a requirement to perform a sensitivity analysis regarding the balance. We identified following discussion with management that the original disclosure identified some estimates that were not key estimates and that sufficient detail on others had not been applied. We have identified that this disclosure has now been enhanced, however, in our view the disclosure around the pension liability should also include details about the Unfunded Police Pension liability. Management do not consider this as applicable due to the fact this is fully funded by the Home office, but given the balance is highly material in the Authority’s accounts and a volatile estimate year on year, we do consider this to be a key estimate.	No- although we note the updated disclosure is significantly enhanced.

C. Audit Adjustments

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure omission (draft account numbering)	Auditor recommendations	Adjusted?
Expenditure Funding Analysis	We identified that there were discrepancies between the Authority's outturn report and this note. The Authority have therefore identified an additional line is required to meet the requirements of the note.	Yes
Critical judgements	Upon review and challenge in the audit process the Authority reassessed its critical policies and identified that the matters disclosed did not meet the IAS 1 requirements of being Critical judgments.	Yes
Key Estimate disclosures	<p>Per our review of the Authority's key accounting policies we identified that the Authority has not fully complied with IAS 1.22 requirements regarding its disclosures regarding Property valuations, in the following areas:</p> <ul style="list-style-type: none"> • The standard requires further detail regarding the inputs involved in the estimate. • A sensitivity analysis of the estimate is required to be provided in the note. <p>The Authority also updated the note to remove items that did not meet the IAS 1.22 definitions of being key estimates upon further review.</p>	No
Senior officers Note 9	<p>We identified the following updates in this note:</p> <ul style="list-style-type: none"> • Per the statutory requirements any officer paid more than £150k are required to be added to this note. Management were of the view that due to the job title this should not be updated, but this did not comply with the statutory guidance. This has now been updated. • We identified clerical and input errors within the note causing a number of minor discrepancies. 	Yes
Property Plant and equipment note 13	<p>The following updates were required for this note:</p> <ul style="list-style-type: none"> • Update of the infrastructure assets as set out in the CIPFA bulletin regarding this matter. • Management updated the PPE note to better reflect the Fixed asset register part way through the audit procedures causing immaterial changes within the note. • We identified discrepancies in the asset lives disclosed in the accounts and that applied within our testing. • Capital commitments only included items >£1m and to ensure this note was materially misstated, management reviewed PO's to identify further capital commitments to restate the note. 	Yes

C. Audit Adjustments

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure omission (draft account numbering)	Auditor recommendations	Adjusted?
Investment Properties – note 17	Investment properties note required updates to reflect the updates identified in relation to lease premiums. Further to this the client have updated the narrative setting out details regarding lease premiums and their impact on the valuation of the overall balance.	Yes
Pension Schemes note 23	The pension schemes note relating to the LGPS scheme required updating due to the triennial pension review. This note was fairly stated in the draft accounts but due to more up to date information becoming available during the course of the audit management updated the figures to reflect the material changes in the net pension liability, gross liability and gross asset's valuation.	Yes
Related Parties	<p>In our review of the related parties note we identified the following matters:</p> <ul style="list-style-type: none"> • Not all declaration of interests had been obtained by management for members. • In addition, we do not per IAS 24 requirements deem the Authority to have a significant influence on the Museum of London. The reasons for this are disclosed in the Critical judgments of the accounts. We note management looks to add this disclosure due to their close relationship with the museum and we do not consider this inappropriate or significantly misleading as the arrangement is disclosed elsewhere. However, technically we do not consider this relationship to meet IAS 24 requirements of being a related party. 	No
HRA notes	<p>Within the notes for the Housing Revenue Account the following notes required updating:</p> <ul style="list-style-type: none"> • HRA main statements we identified discrepancies between the note and the clients' working papers. However, the note could be tied back to the closing Trial Balance. • Note 4- We identified immaterial balances within the note could not be reconciled to from the client working papers. The same issue was identified in relation to note 5. • Note 7 of the HRA accounts incorrectly disclosed information regarding Investment properties, however the client noted following challenge that there are no HRA investment properties. 	Yes

D. Fees

We confirm below our proposed final fees charged for the audit. These have been discussed with management.

Audit fees	Fee per Contract	Proposed Final fee	Fee agreed with management
Authority Audit (fee excludes Pension Fund fee)	£340,000	£531,000	£492,805

The next slide sets out details behind the additional fee.

As was highlighted in our Progress updates taken to the March and September Audit and Risk Management Committee's the audit has progressed at the pace we had expected/budgeted for in the contract. In the contract signed on the 1st November 2022 we had assumed the following:

- The audit would take place for the 2021/22 year between November 2022-February 2023.
- The prior year audit would be signed during that period of time – as we are unable to conclude a number of areas until this is concluded.

The above was not the case and we had a large team work on the audit November 2022-March 2023 and July to mid-October 2023. A number of factors set out in the significant matters slide have contributed to this and our set out in detail there. As a summary the key factors related to a number of complex accounting arrangements at the City Fund, challenges in the first phase of working in relation to staff turnover, quality of working papers and the quality of evidence provided to our sample requests.

The audit contract sets out the rate per grade to be charged for overruns and since July we have identified that 265 extra days have been worked on the audit. Per the audit contract this would indicate a higher fee overrun than noted above. However due to the following factors we proposed to reduce the fee by a discount of 25%.

- The impact of the changed audit approach which resulted in huge samples- a process we have already refined for 22/23.
- The improved finance process by COL which have already had a positive impact on 22/23
- The fact that some of the time on the lease premia involved reflection by GT on its original stance.

Following further negotiation with management we have agreed to increase the fee discount to 40%.

We would like to highlight that in the second visit the interim staff put in place have responded well to our queries, particular given they are new to a complex Authority. And management have done a robust job in improving the overall audit process in what has been challenging circumstances.

Due to that along with learnings we have made in the first-year audit we do not expect there to be overruns in the 2022-23 audit. As a firm we remain committed to supporting the Authority in dealing with the audit backlog and working through this as quickly as possible. We will continue working with management to deal with the backlog as promptly as possible.

D. Fees

	Audit Fee
Fee Per Contract	£340,000
Additional work that was required not considered in Audit contract	
City of London Museum technical accounting treatment	£13,600
Lease premia technical accounting issue	£43,300
Issues relating to the complexity of the City Fund accounts and additional work required to complete our technical review to deal with these complexities. As well as the large sample sizes created by the Authority's high Balance sheet versus overall gross expenditure.	£50,300
As noted, there were challenges around the following issues:	£147,475
<ul style="list-style-type: none"> • Staff turnover • Time taken to respond to GT sample requests and the quality of the evidence provided. • The Authority having vacancies and being unable to provide the level of support we would expect to complete the audit work from October 2022- March 2023. • Impact of having prior year audit still unsigned on work. 	
Discount applied to reflect the following:	£101,870
<ul style="list-style-type: none"> • The impact of the changed audit approach which resulted in huge samples- a process we have already refined for 22/23. • The improved finance process by COL which have already had a positive impact on 22/23 • The fact that some of the time on the lease premia involved reflection by GT on its original stance. 	
Total fee increase	£152,805
Total Audit fee	£492,805

Status of the audit and opinion

Appendix E - Audit opinion

Our anticipated audit report opinion will be unmodified

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The Audit Findings Report City of London Pension Fund

Year ended 31 March 2022

October 2023

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Contents



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Section

1. Headlines
2. Financial statements
3. Independence and ethics

Appendices

- A. Action plan
- B. Follow up of prior year recommendations
- C. Audit adjustments
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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Pension Fund or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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1. Headlines

This table summarises the key findings and other matters arising from the statutory audit of City of London Pension Fund ('the Pension Fund') and the preparation of the Pension Fund's financial statements for the year ended 31 March 2022 for those charged with governance.

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Financial Statements

Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion:

- the Pension Fund's financial statements give a true and fair view of the financial position of the Pension Fund and its income and expenditure for the year; and
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

Our audit work was completed on site/remotely during November 2022 – February 2023. Our findings are summarised on pages 4 to 12. We have identified no adjustments to the financial statements that have resulted in an adjustment to the Pension Fund's reported financial position. Audit adjustments are detailed in Appendix C. We have also raised recommendations for management as a result of our audit work in Appendix A. Our follow up of recommendations from the prior year's audit are detailed in Appendix B.

Our work is substantially complete and there are no matters of which we are aware that would require modification of our audit opinion or material changes to the financial statements, subject to the following outstanding matters;

- completion of the 2020/21 financial statements audit by your predecessor auditor and our review of their workpapers;
- receipt of management representation letter;
- review of the final set of financial statements.

We have concluded that the other information to be published with the financial statements, is consistent with our knowledge of your organisation and the financial statements we have audited.

Our anticipated audit report opinion will be unmodified.

Note this report was issued in March 2023 at the Audit and Risk Management Committee changes to the report are identified in blue text for ease of review. Note there has been one change to the report since March. This relates to the Actuarial disclosures which have materially changed. The reason for this change is that due to the audit ongoing until after the latest triennial valuation, as required by the auditing standards we required management to assess if this data should be used to revalue the liability at the 31st March 2022. As this led to material changes in the financial statements this was required to be updated. This change led us to undertaking further work in reviewing the updated Actuarial reports and testing the data's accuracy that was used in the triennial review.

2. Financial Statements

Overview of the scope of our audit

This Audit Findings Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents have been discussed with management and will be discussed with the Audit and Risk Management Committee.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

Audit approach

Our audit approach was based on a thorough understanding of the Pension Fund's business and is risk based, and in particular included:

- An evaluation of the Pension Fund's internal controls environment, including its IT systems and controls; and
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks

Conclusion

We have substantially completed our audit of your financial statements and subject to outstanding queries being resolved, we anticipate issuing an unqualified audit opinion following the completion of the following items:

- completion of the 2020/21 financial statements audit by your predecessor auditor and our review of their workpapers;
- receipt of management representation letter;
- review of the Annual report; and
- review of the final set of financial statements.
- consideration of any post balance sheet events that arise prior to the sign off date.

Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff.

2. Financial Statements



Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Materiality levels remain the same as reported in our audit plan on 16 January 2023.

We detail in the table below our determination of materiality for City of London Pension Fund.

	Pension Fund Amount (£)	Qualitative factors considered
Materiality for the financial statements	13,881,000	This represents 1% of the Net Assets reported at 31 March 2022.
Performance materiality	9,716,700	This represents 70% of the Materiality threshold above.
Trivial matters	694,000	This represents 5% of the overall materiality.



2. Financial Statements - Significant Matters

Significant Matter	Commentary
<p>Pension Triennial valuation</p> <p>Triennial valuations for local government pension funds have been published. These valuations, which are as at 31 March 2022, provide updated information regarding the funding position of the Pension Fund and set employer contribution rates for the period 2023/24 – 2025/26. These valuations also provide updated information for the net pension liability on employer balance sheets.</p> <p>We have performed testing of the completeness and accuracy of triennial valuation source data. This was to support our work providing assurances to auditors of employer bodies. As part of this work, we tested a sample of this data and found the source data to be complete and accurate/or include a summary of findings. This additional testing is only required after each triennial review, rather than annually.</p> <p>This has resulted in additional work in the 2021-22 Pension Fund audit on both the updated IAS 26 report, the data used and the key assumptions within the report.</p>	<p>We have:</p> <ul style="list-style-type: none"> • Reviewed the updated IAS 26 report. • Using our expert tested the key assumptions within the report. • Sample tested the completeness and accuracy of the data used in the triennial report. • Tested the relevant disclosures within the accounts regarding the updated valuation. <p>We have not identified any issues regarding the updated disclosures and report from our work, however, this did lead to additional work on this area. This is a national issue and we have determined a fee increase of £6k for all Pension Fund audits for the work related to this.</p>

2. Financial Statements - Significant risks

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

This section provides commentary on the significant audit risks communicated in the Audit Plan.

Risks identified in our Audit Plan

Commentary

Management override of controls

Under ISA (UK) 240, there is a non-rebuttable presumed risk that the risk of management override of controls is present in all entities. The Pension Fund faces external scrutiny of its spending and its stewardship of its funds, this could potentially place management under undue pressure in terms of how they report performance.

We therefore identified management override of control, in particular journals, management estimates, and transactions outside the course of business as a significant risk for the Pension Fund, which was one of the most significant assessed risks of material misstatement.

We have:

- Evaluated the design effectiveness of management controls over journals.
- Analysed the journals listing and determine the criteria for selecting high risk unusual journals.
- Tested unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration.
- Gained an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness with regard to corroborative evidence.
- Evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions.

Our work has not identified any issues except for the ongoing control deficiency identified in 2021/22 financial statements audit by the predecessor auditor. Our work is now complete and we have no other items to bring to your attention regarding this matter,

2. Financial Statements - Significant risks

Risks identified in our Audit Plan

Valuation of Level 3 investments

You value your investments on an annual basis with the aim of ensuring that the carrying value of these investments is not materially different from their fair value at the balance sheet date.

By their nature, Level 3 investment valuations lack observable inputs. These valuations therefore represent a significant estimate by management in the financial statements due to the size of the numbers involved (PY: £189m) and the sensitivity of this estimate to changes in key assumptions.

Under ISA 315, significant risks often relate to significant non-routine transactions and judgemental matters. Level 3 investments by their very nature require a significant degree of judgement to reach an appropriate valuation at year end.

We therefore have identified Valuation of Level 3 Investments as a significant risk.

Commentary

We have:

- evaluated management's processes for valuing Level 3 investments and gain an understanding over the role of the custodian in the valuation process;
- reviewed the nature and basis of estimated values and consider what assurance management has over the year end valuations provided for these types of investments; to ensure that the requirements of the Code are met;
- independently requested year-end confirmations from investment managers and the custodian;
- for the private equity (£34.1m) and infrastructure funds (£68.7m), obtained audited financial statements for the investments as at 31 December 2021 and we have reconciled any cash movements between the intervening period to 31 March 2022. 89% of the private equity funds and 100% of the infrastructure funds were tested;
- performed additional testing for the full pooled property investments (£101.1m) by using indices obtained externally to benchmark against those used by the Fund Manager. The indices reports we have used are from Gerald Eve and from the GT Real Estates Team.
- evaluated the competence, capabilities and objectivity of the valuation expert; and
- review investment manager service auditor report on design and operating effectiveness of internal controls.

Our audit work has not identified any issues in respect of the valuation of Level 3 investments.

2. Financial Statements - key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Level 2 Investments – £1,165m	<p>The Pension Fund have investments in pooled funds that in total are valued on the balance sheet as at 31 March 2022 at £1,165m, which is an increase of £60m from 2020/21.</p> <p>The underlying investments are traded on an open exchange/market although the pooled valuation of the investment is subjective.</p> <p>The Fund obtains valuations from the fund manager and custodian to ensure that valuations are materially fairly stated.</p>	<p>From the procedures undertaken:</p> <ul style="list-style-type: none"> We have reviewed the estimation process for the Level 2 investments and are satisfied that these are in line with industry standards. We have compared the valuations provided by the fund managers with the custodian and are satisfied that there are no significant differences in the valuations. We have reviewed the accounting policies and valuation techniques stipulated within the financial statements and these are in line with expectations. <p>Our audit work has not identified any issues in respect of the valuation of Level 2 investments.</p>	Light purple

Assessment

- **Dark Purple** We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- **Blue** We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- **Grey** We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- **Light Purple** We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements – key judgements and estimates

This section provides commentary on key estimates and judgements inline with the enhanced requirements for auditors.

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Level 3 Investments – £203.9m	<p>The Pension Fund has investments in the following:</p> <ul style="list-style-type: none"> Infrastructure funds that in total are valued on the balance sheet as at 31 March 2022 at £68.7m; Private equity funds that in total are valued on the balance sheet as at 31 March 2022 at £34.1m; and Pooled property investments that in total are valued on the balance sheet as at 31 March 2022 at £101.1m; <p>Management have reviewed the year end valuations provided by the Fund Managers and have treated them as management experts. These investments are not traded on an open exchange/market and the valuation of the investment is highly subjective due to a lack of observable inputs.</p> <p>The value of the investment has increased by £14.9m from 2020/21, largely due to the increase in Pooled property investments by £12.9m in year.</p>	<p>From the procedures undertaken:</p> <ul style="list-style-type: none"> We have deepened our risk assessment procedures performed including understanding processes and controls around the valuation of Level 3 investments. We have obtained audited accounts for all Infrastructure and Private Equity funds and are satisfied that the movements between 31 December 2021 and 31 March 2022 are reconciled to appropriate and known movements in the intervening period. We have performed additional testing for pooled property investments by using indices obtained externally to benchmark against those used by the Fund Manager. We are satisfied that the method, data and assumptions used by management to derive the accounting estimate is appropriate. We are satisfied that the disclosure of the estimate in the Fund's financial statements is sufficient. We have reviewed the accounting policies and valuation techniques stipulated within the financial statements and these are in line with expectations. <p>Our audit work has not identified any issues in respect of the valuation of Level 3 investments.</p>	Light Purple

Assessment

- [Purple] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Blue] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- [Grey] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Light Purple] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements - other communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

Page 1153

Issue	Commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with the Audit and Risk Management Committee. We have not been made aware of any incidents in the period and no other issues have been identified during the course of our audit procedures.
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed.
Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Written representations	A letter of representation will be requested from the Pension Fund to be signed alongside the final draft of the financial statements in advance of the conclusion of the audit.
Confirmation requests from third parties	We requested from management permission to send confirmation requests to your custodian, fund managers and banks. This permission was granted and the requests were sent.
Accounting practices	We have evaluated the appropriateness of the Pension Fund's accounting policies, accounting estimates and financial statement disclosures. Our review found no material omissions in the financial statements subject to review of the senior management.
Audit evidence and explanations/significant difficulties	All information and explanations requested from management was provided.

2. Financial Statements - other communication requirements



Our responsibility

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern” (ISA (UK) 570).

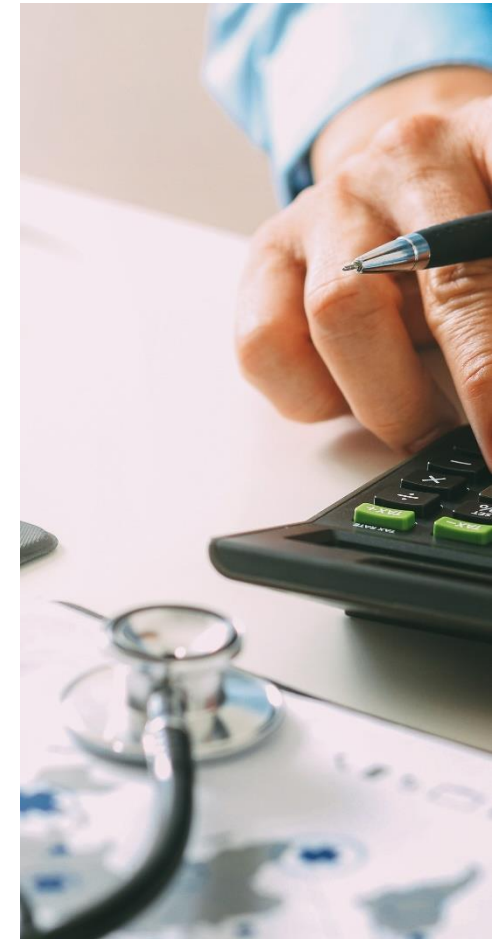
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Issue	Commentary
Going concern	<p>In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2020). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies. Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities:</p> <ul style="list-style-type: none"> the use of the going concern basis of accounting is not a matter of significant focus of the auditor’s time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity’s services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities for many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. <p>Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by the Pension Fund meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated:</p> <ul style="list-style-type: none"> the nature of the Pension Fund and the environment in which it operates the Pension Fund's financial reporting framework the Pension Fund's system of internal control for identifying events or conditions relevant to going concern management’s going concern assessment. <p>On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that:</p> <ul style="list-style-type: none"> a material uncertainty related to going concern has not been identified management’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

2. Financial Statements - other responsibilities under the Code

Issue	Commentary
Disclosures	No inconsistencies have been identified. We plan to issue an unmodified opinion in this respect.
Matters on which we report by exception	We are required to give a separate opinion for the Pension Fund Annual Report on whether the financial statements included therein are consistent with the audited financial statements. We expect to issue our 'consistency' opinion on the Pension Funds Annual Report alongside the opinion of the financial statements.

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3. Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard and confirm that we, as a firm, and each covered person, are independent and are able to express an objective opinion on the financial statements

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are detailed in Appendix D

Transparency

Grant Thornton publishes an annual Transparency Report, which sets out details of the action we have taken over the past year to improve audit quality as well as the results of internal and external quality inspections. For more details see [Transparency report 2020 \(grantthornton.co.uk\)](https://www.grantthornton.co.uk/transparency-report-2020)

3. Independence and ethics

Audit and non-audit services

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Pension Fund. The following non-audit services were identified which were charged from the beginning of the financial year to February 2023 as well as the threats to our independence and safeguards that have been applied to mitigate these threats.

Service	Fees £	Threats identified	Safeguards
Non-audit Related			
IAS19 Assurance letters for Admitted Bodies	7,000	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £7,000 in comparison to the total fee for the audit of £35,000 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.

These services are consistent with the Pension Fund's policy on the allotment of non-audit work to your auditors. All services have been approved by the Audit and Risk Management Committee. None of the services provided are subject to contingent fees.

Appendices

A. Action plan – Audit of Financial Statements

We have identified 4 recommendations for the Pension Fund as a result of issues identified during the course of our audit. We have agreed our recommendations with management and we will report on progress on these recommendations during the course of the 2022/23 audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
Medium	<p>Timeliness of revocation of user access in Oracle EBS.</p> <p>For a sampled leaver in Oracle EBS, it was identified that their access to the system was revoked six days after their termination date.</p> <p>Additional procedures verified that the user had not accessed the system since their termination date.</p> <p>Risk</p> <p>Where system access for leavers is not disabled in a timely manner, there is a risk that former employees will continue to have access and can process erroneous or unauthorised access transactions. There is also a risk that these accounts may be misused by current system users to circumvent internal controls.</p>	<p>It is recommended that for all leavers, logical access to Oracle EBS is disabled on their leave date. Where this is not possible, access should be disabled no later than the next working day. This will help prevent unauthorised access to the network, applications and underlying data.</p> <p>Management response</p> <p>The Oracle Team currently receive a weekly leavers list from HR - the leavers on the HR report have to be compared to a list of Oracle users, in order to identify which leavers have an Oracle user account that requires action.</p> <p>This list is actioned on the same day as it is received - leavers' responsibilities are removed to prevent them from using Oracle until their user account can be closed, during which time only their Worklist remains accessible which shows notifications such as approvals for Requisitions/POs, unmatched Aps and AP Invoice Price Variances. If we are made aware (by other means) that a person is due to leave in the future, we place a future end date on their responsibilities.</p> <p>The closing of the user account itself necessarily takes longer as there are a number of steps, starting with the employee account, that have to be made before the user account can be closed.</p> <p>The processing of a daily HR leavers list would be quite onerous and the removal of responsibilities largely mitigates the risk until the user account can be closed.</p>

Controls

- High - Significant effect on financial statements
- Medium - Limited Effect on financial statements
- Low - Best practice

A. Action plan – Audit of Financial Statements

Assessment	Issue and risk	Recommendations
<p>Medium</p>	<p>Management of generic database administrator accounts.</p> <p>Whilst the passwords for privileged generic accounts for both the Oracle EBS application and supporting Oracle database are held in a KeePass password manager, we were unable to verify whether access to the password manager is restricted to the DBA team as it is held in a shared network drive.</p> <p>Risk</p> <p>Without effective restriction of access to the passwords for privileged generic accounts, the misuse of such accounts could result in financial data being changed or deleted without authorisation, impacting on its completeness and accuracy</p>	<p>Management should implement suitable controls to restrict access to the KeePass password manager.</p> <p>This could be through limiting access (i.e. a specific network folder or SharePoint site) to the KeePass password manager to only authorised members of the DBA team.</p> <p>Management response</p> <p>The password database is itself password protected so regardless of where it lives on the network only persons who know the password (the current 3 dbas) have the ability to open it.</p> <p>The password database has now been moved to the DBA SharePoint site..</p>

Controls

- High – Significant effect on financial statements
- Medium – Limited Effect on financial statements
- Low – Best practice

B. Follow up of prior year recommendations

The predecessor auditor identified the following issues in the audit of City of London Pension Fund's 2020/21 financial statements, which resulted in 4

recommendations being reported in our 2020/21 Audit Findings report. We have followed up on the implementation of our recommendations and note 1 is still to be completed. Our work on the other two open recommendations are ongoing and as such, we are not able to conclude on this.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
X	<p>Journals authorisation</p> <p>The predecessor auditor has identified that there is no evidence is retained in the management's review of journals.</p>	As part of our journals testing, we have determined that this is not resolved, and we recommend that management implement a control where all journals over £100k are sent over approvals and the approval logs are reviewed on a frequent basis. This control should also be documented to ensure a clear audit trail.
✓	<p>Bank Reconciliation</p> <p>The prior year ISA 260 report (unsigned version) includes the following deficiency on the Pension Fund's bank reconciliation process. There is an unexplained £15 in the bank reconciliation at year end. Bank reconciliation is a key control for good financial governance. All reconciling differences should be investigated in a timely manner.</p>	This issue has been addressed by management and no longer applies.
✓	<p>Oracle EBS - CBIS – IT General Controls</p> <p>The prior year ISA 260 report (unsigned version) includes 7 deficiencies in relation to the Oracle EBS – CBIS identified as part of the IT General Controls work.</p>	We have engaged Grant Thornton's IT audit team to complete a review of the Oracle EBS system and their findings are listed within pages 17 to 18.

Assessment

- ✓ Action completed
- X Not yet addressed

C. Audit Adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

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Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure omission	Issue Identified	Adjusted?
Management and Financial Performance Report	Scheme administration report paragraph states that there are 4,6729 active members. This should read 4,729 to be consistent with Note 1.	✓
Management expenses	Disclosure includes audit fees of £21,500 that have been charged to the Pension Fund, with the fee relating to 20/21 audit. Per the CIPFA code, the Pension Fund is required to accrue for the audit fee (par 3.4.4.1.7). This would be the audit fee per the audit plan of £35,000 for 2021/22.	✓
Actuarial disclosures – note 17 and 18	<p>Note 17 has been updated to reflect the assumptions and figures coming out of the updated triennial valuation report.</p> <p>Note 18 which states the overall liability has been updated for the key assumptions and overall liability figure in the same way. This updated valuation did not lead to any change in the asset value but did lead to the present value of the defined obligation decreasing from £2,292.7m to £2,201.1m, a £92.6m decrease in the gross liability.</p> <p>We note this note was not inappropriately stated in the draft accounts but has been updated to reflect more accurate information coming available during the audit period.</p> <p>From our work we are satisfied the updated balances are appropriate, the data used in the triennial valuation is accurate and the note has been updated appropriately to reflect the changes identified.</p>	✓

D. Fees

We confirm below our final fees charged for the audit and provision of non-audit services.

Audit fees	Proposed fee	Proposed Final fee
Pension Fund Audit	£35,000	£41,000
Total audit fees (excluding VAT)	£35,000	£41,000

The reason for the fee increase is the additional work required on the triennial Pension Valuation. This meant we had to test the triennial data used and also recomplete our work on the Actuarial disclosures with the updated figures.

Non-audit fees for other services	Proposed fee	Final fee
IAS19 Assurance letters for Admitted Bodies	£7,000	£7,000
Total non-audit fees (excluding VAT)	£7,000	£7,000



**THE CITY OF LONDON
CORPORATION**

**Statement of Accounts
for the City Fund**

**Year Ended
31 March 2023**

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Preface



AN INTRODUCTION TO THE CITY OF LONDON CORPORATION

The City of London Corporation (City Corporation) is the governing body of the Square Mile dedicated to a vibrant and thriving City, supporting a diverse and sustainable London within a globally-successful UK. The Square Mile is the historic centre of London and is home to the 'City' – the financial and commercial heart of the UK. Our reach extends far beyond the Square Mile's boundaries and across private, public and charitable and community sector responsibilities. This, along with our independent and non-party political voice, convening power and ability to work with others, enable us to promote the interests of people and organisations across London and the UK and play a valued role on the world stage.

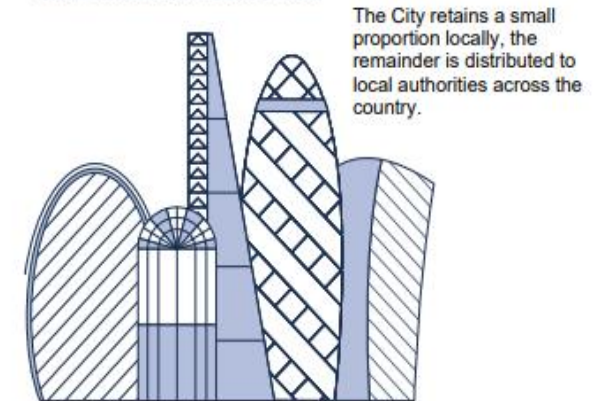
The City Corporation manages two funds, City Fund and City's Cash, and is the sole trustee of Bridge House Estates, a long-standing charity which maintains Tower, London, Southwark, Millennium and Blackfriars Bridges. The funding arm of Bridge House Estates, City Bridge Trust, distributes funds surplus to bridge requirements and is London's largest independent charitable funder. City's Cash allows us to provide services that are of importance to Greater London as well as to the City at little or no cost to the public. More information about the City Fund is given in the following pages.

As the governing body of the Square Mile, we deliver the functions of a local authority and a police authority for our residents, workers, learners and visitors, as well as being the port health and animal health authorities for London. There are approximately 7,500 residents living in the Square Mile. However, we have a high daytime population in the Square Mile, which is up to 550,000 workers daily.

The City contributes to the rest of the economy, generating

£1.3bn

in business rates. This represents **5% of England's total business rates collection.**



With more large firms than Manchester, Birmingham or Leeds, the City **generates more in business rates than all three combined.**

CORPORATE STRATEGY

The City of London Corporation’s Corporate Plan provides the strategic framework for the delivery of our services. A five-year Corporate Plan 2024-29 is in the process of being developed, to start in April 2024.

Corporate Plan 2018-23 has three aims which will continue through 2024 to contribute to a flourishing society, support a thriving economy and shape outstanding environments - which in turn are broken down into 12 outcomes (shown below).



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.

Our Corporate Plan provides the 'golden thread' enabling us to align everything we do to one or more elements of the Plan. Our corporate strategies, service level business plans, team plans and staff appraisal forms link to the aims and outcomes we have identified.

We aim to nurture a thriving, sustainable and connected city for all people who live, work, study and visit here. Some of our priorities and strategies that help deliver this ambition are:

- As a signatory to the **UN Global Compact**, the City of London Corporation supports the UN Sustainable Development Goals (SDGs). An **Ethical Policy Statement** sets out our commitment to treating people fairly, being transparent and honest, respecting human rights and the environment and complying with the law and regulation.
- The City of London Corporation aspires to be one of the most inclusive employers in the UK and an employer of choice. Its dedicated **Equality Diversity and Inclusion (EDI)** function covers workforce, service delivery, elected Member diversity, social mobility and other strategic EDI priorities. The **Social Mobility Strategy 2018-28**: aims to bridge and reduce 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.
- The new local plan, called **City Plan 2040**, and an **Infrastructure Strategy**, in development, will set out the City of London Corporation's vision, developed with stakeholder input, for how the Square Mile will develop and change up to 2040, and the utilities infrastructure it needs.
- **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.
- **Destination City**: drives the Square Mile's recovery from the pandemic, enhancing its vibrancy, revitalising its streets, reinvigorating its businesses, and boosting its attractiveness to talent.
- **Climate Action Strategy 2020-2027**: commits the City of London Corporation to net zero emissions in its operations by 2027 and encourages others across the Square Mile to follow its lead by 2040.
- **Competitiveness Strategy 2021-2025**: aims to strengthen the UK's competitiveness as the world's leading global hub for Finance and Professional Services (FPS) to support a thriving economy.
- **Helping start-up businesses and SMEs** in the City through our Small Business Research & Enterprise Centre. A SME Strategy, in development, will aim to further strengthen the SME ecosystem and connect small businesses and institutions working with SMEs across the City.
- **Engagement with Residents and stakeholders**: a concerted campaign to ensure that we can reach more of our residents more easily, irrespective of where they live, with 8 resident meetings held each year, and wider activities to promote resident engagement.
- A new **People Strategy** for the City of London Corporation, will ensure that it can attract, develop and retain dedicated, capable and dynamic people, who work to deliver its Corporate Plan outcomes.

OUR FUNDING STRUCTURE

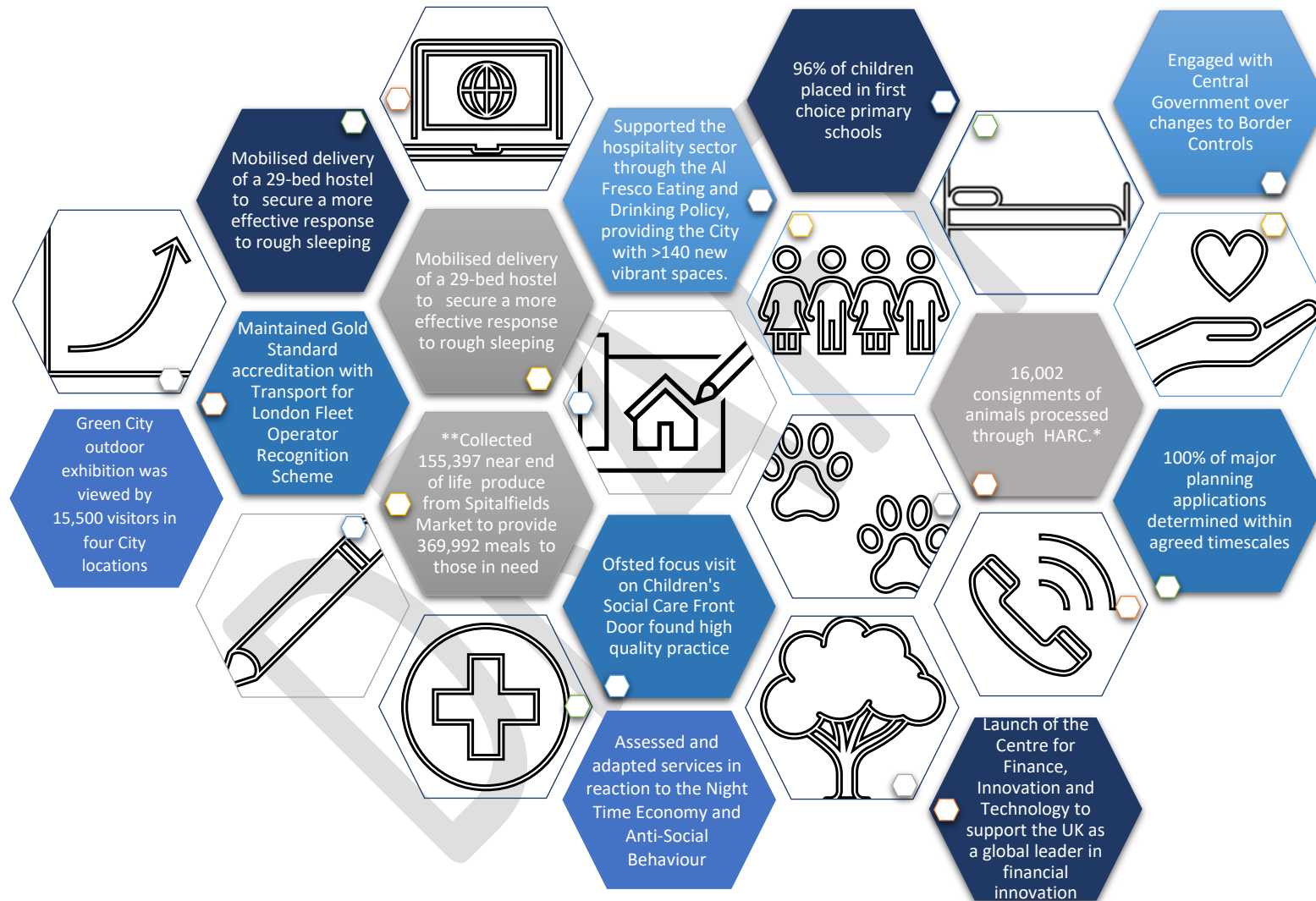
In common with other local authorities, City Fund receives funding via grants from central government, a share of business rates income and the proceeds of the local council tax. City Fund also generates rental and interest income to help finance its activities. A breakdown of these amounts for 2022-23 is shown below in the financial summary for the year (page 12).

Whilst collecting £1.3bn in business rate income, the City Fund retains only a small proportion of the amounts collected from its area, in accordance with the national arrangements. The remainder is paid over to central government and is redistributed to local authorities throughout the country. Due to its special circumstances – notably its very low resident population and high daytime population – the City of London is allowed uniquely to set its own business rate via the business rate premium. For 2022-23 this was set at 1.2p in the £. These funds are used to support security objectives within the City with the majority being passed to the City of London Police. More information on the role and ongoing work of the City Corporation, can be found on the City's website at www.cityoflondon.gov.uk¹

¹ The City of London Corporation is responsible for the maintenance and integrity of the corporate and financial information included on its website. Legislation in the United Kingdom governing the preparation and dissemination of financial information differs from legislation in other jurisdictions.

PERFORMANCE

We have sought to further the aims and objectives set out in our corporate plan. The below highlight some of our achievement during this year.



*Heathrow Animal Reception Centre

**City Harvest

Risk Management and Priorities for the Coming Year

Our risk management processes help us identify and manage the most significant risks to the organisation, by significant we mean those that could stop us achieving our strategic objectives or have a significant detrimental impact on the City of London Corporation. Our risk management processes help us identify and manage the risks to the organisation. The Audit and Risk Management Committee monitors and oversees the City of London Corporation's risk management strategy and that there is a satisfactory risk assurance framework in place. At an officer level, the Chief Officer Risk Management Group, a sub-committee of the Executive Leadership Board, meets every two months to review the City of London Corporation corporate and red departmental risk registers and ensure that the right risks and mitigations are being recorded and appropriately addressed.

OTHER DISCLOSURES

The Trade Union Regulations 2017 requires public authorities to disclose trade union activity as part of their annual accounts. The below tables set out the information required under this regulation. It outlines the volume of union activity as well as the annual cost to the City where union activity is carried out during working hours.

Trade Union representatives and full-time equivalents	
Number of trade union representatives (people)	30
FTE trade union representative	30

Total pay bill and facility time costs 2022-23	£m
Total City of London pay bill	237.0
Total cost of facility time	0.1
Percentage of pay spend on facility time	0.04%

Percentage of working hours spend on facility time by union representative	No. of People
0% of working hours	13
1% to 50% of working hours	14
51% to 99% of working hours	3
100% of working hours	0
Total	30

FINANCIAL OUTLOOK

The City Corporation has an ambitious programme of investment across its funds aimed at fulfilling its strategic aims and continuing to make the City the place people want to live, work, study and enjoy. City Fund is supporting the Combined Courts project (funded by City's Cash), which will relocate the Magistrates court to a new world class facility and build a new headquarters for the City of London Police. It is also jointly supporting the relocation of the Museum of London with the GLA in our capacity as joint funders of the organisation. These programmes require significant financial investment at a time where the City Fund is facing a number of threats to its funding and pressures on its services. These include:

- **Economic Outlook** – there is significant uncertainty in the economic outlook linked to the current high levels of inflation, the impact of the war in Ukraine and the ongoing recovery from the pandemic. These factors pose a risk to key revenue streams funding activity, and the demand and costs of providing public services.
- **Spending Review** – With the Government providing significant financial support to the UK economy during the pandemic, it is likely that a level of public spending restrictions will be in place to manage the fiscal deficit, limiting any additional funding for Local Authorities.
- The **Fair Funding Review** of local government funding could shift resources away from London. Its implementation has been delayed due to COVID-19 and we are awaiting confirmation from Government on their implementation plans.
- **Business Rates** – the expected changes to the Business Rate Retention System have been delayed due to COVID-19, but still present a significant risk to the City Corporation as this is a major source of funding for City Fund activity.

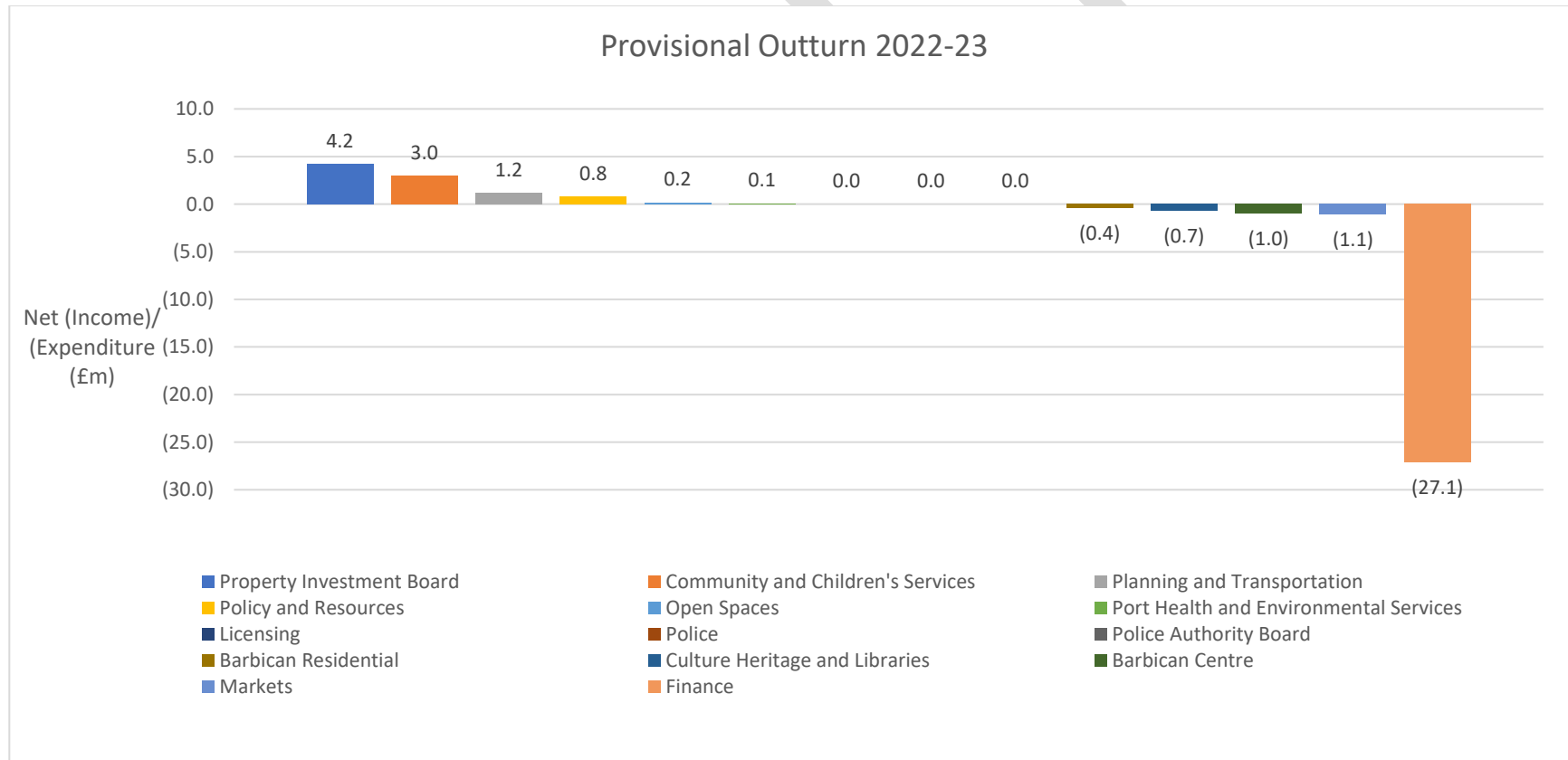
The below table sets out the current financial projections for City Fund across the medium-term planning horizon. City Fund is already committed to making savings due to cost pressures and its commitments to financing its major projects. Delivery of these savings will be essential to ensure City Fund remains in a financially sustainable position to deliver its corporate plan. City Fund maintains adequate levels of both general and earmarked reserves (£262.2m) to support its functions across the short to medium term. The projected deficits in 2025-26 and 2026-27 will require addressing as part of the financial planning process carried out in the autumn.

City Fund Medium Term Forecast	23/24	24/25	25/26	26/27
	£m	£m	£m	£m
City Fund Surplus/(Deficit) before savings	10.2	(4.3)	(31.0)	(31.9)
Forecast Savings	11.9	14.8	14.8	14.8
Funding changes	4.6	4.6	4.6	4.6
City Fund Surplus/(Deficit) after saving and contributions	26.8	15.1	(11.6)	(12.5)
Saving/Income opportunities to be identified	0.0	0.0	(11.6)	(12.5)

2022-23 FINANCIAL SUMMARY

Revenue Budget

Our budget for 2022-23 was agreed by the Court of Common Council (the City Corporation’s primary decision-making body) in March 2022 for both capital and revenue expenditure. The below chart sets out the revenue outturn by Committee, which reflects the operational areas of City Fund activity. The City Fund’s largest area of spend is the City of London Police which is largely funded via grants from government along with a contribution from the business rate premium, which for 2022-23 was set at 1.2p in the £. City Fund also benefits from a large property investment portfolio, overseen by the Property Investment Board, which generates additional income to fund our services. Within the year the City Corporation instigated a new Target Operating Model (TOM) to achieve savings required in ensure financial sustainability and better align its resources to organisational priorities. This has brought the overall cost of services down by £9m before accounting for any in-year variances. The charts below provide an overview of the 22-23 revenue outturn.



Budget Outturn

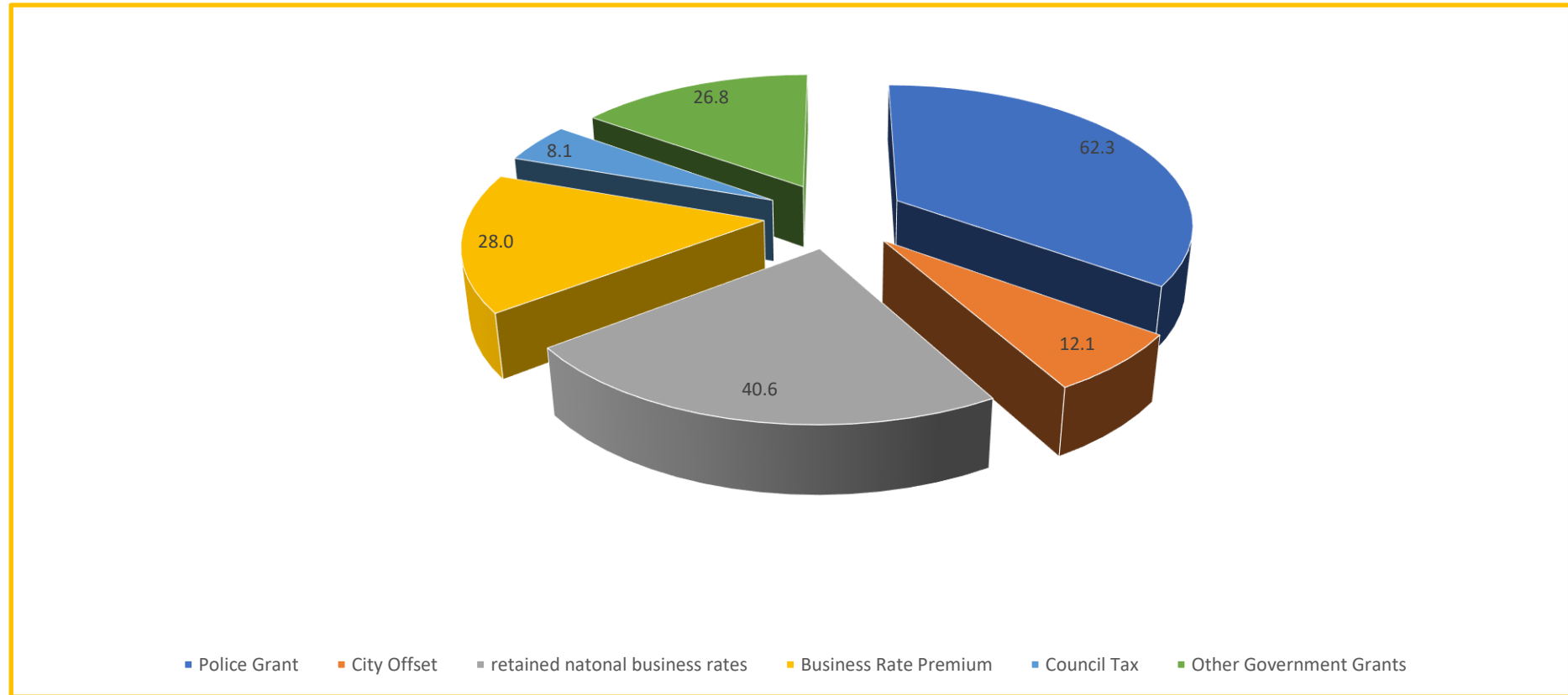
The adjacent table compares each committee outturn to its final budget for 2022-23. Taking into account service expenditure and funding from taxation and grants, the City Fund recorded a £26.1m underspend for the year. The most material variances and the reason for these are:

- Finance (£27.1m) – Delays in drawing down central contingencies contributed to an underspend along with slippage on supplementary revenue projects
- Property Investment Board (£4.2m) – Shortfall in rental income due to empty rates in respect of Fleet Street Estate and 15/17 Eldon Street/6 Board St Place developments
- Community and Children's Services (£3.0m) – ongoing pressures in relation to child social care and unaccompanied asylum seekers

2021-22		2022-23 Budget v Outturn - City Fund Summary by Committee		
Outturn		Budget	Provisional Outturn	Variation (Better)/Worse
£m		£m	£m	£m
	Net Expenditure (Income)			
29.9	Barbican Centre	31.8	30.8	(1.0)
2.2	Barbican Residential	2.3	1.9	(0.4)
16.3	Community and Children's Services	15.2	18.2	3.0
20.7	Culture Heritage and Libraries	22.9	22.3	(0.7)
(18.5)	Finance	(1.5)	(28.6)	(27.1)
0.2	Licensing	0.3	0.3	0.0
0.3	Markets	(0.3)	(1.4)	(1.1)
1.9	Open Spaces	1.8	2.0	0.2
14.5	Planning and Transportation	14.7	15.9	1.2
88.8	Police	95.7	95.7	0.0
0.0	Police Authority Board	1.0	1.0	0.0
4.9	Policy and Resources	5.8	6.6	0.8
13.4	Port Health and Environmental Services	16.2	16.3	0.1
(37.6)	Property Investment Board	(33.4)	(29.1)	4.2
137.0	City Fund requirement to be met from government grants, local taxation and transfers to/(from) reserves	172.5	151.8	(20.7)

Funding from taxation and grants

A breakdown of the City Fund taxation and grants income for 2022-23 can be seen in the chart below:

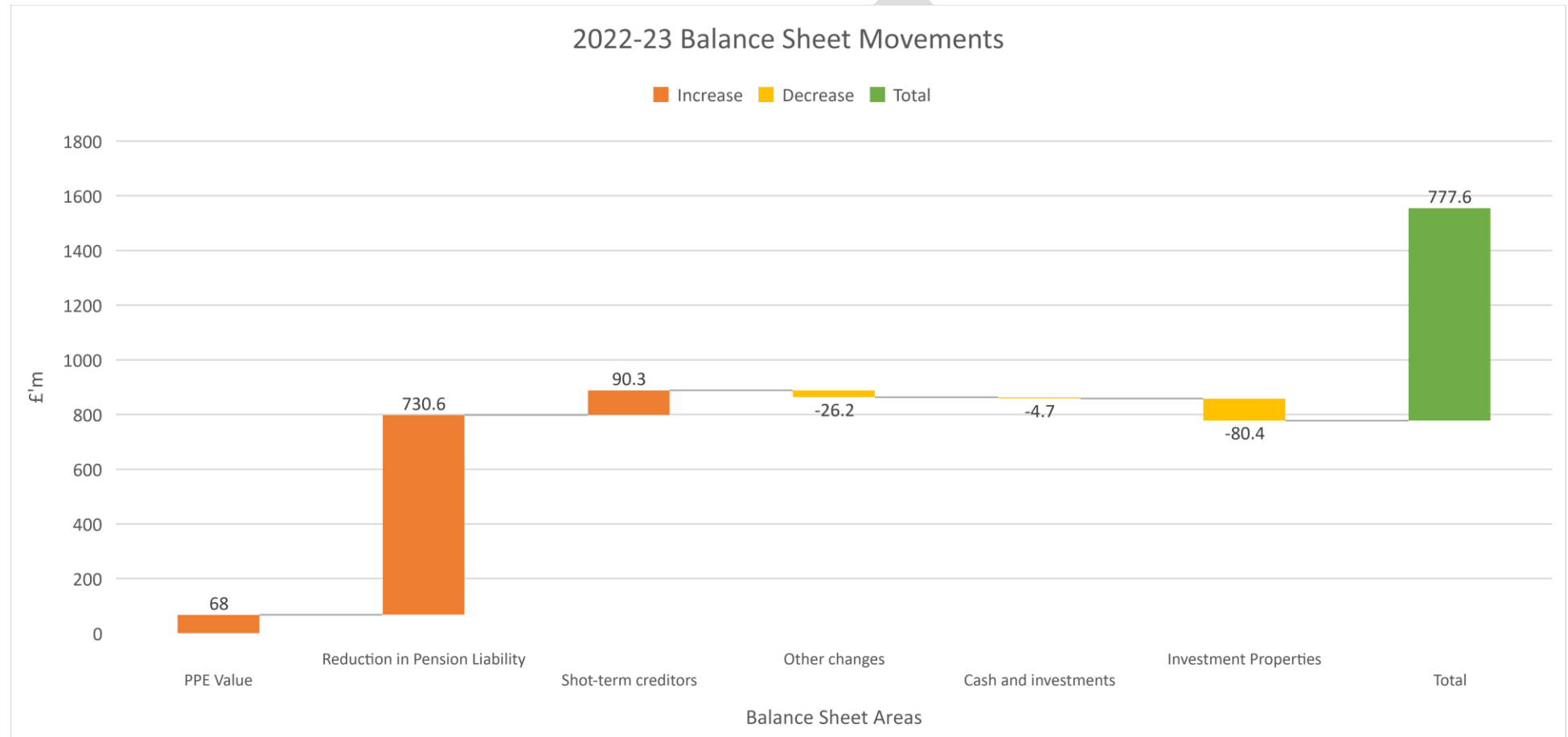


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Please note the figures shown here do not take account of statutory accounting adjustments and reserve movements. These may differ to those presented in the main accounts.

Balance Sheet

The City Corporation maintains a strong balance sheet position with net assets totalling £1,869.4m at year end. The key movements which have contributed to an overall balance sheet increase of £777.6m compared to the previous year are shown below. For more detail on these movements please refer to the following notes to the accounts: Cash and Investments – Notes 32-34, Property, Plant and Equipment (PPE) – Note 13, Investment Properties – Note 17, Pension Liabilities – Notes 23-26 and Short Term Creditors – note 21.



EXPLANATION OF THE FINANCIAL STATEMENTS

The Statement of Accounts sets out the Corporation's income and expenditure for the year, and its financial position at 31 March 2023. It comprises core and supplementary statements, together with disclosure notes. The format and content of the financial statements are prescribed by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2022-23, which in turn is underpinned by International Financial Reporting Standards.

The **Statement of Responsibilities** sets out the respective responsibilities of the Council and Director of Resources.

The **Auditor's Report** gives the auditor's (Grant Thornton) opinion of the financial statements and of the Council's arrangements for securing economy, efficiency and effectiveness in the use of resources.

The **Core Statements** are:

- The **Comprehensive Income and Expenditure Statement (CIES)** – records the Corporation's income and expenditure for the year. The top half of the statement provides an analysis by service area. The bottom half of the statement deals with corporate transactions and funding.
- The **Movement in Reserves Statement (MiRS)** is a summary of the changes to the Corporation's reserves over the course of the year. Reserves are divided into "usable", which can be invested in capital projects or service improvements, and "unusable" which must be set aside for specific legal or accounting purposes.
- The **Balance Sheet** is a summary of the Corporation's assets, liabilities, cash balances and reserves at the year-end date.
- The **Cash Flow Statement** shows the reason for changes in the Council's cash balances during the year, and whether that change is due to operating activities, new investment, or financing activities (such as repayment of borrowing and other long-term liabilities).

The Supplementary Statements are:

- The **Housing Revenue Account** – separately identifies the Corporation's statutory landlord function as a provider of social housing under the Local Government and Housing Act 1989.
- The **Collection Fund**, which summarises the collection and redistribution of council tax and business rates income.
- The **Police Pension Fund**, which reports the contributions received, payments to pensioners from the Police Pension Fund.
- The **Pension Fund Account**, which reports the contributions received, payments to pensioners and the value of net assets invested in the Local Government Pension Scheme.
- The **Annual Governance Statement** which sets out the governance structures of the Corporation and its key internal controls.

A **Glossary** of key terms can be found at the end of this publication.

STATEMENT OF RESPONSIBILITIES

The City of London Corporation's Responsibilities

The City of London Corporation is required to:

- make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. This officer is the Chamberlain/Chief Financial Officer (CFO).
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- approve the Statement of Accounts.

The Chamberlain's Responsibilities

The Chamberlain is responsible for the preparation of the Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022-23 ("the Code").

In preparing this Statement of Accounts, the Chamberlain has:

- selected suitable accounting policies and then applied them consistently
- made judgments and estimates that were reasonable and prudent
- complied with the local authority Code.

The Chamberlain has also:

- kept proper accounting records which were up to date
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Chamberlain's Certificate

The audit of the 2020-21 & 2021-22 statement of accounts are yet to be completed owing to a national issue regarding the accounting for infrastructure assets and the historic accounting treatment applied to lease premiums by the Corporation. These remain the only outstanding issues from the 2020-21 & 2021-22 audits. I can therefore certify that the Statement of Accounts give a true and fair view of the financial position of the City Fund and the Pension Funds of the City of London Corporation at the reporting date and of its expenditure and income for the year ended 31 March 2023 except for those amounts recorded under infrastructure assets and investment properties, which are subject to final review for 2020-21 & 2021-22.

Page held pending formal approval by Finance Committee.

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Core Financial Statements

Comprehensive Income and Expenditure Statement

2021-22				Notes	2022-23		
Gross Expenditure	Gross Income	Net Expenditure/ (Income)			Gross Expenditure	Gross Income	Net Expenditure/ (Income)
£m	£m	£m			£m	£m	£m
			Services				
167.8	(76.9)	90.9	Police		197.8	(94.7)	103.1
0.0	0.0	0.0	Police Authority Board		1.0	0.0	1.0
51.8	(18.4)	33.4	Barbican Centre		62.6	(28.7)	33.9
38.6	(20.1)	18.5	Community & Children's Services		39.3	(19.4)	19.9
17.4	(14.1)	3.3	Housing Revenue Account (HRA)		23.4	(16.5)	6.9
39.7	(28.7)	11.0	Planning & Transportation		47.4	(35.9)	11.5
34.2	(21.9)	12.3	Port Health & Environmental Services		33.3	(19.1)	14.2
24.6	(2.1)	22.5	Culture, Heritage and Libraries		25.0	(1.9)	23.1
67.6	(35.8)	31.8	Finance		29.0	(16.6)	12.4
16.1	(16.8)	(0.7)	Barbican Residential		19.8	(20.8)	(1.0)
27.1	(16.3)	10.8	Policy & Resources		26.9	(13.9)	13.0
3.1	(0.6)	2.5	Open Spaces and City Gardens		2.7	(0.5)	2.2
2.2	(1.2)	1.0	Property Investment Board		0.0	(0.1)	(0.1)
1.1	(0.8)	0.3	Licensing		1.2	(0.7)	0.5
0.2	0.0	0.2	London NNDR Pool Strategic Investment Pot		4.6	0.0	4.6
4.8	0.0	4.8	Pension Past Service Cost		1.8	0.0	1.8
16.6	0.0	16.6	Major Project Cost		20.1	0.0	20.1
512.9	(253.7)	259.2	Cost of Services		535.9	(268.8)	267.1
		5.8	Other Operating Income	7			(20.7)
		(122.6)	Financing & Investment Income & Expenditure	7			75.1
		(215.4)	Taxation & Non-Specific Grant Income	7			(278.2)
		(73.0)	(Surplus)/Deficit on the Provision of Services				43.3
		(27.8)	Surplus on the Revaluation of Property, Plant & Equipment	13			(37.6)
		(36.3)	Remeasurements of the Pensions Liability	26			(786.5)
		(64.1)	Other Comprehensive (Income) & Expenditure²				(824.1)
		(137.1)	TOTAL COMPREHENSIVE (INCOME) & EXPENDITURE				(780.8)

² Majority of the increase in Other Comprehensive Income and Expenditure in 22-23 compared to 21-22 is a result of a reduction in the Pension Liability in 22-23, further details are available in Note 26.

Movement in Reserves Statement

	Notes	City Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	Major Repairs Reserve	Total Usable Reserves	Unusable Reserves	Total Reserves
		£m	£m	£m	£m	£m	£m	£m	£m
Balance at 31 March 2022 carried forward*		(300.1)	(0.2)	(30.5)	(46.2)	(1.4)	(378.4)	(937.3)	(1,315.7)
Movement in reserves during 2022-23									
Total Comprehensive Income & Expenditure		37.0	6.3	0.0	0.0	0.0	43.3	(824.1)	(780.8)
Adjustments between accounting basis & funding basis under regulations	11	(34.2)	(6.3)	(20.2)	4.0	1.7	(55.0)	55.0	0.0
Net (increase)/decrease before Transfers to Earmarked Reserves		2.8	0.0	(20.2)	4.0	1.7	(11.7)	(769.1)	(780.8)
Transfer to/(from) - earmarked reserves		30.5	0.0	0.0	(30.5)	0.0	0.0	0.0	0.0
(Increase) or decrease in 2022-23		33.3	0.0	(20.2)	(26.5)	1.7	(11.7)	(769.1)	(780.8)
Balance at 31 March 2023 carried forward*		(266.8)	(0.2)	(50.7)	(72.7)	0.3	(390.1)	(1,706.4)	(2,096.5)

*The City Fund balance of £262.2m comprises unallocated revenue funds of £46.1m and earmarked revenue reserves of £216.1m (see note 12, page 46).

	Notes	City Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	Major Repairs Reserve	Total Usable Reserves	Unusable Reserves	Total Reserves
		£m	£m	£m	£m	£m	£m	£m	£m
Balance at 31 March 2021 carried forward*		(254.3)	(0.2)	(56.4)	(39.5)	(2.0)	(352.4)	(826.2)	(1,178.6)
Movement in reserves during 2021-22									
Total Comprehensive Income & Expenditure		(75.7)	2.7	0.0	0.0	0.0	(73.0)	(64.1)	(137.1)
Adjustments between accounting basis & funding basis under regulations	11	16.7	(2.7)	25.9	6.5	0.6	47.0	(47.0)	0.0
Net (increase)/decrease before Transfers to Earmarked Reserves		(59.0)	0.0	25.9	6.5	0.6	(26.0)	(111.1)	(137.1)
Transfer to/(from) - earmarked reserves		13.2	0.0	0.0	(13.2)	0.0	0.0	0.0	0.0
(Increase) or decrease in 2021-22		(45.8)	0.0	25.9	(6.7)	0.6	(26.0)	(111.1)	(137.1)
Balance at 31 March 2022 carried forward*		(300.1)	(0.2)	(30.5)	(46.2)	(1.4)	(378.4)	(937.3)	(1,315.7)

*The City Fund balance of £300.1m comprises unallocated revenue funds of £68.1m and earmarked revenue reserves of £232.0m (see note 12, page 46).

Balance Sheet

31 March 2022		Notes	31 March 2023
£m			£m
1,048.5	Property, Plant and Equipment	13	1,116.5
9.0	Heritage Assets	14	9.0
1,642.1	Investment Property	17	1,560.3
0.4	Intangible Assets		2.9
12.3	Long-Term Debtors	16	11.5
2,712.3	Long-Term Assets		2,700.2
992.1	Short-Term Investments		964.8
2.7	Assets Held for Sale		8.6
0.5	Inventories		0.6
154.9	Short-Term Debtors	20	147.6
33.3	Cash and Cash Equivalents		29.5
1,183.5	Current Assets		1,151.1
(395.5)	Short-Term Creditors	21	(382.1)
(131.9)	Grants and Contributions Received in Advance - Revenue	27	(57.0)
(40.2)	Provisions	22	(21.4)
(567.6)	Current Liabilities		(460.5)
(1,634.8)	Pensions Liability	26	(913.2)
(94.8)	Grants and Contributions Received in Advance - Capital	27	(103.7)
(225.9)	Rents Received in Advance	28	(224.5)
(57.0)	Other Long-Term Liabilities	29	(52.9)
(2,012.5)	Long-Term Liabilities		(1,294.3)
1,315.7	NET ASSETS		2,096.5
(378.4)	Usable Reserves		(390.1)
(937.3)	Unusable Reserves	31	(1,706.4)
(1,315.7)	TOTAL RESERVES		(2,096.5)

The Statement of Accounts was authorised for issue by the Chamberlain on 12th July 2023. Events after the balance sheet date and up to 12th July 2023 have been considered in respect of material impact on the financial statements. No adjustments have been made.

Cash Flow Statement

The cash flow statement shows the changes in cash and cash equivalents of City Fund during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. Details of these movements are set out in note 32-34 of the accounts. The cash and cash equivalent balance is held in bank current accounts held by the City Corporation.

2021-22		Notes	2022-23
£m			£m
(73.0)	Net (surplus)/deficit on the provision of services		43.3
(33.6)	Adjustments for non-cash movements	32	(86.2)
70.9	Adjustments for items that are investing and financing activities	32	94.9
(35.7)	Net cash (inflows)/outflows from operating activities		52.0
180.5	Investing activities	33	(43.4)
(151.2)	Financing activities	34	(4.8)
(6.4)	Net (increase)/decrease in cash and cash equivalents		3.8
(26.9)	Cash and cash equivalents at the beginning of the reporting period		(33.3)
(33.3)	Cash and cash equivalents at the end of the reporting period		(29.5)



Notes to the Core Financial Statements

1. Critical Judgements in the Basis of Preparation and Applying Accounting Policies

In applying the accounting policies set out on p134, the City Corporation has had to make certain judgements about complex transactions or those involving uncertainty about future events. These are as follows:

Related Parties

The City Corporation makes an assessment of the relationships it has with other entities, establishing where control and influence lay and adopting the appropriate accounting practice to reflect the relationship. After a thorough evaluation, we have determined that the Museum of London (MoL) should not be classified as a subsidiary, associate, or joint venture for accounting purposes. We therefore disclose this relationship as a related party in the relevant disclosure (note 35, page 89). This judgment is based on the following key considerations:

1. **Absence of Significant Control (IFRS 10):** CoLC does not exercise significant control over MoL's operations. While CoLC appoints board members, these members are legally obligated to act in MoL's best interests without being bound by CoLC's directives.
2. **Independent Legal Entity (Museum of London Act 1965):** MoL operates as a distinct legal entity under the Museum of London Act 1965, with its own statutory obligations, governance structure, and objectives.

Alternative Judgment:

In considering an alternative judgment, it could be argued that MoL should be classified as an associate based on the significance of CoLC's financial support and board appointments. This alternative judgment highlights the following points:

1. **Significance of Financial Support (IPSAS 36):** CoLC provides annual funding to MoL, which plays a critical role in supporting MoL's operations. However, it is important to clarify that this financial support is not indicative of significant influence or control over MoL's activities. The financial support provided by CoLC is aligned with the cultural and historical preservation objectives of MoL, and it does not lead to decision-making authority over MoL's operations. The absence of specific directives or obligations in the Museum of London Act 1965, which established MoL, regarding the funding amount further emphasises that this financial support is not tied to conditions that would imply control. Instead, it serves the broader mission and independence of MoL in fulfilling its cultural and historical preservation responsibilities.
2. **Board Appointments:** CoLC appoints members to MoL's Board of Governors, contributing to the governance structure. While these members are legally bound to act in MoL's best interests, their appointment by CoLC could suggest a level of influence. However, it is crucial to note that their primary responsibility is to act in MoL's best interests, and they are not obligated to follow directives from CoLC. This legal framework ensures MoL's operational autonomy and independence in decision-making.

Impact of the Alternative Judgment:

If the alternative judgment were adopted, it would imply the consolidation of an appropriate share of MoL's financial figures, including Total Assets of £64.1m, Total Liabilities of £67.6m, Total Income of £49.4m, and Total Expenditure of £46.9m, into the City of London Corporation's financial statements.

2. Assumptions Made About the Future and Other Major Sources of Estimation and Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by Management 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 items in the authority’s Balance Sheet at 31 March 2023 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions																			
Pensions Liability	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 and mortality rates. The actuarial firm Barnett Waddingham LLP have been appointed as the City Corporation’s actuary to provide the City Fund with expert advice about the assumptions to be applied.	<p>The total value of the Pensions Liability as at the end of March 2023 is £1,634.8m (consisting of City Fund £72.7m, Police Pension Scheme £838.1m and Judges Pension Scheme £2.3m). The estimation of the net liability to pay pensions depends on a number of complex assumptions used in the calculation of the liabilities. These include the discount rate used, the rate at which salaries are projected to increase, changes to retirement ages, mortality rates and expected returns on pension fund assets. Where the outcome is different to the assumptions this will impact on the pension liability. Variations in the key assumptions will have the following impact on the net liability:</p> <table border="1"> <thead> <tr> <th rowspan="3">Assumptions</th> <th colspan="2">Movement in liability</th> </tr> <tr> <th>Increase in assumption</th> <th>Decrease in assumption</th> </tr> <tr> <th>£m</th> <th>£m</th> </tr> </thead> <tbody> <tr> <td>0.1% adjustment to discount rate</td> <td>- 24.8</td> <td>25.5</td> </tr> <tr> <td>0.1% adjustment to salary increase rate</td> <td>2.4</td> <td>- 2.4</td> </tr> <tr> <td>0.1% adjustment to Pension increase rate</td> <td>23.5</td> <td>- 22.9</td> </tr> <tr> <td>1 year adjustment to life expectancy</td> <td>58.9</td> <td>- 56.5</td> </tr> </tbody> </table>	Assumptions	Movement in liability		Increase in assumption	Decrease in assumption	£m	£m	0.1% adjustment to discount rate	- 24.8	25.5	0.1% adjustment to salary increase rate	2.4	- 2.4	0.1% adjustment to Pension increase rate	23.5	- 22.9	1 year adjustment to life expectancy	58.9	- 56.5
Assumptions	Movement in liability																				
	Increase in assumption	Decrease in assumption																			
	£m	£m																			
0.1% adjustment to discount rate	- 24.8	25.5																			
0.1% adjustment to salary increase rate	2.4	- 2.4																			
0.1% adjustment to Pension increase rate	23.5	- 22.9																			
1 year adjustment to life expectancy	58.9	- 56.5																			
Property, plant and equipment	The carrying values of property, plant and equipment and investment properties are primarily dependent on judgements of such variables as the state of the property market, location, asset lives, condition of the property, indices etc. All properties included on the balance sheet at current or fair value are revalued at least once within a five year period as part of a rolling programme with subsequent	A reduction in the estimated valuations would result in reductions to the Revaluation Reserve and / or a loss recorded as appropriate in the Comprehensive Income and Expenditure Statement. The net book value of non-current operational assets subject to potential revaluation as at the end of March 2023 is £880m (£848m as at the end of March 2022). If the value of the Corporation’s operational properties were to reduce by 10%, this would result in a charge to the Comprehensive Income and Expenditure Statement of approximately c£88m.																			

Item	Uncertainties	Effect if actual results differ from assumptions
	<p>additions being included in the accounts at their cost of acquisition until the asset is next revalued. Revaluations are carried out sufficiently regularly to ensure that their carrying value is not materially different from their value at the year end, list of assets that were valued as at the end of March 2022 are available on p55 of the accounts.</p> <p>The estimated remaining useful life of all operational assets is reviewed annually based on the advice from the Corporations external valuers.</p>	<p>An increase in estimated valuations would result in increases to the Revaluation Reserve and / or reversals of previous negative revaluations to the Comprehensive Income and Expenditure Statement and / or gains being recorded as appropriate in the Comprehensive Income and Expenditure Statement.</p> <p>Depreciation charges for operational buildings will change in direct relation to changes in estimated current value.</p> <p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the asset falls. It is estimated that the annual depreciation charge for assets subject to depreciation would increase by £3m for every year that useful lives had to be reduced.</p>
Valuation of Investment property	The Corporation’s external valuers use valuation techniques to determine the fair value of investment property. This involves developing estimates and assumptions consistent with how market participants would price the property. The valuers base their assumptions on observable data as far as possible, but this is not always available. In that case, the valuers use the best information available.	A reduction in estimated valuations would result in reductions to the Revaluation Reserve and/or a loss recorded as appropriate in the CI&ES. The net book value of investment properties as at the end of March 2023 is £1,560m (£1,642m as at the end of March 2022).If the value of the Corporation’s investment properties were to reduce by 1%, this would result in a £16m debit to “Financing and Investment Income and Expenditure” in the CI&ES. Conversely, an increase in operational property values would result in increases to the Revaluation Reserve and/or reversals of previous negative revaluations to the CI&ES and/or gains being recorded as appropriate in the CI&ES.



Notes to the Comprehensive Income and Expenditure Statement

3. Expenditure and Funding Analysis

2021-22			2022-23			
Net Expenditure Chargeable to City Fund and HRA Balances	Adjustments between the Funding and Accounting Basis	Net Expenditure in the CI&ES		Net Expenditure Chargeable to City Fund and HRA Balances	Adjustments between the Funding and Accounting Basis	Net Expenditure in the CI&ES
£'m	£'m	£'m		£'m	£'m	£'m
			Committees			
88.8	2.1	90.9	Police	92.1	11.0	103.1
0.0	0.0	0.0	Police Authority Board	1.0	0.0	1.0
29.9	3.5	33.4	Barbican Centre	30.6	3.3	33.9
16.3	2.2	18.5	Community and Children's Services	18.8	1.1	19.9
0.0	3.3	3.3	HRA	(0.1)	7.0	6.9
14.5	3.5	11.0	Planning and Transport	9.0	2.6	11.5
13.4	1.1	12.3	Port Health and Environmental Services	14.8	(0.6)	14.2
20.7	1.8	22.5	Culture, Heritage and Libraries	16.9	6.2	23.1
(18.5)	50.4	31.9	Finance	(36.2)	48.6	12.4
2.2	(2.9)	(0.7)	Barbican Residential	1.9	(2.9)	(1.0)
4.9	5.9	10.8	Policy and Resources	9.7	3.3	13.0
1.9	0.6	2.5	Open Spaces and City Gardens	2.0	0.1	2.2
(37.6)	38.4	1.0	Property Investment	(29.1)	29.1	(0.1)
0.2	0.1	0.3	Licensing	0.3	0.2	0.5
0.3	(0.3)	0.0	Markets	(1.6)	1.6	0.0
0.0	0.2	0.2	London NNDR Pool Strategic Investment Pot	3.3	1.3	4.6
0.0	4.8	4.8	Pension Past Service Cost	0.0	1.8	1.8
0.0	16.6	16.6	Major Project Cost	20.1	0.0	20.1
137.0	122.3	259.3	Net Cost of Services	153.5	113.5	267.1
(182.8)	(149.4)	(332.2)	Other Income and Expenditure	(120.2)	(103.5)	(223.8)
(45.8)	(27.1)	(72.9)	(Surplus) or Deficit on the Provision of Services	33.3	10.0	43.3
(254.5)			Opening City Fund and HRA Balances	(300.3)		
(45.8)			Add (Surplus) or Deficit on City Fund and HRA Balance in Year	33.3		
(300.3)			Closing City Fund and HRA Balances at 31 March*	(267.0)		

* For a split of this balance between the City Fund and the HRA – see the Movement in Reserves Statement

Further information on the City Corporation's Committees can be found on the website at : <http://democracy.cityoflondon.gov.uk/mgListCommittees.aspx?bcr=1>

4. Note to the Expenditure and Funding Analysis

This note provides a reconciliation of the main adjustments to Net Expenditure Chargeable to the City Fund and HRA Balances to arrive at the amounts in the Comprehensive Income and Expenditure Statement.

2021-22					2022-23					
Adjustments for Capital Purposes	Net Changes for Pension Adjustments	Collection Fund Adjustments	Other Adjustments	Total Adjustments	Committees	Adjustments for Capital Purposes	Net Changes for Pension Adjustments	Collection Fund Adjustments	Other Adjustments	Total Adjustments
£'m	£'m	£'m	£'m	£'m		£'m	£'m	£'m	£'m	£'m
5.6	4.4	0.0	(7.9)	2.1	Police	4.3	7.3	0.0	(0.6)	11.0
0.0	0.0	0.0	0.0	0.0	Police Authority Board	0.0	0.0	0.0	0.0	0.0
0.0	3.5	0.0	0.0	3.5	Barbican Centre	0.0	2.9	0.0	0.4	3.3
0.0	1.5	0.0	0.7	2.2	Community and Children's Services	0.0	1.1	0.0	0.0	1.1
0.7	1.1	0.0	1.5	3.3	HRA	5.0	0.7	0.0	1.3	7.0
0.4	2.6	0.0	(6.5)	(3.5)	Planning and Transport	0.1	1.8	0.0	0.6	2.5
0.0	2.9	0.0	(4.0)	(1.1)	Port Health and Environmental Services	0.0	2.1	0.0	(2.7)	(0.6)
0.0	1.7	0.0	0.1	1.8	Culture, Heritage and Libraries	5.4	1.2	0.0	(0.4)	6.2
51.3	1.3	0.0	(2.2)	50.4	Finance	22.1	1.0	0.0	25.5	48.6
0.0	1.0	0.0	(3.9)	(2.9)	Barbican Residential	0.0	0.7	0.0	(3.6)	(2.9)
1.8	1.7	0.0	2.4	5.9	Policy and Resources	2.3	1.1	0.0	(0.1)	3.3
0.2	0.4	0.0	0.0	0.6	Open Spaces and City Gardens	0.0	0.2	0.0	0.0	0.2
0.0	0.1	0.0	38.5	38.6	Property Investment	0.0	0.0	0.0	29.0	29.0
0.0	0.1	0.0	0.0	0.1	Licensing	0.0	0.2	0.0	0.0	0.2
0.0	0.3	0.0	(0.6)	(0.3)	Markets	0.0	0.2	0.0	1.4	1.6
0.0	0.0	0.0	0.2	0.2	London NNDR Pool Strategic Investment Pot	0.0	0.0	0.0	1.3	1.3
0.0	4.8	0.0	0.0	4.8	Pension Past Service Cost	0.0	1.8	0.0	0.0	1.8
0.0	0.0	0.0	16.6	16.6	Major Project Cost	0.0	0.0	0.0	0.0	0.0
60.0	27.4	0.0	34.9	122.3	Net Cost of Services	39.2	22.3	0.0	52.1	113.6
(140.8)	32.6	(12.2)	(29.0)	(149.4)	Other Income and Expenditure	(37.0)	42.6	(66.6)	(42.6)	(103.6)
(80.8)	60.0	(12.2)	5.9	27.1	Surplus or Deficit on Provision of Services	2.2	64.9	(66.6)	9.5	10.0

Adjustments for Capital Purposes

This column adjusts for capital items which need to be included in the CI&ES such as:

- the net gain on the disposal of fixed assets
- revaluation gains or losses on investment properties
- income from capital grants.

Net Changes for Pensions Adjustments

This column removes the employer pension contributions charges to services during the year and replaces them with pension related expenditure and income calculated in accordance with International Accounting Standard (IAS) 19 *Employee Benefits*.

Collection Fund Adjustment Account

This is a timing difference between what is chargeable under statutory regulations for business rates and council tax, which is largely based on estimates at the start of the year, and the income recognised under generally accepted accounting practices.

Other Adjustments

This column includes:

- the re-mapping of items reported to service committees to financing and investment income and expenditure in the CI&ES. Such items include income and expenditure relating to investment properties reported to the Property Investment Board, trading activities reported to the Markets Committee and interest on cash balances reported to Finance Committee
- the elimination of recharges between committees which would otherwise result in gross expenditure and income being overstated in the CI&ES.

The above adjustments are reallocation of figure and therefore have no overall impact on the total amount.

The net difference remaining relates to annual leave entitlement and financial instrument adjustments.

5. Expenditure and Income Analysed by Nature

City Fund income and expenditure included in the net cost of services is analysed below.

2021-22		2022-23
£'m		£'m
	Expenditure	
231.8	Employee expenses	240.1
208.1	Other service expenses	251.9
36.4	Support service recharges	39.5
66.8	Depreciation, amortisation and impairments	38.5
32.0	Interest payments	41.9
0.5	Precepts and levies	0.5
304.7	Business rates tariff and levy payments to Government	320.5
0.4	Payments to Government's housing capital receipts pool	0.0
4.4	Gain on the disposal of assets	0.0
0.0	Unrealised loss on revaluation of investment properties	76.3
885.1	Total expenditure	1,009.2
	Income	
(185.9)	Fees, charges and other service income	(182.5)
(5.6)	Interest and investment income	(23.3)
(365.5)	Business rates and council tax income	(479.1)
(282.0)	Government grants and other grants, contributions and reimbursements	(259.3)
(119.0)	Unrealised (gains)/loss on revaluation of investment properties	0.0
0.0	Gain on the disposal of assets	(21.7)
(958.0)	Total Income	(965.9)
(72.9)	(Surplus) or Deficit on the Provision of Services	43.3

6. Grant Income

2021-22	Credited to Services	2022-23
£m	Revenue Grants (Government)	£m
	Home Office	
(18.9)	Police Pensions	(18.4)
(7.1)	Counter Terrorism	(8.7)
(8.4)	National Cyber Security Programme	(17.3)
(4.3)	National Fraud Intelligence Bureau	(4.3)
(2.3)	National Lead Force for Fraud	(9.1)
0.0	Police Uplift Programme	(2.5)
0.0	Asset Recovery Incentivation Scheme	(0.3)
(6.8)	Action Fraud Managed Services	(8.9)
(2.5)	Economic Crime Capability	0.0
0.0	Emergency Services Mobile Communications Programme	(0.1)
0.0	Mutual Aid	(1.0)
0.0	National Law Enforcement Data Service	(0.1)
(4.4)	Other	(1.7)
	Cabinet Office	
0.0	Ministry of Justice	0.0
0.0	Other	(1.3)
	Department for Work and Pensions	
(3.9)	Housing and Council Tax Benefit	(3.7)
(8.5)	Other	(0.1)
(6.5)	HM Courts and Tribunals Service	(7.2)
	Department for Education	
(3.4)	Dedicated Schools Grant	(3.7)
(1.8)	Other	(1.9)
	Ministry of Housing, Communities and Local Government	
(5.2)	Other	(5.4)

2021-22	Credited to Services	2022-23
£m	Revenue Grants (Government) Continued	£m
	Department for Health	
(1.7)	Public Health	(1.7)
0.0	Other	(0.2)
(2.6)	Transport for London	(1.8)
0.0	Intellectual Property Office	(2.5)
(0.9)	Greater London Authority	(1.3)
0.0	Department for Energy Security and Net Zero (formerly Department for Business, Energy and Industrial Strategy)	(1.1)
(5.7)	Discretionary grants to Businesses	0.1
(0.3)	Other	0.0
(1.7)	Department for Environment, Food & Rural Affairs	(1.7)
(0.4)	Her Majesty's Revenue and Customs	0.0
(0.4)	Arts Council England	(0.8)
(2.8)	Other revenue grants (Government)	(4.3)
	Non Government revenue grants and contributions	
(1.8)	S106/S278 and other developer contributions	(4.6)
(3.6)	UK Payments Administration Ltd	0.0
0.0	Association of British Insurers	0.0
(16.8)	Other	(20.8)
	Capital Grants and contributions (funding revenue expenditure under statute)	
0.0	Section 106 contributions	(0.3)
(4.6)	Other	0.0
(127.3)	Total	(136.7)

7. Income and Expenditure below Cost of Services

2021-22		2022-23	
Net Expenditure/ (Income)		Net Expenditure/ (Income)	
£m		£m	
4.4	Net Gain on Disposal of Fixed Assets	(21.7)	
0.4	Inner and Middle Temple Precepts	0.3	
0.1	Local levies	0.2	
0.4	Payment to Government Housing Capital Receipts Pool	0.0	
0.5	Pension Fund Administration Expenses	0.5	
5.8	Total Other Operating Income and Expenditure	(20.7)	
	Investment Properties		
(36.8)	Operational	(29.0)	
(119.0)	(Gain)/loss on revaluation	76.3	
(5.7)	Interest receivable and similar income	(23.0)	
32.1	Pension Interest Cost	41.9	
0.0	Contribution from Trading Services	(1.4)	
(0.7)	Impairment gains/losses	0.2	
7.5	Financial instrument (gain)/loss	10.1	
(122.6)	Total Financing and Investment Income and Expenditure	75.1	

There are no restrictions on the City Fund's ability to realise the value inherent in its Investment Property or on the City Fund's right to the remittance of income and the proceeds of disposal.

Operational Investment Properties is comprised of income of £50.6m and operating expenses of £21.6m.

Contribution from Trading Services comprises a turnover of £10.8m and expenditure of £9.4m.

2021-22		2022-23	
Income		Income	
£m		£m	
(23.0)	Retained National Business Rates	(40.6)	
(17.5)	City Fund Non-Domestic Rates Premium	(28.0)	
(12.1)	City Fund Offset	(12.1)	
(8.4)	Council Tax Income	(8.1)	
	Non Ringfenced Government Revenue Grants		
(6.3)	Revenue Support Grant	(6.5)	
(70.2)	Police Core Grant	(62.3)	
0.0	discretionary grants to businesses	0.0	
(28.1)	NNDR grants	(44.2)	
(3.2)	Sales, fees and charges compensation	0.0	
(0.3)	Tax compensation	0.0	
(0.7)	Other	(0.2)	
0.0	London NNDR Pool Strategic Investment Pot	0.0	
	Capital Grants & Contributions		
(4.0)	Home Office	(15.1)	
(1.1)	Greater London Authority	(25.9)	
(1.9)	Transport for London	(0.3)	
(1.4)	Ministry of Justice	(1.4)	
(22.4)	Section 106/278 Contributions	(19.3)	
(10.6)	Community Infrastructure Levy	0.0	
(4.2)	Other Capital Grants and Contributions	(14.2)	
(215.4)	Total Taxation and Non-Specific Grant Income	(278.2)	

8. Dedicated Schools Grants

In 2022-23, the City Fund received a specific grant from the Department for Education, the Dedicated Schools Grant (DSG), of £3.4m (2021-22: £3.6m). DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget as defined in the School Finance (England) Regulations 2019. The Schools Budget includes elements for a range of education services provided on an authority-wide basis and for the Individual School Budget for maintained schools.

Details of the deployment of DSG receivable for 2022-23 are as follows:

	2021-22 Schools Budget Funded by DSG				2022-23 Schools Budget Funded by DSG		
	Central Expenditure	Individual School Budget	Total		Central Expenditure	Individual School Budget	Total
	£m	£m	£m		£m	£m	£m
Final DSG for 2021-22 before Academy recoupment	1.5	2.1	3.6	Final DSG for 2022-23 before Academy recoupment	1.3	2.1	3.4
Academy Figure recouped for 2021-22	0.0	0.0	0.0	Academy Figure recouped for 2022-23	0.0	0.0	0.0
Total DSG after Academy recoupment for 2021-22	1.5	2.1	3.3	Total DSG after Academy recoupment for 2022-23	1.3	2.1	3.4
Plus: Brought forward from 2020-21	1.0	0.0	0.9	Plus: Brought forward from 2021-22	1.3	0.0	1.3
Less: Carry forward to 2021-22 agreed in advance	0.0	0.0	0.0	Less: Carry forward to 2022-23 agreed in advance	0.0	0.0	0.0
Agreed initial budgeted distribution in 2021-22	2.5	2.1	4.2	Agreed initial budgeted distribution in 2022-23	2.6	2.1	4.7
In year adjustments	0.0	0.0	0.0	In year adjustments	0.0	0.0	0.0
Final budgeted distribution for 2021-22	0.0	0.0	4.2	Final budgeted distribution for 2022-23	0.0	0.0	4.7
Less: Actual central expenditure	(1.2)	0.0	(1.2)	Less: Actual central expenditure	(1.5)	0.0	(1.5)
Less: Actual ISB deployed to schools	0.0	(2.1)	(2.1)	Less: Actual ISB deployed to schools	0.0	(2.1)	(2.1)
Plus: Local authority contribution for 2021-22				Plus: Local authority contribution for 2022-23	0.0	0.0	0.0
Carry forward to 2022-23	1.3	0.0	1.3	Carry forward to 2023-24	1.1	0.0	1.1

9. Remuneration and Exit Packages of Employees

Tables 1 to 3 set out the information required in accordance with the Accounts and Audit Regulations 2015 for 2022-23 and 2021-22 respectively.

The number of officers whose remuneration, excluding employer's pension contributions, were £50,000 or more grouped in rising bands of £5,000 is set out in Table 1 (only bands which include officers are shown in the table). Officers have been classified between those employees charged wholly to the City Fund, including Police officers, and those employees charged partly to the City Fund and partly to other funds of the City Corporation.

The information in Table 1 relates to those officers' full salary and not just the part charged to the City Fund. This excludes senior officer salaries which are included in table 2.

Table 3 relates to the Exit packages of employees.

Proportion to City Fund						
Wholly charged to CF		Partially charged to CF		Wholly charged to CF		Partially charged to CF
2021-22			Salary Range	2022-23		
Police Officers	Other		£	Police Officers	Other	
203	52	95	50 - 54,999	114	71	121
126	38	94	55 - 59,999	179	50	119
71	16	41	60 - 64,999	117	25	78
58	13	72	65 - 69,999	89	15	64
29	6	28	70 - 74,999	72	10	30
5	8	19	75 - 79,999	49	10	44
3	4	13	80 - 89,999	13	2	15
5	3	10	85-89,999	11	2	13
9	0	7	90-94,999	4	1	6
5	2	8	95-99,999	7	2	8
1	3	3	100-104,999	2	2	4
0	0	4	105-109,999	6	0	5
1	0	4	110-114,999	2	0	2
1	0	1	115-119,999	0	0	5
1	1	2	120-124,999	1	0	3
1	0	3	125-129,999	0	1	3
0	2	1	130-134,999	0	0	4
0	0	0	135-139,999	0	0	2
0	0	1	140-144,999	0	0	0
0	0	0	145-149,999	1	1	0
519	148	406	Total	666	191	526

Table 2 - Senior Officer Remuneration

2022-23	Proportion charged to Local or Police Authority Activities	Total Salary	Salary (including fees & allowances)	Bonus	Compensation for Loss of Office	Other Payments (Police Officers only)	Total Remuneration excluding pension contributions	Pension Contributions	Total Remuneration including Pension Contributions
	%	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Salary is £150,000 or more a year									
Town Clerk & Chief Executive - J. Barradell - Left December 2022	55%	226.0	124.0	0.0	0.0	0.0	124.0	43.0	167.0
Managing Director I&G - Brussels Office - N. Collier	100%	230.0	230.0	0.0	0.0	0.0	230.0	48.0	278.0
Police Commissioner - A. McLaren	100%	206.0	206.0	11.0	0.0	23.0	240.0	62.0	302.0
Comptroller & City Solicitor - M.Cogher	65%	201.0	131.0	0.0	0.0	0.0	131.0	27.0	158.0
City Surveyor - P Wilkinson	40%	201.0	80.0	0.0	0.0	0.0	80.0	17.0	97.0
Chief Operating officer	65%	198.0	129.0	0.0	0.0	0.0	129.0	27.0	156.0
Managing Director Barbican Centre - C. Spencer - Started May 2022	100%	189.0	189.0	0.0	0.0	0.0	189.0	39.0	228.0
Chamberlain - C. Al-Beyerty	60%	178.0	107.0	0.0	0.0	0.0	107.0	22.0	129.0
Executive Director of Environment	100%	175.0	175.0	0.0	0.0	0.0	175.0	0.0	175.0
Director of Innovation and Growth	67%	162.0	109.0	0.0	0.0	0.0	109.0	23.0	132.0
Salary is between £50,000 and £150,000									
Director of Markets & Consumer Protection	55%	108.0	59.0	0.0	0.0	0.0	59.0	24.0	83.0
Director of Community & Children's Services - left October 2022	100%	92.0	92.0	0.0	0.0	0.0	92.0	18.0	110.0
Town Clerk & Chief Executive - I. Thomas - Started February 2023	55%	40.0	22.0	0.0	0.0	0.0	22.0	0.0	22.0

2021-22	Proportion charged to Local or Police Authority Activities	Total Salary	Salary (including fees & allowances)	Bonus	Compensation for Loss of Office	Other Payments (Police Officers only)	Total Remuneration excluding pension contributions	Pension Contributions	Total Remuneration including Pension Contributions
	%	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Salary is £150,000 or more a year									
Town Clerk & Chief Executive - J. Barradell	55%	266.0	146.0	0.0	0.0	0.0	146.0	31.0	177.0
Managing Director I&G - Brussels Office - N. Collier	100%	230.0	230.0	0.0	0.0	0.0	230.0	48.0	278.0
Chamberlain – C. Al-Beyerty (started May 2021)	60%	173.0	104.0	0.0	0.0	0.0	104.0	22.0	126.0
Police Commissioner - I. Dyson (left December 2021)	100%	155.0	155.0	61.0	0.0	5.0	221.0	0.0	221.0
Comptroller & City Solicitor - M.Cogher	65%	180.0	117.0	0.0	0.0	0.0	117.0	25.0	142.0
City Surveyor - P Wilkinson	40%	159.0	64.0	8.0	0.0	0.0	72.0	15.0	87.0
Salary is between £50,000 and £150,000									
Managing Director Barbican Centre (left September 2021)	100%	103.0	103.0	0.0	0.0	0.0	103.0	22.0	125.0
Managing Director Barbican Centre (acting up from September 2021)	100%	102.0	102.0	0.0	0.0	0.0	102.0	21.0	123.0
Managing Director Barbican Centre (acting up from September 2021)	100%	99.0	99.0	0.0	0.0	0.0	99.0	21.0	120.0
Police Commissioner (started January 2022)	100%	47.0	47.0	3.0	0.0	5.0	55.0	14.0	69.0
Executive Director of Environment (started August 2021)	100%	112.0	112.0	0.0	0.0	0.0	112.0	18.0	130.0
Director of Innovation & Growth	67%	146.0	98.0	0.0	0.0	0.0	98.0	20.0	118.0
Chief Operating Officer (started July 2021)	65%	133.0	87.0	0.0	0.0	0.0	87.0	18.0	105.0
Director of Community & Children's Services	100%	146.0	146.0	0.0	0.0	0.0	146.0	31.0	177.0
Chamberlain (left April 2021)	60%	37.0	22.0	0.0	36.0	0.0	58.0	1.0	59.0
Director of Markets & Consumer Protection (left December 2021)	55%	72.0	40.0	4.0	0.0	0.0	44.0	8.0	52.0
Director of Markets & Consumer Protection (started August 2021)	55%	74.0	41.0	0.0	0.0	0.0	41.0	8.0	49.0

Table 3 - Exit Packages charged to City Fund

2021-22				2022-23				
Number of Compulsory Redundancies (FTE No.)	Number of Other Departures Agreed (FTE No.)	Total Number of Exit Packages by Cost Band (FTE No.)	Total Cost of exit Packages in Each Band (£'000)		Number of Compulsory Redundancies (FTE No.)	Number of Other Departures Agreed (FTE No.)	Total Number of Exit Packages by Cost Band (FTE No.)	Total Cost of exit Packages in Each Band (£'000)
18.0	1.0	19.0	57.4	£0 - £20,000	18.0	2.0	20.0	189.2
2.0	2.0	4.0	123.6	£20,001 - £40,000	16.0	0.0	16.0	432.7
0.0	0.0	0.0	0.0	£40,001 - £60,000	4.0	1.0	5.0	234.9
0.0	0.0	0.0	0.0	£60,001 - £80,000	2.0	1.0	3.0	204.2
0.0	0.0	0.0	0.0	£80,001 - £100,000	1.0	0.0	1.0	94.3
0.0	0.0	0.0	0.0	£100,001 - £150,000	1.0	0.0	1.0	125.9
20.0	3.0	23.0	181.0	Total	42.0	4.0	46.0	1,281.2

The rise in exit packages in 22-23 compared to 21-22 is a result of implementing a new target operating model during 22-23.

10. Audit Fees

Estimated costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections provided by the City Fund's external auditor, are set out in the adjacent table.

The 2022-23 audit will be carried out by Grant Thornton. Audit Fees of £35,000 (2021-22: £25,000) in respect of the City of London Pension Fund are met by the Pension Fund and are not included in the table.

2021-22		2022-23
£'000		£'000
340.0	External audit services carried out by the appointed auditor under the National Audit Office Code of Audit Practice in accordance with the Local Audit and Accountability Act 2014.	340.0
25.0	Certification of grant claims and returns by the appointed auditor	25.0
0.0	Non-audit fees - other grant and certification fees	0.0
365.0		365.0



Notes to the Movement in Reserves Statement

11. Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to meet future capital and revenue expenditure.

The following sets out a description of the reserves that the adjustments are made against.

City Fund Balance

This is the statutory fund into which all receipts are required to be paid and out of which all liabilities are to be met in respect of the City Fund's activities as a local authority, police authority and port health authority, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the City Fund unallocated reserve, which is not necessarily in accordance with proper accounting practice. The City Fund Balance is not available to fund Housing Revenue Account (HRA) services. With this exception, the City Fund Balance therefore summarises the resources that the City Fund is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the City Fund is required to recover) at the end of the financial year.

Housing Revenue Account (HRA) Balance

The HRA Balance reflects the statutory obligation to maintain a revenue account for local authority council housing provision in accordance with Part VI of the Local Government and Housing Act 1989. It contains the balance of income and expenditure as defined by the 1989 Act that is available to fund the City Fund's HRA landlord function or (where in deficit) that is required to be recovered from tenants in future years.

Capital Receipts Reserve

This reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

Capital Grants Unapplied

This reserve holds the grants and contributions received towards capital projects which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

Major Repairs Reserve

The City Fund is required to maintain this reserve, which controls an element of resources limited to being used on capital expenditure on HRA assets or the financing of historic capital expenditure by the HRA. The balance shows the resources that have yet to be applied at the year-end.

2022-23	Usable Reserves					Movement in Unusable Reserves
	City Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	Major Repairs Reserve	
	£m	£m	£m	£m	£m	£m
Adjustments to the Revenue Resources						
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements						
Pensions costs (transfers to or from the Pensions Reserve)	(64.2)	(0.7)				64.9
Council Tax and Non-Domestic Rates (transfers to or from the Collection Fund Adjustment Account)	66.6					(66.6)
Holiday pay (transfers to or from the Accumulated Absences Reserve)	0.8					(0.8)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (transfers to or from the Capital Adjustment Account)	(105.3)	(8.4)				113.7
Transfer of deferred non-current assets sale proceeds from revenue to the Deferred Capital Receipts Reserve	(0.4)					0.4
Transfer to the Pooled Investment Reserve	(10.0)					10.0
Total Adjustments to Revenue Resources	(112.5)	(9.1)	0.0	0.0	0.0	120.2
Adjustments between Revenue and Capital Resources						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	27.1	1.1	(28.2)			0.0
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	0.0					0.0
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	1.4					1.4
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	53.4					(53.4)
Posting of HRA resources from revenue to the Major Repairs Reserve		1.7			(1.7)	0.0
Contribution from Community Infrastructure Levy to fund revenue expenditure	(3.6)			3.6		0.0
Total Adjustments between Revenue and Capital Resources	78.3	2.8	(28.2)	3.5	(1.8)	(54.8)
Adjustments to Capital Resources						
Use of the Capital Receipts Reserve to finance capital expenditure			8.0			(8.0)
Use of the Major Repairs Reserve to finance capital expenditure					3.4	(3.4)
Application of capital grants to finance capital expenditure (transferred to the Capital Adjustment Account)				0.4		(0.4)
Cash payments in relation to deferred capital receipts						0.0
Total Adjustments to Capital Resources	0.0	0.0	8.0	0.4	3.4	(11.8)
Total Adjustments	(34.2)	(6.3)	(20.2)	4.0	1.7	55.0

2021-22	Usable Reserves					Movement in Unusable Reserves
	City Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	Major Repairs Reserve	
	£m	£m	£m	£m	£m	£m
Adjustments to the Revenue Resources						
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements						
Pensions costs (transfers to or from the Pensions Reserve)	(59.0)	(1.1)				60.1
Council Tax and Non-Domestic Rates (transfers to or from the Collection Fund Adjustment Account)	12.2					(12.2)
Holiday pay (transfers to or from the Accumulated Absences Reserve)	1.5					(1.5)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (transfers to or from the Capital Adjustment Account)	48.0	(5.5)				(42.5)
Transfer of deferred non-current assets sale proceeds from revenue to the Deferred Capital Receipts Reserve	(2.7)					2.7
Transfer to the Pooled Investment Reserve	(7.6)					7.6
Total Adjustments to Revenue Resources	(7.6)	(6.6)	0.0	0.0	0.0	14.2
Adjustments between Revenue and Capital Resources						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	20.1	0.9	(21.0)			0.0
Payments to the government housing receipts pool (funded by a transfer from the Capital Receipts Reserve)	(0.4)		0.4			0.0
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	1.1					(1.1)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	6.8					(6.8)
Posting of HRA resources from revenue to the Major Repairs Reserve		3.0			(3.0)	0.0
Contribution from Community Infrastructure Levy to fund revenue expenditure	(3.3)			3.3		0.0
Total Adjustments between Revenue and Capital Resources	24.3	3.9	(20.6)	3.3	(3.0)	(7.9)
Adjustments to Capital Resources						
Use of the Capital Receipts Reserve to finance capital expenditure			46.8			(46.8)
Use of the Major Repairs Reserve to finance capital expenditure					3.6	(3.6)
Application of capital grants to finance capital expenditure (transferred to the Capital Adjustment Account)				3.2		(3.2)
Cash payments in relation to deferred capital receipts			(0.3)			0.3
Total Adjustments to Capital Resources	0.0	0.0	46.5	3.2	3.6	(53.3)
Total Adjustments	16.7	(2.7)	25.9	6.5	0.6	(47.0)

12. Transfers (to)/from Earmarked Revenue Reserves

This note sets out the amounts set aside within the City Fund Balance in earmarked revenue reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet City Fund expenditure in 2022-23.

	Notes	Balance at 31 March 2021	Transfers Out 2021-22	Transfers In 2021-22	Balance at 31 March 2022	Transfers Out 2022-23	Transfers In 2022-23	Balance at 31 March 2023
		£m	£m	£m	£m	£m	£m	£m
Highway Improvements	i	(47.1)	6.2	(10.7)	(51.6)	5.6	(10.2)	(56.2)
Major Projects Reserve	ii	(69.0)	51.6	(36.2)	(53.6)	43.2	(57.1)	(67.5)
Business Rate Equalisation	iii	(47.9)	37.7	(24.6)	(34.8)	37.7	(6.7)	(3.8)
City Fund Risk Reserve	iv	0.0	0.0	(30.0)	(30.0)	0.0	0.0	(30.0)
Build Back Better Reserve	v	0.0	1.1	(18.1)	(17.0)	2.2	0.0	(14.8)
London NNDR Pool SIP	vi	(8.7)	0.0	(0.5)	(9.2)	4.6	(1.2)	(5.8)
Crime Reduction Initiatives	vii	(2.2)	0.0	(6.8)	(9.0)	1.9	(0.3)	(7.4)
Police Future Expenditure	viii	(4.3)	2.6	(3.5)	(5.2)	2.7	(8.2)	(10.7)
Other Earmarked Reserves	ix	(18.8)	2.0	(4.8)	(21.6)	0.7	(3.6)	(24.5)
Total		(198.0)	101.2	(135.2)	(232.0)	98.6	(87.3)	(220.7)

- (i) Highway Improvements - Created from on-street car parking surpluses to finance future highways related expenditure and projects as provided by section 55 of the Road Traffic Regulation Act 1984, as amended by the Road Traffic Act 1991.
- (ii) Major Projects Reserve – This reserve has been established to fund the 2 major projects funded from City Fund resources, Police Accommodation and the Museum of London Relocation.
- (iii) Business Rate Equalisation Reserve – This reserve will be used to fund collection fund deficits that will be accounted for in future years.
- (iv) City Fund Risk Reserve – This reserve is held to mitigate the additional financial risks brought about COVID-19 and the current economic climate including factors like inflation.
- (v) Build Back Better Reserve – Funds set aside to finance the build back better programme which seeks to support the Climate action strategy to net zero.
- (vi) Unallocated London NNDR Pool Strategic Investment Pot (SIP) – This relates to yet to be allocated SIP funds generated through the London NNDR Pool. The City Corporation acts as a lead authority for the pool and in that role has the final say on the allocation of SIP funds.
- (vii) Police Future Expenditure Reserve - Revenue expenditure for the City Police service is cash limited. The net position each year is taken from/to this reserve to fund future service costs.
- (viii) Under the guidelines of the Proceeds of Crime Scheme funds received by the City Police must be ring fenced for “crime reduction initiatives”.
- (ix) Other Earmarked Reserves – The total for all other reserves set aside for specific purposes including service projects, VAT, the School’s reserve and renewals and repairs.



Notes to the Balance Sheet

13. Property, Plant and Equipment

Movements on Balances 2022-23	Council Dwellings	Other Land & Buildings	Leasehold Improvements	Vehicles, Plant & Equipment	Community Assets	Assets Under Construction	Surplus Assets	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Cost or valuation								
at 1 April 2022	251.0	601.7	7.8	121.1	1.5	95.4	0.4	1,078.9
Additions	4.1	8.3	0.0	2.0	0.0	52.5	0.0	66.9
Transfers	3.4	3.4	0.0	0.0	0.0	(9.2)	0.0	(2.4)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	1.5	25.8	0.0	0.0	0.0	0.0	0.0	27.3
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(4.6)	(1.1)	0.0	0.0	0.0	0.0	0.0	(5.7)
Derecognition - disposals	(6.2)	(0.1)	0.0	3.0	0.0	0.0	0.0	(3.3)
at 31 March 2023	249.2	638.0	7.8	126.1	1.5	138.7	0.4	1,161.7
Accumulated Depreciation and Impairment								
at 1 April 2022	0.0	(5.1)	(1.4)	(71.5)	0.0	0.0	0.0	(78.0)
Depreciation Charge	(2.7)	(11.1)	(0.8)	(7.7)	0.0	0.0	0.0	(22.3)
Depreciation written out to the Revaluation Reserve	1.7	8.6	0.0	0.0	0.0	0.0	0.0	10.3
Depreciation written out to the Surplus/Deficit on the Provision of Services	0.9	0.1	0.0	0.0	0.0	0.0	0.0	1.0
Derecognition - disposals	0.0	0.0	0.0	(1.0)	0.0	0.0	0.0	(1.0)
at 31 March 2023	(0.1)	(7.5)	(2.2)	(80.2)	0.0	0.0	0.0	(90.0)
Net Book Value								
at 31 March 2022	251.0	596.6	6.4	49.6	1.5	95.4	0.4	1,000.9
at 31 March 2023	249.1	630.5	5.6	45.9	1.5	138.7	0.4	1,071.7

Property, Plant and Equipment (Continued)

Movements on Balances 2021-22	Council Dwellings	Other Land & Buildings	Leasehold Improvements	Vehicles, Plant & Equipment	Community Assets	Assets Under Construction	Surplus Assets	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Cost or valuation								
at 1 April 2021	263.0	509.2	7.3	115.9	1.5	48.0	3.0	947.9
Additions	1.9	3.3	0.6	5.4	0.0	52.0	0.0	63.2
Transfers	0.3	104.1	0.0	0.8	0.0	(4.5)	(1.8)	98.9
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(5.7)	21.6	0.0	0.0	0.0	0.0	0.0	15.9
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(1.6)	(36.7)	0.0	0.0	0.0	0.0	0.0	(38.3)
Derecognition - disposals	(6.8)	0.0	0.0	(0.2)	0.0	0.0	(0.2)	(7.2)
at 31 March 2022	251.1	601.5	7.9	121.9	1.5	95.5	1.0	1,080.4
Accumulated Depreciation and Impairment								
at 1 April 2021	(0.1)	(4.5)	(0.7)	(65.1)	0.0	0.0	(0.7)	(71.1)
Depreciation Charge	(2.6)	(10.8)	(0.7)	(7.3)	0.0	0.0	0.0	(21.4)
Depreciation written out to the Revaluation Reserve	1.7	9.9	0.0	0.0	0.0	0.0	0.0	11.6
Depreciation written out to the Surplus/Deficit on the Provision of Services	0.9	0.2	0.0	0.0	0.0	0.0	0.0	1.1
Derecognition - disposals	0	0.0	0.0	0.2	0.0	0.0	0.0	0.2
at 31 March 2022	(0.1)	(5.2)	(1.4)	(72.2)	0.0	0.0	(0.7)	(79.6)
Net Book Value								
at 31 March 2021	262.9	504.7	6.6	50.8	1.5	48.0	2.3	876.8
at 31 March 2022	251.0	596.3	6.5	49.7	1.5	95.5	0.3	1,000.8

Infrastructure Assets

In accordance with the temporary relief offered by the Update to the Code of Practice on infrastructure assets, this note does not include disclosure of gross costs and accumulated depreciation. This is due to historical reporting practices and resultant information deficits meaning that this would not faithfully represent the asset position to the users of the financial statements and would not provide the basis for these users to take economic or other decisions relating to infrastructure assets.

We have also utilised the provisions granted under The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022 SI 1232/2022 which allows for the derecognition of replaced elements of infrastructure assets to be assumed to be at nil value and confirms that prior year adjustments are not required in relation to this matter. This means that the figures presented below represent the spend and depreciation calculated for this asset class.

2021-22	Infrastructure Assets Movement on Balances	2022-23
£m		£m
48.8	Opening Net Book Value at 1 April	47.7
6.9	Additions	5.3
(8.0)	Depreciation	(8.2)
47.7	Closing Net Book Value at 31 March	44.8

Reconciliation of Property, Plant and Equipment

The below table reconciles the individual disclosure notes to the total property, plant and equipment balance on the face of the balance sheet.

2021-22	Reconciliation of Property, Plant and Equipment	2022-23
£m		£m
1,000.8	Other PPE Assets	1,071.7
47.7	Infrastructure Assets	44.8
1,048.5	Total PPE Assets Net Book Value	1,116.5

The authority has determined in accordance with Regulation 30M of the Local Authorities (Capital Finance and Accounting) (England/Wales) (Amendment) Regulations 2022 that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil.

Depreciation

The useful lives and depreciation rates generally used in the calculation of depreciation are listed below.

• General operational buildings	50 years
• Council Dwellings	125 years
• Certain listed ³ operational buildings years	75 – 125
• Leasehold Improvements years	10 – 30
• Infrastructure years	10 – 25
• Heavy vehicles and plant	7 years
• Equipment	5 -12 years
• Cars and light vans	5 years
• Assets under construction	None
• Community Assets	None

Where there is a material impact on depreciation and/or the carrying value, components are treated as separate assets and depreciated over their own useful economic lives. Indicative economic lives of typical asset components include:

• Internal fit-out	10-25 years
• Plant and Machinery	15-25 years

HRA Dwelling Valuations

Dwellings are valued at their 'existing use with vacant possession' and then reduced to reflect 'existing use for social housing'. The reduction is a measure of the economic cost of providing council housing at less than open market rents. Current MHCLG guidance (guidance for valuers – 2016) identifies a vacant possession adjustment factor for London of 25%. This factor has been adopted in establishing the Existing Use Value-Social Housing. The estimated vacant possession value of HRA dwellings at 31st March 2023 is £727.6m (£712.4m 31st March 22) which has been reduced by 75% to £183.6m (£179.7m at 31st March 22) to reflect social housing.

The City Fund also maintains the Barbican Estate which, whilst classed as Council Dwellings, sits outside of the HRA and is not subject to the adjustment factor.

³ A building which is included on the statutory list of 'buildings of special architectural or historic interest'.

Commitments

Significant capital commitments above £1m totalling £21.2m at 31 March 2023, detailed as:

- £2.4m relating to the Barbican Estate Redecoration programme
- £4.4m relating to Salisbury Square demolition and development scheme
- £1.0m relating to Assessment Centre for Rough Sleepers
- £2.8m relating to the Poultry Market (Museum of London Relocation)
- £1.0m relating to the replacement of the roof at Walbrook Wharf Depot
- £2.5m relating in respect of Fire Door replacement on the Avondale Square Housing estate
- £1.3m in respect of heating and hot water replacement schemes at Middlesex Street estate
- £2.6m relating to Holloway Estate Windows Replacement Programme
- £3.2m relating to Southwark Estate Windows Replacement Programme

Revaluations

The following have been revalued at 31 March 2023 in accordance with the Rolling Five Year Programme of Revaluation or to reflect material changes in value:

- Barbican Centre, including the Barbican lending library
- Barbican Estate residential properties, baggage stores, and car bays
- Bishopsgate Police Station

14. Heritage Assets

The carrying value of heritage assets currently held in the Balance Sheet at historic cost is £9.0m (2021-22 £9.0m) which relates almost exclusively to one asset – the capital's only Roman Amphitheatre. The amphitheatre was discovered in Guildhall Yard during an archaeological dig taking place in preparation for a building project. In 2002, the doors to the amphitheatre opened for the first time in nearly 2,000 years.

The London Metropolitan Archives look after 105km of books, maps, films and photographs about London and Londoners dating from as far back as 1067. Guildhall Library also specialises in the history of London with a printed books collection from the 15th century onwards and many special collections including those devoted to Samuel Pepys, John Wilkes and Sir Thomas More. Reliable valuations are not available for these assets and the cost of obtaining such valuations in order to recognise them on the balance sheet would outweigh the benefit of such recognition to the users of the financial statements.

- Central Criminal Court
- City of London Cemetery and Crematorium properties
- Cleansing Depot and Offices at Walbrook Wharf
- Housing Commercial Properties (shop units, garages and parking spaces)
- Housing Dwellings (including guest flats)
- Public Car Parks
- Public Conveniences
- Spitalfields Market
- Woodredon and Warlies Park Estate
- Surplus Properties
- Investment Properties
- Assets Held for Sale - HRA non-dwelling properties at Holloway

The City Fund is not aware of any material change in value of any other assets and therefore the valuations have not been updated. The current asset values used in the accounts for the Barbican Centre, Central Criminal Court, Public Car Parks, Public Conveniences, Walbrook Wharf (depot and offices), Golden Lane Recreation Centre, Woodredon and Warlies Park, Cemetery and Crematorium, Police Station, Animal Reception Centre and the investment properties are based on assessments by external valuers. The firms of chartered surveyors who have prepared valuations for the City Fund are Cushman and Wakefield LLP, Gerald Eve LLP and Savills (UK) Ltd.

All other asset values have been prepared by registered RICS valuers employed in the City Corporation's City Surveyor's Department.

Further information on the Roman Amphitheatre and the London Metropolitan Archives, including opening times and details of the collections held by the LMA, can be found on the City Corporation website (<https://www.cityoflondon.gov.uk/things-to-do/history-andheritage/london-metropolitan-archives>)

15. Capital Expenditure and Finance

The total amount of capital expenditure incurred in the year is shown, in the table adjacent, together with the resources that have been used to finance it. Where assets are acquired under finance leases (see note 30) the transactions are considered to be the same as if the City Fund had purchased the assets and financed this by taking out a loan. Liabilities are therefore recognised for the same amount as the assets acquired under finance leases.

A nil or negative Capital Financing Requirement (CFR) indicates that the City Fund's provision for debt is equal to or greater than the debt incurred. Where capital expenditure is to be financed in future years by charges to revenue the expenditure results in a positive CFR, a measure of the capital expenditure incurred historically that has yet to be financed. The net increase in the capital financing requirement of £3.7m reflects the recognition of £5.1m of additional borrowing requirement to fund capital schemes, partially offset by a £1.4m minimum revenue provision made in the year.

2021-22		2022-23	
£m		£m	
53.4	Opening Capital Financing Requirement	86.7	
	Capital Investment		
70.1	Property, Plant and Equipment	72.1	
40.1	Investment Properties	5.6	
0.2	Intangible Assets	0.4	
20.9	Revenue Expenditure Funded for Capital Under Statute	23.9	
	Sources of Finance		
(1.1)	Minimum Revenue Provision	(1.4)	
(46.9)	Capital Receipts	(8.0)	
(39.6)	Capital grants, contributions and donations	(36.7)	
(3.6)	Major Repairs Reserve	(3.4)	
(6.8)	Direct revenue contributions	(48.8)	
86.7	Closing Capital Financing Requirement	90.4	

2021-22		2022-23	
£m		£m	
	Explanation of movement in year		
(1.1)	Minimum Revenue Provision	(1.4)	
0.0	Assets acquired under finance leases	0.0	
34.4	Increase in underlying need to borrow	5.1	
33.3	Increase/(decrease) in Capital Financing Requirement	3.7	

16. Long Term Debtors

31 March 2022		31 March 2023
£m		£m
9.1	Net Investment in Finance Leases	8.8
1.2	Loans to Museum of London (repayable by 2032)	1.0
1.8	Rent	1.6
0.1	Museum in Docklands Loan	0.0
0.1	Service Charge Loans	0.0
12.3	Total	11.5

17. Investment Properties

2021-22		2022-23
£m		£m
1,601.0	Balance at start of the year	1,642.1
(100.8)	Transfers	(11.1)
	Additions:	
40.1	Purchases	0.0
0.0	Construction	0.0
0.0	Subsequent expenditure	5.6
(17.2)	Disposals	0.0
	Revaluations:	
119.0	Net gains from fair value adjustments	(76.3)
1,642.1	Balance at end of the year	1,560.3

18. Financial Instruments

The financial instruments recognised in the City Fund financial statements include trade debtors and creditors, bank deposits and investments.

Categories of Financial Instruments

The financial instruments disclosed in the Balance Sheet are made up of the following categories under IFRS 9.

Long Term	Current		Long Term	Current
31 March 22	31 March 22		31 March 23	31 March 23
£m	£m		£m	£m
		Investments		
0.0	324.6	Fair value through profit and loss	0.0	351.2
0.0	667.5	Amortised Cost	0.0	613.6
0.0	992.1	Total Investments	0.0	964.8
		Debtors		
12.3	89.5	Amortised Cost	11.5	56.6
12.3	89.5	Total Debtors	11.5	56.6
		Creditors		
0.0	(76.1)	Amortised Cost	0.0	(81.4)
0.0	(76.1)	Total Creditors	0.0	(81.4)
		Long Term Liabilities		
(4.9)	0.0	Amortised Cost	(4.3)	0.0
(4.9)	0.0	Total Long Term Liabilities	(4.3)	0.0

Investments

The City Fund's investments comprise cash that is not required for day to day purposes invested in deposits of varying fixed lengths and money market funds (including short dated bonds). Investments in fixed term deposits, call accounts and notice accounts are classified as amortised cost financial assets because they comprise of cash flows which are solely payments of principal and interest. Investment in money market funds are classed as fair value through profit or loss financial assets as the net asset value of these funds can vary slightly.

Fair Value of Assets and Liabilities

Financial assets held at fair value through profit and loss are valued using unadjusted quoted prices in active markets for identical assets (level 1 inputs in the fair value hierarchy).

All other financial liabilities and financial assets represented by amortised cost and long-term debtors and creditors are carried on the balance sheet at amortised cost. Short-term debtors and creditors are carried at cost as this is a fair approximation of their value.

Income, Expense, Gains and Losses

The gains and losses recognised in the CI&ES in relation to financial instruments are made up as follows:

2021-22		2022-23	
£m		£m	
7.5	Net(gain)/loss on financial assets at fair value through profit and loss	10.1	
7.5	Total net (gains)/losses in Surplus or Deficit on the Provision of Services	10.1	
(5.7)	Interest (income)/expenses from financial assets	(25.0)	
(5.7)	Total interest revenue in Surplus or Deficit on the Provision of Services	(25.0)	

31 March 2022			31 March 2023	
Carrying Amount	Fair Value		Carrying Amount	Fair Value
£m	£m		£m	£m
		Financial assets		
4.3	4.3	Long Term Debtors - investment properties	4.3	4.3
8.0	8.0	Long Term Debtors – other	7.2	7.2
992.1	992.1	Short Term Investments	964.8	964.0
89.5	89.5	Short Term Debtors	56.6	56.6
1,093.9	1,093.9	Total financial assets	1,032.9	1,032.9
		Financial liabilities		
(76.1)	(76.1)	Short Term Creditors	(81.4)	(81.4)
(4.9)	(4.9)	Long Term Liabilities	(4.3)	(4.3)
(81.0)	(81.0)	Total financial liabilities	(85.7)	(85.7)

The fair value of long term debtors in relation to investment properties (comprising finance lease debtors) have been assessed based on the investment property fair values categorised within Level 2 of the fair value hierarchy (see accounting policy 1.21). Other long term debtors consist mainly of a loan to and finance lease debtor with the Museum of London. As there is no active market for these items, the fair value is assumed to be the same as the carrying value categorised within level 3 of the fair value hierarchy.

19. Nature and Extent of Risks arising from Financial Instruments

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

- Credit risk – the possibility that other parties might fail to pay amounts due to City Fund
- Liquidity risk – the possibility that the City Fund might not have enough funds available to meet its 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 the financial markets such as interest rates, stock market movements and foreign exchange rates.

The City Corporation has adopted CIPFA's Treasury Management in the Public Services: Code of Practice and sets treasury management indicators to control key financial instrument risks in accordance with CIPFA's Prudential Code. The City Fund'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. Risk management is carried out by a central treasury team, under policies approved by the Court of Common Council in the annual treasury management strategy statement.

Credit Risk

Credit risk arises from deposits with banks, other financial institutions and other local authorities, as well as credit exposures to the City Fund's customers. Deposits are only made with banks with a minimum Fitch (a leading credit rating agency) "rating" of Long term A and Short term F1 or are building societies with assets over £10bn (or which have a minimum credit rating similar to that set for the banks). The City Fund also invests in money market funds, which are subject to a minimum credit rating of AAmmf (Fitch) or equivalent. The City Fund 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 array 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 Fund's 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, NatWest and Santander UK were maintained at maximum lending limits of £100m each during 2022-23, 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 £100m. 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 twelve foreign banks with individual limits of £100m with a maximum loan duration of three years. The included foreign banks are Australia and New Zealand Banking Group, National Australia Bank, Bank of Montreal, Royal Bank of Canada, Toronto-Dominion Bank, Landesbank Hessen-Thuringen Girozentrale, Cooperatieve Rabobank, DBS Bank, United Overseas Bank, Skandinaviska Enskilda Banken, Swedbank, and Svenska Handelsbanken. The lending list also includes five highly rated money market funds (Aberdeen

Sterling Liquidity Fund, CCLA Public Sector Deposit Fund, Deutsche Managed Sterling Fund, Federated Short-Term Sterling Prime Fund, and Invesco Sterling Liquidity Portfolio); 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 also lends to other UK local authorities with a limit of £25m to any individual authority.

The City Fund's maximum exposure 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 the City Fund does not expect any losses from non-performance by any counterparty in relation to outstanding deposits. As at 31 March 2023, the City Fund had £994.1m in cash, cash equivalents and investments.

The City Fund, along with other Funds of the Corporation, share a common Corporation cashbook and at any time cash balances will be put out to investments in bank notice accounts, money market funds or deposit accounts. Each fund has a share of the invested balances in proportion to this relative holding in the Corporation cashbook. There is little exposure to credit risk arising from these investments.

The City Fund does not generally allow credit for customers. Therefore, the potential maximum exposure to credit risk is with customers for which prudent provision for bad debts and expected credit losses has been included within the accounts based on the length of time past the due date and progress on recovery action.

31 March 2023	<3 months	3-6 months	6-12 months	>1 year	Total
Expected loss rate	1%	10%	17%	25%	10%
Gross carrying amount (£m)	17.1	2.1	2.6	9.4	31.1
Loss provision (£m)	0.2	0.2	0.4	2.4	3.2

Liquidity risk

The authority has ready access to borrowings from the money markets to cover any day to day cash flow need, and the Public Works Loans Board, for access to longer term funds. The authority is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. At present, the City Fund has no borrowing exposure.

Market risk

Interest rate risk (narrative updated)

The authority 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 the authority. For instance, a rise in interest rates would have the following effects:

- investments at variable rates – the interest income credited to the CI&ES will rise,
- investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

Changes in interest receivable on variable rate investments are posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in fair value of fixed rate investments that have a quoted market price will be reflected in the Other Comprehensive Income and Expenditure Statement. The Treasury Management Team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget, quarterly during the year. According to this assessment strategy, if interest rates had been 1% higher with all other variables held constant, the financial effect at 31 March on investments with variable rates would be:

2021-22		2022-23	
£m		£m	
	Increase in interest receivable on investments held at variable rates		
4.6	City Fund	4.3	
0.0	HRA	0.0	
4.6	Total	4.3	

The impact of a 1% fall in interest rates would be as above but with the movements being reversed. All of the City Fund's financial investments held at amortised cost are due to mature within twelve months as at 31 March 2023 and therefore the impact of a 1% movement in interest rates on the fair value of fixed rate investment assets would not be material. Within its financial investments held at fair value through profit or loss, the City Fund holds two short dated bond fund investments whose value is sensitive to fluctuations in interest rates. Based on the combined modified duration of these investments as at 31 March 2023, the Corporation estimates that a 1% increase (decrease) in interest rates will decrease (increase) their carrying value by £4.3m.

Foreign exchange risk

The authority has no financial assets or liabilities denominated in foreign currencies and therefore has no exposure to loss arising from movements in exchange rates.

Other price risks

The City of London Corporation has no material investments in equity shares attributable to the City Fund.

20. Short-term debtors

31 March 2022		31 March 2023
£m		£m
35.2	Central Government Bodies	54.6
3.4	Greater London Authority	0.4
41.1	London Business Rates Pool	0.0
	All Other Bodies	
20.4	Rents	18.5
6.9	Sundry	11.0
37.7	Trade Debtors	45.4
10.7	City Fund's Share of National Business Rates Arrears	16.9
10.0	Other	11.0
(10.5)	Less: Impairment allowances for expected credit losses and doubtful debts	(10.3)
154.9	Total	147.6

The table provides a breakdown of the short term debtor balance including the allowance made for expecting credit losses and bad debts. Many of the amounts due to the City Corporation relate to transactions with other public bodies where grant and reimbursements are due to fund our activities. The remaining amounts relate to outstanding business rate arrears, rental income, fees and charges and Penalty Charge Notice income.

21. Short-term creditors

The adjacent table provides a breakdown of the outstanding creditor and receipt in advance balances for the year. The majority of these balances are held with other public entities and are predominantly due to movements linked to business rate income.

The remaining balances with Central Govt bodies and the GLA have been impacted by the share of the collection fund surplus owed to these entities. Further details can be found in the collection fund accounts section of the statement.

The London Business Rates Pool position relates to our role as lead authority to account for all the outstanding movement for the Pool. The year-end balance represents the amount owed by the Pool to external local authorities.

31 March 2022		31 March 2023
£m		£m
(83.7)	Central Government Bodies	(94.8)
(49.0)	Greater London Authority and Transport for London	(105.2)
(105.9)	London Business Rates Pool	(10.3)
(40.0)	City Fund's share of national business rates creditors and receipts in advance	(42.2)
(8.3)	Deposits	(7.9)
(77.8)	Sundry	(84.3)
(30.8)	Receipts in advance	(37.5)
(395.5)	Total	(382.2)

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22. Provisions

With the introduction of the Business Rates Retention Scheme from 1 April 2013, Local Authorities are liable for successful appeals against business rates in their proportionate share. A provision is recognised for the best estimate of the City Fund's liability at the year-end for appeals. The estimate has been calculated using the Valuation Office Agency (VOA) ratings list of appeals outstanding as at 31 March 2023 and an analysis of successful appeals and trends in 2022-23.

	National Business Rates	City Fund Premium on Business Rates	Total
	£m	£m	
Balance at 1 April 2022	(38.6)	(1.6)	(40.2)
Appeals settled in 2022-23	22.8	1.8	24.6
Provisions made in 2022-23	(4.6)	(1.2)	(5.8)
Balance at 31 March 2023	(20.4)	(1.0)	(21.4)

23. Pension Schemes

As part of the terms and conditions of employment of its employees, the City Fund makes contributions towards the cost of post-employment benefits. Employees are members of the following pension schemes:

- The City of London Corporation Pension Scheme
- The Police Pension Schemes (1987, 2006 and 2015)
- The Judges' Pension Scheme
- The Teachers' Pension Scheme.

These schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees working for the City Corporation. Notes 24 to 26 provide further information on each of the above schemes.

City of London Pension Scheme

The City Corporation Pension Scheme (the "Scheme") is operated under the regulatory framework for the Local Government Pension Scheme (LGPS) with policy determined in accordance with Pension Fund Regulations. It is a funded defined benefit scheme, meaning that the employers and employees pay contributions into a fund calculated at a level intended to balance the pension liabilities with investment assets. Prior to 1 April 2014, LGPS pension benefits were based on final pensionable pay and length of pensionable service. From 1 April 2014, the scheme became a career average scheme.

The City Corporation administers the Scheme on behalf of its participating employers. The City Corporation's Corporate Services Committee is responsible for personnel and administration matters, whilst its Pensions Committee is responsible for appointing fund managers and monitoring performance. These functions were previously carried out by the Establishment Committee and the Financial Investment Board.

The principal risks to the authority of the scheme are the mortality rate assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme.

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 the City Fund 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 City Corporation's three funds based on the proportion of pensionable payroll of each fund.

Disclosures in relation to City Corporation and the City Fund's share of the overall scheme which satisfy the requirements of a defined benefit pension scheme are set out in this note. This information is not used to determine the employer's pension contribution rate. This is calculated at the triennial valuation and updated by any subsequent interim valuations. The most recent triennial valuation was as at 31 March 2022 and found that the Pension Fund's funding position had improved to 98% (from 90% as at 31 March 2019). The valuation informed consideration of the level of employer's pension contribution to be charged from 1 April 2020 to 31 March 2023, which remain unchanged since 2019-20 at 21.0% per annum.

Assets and Liabilities in Relation to Retirement Benefits

a. Reconciliation of present value of the scheme liabilities

CITY OF LONDON CORPORATION	CITY FUND SHARE 51%		CITY OF LONDON CORPORATION	CITY FUND SHARE 51%
31 March 2022	31 March 2022		31 March 2023	31 March 2023
£m	£m		£m	£m
(2,108.5)	(1,075.5)	1 April	(2,033.3)	(1,037.1)
(85.2)	(43.4)	Current Service Cost	(69.3)	(35.3)
(41.5)	(21.2)	Interest Cost	(52.4)	(26.7)
	0.0	Remeasurement gains/losses:		0.0
50.9	25.9	Actuarial Gains/losses arising from demographic assumptions	0.0	0.0
121.8	62.1	Actuarial gains/losses arising from changes in financial assumptions	880.7	449.2
1.3	0.7	Other Actuarial Gains/Losses	(166.5)	(84.9)
(9.4)	(4.8)	Past Service Cost, including curtailments	(3.6)	(1.8)
0.0	0.0	Liabilities extinguished on settlements	0.0	0.0
48.2	24.6	Benefits paid	49.3	25.2
(11.2)	(5.7)	Contributions from scheme participants	(11.6)	(5.9)
0.4	0.2	Unfunded Pension Payments	0.4	0.2
(2,033.3)	(1,037.1)	31 March	(1,406.2)	(717.2)

Liabilities are discounted to their value at current prices, using a discount rate of 4.60% (based on the annualised Merrill Lynch AA rated corporate bond yield curve where the spot curve is assumed to be flat beyond the 30 year point).

b. Reconciliation of fair value of the scheme assets

CITY OF LONDON CORPORATION	CITY FUND SHARE 51%		CITY OF LONDON CORPORATION	CITY FUND SHARE 51%
31 March 2022	31 March 2022		31 March 2023	31 March 2023
£m	£m		£m	£m
1,188.8	606.4	1 April	1,274.7	650.2
22.8	11.6	Interest on Assets	33.1	16.9
		Remeasurement gains/losses:		
57.3	29.2	Return on Assets less interest	(40.0)	(20.4)
6.8	3.5	Other actuarial gains/losses	0.0	0.0
0.0	0.0	Change in proportion allocated to City Fund	0.0	0.0
(1.0)	(0.5)	Administration expenses	(1.0)	(0.5)
37.4	19.1	Contributions by Employer	34.9	17.8
11.2	5.7	Contributions by Scheme Participants	11.6	5.9
(48.6)	(24.8)	Benefits Paid	(49.7)	(25.4)
0.0	0.0	Settlement Prices Received/(Paid)	0.0	0.0
1,274.7	650.2	31 March	1,263.7	644.5

Scheme assets consist of the following categories, by proportion of the total assets held:

31 March 2022		31 March 2023	
%		%	
59	Equity Investments	59	
1	Cash	1	
12	Infrastructure	13	
27	Absolute return portfolio	27	
100		100	

The analysis of investments held and valuations are included in the accompanying Pension Fund accounts.

c. Overall net deficit

CITY OF LONDON CORPORATION	CITY FUND SHARE 51%		CITY OF LONDON CORPORATION	CITY FUND SHARE 51%
31 March 2022	31 March 2022		31 March 2023	31 March 2023
£m	£m		£m	£m
(919.7)	(469.0)	1 April	(758.6)	(386.8)
75.2	38.4	change in liabilities	627.0	319.8
85.9	43.8	change in assets	(11.0)	(5.6)
(758.6)	(386.8)	31 March	(142.6)	(72.7)

Basis for Estimating Assets and Liabilities

The liabilities have been valued by the City of London's independent consulting actuaries (Barnett Waddingham LLP) using the projected unit method, based upon the latest full valuation of the scheme as at 31 March 2022 and updated to the balance sheet date. The main assumptions used in the calculations are as follows:

2021-22		2022-23
	Mortality assumptions:	
	Life expectancy in years from age 65	
	Retiring today	
21.6	Men	21.1
24.3	Women	23.5
	Retiring in 20 years	
23.0	Men	22.3
25.8	Women	25.0
3.40%	Rate of Inflation – RPI	3.25%
3.25%	Rate of Inflation – CPI	2.90%
4.25%	Salary Increases	3.90%
3.25%	Pension Increases	2.90%
2.60%	Discount Rate	4.80%

Impact on defined benefit obligation from changes to actuarial assumptions

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out above. The following table, prepared on an actuarial projected unit basis, shows the impact on the defined benefit obligation from changes to various actuarial assumptions. The sensitivity analysis has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated.

Change in assumptions at 31 March 2023				
	CITY OF LONDON CORPORATION		CITY FUND SHARE 51%	
	Increase	Decrease	Increase	Decrease
	£m	£m	£m	£m
0.1% change in rate for discounting scheme liabilities	(22.5)	23.1	(11.5)	11.8
0.1% change in rate of increase in salaries	1.6	(1.6)	0.8	(0.8)
0.1% change in rate of increase in pensions	21.9	(21.3)	11.1	(10.9)
One year change in rate of mortality assumption	55.3	(53.0)	28.2	(27.0)

Impact on the City Fund's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The Corporation has agreed a deficit recovery period of 20 years from 2015-16 with the scheme's actuary. Funding levels are monitored on an annual basis.

The liabilities show the estimated underlying commitments that the City Fund has in the long run to pay post-employment (retirement) benefits. The net liability of £72.7m has a substantial impact on the net worth of City Fund as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the City Fund remains sound. The deficit will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

The total employer contributions expected to be made to the scheme for the City of London Corporation across all its funds in the year to 31 March 2023 are £34.9m (estimated City Fund Share £17.8m).

The scheme actuary has estimated that the weighted average duration of the defined benefit obligation for scheme members is 21 years.

24. The Police Pension Scheme

There are three Police Pension Schemes - the 1987 Scheme, the 2006 Scheme and the 2015 Scheme. Except where otherwise stated, the "Police Pension Scheme" is used generically to cover all the schemes. The Police Pension Scheme is defined benefit and unfunded. It is administered by the City of London in accordance with Home Office regulations and is not a multi-employer scheme.

The Scheme is funded on a pay as you go basis, with the employer contributing a percentage of police pay into the Pension Fund and the Home Office meeting the balance. At the year end the Police Pension Fund Account is balanced to nil by either receiving a contribution from the City Fund equal to the amount by which the amounts payable from the Pension Fund for the year exceed the amounts receivable or, by paying to the City Fund the amount by which sums receivable by the Fund for the year exceed the amounts payable.

Where the City Fund makes a transfer into the Pension Fund, the Home Office will pay an equivalent top-up grant to the City Fund. Where the City Fund receives a transfer from the Pension Fund, the City Fund must pay the amount to the Home Office. The Police Pension Scheme 2015 came into effect from 1 April 2015 and any benefits accrued from that date will be based on career average revalued salaries.

The Police Pension liability represents the pension benefits Officers have accrued as at 31 March 2023 as assessed via actuarial calculation. These benefits, however, will not be payable until Officers have retired. As an unfunded scheme, the liabilities will be met through employee and employer contributions with any deficit being met by the Home Office.

The last full valuation of the Police Pension Scheme was at 31 March 2016 by the Government Actuary's Department and set contributions for the period 1 April 2019 to 31 March 2023.

Liabilities in Relation to Retirement Benefits

As the scheme is unfunded, it has no assets.

Reconciliation of present value of the scheme liabilities

31 March 2022		31 March 2023
£m		£m
(1,139.3)	1 April	(1,245.1)
(28.8)	Current Service Cost	(31.4)
(22.5)	Interest Cost	(32.0)
	Remeasurement gains/losses:	
(6.1)	Actuarial Gains/losses arising from demographic assumptions	0.0
44.1	Actuarial gains/losses arising from changes in financial assumptions	518.3
(123.1)	Other Actuarial Gains/Losses	(76.4)
34.9	Benefits paid	33.2
0.0	Past Service Costs	0.0
(4.9)	Contributions from scheme participants	(5.4)
0.5	Injury Benefits Paid	0.6
(1,245.1)	31 March	(838.3)

Impact on defined benefit obligation from changes to actuarial assumptions

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out above. The following table, prepared on an actuarial projected unit basis, shows the impact on City Fund's defined benefit obligation from changes to various actuarial assumptions. The sensitivity analysis has been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated.

Basis for Estimating Liabilities

The liabilities have been valued by the City of London's independent consulting actuaries (Barnett Waddingham LLP) using the projected unit method, based upon the last full valuation of the scheme updated to the balance sheet date. The main assumptions used in the calculations are as follows

2021-22	Mortality assumptions:	2022-23
	Life expectancy in years from age 65	
	Retiring today	
21.1	Men	21.2
23.4	Women	23.5
	Retiring in 20 years	
22.4	Men	22.5
24.9	Women	25.0
3.55%	Rate of Inflation – RPI	3.25%
3.25%	Rate of Inflation – CPI	2.90%
4.25%	Salary Increases	3.90%
3.25%	Pension Increases	2.90%
2.60%	Discount Rate	4.80%

Change in Assumptions at 31 March 2023

Impact on the Defined Benefit Obligation in the Scheme		
	Increase	Decrease
	£m	£m
0.1% change in rate for discounting scheme liabilities	(13.3)	13.7
0.1% change in rate of increase in salaries	1.6	(1.6)
0.1% change in rate of increase in pensions	12.3	(12.0)
One year change in rate of mortality assumption	30.5	(29.4)

Impact on the City Fund's Cash Flows

The liabilities show the estimated underlying commitments that the City Fund has in the long run to pay post-employment (retirement) benefits. The net liability of £838.3m has a substantial impact on the net worth of the City Fund as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the City Fund remains sound. Future contributions are expected to be met by an annually assessed grant from the Home Office.

The total employer contributions for the combined position of the Police Pension Schemes 1987, 2006 and 2015 for the year to 31 March 2023 are expected to be £12.4m and the expected top up grant from the Government is £15.5m.

The scheme actuary has estimated that the weighted average combined duration of the defined benefit obligation for the schemes is 21 years.

25. Judges' Pension Scheme

The Judges' Pension Scheme is defined benefit and unfunded. The scheme is subject to the provisions of the Judicial Pensions and Retirement Act 1993. The Treasury is responsible for payment of Judges' pensions and the City of London reimburses them in accordance with regulations made under the Act.

Liabilities in Relation to Retirement Benefits

As the scheme is unfunded, it has no assets.

Reconciliation of present value of the scheme liabilities

31 March 2022		31 March 2023
£m		£m
(2.8)	1 April	(2.8)
(0.2)	Current Service Cost	(0.2)
(0.1)	Interest Cost	(0.1)
	Remeasurement gains/losses:	
0.0	Actuarial Gains/losses arising from demographic assumptions	0.9
0.1	Actuarial gains/losses arising from changes in financial assumptions	0.1
0.0	Other Actuarial Gains/losses	(0.2)
0.1	Benefits paid	0.1
(2.8)	31 March	(2.2)

Basis for Estimating Liabilities

The liabilities have been valued by the City of London's independent consulting actuary (Barnett Waddingham LLP) using the projected unit method, based upon the last full valuation of the scheme updated to the balance sheet date. The main assumptions used in the calculations are as follows:

2021-22	Mortality assumptions:	2022-23
	Life expectancy in years from age 65	
	Retiring today	
21.6	Men	21.1
24.3	Women	23.5
	Retiring in 20 years	
23.0	Men	22.3
25.8	Women	25.0
3.55%	Rate of Inflation – RPI	3.25%
3.45%	Rate of Inflation – CPI	2.90%
4.45%	Salary Increases	3.90%
3.45%	Pension Increases	2.90%
2.65%	Discount Rate	4.80%

Impact on defined benefit obligation from changes to actuarial assumptions

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out above. The following table, prepared on an actuarial projected unit basis, shows the impact on the City Fund's defined benefit obligation from changes to various actuarial assumptions. The sensitivity analyses have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated.

Change in Assumptions at 31 March 2023

Impact on the Defined Benefit Obligation in the Scheme		
	Increase	Decrease
	£m	£m
0.1% change in rate for discounting scheme liabilities	(0.02)	0.02
0.1% change in rate of increase in salaries	0.00	0.00
0.1% change in rate of increase in pensions	0.02	(0.02)
One year change in rate of mortality assumption	0.10	(0.10)

Impact on the City Fund's Cash Flows

The liabilities show the estimated underlying commitments that the City Fund has in the long run to pay post-employment (retirement) benefits. The net liability of £2.2m has an impact on the net worth of the City Fund as recorded in the Balance Sheet. However, the City Fund has set aside funds in an earmarked reserve to assist with meeting its share of liabilities.

The scheme actuary has estimated that the weighted average combined duration of the defined benefit obligation for the scheme is 11 years.

26. Transactions Relating to Post-employment Benefits within the Financial Statements

The Teachers' Pension Scheme is accounted for as if it is a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Children's and Education Services line in the CI&ES is charged with the employer's contributions payable to Teachers' Pension Scheme in the year.

Retirement benefits from schemes accounted for on a defined benefit basis (City of London, Police and Judges') are recognised in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge against council tax is based on cash payable in the year, so the real cost of retirement benefits is reversed out of the City Fund and Housing Revenue Account via the Movement in Reserves Statement.

The cumulative amount of actuarial gains and losses recognised in Other Comprehensive Income and Expenditure in the actuarial gains or losses on pensions assets and liabilities line was at 31 March 2023 a gain of £786.5m (at 31 March 2022 it was a gain of £36.3m). The amount included in the Balance Sheet arising from the City Fund's estimated obligation in respect of the defined benefit plans is as follows:

31 March 2022		31 March 2023	
£m		£m	
	Present Value of the defined benefit obligation		
(1,035.0)	City of London Pension Scheme - City Fund	(715.4)	
(1,234.4)	Police Pension Schemes	(829.7)	
(2.8)	Judges Pension Scheme	(2.2)	
	Fair Value of plan assets		
650.2	City of London Pension Scheme - City Fund	644.5	
	Present value of unfunded obligation		
(2.1)	City of London Pension Scheme - City Fund	(1.8)	
(10.7)	Police Pension Schemes	(8.4)	
(1,634.8)	Net liability on balance sheet	(913.2)	

There are no outstanding or pre-paid employee contributions at the balance sheet date.

The table summarises the entries in the financial statements for the City of London, Police and Judges' Schemes:

2021-22					2022-23			
Police	Judges	City of London City Fund	Total		Police	Judges	City of London City Fund	Total
£m	£m	£m	£m		£m	£m	£m	£m
				Comprehensive Income & Expenditure Statement (CIES)				
				Cost of Services:				
28.8	0.2	43.4	72.4	Current service cost	31.4	0.2	35.3	66.9
0.0	0.0	4.8	4.8	Past service costs	0.0	0.0	1.8	1.8
0.0	0.0	0.0	0.0	(gain)/loss from settlements	0.0	0.0	0.0	0.0
			0.0	Other Operating Income				
0.0	0.0	0.5	0.5	Administration expenses	0.0	0.0	0.5	0.5
			0.0	Financing & Investment Income & Expenditure				
0.0	0.0	0.0	0.0	Current service cost	0.0	0.0	0.0	0.0
28.8	0.1	9.6	38.5	Interest cost	32.0	0.1	9.9	41.9
57.6	0.3	58.3	116.2	Total Retirement Benefit Charged to the Surplus or Deficit on the Provision of Services	63.4	0.3	47.5	111.2
				Other Comprehensive Income & Expenditure				
				Remeasurement of the net defined benefit liability:				
0.0	0.0	(29.2)	(29.2)	Return on plan assets	0.0	0.0	20.4	20.4
6.1	0.0	(25.9)	(19.8)	Actuarial (gains) & losses - changes in demographic assumptions	0.0	(0.9)	0.0	(0.9)
(44.1)	(0.1)	(62.1)	(106.3)	Actuarial (gains) & losses - changes in financial assumptions	(518.3)	(0.1)	(449.2)	(967.6)
123.1	0.0	(4.1)	119.0	Actuarial (gains) & losses – Other	76.4	0.2	84.9	161.6
85.1	(0.1)	(121.3)	(36.3)	Total Other Comprehensive Income & Expenditure	(441.9)	(0.8)	(343.9)	(786.5)
142.7	0.1	(63.1)	79.8	Total Retirement Benefit Charged/(Credited) to the CIES	(378.5)	(0.5)	(296.4)	(675.3)
				Movement in Reserves Statement				
(142.7)	(0.1)	63.1	(79.8)	Reversal of net charges/credits for retirement benefits in accordance with the Code	378.5	0.5	296.4	675.3
30.5	0.1	19.1	49.7	Actual amount charged against the City Fund and HRA Balances	28.4	0.1	17.8	46.3

27. Grants and Contributions Received in Advance

A number of grants and contributions have yet to be recognised as income as they have conditions attached to them which if they are not met, will require the monies to be returned to the provider. The balances at the year-end are as follows:

31 March 2022		31 March 2023
£m		£m
	Grants and Contributions Received in Advance - Capital (Long-term)	
(94.8)	S106 / S278 Contributions	(103.7)
	Grants and Contributions Received in Advance - Revenue (Short-term)	
(67.5)	S31 Grant for NNDR Reliefs due to Central Government	10.9
(64.4)	COVID Additional Relief Fund Receipt in Advance from Central Government	46.1
(131.9)	Total	(57.0)

28. Rents Received in Advance

Premiums received at the commencement of operating leases for investment properties are effectively rents received in advance and are released to revenue on a straight-line basis over the lease term. This totals £224.5m.

29. Other Long-term Liabilities

At the 31 March 2023 the City Fund has long term liabilities of £52.9m, which consists of £48.6m (2021-22: £52.1m) of outstanding London NNDR Pool Strategic Investment Pot (SIP) project funding due to be released over the life span of agreed projects and £4.3m (2021-22: £4.9m) of financial lease liabilities.

30. Leases

Finance Leases

City Fund as Lessee

Nine property agreements have been classified as finance leases – five relating to operational properties and four in respect of investment properties. In addition, as part of the City of London contract for its cleansing services, the vehicles owned by the contractor, but which are used exclusively on the City of London contract have been classified as finance leases.

The assets acquired under these leases are carried as Property, Plant and Equipment and Investment Properties in the City Fund's Balance Sheet at the following net amounts:

31 March 2022		31 March 2023
£m		£m
	Property, Plant and Equipment	
13.6	Other Land and Buildings	14.0
1.7	Vehicles, Plant and Equipment	1.1
43.6	Investment Properties	30.2
58.9		45.3

Upon review of Cleansing Vehicle leases, the Useful Economic Life of 5 years has been deemed more appropriate than the 8 years previously used. This has changed the balance of minimum lease payments.

The rental payments for most of the property leases are immaterial, the highest being £600 per annum. Consequently, no liabilities are recognised in the balance sheet for these leases and the rental payments are met in full from revenue over the terms of the leases rather than being apportioned between finance charges (interest) and reductions in the outstanding liabilities.

For two investment property leases and the vehicles the City Fund will make payments over the term of the leases to meet the costs of the long term liabilities and the finance costs payable.

The leases are carried under other long term liabilities on the balance sheet:

31 March 2022		31 March 2023	
£m		£m	
3.2	Investment Property	3.2	
1.7	Cleansing Vehicles	1.1	
4.9	Long Term Liabilities	4.3	

The minimum lease payments in relation to the investment property are:

Total Future Minimum Lease Payments		Present Value of Future Lease Payments		Total Future Minimum Lease Payments		Present Value of Future Lease Payments	
31 March 2022	31 March 2022			31 March 2023	31 March 2023		
£m	£m			£m	£m		
0.7	0.6		Not later than one year	0.7	0.5		
1.6	1.1		Later than one year and not later than five years	1.0	0.6		
13.0	3.2		Later than five years	12.8	3.2		
15.3	4.9		Total	14.5	4.3		

City Fund as Lessor⁴

The gross investment is made up of the following amounts:

31 March 2022		31 March 2023	
£m		£m	
	Finance lease debtor (net present value of minimum lease payments)		
0.3	Current	0.3	
8.8	Non-current	8.5	
17.3	Unearned finance income	17.2	
26.4	Gross investment in the lease	26.0	

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

Gross Investment in Lease		Net Present Value of Minimum Lease Payments		Gross Investment in Lease		Net Present Value of Minimum Lease Payments	
31 March 2022	31 March 2022			31 March 2023	31 March 2023		
£m	£m			£m	£m		
0.6	0.3		Not later than one year	0.6	0.2		
2.0	1.1		Later than one year and not later than five years	2.2	1.1		
23.8	7.7		Later than five years	23.4	7.3		
26.4	9.1		Total	26.2	8.6		

The City Fund has a gross investment in finance leases relating to the minimum lease payments expected to be received over the remaining terms. There is no residual value anticipated for the properties when the leases come to an end. The minimum lease payments comprise settlement of the long-term debtor for the interest in the properties acquired by the lessees and finance income that will be earned by the City Fund in future years whilst the debt remains outstanding.

The minimum lease payments receivable are not contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. Income from investment properties is set out in note 7.

There are no commitments in respect of finance leases entered into before the year end but whose term has yet to commence.

⁴ The accounting treatment for lease premiums is currently being reviewed as part of the 2020-21 and 2021-22 audit.

Operating Leases*City Fund as Lessee*

The future minimum lease payments due under non-cancellable leases in future years are shown below.

31 March 2022		31 March 2023	
£m		£m	
2.7	Not later than one year	2.7	
6.9	Later than one year and not later than five years	4.8	
16.2	Later than five years	15.5	
25.8	Total	23.0	

City Fund as Lessor⁵

The City of London has granted leases in respect of several City Fund properties, principally Investment Properties, which are treated as operating leases. The future minimum lease payments receivable under non-cancellable leases in future years are shown below.

31 March 2022		31 March 2023	
£m		£m	
45.7	Not later than one year	47.0	
163.4	Later than one year and not later than five years	156.7	
3,228.0	Later than five years	3,244.3	
3,437.1	Total	3,448.3	

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews.

⁵ The accounting treatment for lease premiums is currently being reviewed as part of the 2020-21 and 2021-22 audit.

31. Unusable Reserves

31 March 2022	Note	31 March 2023
£m		£m
(346.4)	Revaluation Reserve	(378.6)
(2,267.2)	Capital Adjustment Account	(2,225.6)
1,634.8	Pensions Reserve	913.2
41.8	Collection Fund Adjustment Account	(24.7)
3.8	Accumulated Absences Account	2.9
(9.1)	Deferred Capital Receipts Reserve	(8.8)
0.2	Financial Instrument Revaluation Reserve	0.2
4.9	Pooled Investment Adjustment Account	15.0
(937.2)	Total Unusable Reserves	(1,706.4)

a. Revaluation Reserve

The Revaluation Reserve contains the gains arising from increases in the value of Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account (see note B).

2021-22		2022-23
£m		£m
(330.6)	Balance at 1 April	(346.4)
(36.1)	Upward revaluation of assets	(55.3)
8.3	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	17.7
(27.8)	Surplus on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	(37.6)
5.5	Difference between fair value depreciation and historical cost depreciation	5.4
0.0	Assets reclassified as investments	0.0
6.5	Accumulated gains on assets sold or scrapped	0.0
12.0	Amount written off to the Capital Adjustment Account	5.4
(346.4)	Balance at 31 March	(378.6)

b. Capital Adjustment Account

The Capital Adjustment Account includes entries for the financing of capital expenditure and other capital transactions. The account contains the amount of capital expenditure financed from revenue, capital receipts and other sources. It is reduced by the amounts provided for depreciation and for the write-down of revenue expenditure funded from capital under statute and adjustments for disposals of long-term assets. The account contains accumulated gains and losses on Investment Properties. It also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

2021-22		2022-23
£m		£m
(2,151.2)	Balance at 1 April	(2,267.2)
	Reversal of items relating to capital expenditure debited or credited to the CI&ES:	
66.5	Charges for depreciation, impairment and revaluation losses of non-current assets	38.3
0.2	Amortisation of intangible assets	0.3
21.0	Revenue expenditure funded from capital under statute	23.9
25.2	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CI&ES	6.4
112.9	Total reversal of items relating to capital expenditure debited or credited to the CI&ES:	68.9
(12.1)	Adjusting amounts written out of the Revaluation Reserve	(5.5)
100.8	Net written out amount of the cost of non-current assets consumed in the year	63.4
	Capital financing applied in the year:	
(46.9)	Use of the Capital Receipts Reserve to finance new capital expenditure	(8.0)
(3.6)	Use of the Major Repairs Reserve to finance new capital expenditure	(3.4)
(36.4)	Capital grants, contributions & donations credited to the CI&ES that have been applied to capital financing	(36.3)
(3.2)	Application of grants to capital financing from the Capital Grants Unapplied Account	(0.4)
(1.1)	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(1.4)
(6.8)	Capital expenditure charged against the City Fund & HRA balances	(48.8)
(98.0)	Total Capital financing applied in the year:	(98.3)
(119.0)	Movements in the market value of Investment Properties debited or credited to the CI&ES	76.3
0.2	Museum of London loan principle	0.2
(2,267.2)	Balance at 31 March	(2,225.6)

c. Pension Reserve

2021-22		2022-23
£m		£m
1,611.0	Balance at 1 April	1,634.8
(36.3)	Remeasurements of the net defined benefit liability	(786.5)
109.8	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	111.2
(49.7)	Employer's pension contributions less direct payments to pensioners payable in the year	(46.3)
1,634.8	Balance at 31 March	913.2

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. Post-employment benefits in the CI&ES are recognised as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as employer's contributions are paid to pension funds. The debit balance on the Pensions Reserve therefore shows a substantial shortfall between the benefits earned by past and current employees and the resources set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid. The negative pension reserve matches the estimated liabilities on the City of London (City Fund share), Police and Judges' Pension Schemes as determined by independent actuaries using the projected unit method and in accordance with IAS19.

d. Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of national business rates and council tax income in the CI&ES as it falls due from business rate and council tax payers compared with the statutory arrangements for paying across amounts to the City Fund from the Collection Fund. A surplus of £24.7m has arisen in the account. This surplus is largely due to timing differences between our submission of estimated business rate income for the year, submitted in January for the preceding financial year.

g. Financial Instrument Revaluation Reserve

The Financial Instruments Revaluation Reserve contains the gains made by the authority arising from increases in the value of its investments that are measured at fair value through other comprehensive income.

e. Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the City Fund unallocated reserve from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the City Fund unallocated reserve is neutralised by transfers to or from the Account.

h. Pooled Investment Reserve

The Pooled Investment Reserve accounts for the fair value movements in Pooled Investments, which are required to be held in a ring-fence reserve until these movements are realised.

f. Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets, but for which cash settlement has yet to take place. Under statutory arrangements, these gains are not treated as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.



Notes to the Cash Flow Statement

32. Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following item:

2021-22		2022-23
£m		£m
(66.9)	Depreciation, impairments and impairment reversal	(38.3)
5.2	Increase/(Decrease) in creditors	107.7
24.7	Increase/(Decrease) in debtors	(14.8)
(0.1)	Increase/(Decrease) in inventories	0.0
(60.1)	Movement in pension liability	(64.9)
(25.2)	Carrying amount of non-current assets sold	(6.4)
119.0	Movement in investment property values	(76.3)
(28.5)	Deferred credits	(1.4)
5.6	(Increase)/Decrease in contributions to provisions	18.8
(7.4)	Other non-cash items charged to the net surplus or deficit on the provision of services	(10.6)
(33.7)	Total	(86.2)

The surplus/deficit on the provision of services has been adjusted for the following items that are investing and financing activities:

2021-22		2022-23
£m		£m
(5.7)	Interest received	(23.3)

The surplus on the provision of services has been adjusted for the following non-cash movements:

2021-22		2022-23
£m		£m
21.3	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	28.1
49.6	Capital grants credited to the net surplus or deficit on the provision of services	66.8
70.9		94.9

33. Cash Flow Statement – Investing Activities

2021-22		2022-23
£m		£m
108.1	Purchase of property, plant and equipment, investment property and intangible assets	70.0
(1,918.3)	Proceeds from short-term and long-term investments	(1,616.6)
2,044.5	Purchase of short-term and long-term investments	1,599.3
(24.5)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(28.1)
(36.0)	Capital grants received	(68.8)
6.7	Other receipts from investing activities	0.8
180.5	Net cash outflows/(inflows) from investing activities	(43.4)

34. Cash Flow Statement – Financing Activities

2021-22		2022-23
£m		£m
(151.7)	Billing Authorities - Council Tax and NNDR Adjustments	(5.4)
0.5	Reduction in finance lease liability	0.6
(151.2)	Net cash inflows from financing activities	(4.8)



Other Notes to the Accounts

35. Related Party Transactions

The City Fund is required to disclose information on material “related party transactions” with bodies or individuals that have the potential to control or influence the authority or be controlled or influenced by the authority.

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 in 2022-23, including instances where their close family has made transactions with the City of London.

During 2022-23 the following transactions have been disclosed. This is where Members held positions of control or significant influence in related parties to City Fund are:

Related party	Connected party	2022-23 £000	2021-22 £000	Detail of transaction
Askonsas Holt Ltd	A member is the board chairman of Askonsas Holt		30	Fees and expenses received and paid by City Fund
Association of British Insurers	A Member is a Board Member of the Association of British Insurers.	(4,096)	(4,873)	Provision of service costs received by City Fund
City of London Reserve Forces and Cadets Association	One member is nominated to the City of London Reserve Forces and Cadets Association	49	-	Reception contribution and Grant payment
CORAM (Thomas Coram Foundation for Children)	A member is appointed as a trustee*		20/(44)	Provision of service costs received by City Fund
DLA Piper UK LLP	One member is a equity partner and one member is a consultant to DL A Piper UK LLP	(50)	(35)	Provision of service costs received by City Fund
Dr Johnson’s House Trust	A member is nominated to Dr Johnson’s House Trust by the City Corporation	-	8	Local Restrictions grant paid by City Fund
East London NHS Foundation Trust	The City Corporation nominates a Member to the East London NHS Foundation Trust	-	56	Service costs paid by City Fund and catering and hire fees received by City Fund
Hiscox Group	A Member is the Chief Executive of Hiscox Group	(10)	(10)	Contribution received by City Fund
London Councils	A member is a Director in London Councils Ltd	(38)	-	Refund for services and contribution payment
New London Architecture	A member is Chairman of New London Architecture	42/(115)	-	Payment of Fees by City Fund and provision of service costs received by City Fund

Partnership for Young London	The City Corporation nominates a Member to the Partnership for Young London.	26/(7)	15/(14)	Consultant fees paid by City Fund; central support charges received by City Fund
Phoenix Group Holdings PLC	A Member is Chairman for Phoenix Group Holdings PLC	(140)	(50)	Rent and Insurance costs paid to City of London

*has now left the organisation

The following transactions have been disclosed where Members have declared an interest in parties that have transactions with the City Fund during 2022-23.

Related party	Connected party	2022-23	2021-22	Detail of transaction
		£000	£000	
Aon Reinsurance Solutions	A member is a member of council	(20)		Contribution towards Sculpture in City
Bakers' Company	A member is a court assistant to Bakers' Company	-	12	Payment of Restart Grant by City Fund
Barbican Association	Two members are members of the Barbican Association	10		Payment of expenses by City Fund
The Bank of England	A member is an employee	(20)		Provision of service costs received by City Fund
CBRE	A member is employed by CBRE	-	160	Payment of rent and service charges by City Fund
City University London	A member is an Alumni of City University London	(106)		Provision of service costs received by City Fund
Crossrail Ltd	A member is a consultant to Crossrail Ltd	-	(13)	Provision of service costs received by City Fund
Eight Members Club	A member is member to Eight members club	-	-	Government grants paid by City Fund
Keltbray Ltd	A Member is a Consultant in Keltbray Ltd	12/(27)	-	Provision of service cost received by City Fund and a refund to Keltbray for services provided
Lloyds	A Member is an underwriter and a member is an owner of an LLP at Lloyds of London	(50)	(219)	Sponsorship fees for Net Zero Delivery summit
London Borough of Sutton	A Member is the Head of Pensions Investments	(2521)/1093	29/(68)	Provision of service costs received by City Fund
Royal Borough of Kingston	A Member is the Head of Pensions Investments	(1,140)	(10)	Contribution, administration charges, subscriptions to London Council Grants

London Symphony Orchestra	A member is a member of the Advisory Council for London Symphony Orchestra	-	3,539/(2,201)	Provision of service costs received by City Fund
Ministry of Defence	Member is a TA officer	(63)		Provision of service costs received by City Fund
Moore Kingston Smith LLP	A Member is a consultant to Kingston Smith LLP	-	-	Fundraising services paid by City Fund
Named Members	One Members paid the City Fund	-	(12)	Rent received by City Fund
PWC LLP	A Member is an Advisor of PWC LLP	-	58	Consultancy services paid and room fees received by City Fund
Trinity House	A Member is a Member of Trinity House	-	32	Payment of Local Restrictions Support Grant and Restart Grant by City Fund
UBS	A Member has declared an interest in UBS.	-	-	Membership and licensing received by City Fund
Walbrook Club	A Member is a Member of Walbrook Club	-	12	Business rate relief
Worshipful Company of Butchers	Three members are Liverymen	-	18	Payment of Restart Grant by City Fund
WSP Group PLC	A member is a consultant for WSP Group PLC	-	89	Services purchased by City Fund
Museum of London	A Member is a Member of the Board of Governors for the Museum of London and a Member is a Friend of the Museum of London	5,419/(527)	5,451/(574)	Payment of grants and rental income paid to City Fund

Related Party Transactions with the Museum of London

The Museum of London is financed by the City of London and the Greater London Authority with the latter being the major funder as a co-sponsor. The City of London's contribution in 2022-23 was £30.0m (2021-22: £22.1m) and the City Fund received £0.6m for rent, loan repayments and other services. At 31st March 2023 there was an outstanding receivable of £0.5m relating to rent and loan repayments. For 2023-24, City Fund is committed to provide £5.3m of grant funding for the running costs of the Museum.

Half of the appointments to the Board are made by the City of London and a Member has declared an interest in the Museum. However, the City of London does not exercise control of the Museum.

Related Party Transactions with City's Cash and Bridge House Estates

During 2022-23, City's Cash provided a grant of £11.2m to City Fund for the Salisbury Square Development.

During the year, Bridge House Estates contributed £0.126m towards Corporate IT projects and £0.129m towards the "Secure City" project, relating to CCTV and telecommunications (2021-22: nil). The balance owed to BHE at year end was nil (2021-22: nil)

Related Party Transactions not disclosed elsewhere in the Accounts

The UK government has significant influence over the general operations of City Fund. It is responsible for providing the statutory framework within which the City Fund operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that City Fund has with other parties (e.g. council tax bills, housing benefits). Grants from government departments are shown in Note 6. Amounts due to and from central government departments at 31 March 2023 are shown in notes respectively. Disclosures are made in respect of other public bodies which are subject to common control by central government in other parts of the accounts as follows:

- Precepts from other Authorities
- Pension Fund

Amounts paid to HM Revenues and Customs in respect of employer's national insurance contributions of £16m (2022: £14.1m).

A Member of the City of London has declared that they are the Lead Non-Executive Director for the Home Office. Further details of the City Fund's Transactions with the Home Office can be found in Note 6 (page 36) and Note 20 (page 61).

In the City of London Police's role as lead force for cybercrime the City Corporation has assumed responsibility of National CRC Group Limited (company no 13027672), which is a company limited by guarantee tasked with promoting the effectiveness and efficiency of the Police Service in connection to the protection from and prevention of cybercrime through England and Wales. The City Corporation assumed this role from December 2021. As the only Member of the company this would be considered a subsidiary of the City Corporation, specifically of City Fund. However, due to the limited activity of the company to date and small financial value (total balance sheet value at 31 March 2023 was £52,931), no consolidation has taken place.

36. Members Allowances

In 2021, the Court of Common Council introduced an annual, flat rate, allowance for Members, based on the City Corporation's rate for inner-London Weighting. The allowance is optional and is intended to recompense Members for the duties they undertake on behalf of the City Corporation, while also enabling those who chose not to claim from the scheme to maintain their status as volunteers. During the year, £0.325m in remuneration from the City Fund was claimed for Members undertaking their duties (2021-22: £0.08m).

Members may also 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 Corporation. These costs totalling £2,334.36 (2021-22: £8,663.85) across all of the City's activities. These costs were met from the endowment funds of the City Corporation and not charged to City Fund.

37. Contingent Liabilities

There are no contingent liabilities to disclose as at 31 March 2023.

38. Agency Transactions

The City Fund carries out certain work on an agency basis for this it is fully reimbursed. The City Fund has acted as a Lead Authority for the London Business Rate Pool, which operated from 2018-19 through to 2020-21. This role includes acting as finance lead for the pool, which involves aggregating business rate income from participating authorities and distributing funds on behalf of the pool. Whilst the London Business Rates Pool did not operate during 2022-23, residual balances relating to prior year pool activity remain on the City Fund balance sheet pending completion of external audits of all members and finalisation/settlement of outstanding fund.

In 2022-23 the City of London alongside Brent, Barnet, Enfield, Hackney, Haringey, Tower Hamlets and Waltham Forest, formed the “Eight Authority Pool”. The arrangements for the Eight Authority Pool are the same as those of the London Business Rates Pool with the City of London acting as lead authority.

These outstanding debtors and creditors balances in relation to both pools are shown below. Please note this excludes London NNDR Pool SIP balances which are included in the City Fund CI&ES and Balance Sheet.

Business Rate Pool Balances	Balance as at 31 March 2023 £m
Short-Term Debtors	0.0
Cash & Cash Equivalents	10.3
Short-Term Creditors	(10.3)



Supplementary Accounts and Notes

Housing Revenue Account

The HRA Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis on which rents are raised, is shown in the Movement on the HRA Statement.

Income and Expenditure Statement				
2021-22		Notes	2022-23	
£m			£m	£m
	Expenditure			
5.0	Repairs and maintenance		5.1	
8.3	Supervision and management		11.5	
2.9	Depreciation of non-current assets		3.0	
0.7	Revaluation (gain)/loss on HRA dwellings		3.7	
0.5	Movement in the allowance for bad debts	1	0.1	
17.4	Total Expenditure			23.4
	Income			
(10.4)	Dwelling rents		(10.7)	
(2.4)	Non-dwelling rents		(2.8)	
(1.1)	Charges for services and facilities		(2.8)	
(0.2)	Contributions towards expenditure		(0.2)	
(14.1)	Total Income			(16.5)
3.3	Net Expenditure/(Income) of HRA Services as included in the City Fund CI&ES cost of services			6.9
	HRA share of other income and expenditure included in the City Fund CI&ES			
(0.6)	Net (gain)/loss on Disposal of Fixed Assets			(0.7)
0.0	Interest and investment income			0.1
0.0	Investment property (gain)/loss on revaluation			0.0
2.7	(Surplus)/deficit for the year on HRA Services			6.3

Movement on the HRA Statement				
2021-22		Notes	2022-23	
£m			£m	£m
(0.2)	Balance on the HRA at the end of the previous year			(0.2)
2.7	(Surplus)/deficit for the year on the HRA Income and Expenditure Statement		6.3	
(2.7)	Adjustments between accounting basis and funding basis under statute	2	(6.3)	
0.0	(Increase)/decrease in year on the HRA			(0.0)
(0.2)	Balance on the HRA at the end of the current year			(0.2)

1. Impairment Allowance for Bad and Doubtful Debts

2021-22		2022-23
£m		£m
0.33	Provision at 1 April	0.71
(0.08)	Bad Debts written off	0.00
0.45	Decrease in Provision	0.14
0.71	Provision at 31 March	0.85

2. Adjustments between Accounting Basis and Funding Basis under Statute

Note 11 to the City Fund Financial Statements provides further analysis of the adjustments between the accounting basis and funding basis under statute.

3. Housing Stock

As at 31 March 2023 the City Corporation's HRA rental stock was 1,860 dwellings. The HRA also includes costs and service charge income relating to properties sold on long leases of which there were 937 as at 31 March 2023 (2022: 932).

31 March 2022		31 March 2023	
No.		No.	
27	Houses and Bungalows	27	
1,837	Flats	1,833	
1,864	Total	1,860	

31 March 2022		31 March 2023	
No.		No.	
1,867	Stock at 1 April	1,864	
(5)	Sales	(5)	
2	New Build	1	
1,864	Stock at 31 March	1,860	

4. Arrears of Rent, Service and Other Charges

As at 31 March 2023 the total arrears for rent, service charges and other charges were £7.7m (31 March 2022: £6.9m) as follows:

31 March 2022		31 March 2023	
£m		£m	
0.1	Former residential tenants	0.1	
0.3	Current residential tenants	0.3	
1.6	Commercial tenants	1.8	
4.7	Service charges	5.3	
0.1	Other charges	0.1	
6.9	Total arrears	7.7	

5. HRA Property, Plant and Equipment

The value of council dwellings within the HRA does not include all council dwellings owned by the City Fund (see note 13) as some council dwellings are held outside of the HRA such as the Barbican Estate.

2021-22				Movements on Balances					2022-23			
Council Dwellings	Other Land & Buildings	Assets under construction	Total					Council Dwellings	Other Land & Buildings	Assets under construction	Total	
£m	£m	£m	£m					£m	£m	£m	£m	
				Cost or valuation								
184.1	40.0	21.3	245.4	1 April				179.7	38.2	42.5	260.4	
1.9	(0.0)	21.5	23.4	Additions				4.1	0.0	11.7	15.8	
0.3	(1.8)	(0.3)	(1.8)	Transfers				3.4	1.6	(5.3)	(0.3)	
(4.6)	0.0	0.0	(4.6)	Revaluation increase/(decrease) recognised in the Revaluation Reserve				(1.9)	(3.2)	0.0	(5.1)	
(1.7)	0.0	0.0	(1.7)	Revaluation decreases recognised in the Surplus/Deficit on the Provision of Services				(4.6)	0.0	0.0	(4.6)	
(0.3)	0.0	0.0	(0.3)	Derecognition – disposals				(0.4)	0.0	0.0	(0.4)	
0.0	0.0	0.0	0.0	Assets reclassified (to)/from Held for Sale				0.0	0.0	0.0	0.0	
179.7	38.2	42.5	260.4	31 March				180.3	36.6	48.9	265.8	
				Accumulated Depreciation and Impairment								
0.0	(0.2)	0.0	(0.2)	1 April				0.0	(0.2)	0.0	(0.2)	
(2.6)	(0.3)	0.0	(2.9)	Depreciation Charge				(2.7)	(0.3)	0.0	(3.0)	
1.7	0.3	0.0	2.0	Depreciation written out to the Revaluation Reserve				1.7	0.3	0.0	2.0	
0.9	0.0	0.0	0.9	Depreciation written out to the Surplus/Deficit on the Provision of Services				0.9	0.0	0.0	0.9	
0.0	0.0	0.0	0.0	Derecognition – disposals				0.0	0.0	0.0	0.0	
0.0	(0.2)	0.0	(0.2)	31 March				(0.1)	(0.2)	0.0	(0.3)	
				Net Book Value								
184.1	39.8	21.3	245.2	1 April				179.7	38.0	42.5	260.2	
179.7	38.0	42.5	260.2	31 March				180.2	36.4	48.9	265.5	

6. Housing Asset Valuation

Dwellings are valued at their 'existing use with vacant possession' and then reduced to reflect 'existing use for social housing'. The reduction is a measure of the economic cost of providing council housing at less than open market rents. Current MHCLG guidance (guidance for valuers – 2016) identifies a vacant possession adjustment factor for London of 25%. This factor has been adopted in establishing the Existing Use Value-Social Housing. The estimated vacant possession value of HRA dwellings at 31st March 2023 is £727.6m (£712.4m 31st March 22) which has been reduced by 75% to £183.6m (£179.7m at 31st March 22) to reflect social housing.

7. Major Repairs Reserve

2021-22		2022-23
£m		£m
(2.0)	Balance 1 April	(1.3)
	Transfer from HRA equal to depreciation	
(2.9)	dwellings	(1.7)
0.0	non dwellings	0.0
0.0	Additional contribution to/(from) HRA	0.0
3.6	Capital expenditure (dwellings)	3.4
(1.3)	Balance 31 March	0.3

The reserve is used to finance capital expenditure and the balance is included with other capital reserves in the City Fund Balance Sheet.

8. HRA Capital Expenditure

Expenditure for capital purposes and methods of financing are set out below.

2021-22		2022-23
£m		£m
	Expenditure in year	
	Fixed assets	
21.5	Assets under construction	11.7
1.9	Dwellings	4.1
0.0	Other	
1.4	Revenue expenditure funded from capital under statute	1.3
24.8	Total Expenditure	17.1
	Methods of financing	
0.1	Capital Receipts	0.6
3.6	Major Repairs Reserve	3.4
21.1	Grants and contributions	13.1
24.8	Total Financing	17.1

2021-22			Notes	2022-23		
Council Tax	Business Rates	Total		Council Tax	Business Rates	Total
			EXPENDITURE CONTINUED			
			Impairment of debts for Business Rates			
	(8.4)	(8.4)	National		6.9	6.9
	(0.3)	(0.3)	GLA		0.3	0.3
	(0.1)	(0.1)	Premium		0.4	0.4
			Impairment of appeals for Business Rates			
	39.8	39.8	National		15.3	15.3
	0.5	0.5	Premium		1.2	1.2
			Cost of Collection Allowance			
	2.0	2.0	National Business Rates		2.0	2.0
	0.0	0.0	GLA Business Rate Supplement		0.0	0.0
			Contributions towards previous year's estimated Collection Fund Surplus/(Deficit) - National Business Rates			
	(37.7)	(37.7)	City		(37.7)	(37.7)
	(51.6)	(51.6)	GLA		(46.5)	(46.5)
	(45.8)	(45.8)	Central Government		(41.5)	(41.5)
			Contributions towards previous year's estimated Collection Fund Surplus - Council Tax			
0.6	0.0	0.6	City	0.3	0.0	0.3
0.1	0.0	0.1	GLA	0.0	0.0	0.0
9.2	1,143.8	1,153.0	TOTAL EXPENDITURE	9.5	1,052.9	1,062.4
0.0	(50.1)	(50.1)	(Surplus)/Deficit for Year	(0.3)	(222.0)	(222.3)
(0.6)	191.3	190.7	Balance 1 April	(0.6)	141.2	140.6
(0.6)	141.2	140.6	Balance 31 March	(0.9)	(80.8)	(81.7)

1. Income from Business Rates

The Local Government Finance Act 1988 replaced the Locally Determined Non-Domestic Rate with a National Non-Domestic Rate (NNDR) set by the Government. In addition to the NNDR, there is a discounted rate for small businesses known as the Small Business Non-Domestic Rate (SBNDR). In 2022-23 the City of London set a non-domestic rating multiplier of 0.524 (52.4p in the £) and a small business non-domestic rating multiplier of 0.511 (51.1p in the £). This comprises the NNDR and SBNDR multipliers of 0.512 and 0.499 respectively, plus a premium of 1.2p in the £ to provide additional funding to enable the City Corporation to continue to support Police, security, resilience and contingency planning at an enhanced level.

In addition, for those business premises which have a rateable value of more than £70,000, the Greater London Authority (GLA) is levying a business rate supplement (BRS) multiplier of 2p in the £ for the 2022-23 financial year to finance the Crossrail project. The City Corporation collects the BRS on an agency basis on behalf of the GLA. The rateable value at the 31 March 2023 was £2.553bn.

2021-22		2022-23
£m		£m
(1,324.7)	National Business Rates	(1,374.5)
86.5	Less: Voids	83.4
21.0	Mandatory and discretionary relief	17.0
77.9	Expanded retail, leisure, and hospitality relief	69.5
2.0	Partly occupied allowance	0.2
(1,137.3)	Net income from national business rates	(1,204.4)

2. Calculation of Council Tax

The Local Government Finance Act 1992 introduced the Council Tax from 1 April 1993, replacing the Community Charge. The Act prescribes the detailed calculations that the City of London Corporation, as a billing authority, has to make to determine the Council Tax amounts. The City of London set a basic amount of £956.11 for a Band D property, inclusive of a 1% adult social care precept. There was no increase in council tax.

To this £956.11 is added £118.46 in respect of the precept from the Greater London Authority to arrive at the total Council Tax of £1,074.57 for a Band D property in 2022-23. Prescribed proportions are applied to this basic amount to determine the Council Tax amounts for each of the bands as follows:

BAND	Proportion	Council Tax
		£
A	6/9	716.38
B	7/9	835.78
C	8/9	955.18
D	9/9	1,074.57
E	11/9	1,313.36
F	13/9	1,552.16
G	15/9	1,790.95
H	18/9	2,149.14

3. Tax Bases 2022-23

The table below shows the number of chargeable dwellings in each valuation band converted to an equivalent number of Band D dwellings. The totals for each area are described as "aggregate relevant amounts" which reflects the number of dwellings adjusted for applicable discounts and exemptions. These amounts, multiplied by the collection rate of 97%, produce the tax base for each of the areas shown.

This amount was approved by the Chamberlain under the delegated authority of the City of London together with the Council Tax bases for each part of the City's area.

BAND	MIDDLE	INNER	CITY AREA	TOTAL
	TEMPLE	TEMPLE	EXCLUDING	CITY
			TEMPLES	AREA
A	0.00	0.00	2.33	2.33
B	0.00	0.00	154.82	154.82
C	0.00	0.00	433.57	433.57
D	0.00	0.00	799.83	799.83
E	9.47	0.92	3,098.06	3,108.45
F	31.06	26.36	1,742.22	1,799.64
G	24.17	60.00	2,151.25	2,235.42
H	0.00	4.00	599.00	603.00
AGGREGATE RELEVANT AMOUNTS	64.70	91.28	8,981.08	9,137.06
COLLECTION RATE	97%	97%	97%	
TAX BASES	62.76	88.54	8,711.65	8,862.95

4. City Fund Offset

To reflect the unique characteristics of the square mile, the Government allows the City Fund to retain an amount from the NNDR paid by City businesses. This totalled £12.1m in 2022-23 (2021-22: £12.1m).

5. (Surplus)/Deficit for the year

A business rates surplus of £222m was achieved for the year, but this was in large part due to the recovery of large a deficit created in the previous year of £125.7m. After adjusting for the recovery, the in year position was a £96.3m surplus.

Breakdown of Business Rate Collection Fund Deficit	Total	City	GLA	Central Govt
Percentage allocation		30%	37%	33%
Opening collection fund surplus/(deficit)	(141.2)	(42.4)	(43.2)	(55.7)
Prior year surplus/(deficit)	(125.7)	(37.7)	(46.5)	(41.5)
In-year surplus/(deficit)	96.3	28.9	35.6	31.8
Closing Surplus/(deficit)	80.8	24.2	38.9	17.6

Police Pension Fund

Police Pension Fund Account for the year ended 31 March 2023

2021-22		2022-23	
£m		£m	£m
	Contributions receivable		
	- from employer		
(11.2)	normal	(12.3)	
0.0	early retirements	0	
(4.9)	- from members	(5.3)	
(16.1)			(17.6)
(0.3)	Transfers in from other Police Authorities		(0.1)
	Benefits payable		
27.0	- pensions	28.7	
7.8	- commutations and lump sums	7.4	
34.8			36.1
	Payments to and on account of leavers		
0.0	- Transfers out to other Police Authorities	0.0	
18.9	Sub-total: Net amount payable for the year before transfer from Police Authority		18.4
(18.9)	Additional contribution from Police Authority		(18.4)
0.0	Net amount payable/receivable for the year		0.0

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- i. The Police Pension Fund was established under the Police Pension Fund Regulations 2007 (SI 2007 No. 1932).
- ii. It is a defined benefits scheme, administered internally by the City of London and all City of London police officers are eligible for membership of the pension scheme.
- iii. The fund's financial statements have been prepared using the accounting policies adopted for the City Fund financial statements set out on pages 130 to 146. The fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end. Information on the long-term pension obligations can be found in the City Fund financial statements (see notes 23 to 26, page 64-74).
- iv. Under the rules of the scheme, members may elect to commute a proportion of their pension in favour of a lump sum. Where a member has taken a commutation option, these lump sums are accounted for on an accruals basis from the date the option is exercised.
- v. Transfer values represent the capital sums in respect of members' pension rights either received from or paid to other pension schemes in respect of members who have joined or left the service.
- vi. The scheme is unfunded and consequently has no investment assets. Benefits payable are funded by contributions from employers and employees and any difference between benefits payable and contributions receivable is met by a top-up grant from the Home Office.
- vii. Employees' and employer's contribution levels are based on percentages of pensionable pay set nationally by the Home Office and are subject to triennial revaluation by the Government Actuary's Department.
- viii. The account is prepared on an accruals basis and normal contributions, both from the members and the employer, are accounted for in the payroll month to which they relate.

Hold for Independent Auditors report to the Members of City of London Pension Fund

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City of London Pension Fund Account

Fund Account for the year ended 31 March 2023

2021-22		Notes	2022-23
£m			£m
	Dealings with members, employers and others directly involved in the Fund		
(51.4)	Contributions	7	(49.8)
(3.4)	Transfers in from other pension funds		(3.3)
(54.8)			(53.1)
52.8	Benefits	8	53.2
1.9	Payments to and on account of leavers	9	3.2
54.7			56.4
(0.1)	Net (additions)/withdrawals from dealings with members		3.3
10.9	Management expenses	10	8.3
10.8	Net withdrawals including fund management expenses		11.6
	Returns on investments		
(4.0)	Investment income	11	(2.6)
(93.8)	Profit and losses on disposal of investments and changes in the value of investments	12	3.7
(97.8)	Net return on investments		1.1
(87.0)	Net (increase)/decrease in the net assets available for benefits during the year		12.7
(1,301.1)	Opening net assets of the scheme		(1,388.1)
(1,388.1)	Closing net assets of the scheme		(1,375.4)

Net Asset Statement as at 31 March 2023

2021-22		Notes	2022-23
£m			£m
0.2	Long-term investments		0.2
1,368.9	Investment assets	12	1,366.0
1,369.1	Total net investments		1,366.2
20.4	Current assets	19	10.9
(1.4)	Current liabilities	20	(1.7)
1,388.1	Net assets of the Fund available to fund benefits at the end of the reporting period		1,375.4

1. Description of the City of London Pension Fund

a) General

The City of London Pension Fund is part of the LGPS and is administered by the City of London. The City of London is the reporting entity for this pension fund.

The City of London Pension Fund is a funded defined benefits scheme established in accordance with statute. With the exception of serving police officers, teachers and judges who have their own schemes, all City of London staff are eligible for membership of the Local Government Pension Scheme (LGPS).

Benefits include retirement pensions and early payment of benefits on medical grounds and payment of death benefits where death occurs either in service or in retirement. The benefits payable in respect of service from 1st April 2014 are based on career average revalued earnings and the number of years of eligible service. Pensions are increased each year in line with the Consumer Price Index.

The Fund is governed by the Public Service Pensions Act 2013 and the following secondary legislation:

- The LGPS Regulations 2013 (as amended)
- The LGPS (transitional Provisions, Savings and Amendment) Regulations 2014 (as amended) and
- The LGPS (Management and Investment of Funds) Regulations 2016.

The Fund is administered internally by the City of London. The Fund's investments are managed externally by several fund managers with differing mandates determined and appointed by the City of London.

b) Membership of the Fund

Membership of the LGPS is voluntary and employees are free to choose whether to join the scheme, remain in the scheme or make their own personal arrangements outside the scheme. Organisations participating in the City of London Pension Fund include:

- Scheduled bodies, which are automatically entitled to be members of the Fund
- Admitted bodies, which are other organisations that participate in the Fund under an admission agreement between the Fund and the relevant organisation. Admitted bodies include voluntary, charitable and similar bodies or private contractors undertaking a local authority function following outsourcing to the private sector.

The following table summarises the membership numbers of the scheme:

	31 March 2023			31 March 2022	
	Current contributors	Beneficiaries in receipt of pension	Deferred members	Total	Total
	No.	No.	No.	No.	No.
ADMINISTERING AUTHORITY					
City of London Corporation	4,233	4,400	4,606	13,239	12,846
	4,233	4,400	4,606	13,239	12,846
SCHEDULED BODIES:					
Museum of London	263	285	678	1,226	1,162
Magistrates Court	0	19	9	28	31
Multi Academy Trust	10	0	2	12	13
	273	304	689	1,266	1,206
ADMITTED BODIES:					
Irish Society	4	9	2	15	16
Parking Committee for London	0	7	5	12	12
Guildhall Club	0	4	4	8	8
City Academy - Southwark	80	12	143	235	240
Sir John Cass (Brookwood)	0	1	0	1	1
AMEY (Enterprise)	0	6	3	9	9
Eville and Jones	0	0	1	1	1
London CIV	11	2	16	29	30
Turning Point	1	0	0	1	2
Agilysis	2	5	15	22	24
Agilysis (police)	0	1	2	3	3
Bouygues (EDTE)	0	0	1	1	1
Cook & Butler	1	0	1	2	2
1SC Guarding Limited	0	0	1	1	1
Skanska	4	1	0	5	5
Veolia	3	1	1	5	5
	106	49	195	350	360
TOTAL	4,612	4,753	5,490	14,855	14,412

c) Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the Fund in accordance with the Local Government Pension Scheme Regulations 2013 and ranged from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2023. Employers' contributions are set based on triennial actuarial funding valuations. The last such valuation was at 31 March 2022. For 2022-23, employer contribution rates range from 15.0% to 21.0% of pensionable pay.

d) Benefits

Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service. From 1 April 2014, the scheme became a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th. Accrued pension is uprated annually in line with the Consumer Prices Index.

A range of other benefits are also provided including early retirement, disability pensions and death benefits, as explained on the [LGPS website](#).

2. Basis of preparation

The statement of accounts summarises the Fund's transactions for the 2022-23 financial year and its financial position at 31 March 2023. The accounts have been prepared in accordance with the *Code of Practice on Local Authority Accounting in the United Kingdom 2022-23* (the Code) which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

Paragraph 3.3.1.2 of the Code requires disclosure of any accounting standards issued but not yet adopted. IFRS 16, introduced on 1 January 2019, is due to be adopted by the Code for accounting periods commencing on or after 1 April 2023. This new accounting standard largely removes the distinction between operating and finance leases by introducing an accounting model that requires lessees to recognise assets and liabilities for all leases with a term of more than

12 months unless the underlying asset is of low value. This will bring assets formerly off-Balance Sheet onto the Balance Sheet of lessees. Implementation of IFRS 16 is not expected to have a material impact on the Pension Fund because it does not hold any assets as a lessee.

The accounts report on the net assets available to pay pension benefits. They do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year nor do they take into account the actuarial present value of promised retirement benefits. The Code gives administering authorities the option to disclose this information in the net assets statement, in the notes to the accounts or by appending an actuarial report prepared for this purpose. The Pension Fund has opted to disclose this information in Note 18.

The accounts have been prepared on a going concern basis. The administering authority is confident that the Fund will have sufficient resources to meet obligations as they fall due over the foreseeable future.

3. Accounting policies

- i. The pension fund accounts are accounted for on an accruals basis for income and expenditure, with the exception of transfer values in and out, which are accounted for on a cash basis.
- ii. The Fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end.
- iii. Investment assets are included in the net assets statement on a fair value basis as at the reporting date. A financial asset is recognised in the net assets statement on the date the Fund becomes party to the contractual acquisition of the asset. From this date any gains or losses arising from changes in the fair value of the asset are recognised in the fund account.
- iv. The values of investments as shown in the net assets statement have been determined at fair value in accordance with the requirements of the Code and IFRS13 (see Note 13). For the purposes of disclosing levels of fair value hierarchy, the Fund has adopted the classification guidelines recommended in Practical Guidance on Investment Disclosures (PRAG/Investment Association, 2016).

- v. Acquisition costs are included in the purchase costs of investments.
- vi. Assets and liabilities in overseas currencies are translated into sterling at the exchange rates ruling at the net asset statement date. Transactions during the year are translated at rates applying at the transaction dates. Surpluses and deficits arising on conversion are dealt with as part of the change in market values of the investments.
- vii. The Fund discloses its pension fund management expenses in accordance with the CIPFA guidance Accounting for Local Government Pension Scheme Management Expenses (2016), as shown below. All items of expenditure are charged to the Fund on an accruals basis as follows:

Administration expenses	All staff costs of the pensions administration team are charged direct to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund.
Oversight and governance	All staff costs associated with governance and oversight are charged direct to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund.
Investment management expenses	Investment management expenses are charged directly to the Fund as part of management expenses and are not included in, or netted off from, the reported return on investments.

- viii. Income from investments is accounted for on an accruals basis. Investment income arising from the underlying investments of the Pooled Investment Vehicles is typically reinvested within the Pooled Investment Vehicles and reflected in the unit price.

- ix. The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profit and losses realised on sales of investments and unrealised changes in market value.
- x. Normal contributions, both from members and employers, are accounted for in the payroll month to which they relate at rates as specified in the rates and adjustments certificate. Additional contributions from employers are accounted for in accordance with the agreement under which they are paid, or in the absence of such agreement, when received.
- xi. Under the rules of the Scheme, members may receive a lump sum retirement grant in addition to their annual pension. Lump sum retirement grants are accounted for from the date of retirement. Where a member can choose to take a greater retirement grant in return for a reduced pension these lump sums are accounted for on an accruals basis from the date the option is exercised.
- xii. Transfer values represent the amounts received and paid during the year for members who have either joined or left the Fund during the financial year and are calculated in accordance with the Local Government Pension Scheme Regulations 2013. Individual transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged.
- xiii. Where an investment manager’s fee note has not been received by the balance sheet date, an estimate based upon the most recent available equivalent trailing reporting period is used for inclusion in the fund account.

4. Critical judgements in applying accounting policies

In applying the accounting policies set out in Note 3, certain critical judgments have had to be made about complex transactions or those involving uncertainty about future events.

The net pension fund liability is recalculated every three years by the appointed actuary, with annual updates in the intervening years. This estimate is subject to significant variances based on changes to the underlying assumptions which are agreed with the actuary and have been summarised in Note 18. These actuarial revaluations are used to set future contribution rates and underpin the Fund’s most significant investment management policies, for example in terms of the balance struck between longer term investment growth and short-term yield/return.

5. Assumptions made about the future and other major sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the year-end date and the amounts reported for the revenues and expenses during the year. Estimates and assumptions are made considering historical experience, current trends and other relevant factors. However, the nature of estimation means that the actual outcomes could differ from the assumptions and estimates.

The items in the net assets statement at 31 March 2023 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Actuarial present value of promised retirement benefits (Note 18)	Estimation of the net liability to pay pensions depend on a number of complex judgements 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 Fund with expert advice about the assumptions to be applied. This uncertainty relates solely to the disclosures made in Note 18 and does not impact on the Net Asset Statement or Pension Fund Account.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance: <ul style="list-style-type: none"> a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £25m a 0.1% increase in assumed earnings inflation would increase the value of liabilities by approximately £2m a one-year increase in assumed life expectancy would increase the liability by approximately £59m.
Private equity investments (Note 13)	Private equity investments are valued at fair value in accordance with International Private Equity and Venture Capital Valuation Guidelines (2018) and use valuation techniques that rely on unobservable inputs.	Private equity investments are valued at £29m in the accounts. There is a risk that this investment may be under or overstated significantly if the underlying valuation assumptions change.
Infrastructure and pooled property investments (Note 13)	Infrastructure and pooled property investments are valued at fair value using valuation techniques that rely on unobservable inputs.	Infrastructure and pooled property investments are valued at £76m and £108m, respectively in the accounts. There is a risk that this investment may be under or overstated significantly if the underlying valuation assumptions change.

6. Events after the reporting date

In April 2023, £15.0m was redeemed from Multi-Asset Manager Pyrford and invested in Property Manager Aviva Lime.

There are no other events occurring after the reporting date that necessitate adjustments (adjusting events) or disclosure (non-adjusting events).

7. Contributions receivable

By Category

2021-22		2022-23
£m		£m
(12.1)	Employees' contributions	(12.6)
	Employers' contributions	
(24.3)	Normal contributions	(25.6)
(9.0)	Deficit recovery contributions	(9.3)
(6.0)	Pensions strain contributions	(2.3)
(39.3)	Total employers' contributions	(37.2)
(51.4)		(49.8)

By type of employer

2021-22		2022-23
£m		£m
(48.2)	Administering authority	(46.4)
(2.2)	Scheduled bodies	(2.4)
(1.0)	Admitted bodies	(1.0)
(51.4)		(49.8)

8. Benefits payable

By Category

2021-22		2022-23
£m		£m
43.1	Pensions	45.5
8.8	Lump sum retirement benefits	7.3
0.9	Lump sum death benefits	0.4
52.8		53.2

By type of employer

2021-22		2022-23
£m		£m
49.9	Administering authority	50.0
2.5	Scheduled bodies	2.7
0.4	Admitted bodies	0.5
52.8		53.2

9. Payments to and on account of leavers

2021-22		2022-23
£m		£m
1.8	Individual transfers out	3.0
0.1	Refunds to members leaving service	0.2
1.9		3.2

10. Management expenses

2021-22		2022-23
£m		£m
0.7	Administration expenses	0.8
9.8	Investment management expenses	7.2
0.4	Oversight and governance*	0.3
10.9		8.3

*Includes audit fees of £35,000 that have been charged to the Pension Fund (2021-22: £21,500). The fee payable for the 2022-23 audit is estimated to be £35,000.

a. Investment management expenses

2021-22				2022-23				
Management Fees	Performance Related Fees	Transaction Costs	Total		Management Fees	Performance Related Fees	Transaction Costs	Total
£m	£m	£m	£m		£m	£m	£m	£m
0.6	2.1	0.0	2.7	Infrastructure funds	0.6	0.7	0.0	1.3
4.7	0.3	0.0	5.0	Pooled investments**	4.4	0	0.0	4.4
0.5	0.0	0.0	0.5	Pooled property investments	0.6	0	0.0	0.6
0.4	1.2	0.0	1.6	Private equity	0.4	0.5	0.0	0.9
6.2	3.6	0.0	9.8	Total	6.0	1.2	0.0	7.2

**Included £1.0m charged to the Pension Fund by the London CIV regional asset pool (£1.1m in 2021-22).

11. Income from investments

2021-22		2022-23
£m		£m
(0.5)	Infrastructure funds	(0.0)
(0.0)	Interest	(0.2)
(2.3)	Pooled property investments	(2.4)
(1.2)	Private equity	(0.0)
(4.0)	Total	(2.6)

The Pension Fund's investment policies are focussed on capital accumulation in pooled vehicles and private equity investments. Dividends and interest are typically retained at pool level. Where any shortfall of the Net Deductions on Contributions and Benefits Paid was previously covered by investment income, it is intended that the Fund will sell holdings in the pooled vehicles, as necessary, to cover any shortfalls. There are no limitations imposed by the fund managers on the selling of these pooled vehicle funds.

12. Investments

Market Value 31-03-2022		Market Value 31-03-2023
£m		£m
	Investment assets	
	Pooled funds	
257.3	Diversified growth funds	261.4
590.3	Global equity	575.0
120.2	Multi asset credit	113.9
197.2	UK equities	202.7
1,165.0		1,153.0
	Other investments	
68.7	Infrastructure funds	75.6
101.1	Pooled property investments	108.2
34.1	Private equity funds	29.2
203.9		213.0
0.0	Investment income due	0.0
1,368.9	Total investment assets	1,366.0
	Long-term investments	
0.2	Equities	0.2
1,369.1	Net investment assets	1,366.2

a. Reconciliation of movements in investments

The table below shows the movement in market values by asset type

	Market Value 31-03-2022	Purchases During the Year	Sales During the Year	Change in Value	Market Value 31-03-2023
	£m	£m	£m	£m	£m
Infrastructure funds	68.7	0.6	(4.5)	10.8	75.6
Long-term investments	0.2	0.0	0.0	0.0	0.2
Pooled investments	1,165.0	0.0	(9.7)	(2.3)	1,153.0
Pooled property investments	101.1	23.6	(1.4)	(15.1)	108.2
Private equity funds	34.1	0.3	(8.1)	2.9	29.2
	1,369.1	24.5	(23.7)	(3.7)	1,366.2
Investment income due	0				0
Net investment assets	1,369.1				1,366.2

	Market Value 31-03-2021	Purchases During the Year	Sales During the Year	Change in Value	Market Value 31-03-2022
	£m	£m	£m	£m	£m
Infrastructure funds	62.8	0.3	(7.9)	13.5	68.7
Long-term investments	0.2	0.0	0.0	0.0	0.2
Pooled investments	1,105.2	121.6	(126.5)	64.7	1,165.0
Pooled property investments	88.2	6.6	(0.6)	6.9	101.1
Private equity funds	38.0	0.2	(12.8)	8.7	34.1
	1,294.4	128.7	(147.8)	93.8	1,369.1
Investment income due	0.2				0.0
Net investment assets	1,294.6				1,369.1

b. Investments analysed by fund manager

Market value 31-03-2022		Market value 31-03-2023
£m		£m
	Investments managed by the London CIV	
171.7	LCIV Global Alpha Growth Fund*	163.9
120.2	LCIV Alternative Credit Fund*	113.9
0.2	London CIV	0.2
292.1		278.0
	Investments managed outside the London CIV	
51.7	Alternative assets	45.5
104.3	Artemis Institutional Equity Income Fund*	105.1
32.6	Aviva Lime Property Fund	27.4
156.6	C Worldwide Global Equities*	155.4
113.4	Harris Associates Global Equity Fund*	117.2
51.1	IFM Global Infrastructure (UK)	59.2
50.9	Lindsell Train UK Equity Fund	54.3
36.3	M&G UK Residential Property Fund	44.0
32.2	M&G Secured Property Income Fund	36.8
42.0	Liontrust UK Equity Fund	43.3
142.8	Pyrford Global Total Return Fund*	145.1
114.5	Ruffer Absolute Return Fund*	116.3
148.6	Veritas Global Focus Fund*	138.6
1,077.0		1088.2
1,369.1	Total	1,366.2
0.0	Investment income due	0.0
1,369.1	Net investment assets	1,366.2

*These investments each singularly represent over 5% of the net assets of the Fund.

Alternative assets comprise of private equity and infrastructure investments managed through eleven separate investment managers.

13. Fair value - basis for valuation

The basis of the valuation of each class of investment asset is set out below. There has been no change in the valuation techniques used during the year. All assets have been valued using fair value techniques which represent the highest and best price available at the reporting date.

Item	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key Sensitivities affecting the valuations provided
Pooled investments - equity funds (UK and Global)	Level 2	Closing bid price where bid and offer prices are published. Closing single price where single price published	NAV-based pricing set on a forward pricing basis	Not required
Pooled investments - multi-asset funds	Level 2	Closing bid price where bid and offer prices are published. Closing single price where single price published	NAV-based pricing set on a forward pricing basis	Not required
Pooled property investments	Level 3	Closing bid price where bid and offer prices are published. Closing single price where single price published	NAV-based pricing set on a forward pricing basis	Valuations could be affected by significant changes in rental growth, vacancy levels, and the discount rate applied to future cash flows as well as more general changes in market conditions.
Private equity funds	Level 3	Comparable valuation of similar companies in accordance with international private equity valuation guidelines.	Earnings before interest, tax, depreciation and amortisation (EBITDA) multiple, revenue multiple, discount for lack of marketability.	Valuations include assumptions based on non-observable market data, such as discounts applied either to reflect changes in the fair value of financial assets or to adjust earnings multiples.
Infrastructure funds	Level 3	Discounted cashflows applied to equity and debt instruments. The Funds determine fair value for these securities by engaging external valuation services.	Earnings before interest, tax, depreciation and amortisation (EBITDA) multiple, revenue multiple, discount for lack of marketability.	Valuations include assumptions based on non-observable market data, such as discounts applied either to reflect changes in the fair value of financial assets or to adjust earnings multiples.

Sensitivity of assets valued at Level 3

Having analysed historical data and current market trends, and consulted with independent investment advisors, the Fund has determined that the valuation methods described above are likely to be accurate to within the following ranges, and has set out below the consequent potential impact on the closing value of investments held at 31 March 2023.

	Assessed valuation range	Market value 31-03-2023	Value on increase	Value on decrease
	(+/-)	£m	£m	£m
Private equity funds	10%	29.2	32.1	26.3
Pooled property investments	10%	108.2	119.0	97.4
Infrastructure funds	10%	75.6	83.2	68.0
		213.0	234.3	191.7

a. Fair value hierarchy

Assets have been classified into three levels, according to the quality and reliability of information used to determine fair values.

Level 1

Financial instruments at level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as level 1 must be traded in active markets, this includes quoted equities, quoted fixed securities, quoted index linked securities and exchange traded unit trusts.

Level 2

Financial instruments at level 2 are those where quoted market prices are not available for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value. Products classified as level 2 comprise open ended pooled investment vehicles which are not exchange traded, unquoted bonds and repurchase agreements.

Level 3

Financial instruments at level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data. Such instruments would include private equity investments and infrastructure funds which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions.

The values of pooled property investments are based on valuations provided by the fund managers which in turn represent estimates by independent professional valuers of the open market value of those investment as at the reporting date.

The values of the investment in private equity and infrastructure funds are based on valuations provided by the general partners to the private equity funds in which City of London Pension Fund has invested.

These valuations are prepared in accordance with the international private equity and venture capital valuation guidelines, which follow the valuation principles of IFRS and US GAAP. Valuations are typically undertaken annually at the end of December. Cash flow adjustments are used to roll forward the valuations to 31 March as appropriate.

b. Reconciliation of fair value measurements within level 3

The table below shows the movements in level 3 disclosures for 2022-23

Disclosures for level 3	Market value at 31-03-2022	Transfers into level 3	Transfers out of level 3	Purchases at cost	Sales	Unrealised gains / (losses)	Realised gains / (losses)	Market value at 31-03-2023
	£m	£m	£m	£m	£m	£m	£m	£m
Private equity	34.1	0	0	0.3	(8.1)	5.4	(2.5)	29.2
Pooled property investments	101.1	0	0	23.6	(1.4)	(15.1)	0.0	108.2
Infrastructure	68.7	0	0	0.6	(4.5)	11.8	(1.0)	75.6
Long term investment	0.2	0	0	0	0.0	0.0	0.0	0.2
Total level 3	204.1	0	0	24.5	(14.0)	2.1	(3.5)	213.2

14. Financial Instruments

a. Classification of financial instruments

at 31 March 2022				at 31 March 2023				
Fair Value through profit and loss	Assets held at amortised cost	Financial liabilities at amortised cost	Total		Fair Value through profit and loss	Assets held at amortised cost	Financial liabilities at amortised cost	Total
£m	£m	£m	£m		£m	£m	£m	£m
				Financial assets				
68.7	0.0	0.0	68.7	Infrastructure funds	75.6	0.0	0.0	75.6
0.0	0.2	0.0	0.2	Long-term investments	0.0	0.2	0.0	0.2
1,165.0	0.0	0.0	1,165.0	Pooled investments	1,153.0	0.0	0.0	1,153.0
101.1	0.0	0.0	101.1	Pooled property investments	108.2	0.0	0.0	108.2
34.1	0.0	0.0	34.1	Private equity funds	29.2	0.0	0.0	29.2
0.0	19.9	0.0	19.9	Cash	0.0	10.5	0.0	10.5
0.0	0.0	0.0	0.0	Investment income due	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	Other debtors*	0.0	0.0	0.0	0.0
1,368.9	20.1	0.0	1,389.0		1,366.0	10.7	0.0	1,376.7
				Financial liabilities				
0.0	0.0	(0.1)	(0.1)	Creditors*	0.0	0.0	0.0	0.0
1,368.9	20.1	(0.1)	1,388.9	Total	1,366.0	10.7	0.0	1,376.7

*The table above *excludes* debtors valued at £0.6m (31 March 2022: £0.5m) and creditors valued at £1.6m (31 March 2022: £1.3m) which are non-contract based transactions and balances and therefore do not meet the criteria of financial instruments. Further information on current assets and current liabilities outstanding at the reporting date is detailed in notes 19 and 20 below.

b. Net (Gains) and Losses on Financial Instruments

2021-22		2022-23
£m		£m
	<u>Financial Assets</u>	
93.8	Fair value through profit and loss	(3.7)
93.8		(3.7)

15. Risk and risk management

The Pension Fund's primary long-term risk is that its assets will fall short of its liabilities (i.e. promised benefits payable to members). Therefore, the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole Fund portfolio.

The Fund's 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, various industrial sectors and asset classes. The managers' investing practices are controlled by pre-defined levels of tolerance.

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 in order to ensure cash flow requirements are met as and when they fall due.

All of 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.

16. Market risks

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The Fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix. The objective of the Fund's risk management strategy is to identify, manage and control market risk exposure within acceptable parameters, while optimising investment return.

In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sectors, asset classes and individual securities. To mitigate market risk, the Pension Fund and its investment advisors undertake appropriate monitoring of market conditions and benchmark analysis.

Price risk

In consultation with its investment consultant, Mercer Ltd, the Fund has determined that the following movements in market price risk are reasonably possible for 2022-23, assuming that all other variables, in particular foreign exchange rates and interest rates, remain the same:

Asset type	Value as at 31 March 2023	Change	Value on increase	Value on decrease
	£m	%	£m	£m
Developed market global equities	738.7	19.9%	885.7	591.7
Emerging market global equities	39.2	24.8%	48.9	29.5
Diversified growth funds	261.4	12.4%	293.8	229.0
Multi asset credit	113.9	12.1%	127.7	100.1
UK property (proxy for residential property)	44.0	17.3%	51.6	36.4
Long lease UK property	64.2	10.8%	71.1	57.3
Private equity	29.2	25.4%	36.6	21.8
Unlisted infrastructure	75.6	17.4%	88.8	62.4
Total	1,366.2		1,604.2	1,128.2

Asset type	Value as at 31 March 2022	Change	Value on increase	Value on decrease
	£m	%	£m	£m
Developed market global equities	745.6	18.9%	886.5	604.7
Emerging market global equities	42.1	28.6%	54.1	30.1
Diversified growth funds	257.3	11.8%	287.7	226.9
Multi asset credit	120.2	10.8%	133.2	107.2
UK property (proxy for residential property)	36.3	9.9%	39.9	32.7
Long lease UK property	64.8	16.5%	75.5	54.1
Private equity	34.1	24.8%	42.6	25.6
Unlisted infrastructure	68.7	16.2%	79.8	57.6
Total	1,369.1		1,599.3	1,138.9

Interest rate risk

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. The pooled multi-asset investments are indirectly subject to interest rate risks, as underlying holdings include fixed income instruments, and this represent the risk that the fair value of these financial instruments will fluctuate because of changes in market interest rates. Fund managers have the discretion to manage interest risk exposure through the use of derivatives.

The Fund's indirect exposure to interest rate movements as at 31 March 2023 and 31 March 2022 is set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value. Bonds and cash balances are exposed to interest rate risk. The table below demonstrates the change in value of these assets had the interest rate increased or decreased by 1%.

Value as at 31 March 2022	Change	Value on increase	Value on decrease	Assets exposed to interest rate risk	Value as at 31 March 2023	Change	Value on increase	Value on decrease
£m	%	£m	£m		£m	%	£m	£m
19.9		19.9	19.9	Cash and cash equivalents	10.5		10.5	10.5
245.9	1.00%	241.2	250.7	Bonds	250.5	1.00%	243.8	257.1
265.8		261.1	270.6	Total	261.0		254.3	267.6

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. The Fund is exposed to currency risk on financial instruments owned directly or through a pooled structure, that are denominated in any currency other than the functional currency of the Fund (UK sterling).

Currency	As at 31 March 2023			
	Value	Change	Value on increase	Value on decrease
	£m	%	£m	£m
United States Dollar	396.8	2.60%	407.1	386.5
Euro	133.8	1.51%	135.8	131.8
Japanese Yen	49.2	2.44%	50.4	48.0
Australian Dollar	32.4	2.30%	33.1	31.7
Swiss Franc	17.9	1.90%	18.2	17.6
Hong Kong Dollar	15.4	2.55%	15.8	15.0
Taiwanese Dollar	11.5	2.07%	11.7	11.3
Indian Rupee	10.2	2.82%	10.5	9.9
Swedish Krona	11.3	1.80%	11.5	11.1
Indonesian Rupiah	10.0	2.23%	10.2	9.8
Other overseas	47.9	1.02%	48.4	47.4
Overseas total	736.4		752.7	720.1
Sterling	629.8			
Net investment assets	1,366.2			

The table above summarises the position as at 31 March 2023, and the comparable position as at 31 March 2022 is shown below. The analysis uses historical currency volatility data sourced from the fund custodian, BNY Mellon.

Currency	As at 31 March 2022			
	Value	Change	Value on increase	Value on decrease
	£m	%	£m	£m
United States Dollar	417.7	2.41%	427.8	407.6
Euro	123.2	1.54%	125.1	121.3
Japanese Yen	37.7	2.67%	38.7	36.7
Australian Dollar	31.1	2.32%	31.8	30.4
Swiss Franc	17.1	2.00%	17.4	16.8
Hong Kong Dollar	14.9	2.37%	15.3	14.5
Taiwanese Dollar	11.4	2.08%	11.6	11.2
Indian Rupee	10.7	3.11%	11.0	10.4
Swedish Krona	10.3	1.97%	10.5	10.1
Indonesian Rupiah	10.1	2.18%	10.3	9.9
Other overseas	57.1	1.85%	58.2	56.0
Overseas total	741.3		757.7	724.9
Sterling	627.8			
Net investment assets	1,369.1			

Liquidity risk

Liquidity risk represents the risk that the Fund 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 the Fund's commitments. The Fund has immediate access to its cash holdings.

Liquid assets are those that can be converted to cash within three months, subject to normal market conditions. As at 31 March 2023, liquid investment assets were £1,153.1m representing 84% of total fund assets (£1,165.0m at 31 March 2022 representing 85% of the Fund at that date). These investments can in fact be liquidated within a matter of days.

Credit Risk

Credit risk represents the risk that the counterparty to a financial transaction will fail to discharge an obligation and cause the Fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund's financial assets and liabilities. The selection of high-quality counterparts, brokers and financial institutions minimises credit risk that may occur through the failure of third parties to settle transactions in a timely manner.

17. Funding arrangements

In accordance with statutory regulations a triennial valuation of the Pension Fund was completed by the City's independent consulting actuaries, Barnett Waddingham LLP, as at 31 March 2019 using the projected unit method and the resulting employers' contribution were implemented for the three financial years commencing 1 April 2020. A more recent valuation was undertaken as at 31 March 2022, and employer contribution rates resulting from this exercise will apply from 1 April 2023.

The main funding assumptions which follow were incorporated into the funding model used in the 31 March 2019 and the 31 March 2022 valuations (Consumer Price Inflation has been used as basis to reflect the actuarial assumption in real terms):

	March 2019		March 2022	
	% p.a.	Real % p.a.	% p.a.	Real % p.a.
Financial assumptions				
Discount rate	5.1	2.5	4.6	2.9
Retail Price Inflation	3.6	1.0	3.2	1.0
Consumer Price Inflation	2.6	-	2.9	-
Pension increases	2.6	-	2.9	-
Pay increases	3.6	1.0	3.9	1.0

The discount rate reflects the asset allocation embedded in Fund's long-term strategy; the below table outlines how these assumptions translate into an overall discount rate assumption as at 31 March 2019 and 31 March 2022.

Future assumed returns at 31 March 2019	Percentage of Fund	Return Assumption	Real (relative to CPI)
	%	%	%
Equities	55.0	6.7	4.1
Property and infrastructure	15.0	6.1	3.5
Absolute return fund - inflation plus 3.7%	30.0	6.3	3.7
Expenses (deduction)		(0.2)	(0.2)
Neutral estimate of discount rate based on long-term investment strategy		6.3	3.7
Prudence allowance		(1.2)	(1.2)
Discount rate		5.1	2.5

Future assumed returns at 31 March 2022	Percentage of Fund	Return Assumption	Real (relative to CPI)
	%	%	%
Equities	50	6.9	5.2
Property and infrastructure	15	6.4	4.7
Absolute return fund - inflation plus 3.2%	30	4.9	3.2
Expenses (deduction)		(0.2)	(0.2)
Neutral estimate of discount rate based on long-term investment strategy		6.0	4.3
Prudence allowance		(1.4)	(1.4)
Discount rate		4.6	2.9

Demographic assumptions

The assumed life expectancy from age 65 is shown below for both the 31 March 2019 and 31 March 2022 valuations.

Life expectancy from age 65		31 March 2019
Retiring today	Males	21.7
	Females	24.3
Retiring in 20 years	Males	23.1
	Females	25.8

Life expectancy from age 65		31 March 2022
Retiring today	Males	21.0
	Females	23.5
Retiring in 20 years	Males	22.3
	Females	24.9

Commutation assumption

As part of the 31 March 2019 and 31 March 2022 valuations the actuary assumed that members on average exchanged pension to get approximately 50% of the maximum available cash on retirement.

50:50 membership

The actuary has assumed that existing members will continue to participate in their current section.

Funding Position at Valuation date

The valuation at 31 March 2019 and 31 March 2022 revealed that the relationship between the values placed on the assets held by the Fund and the liabilities accrued in respect of pensionable service at that date were as follows:

March 2019	
Past service liabilities	£m
Active members	(383.7)
Deferred pensioners	(236.7)
Pensioners	(555.3)
Total	(1,175.7)
Assets	1,062.9
Deficit	(112.8)
Funding level	90%

March 2022	
Past service liabilities	£m
Active members	(448.0)
Deferred pensioners	(286.0)
Pensioners	(670.0)
Total	(1,404.0)
Assets	1,371.0
Deficit	(35.0)
Funding level	98%

Based on the above data the derivation of the basic rate of employer's contribution is set out below.

	March 2019	March 2022
	Contribution rate %	Contribution rate %
Future service funding rate	15.0	18.5
Past service adjustment	5.5	2.5
Total contribution rate	20.5	21.0

The secondary rate contributions agreed with individual employers were set at the 31 March 2019 valuation to restore the Fund to a funding position of 100% over a recovery period of no longer than 14 years. This deficit recovery plan was maintained at the 31 March 2022 valuation (i.e. the secondary rates established in 2022 aim to restore 100% funding over 11 years).

Whilst the Fund level contribution rate is now 21.0% per annum, within this individual employer contribution rates vary. Having considered the basic rate of employer's contributions above, the City of London Corporation set contribution rates applicable to its employees of 21.0% for each of the financial years 2020-21 to 2022-23. Exceptions are City Academy and the Multi Academy Trust who both pay 17.1% p.a., the London CIV (15.0%), Veolia (17.6%) and the Museum of London (16.1%).

Following the 31 March 2022 valuation, most employers will continue to pay contribution rates of 21.0% for the three years commencing 1 April 2023 apart from the City Academy and the Multi Academy Trust (17.1%); the Museum of London (16.1%) and the London CIV (15.0%).

18. Funded Obligation of the Overall Pension Fund

31 March 2022		31 March 2023
£m		£m
(2,201.0)	Present Value of the defined benefit obligation*	(1,517.7)
1,388.1	Fair Value of Fund Assets (bid value)	1,375.4
(812.0)	Net Liability	(142.3)

*The present value of the funded obligation consists of £1,501.5m in respect of vested obligations and £16.2m in respect of non-vested obligations (2021/22: £2,171.4m and £29.6m respectively).

The above figures show the total net liability of the Fund as at 31 March 2023 and have been prepared by the fund actuary (Barnett Waddingham LLP) in accordance with IAS26. In calculating the disclosed numbers, the value of Fund's liabilities calculated for the funding valuation as at 31 March 2022 have been rolled forward, using financial assumptions that comply with IAS19.

at 31 March 2022		Assumptions	at 31 March 2023	
% p.a.	Real % p.a.*		% p.a.	Real % p.a.*
3.20	-	CPI increase	2.90	-
4.20	1.00	Salary increase	3.90	1.00
3.20	-	Pension increase	2.90	-
2.60	-	Discount Rate	4.80	-

* Consumer Price Inflation has been used as basis to reflect the actuarial assumption in real terms.

Life expectancy from age 65		31 March 2022	31 March 2023
Retiring today	Males	21.0	21.1
	Females	23.5	23.5
Retiring in 20 years	Males	22.3	22.3
	Females	24.9	25.0

McCloud and Sargeant judgments

The Government reformed public service pension schemes in 2014 and 2015 and introduced protections for older members. In December 2018, the Court of Appeal ruled that younger members of the Judges' and Firefighters' Pension schemes have been discriminated against because the protections do not apply to them. The Government has confirmed that there will be changes to all main public sector schemes, including the LGPS, to remove this age discrimination. A consultation has been run in relation to the changes proposed for the LGPS and legislation is now being drafted to bring forward these changes. The updated Regulations are to be consulted on over the course of 2022 with the earliest effective date expected to be October 2023.

Guaranteed Minimum Pension (GMP) Equalisation

On 23 March 2021, the Government published the outcome to its GMP Indexation consultation, concluding that all public service pension schemes, including the LGPS, will be directed to provide full indexation to members with a GMP reaching State Pension Age (SPA) beyond 5 April 2021. This is a permanent extension of the 'interim solution' that has applied to members with a GMP reaching SPA on or after 6 April 2016. Details of the consultation outcome can be found [here](#).

19. Current assets

Current assets include cash balances of £10.5m at 31 March 2023 (£19.9m at 31 March 2022) and accruals for contributions of £0.4m (£0.5m at 31 March 2022).

20. Current liabilities

Current liabilities represent accruals for investment management expenses, custodian fees and benefits payable.

21. Additional voluntary contributions

Market Value at 31 March 2022		Market Value at 31 March 2023
£m		£m
2.1	Prudential	2.0
0.6	Standard Life Investments	0.6
0.1	Utmost Life and Pensions	0.1
2.8		2.7

Additional voluntary contributions (AVCs) are managed externally and independently from the rest of the Pension Fund. They are paid by members to the Corporation and transferred directly to the relevant fund managers – Prudential, Standard Life Investments and Utmost Life and Pensions (formerly Equitable Life). AVCs of £0.40m were paid in 2022-23 (2021-22: £0.40m).

In accordance with Regulation 4(1) (b) of the Pension Scheme (Management and Investment of Funds) Regulations 2016, the contributions paid, and the assets of these investments are not included in the Fund's accounts.

22. Related party transactions

The City of London Pension Fund is administered by the City of London Corporation. Consequently, there is a strong relationship between the local authority and the Pension Fund.

During the reporting period, the administering authority incurred salary expenses amounts to £0.6m (2021-22: £0.6m) which were recharged to the Pension Fund.

The Corporation is also the single largest employer of members of the Pension Fund and the employer contributions paid by it was £32.5m in 2022-23 (2021-22: £31.2m).

23. Key management personnel

The key management personnel of the Fund as at 31 March 2023 were the Chamberlain, Corporate Treasurer, Pensions Manager (Administration) and Group Accountant for Treasury and Investments. Total remuneration payable from the Pension Fund to key management personnel is set out below and has been apportioned based on an estimate of management personnel's time attributable to the Pension Fund.

2021-22		2022-23	
£m		£m	
0.2	Short-term benefits	0.2	
0.2		0.2	

24. Contingent liabilities and contractual commitments

On 15 March 2023, an external outstanding commitment of £15.0m for property was cancelled. The Fund had no external outstanding capital commitments as at 31 March 2023 (31 March 2022: £38.6m). In April 2023, £15.0m was redeemed from Multi-Asset Manager Pырford. Further outstanding capital commitments at 31 March 2023 totalled £7.2m (31 March 2022: £6.9m). These commitments relate to outstanding call payments due on unquoted limited partnership funds held in the private equity and infrastructure parts of the portfolio. The amounts 'called' by these funds are irregular in both size and timing over a period of between four and six years from the date of each original commitment.



Accounting Policies

Accounting Policies

1. Accounting Policies

The accounting policies set out the specific principles, bases, conventions, rules and practices applied in preparing and presenting the financial statements.

1.1. Basis of Preparation

This Statement of Accounts is prepared for the City of London Corporation (“the City Corporation”) only to the extent that it exercises functions in relation to the collection fund of the Common Council, the City Fund administered by the Common Council (collectively referred to as “the City Fund”), as required by the Local Audit and Accountability Act 2014. Accordingly, the reporting entity, for the purpose of these accounts, is the City Fund which is a portion of the City Corporation but is not in itself a legal entity. This means the legal party to transactions and balances allocated to the City Fund is the City Corporation.

Assets, liabilities and transactions of the City Corporation are allocated to the City Fund where they relate to the economic activity of the City Corporation’s local authority function, for example where they relate to education, housing, social care; policing; and port health authority functions. Similarly, transactions and balances that relate to the City Corporation’s other economic activities are excluded from these accounts.

The basis of allocation has been made on a consistent basis for a number of years and are reported in more detail in the section below – Applying Accounting Policies.

The Statement of Accounts summarises the authority’s transactions for the 2021-22 financial year and its position at the year end of 31 March 2022. The Statement of Accounts have been prepared on the base that the Corporation will remain a “going-concern” and will continue to operate in the foreseeable future. The accounts are prepared in accordance with proper accounting practices as required by the Accounts and Audit Regulations 2015. This comprises the Code of Practice on Local Authority Accounting in the United Kingdom 2021-22 (the Code) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), supported by International Financial Reporting Standards (IFRS). The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

1.2. Accruals of Expenditure and Income

The accounts of the City Fund are maintained on an accruals 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 contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract;
- 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 inventories 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 and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract; and
- 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 it is subsequently identified that 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.

1.3. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours less cheques and BACS payments issued but not presented. Cash equivalents are highly liquid investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1.4. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the City Fund's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period and are disclosed in the notes.

1.5. Charges to Revenue for Non-current Assets

Services are debited with the following amounts to record the cost of holding non-current assets during the year:

- depreciation attributable to the assets used by the relevant service
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- amortisation of intangible assets attributable to the service.

The City Fund is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, if it had a borrowing requirement it would be required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount, the Minimum Revenue Provision (MRP), calculated on a prudent basis determined in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisation would then be replaced by the MRP by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves.

1.6. Employee Benefits

(a) Short-term employee benefits

Short-term benefits are those due to be settled within 12 months of the year end. They include such benefits as salaries, wages, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service.

The cost of leave earned but not taken by employees at the end of the period is recognised within the Surplus or Deficit on the Provision of Services to the extent that employees are permitted to carry forward leave into the following period. However, statutory regulations require this cost to be reversed out of the accounts and this is achieved by crediting the revenue account for 'adjustments between accounting basis and funding basis under regulations' within the Movement in Reserves and debiting the 'statutory adjustments account' on the balance sheet.

(b) Termination benefits

Termination benefits are amounts payable as a result of a decision to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service in the CI&ES at the earlier of when the authority can no longer withdraw the offer of those benefits or when the authority recognises costs for a restructuring. Where termination benefits involve the enhancement of pensions, statutory provisions require the City Fund Balance to be charged with the amount payable by the employer to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

(c) Retirement benefit costs

(i) Pension Costs – City of London Staff

With the exception of serving police officers and teachers, City of London staff are eligible to contribute to the City of London Pension Fund, which is a funded defined benefits scheme. The estimated net deficit on the Fund is the responsibility of the City of London Corporation as a whole, as one employer, rather than the specific responsibility of any of its three funds (City Fund, City's Cash and Bridge House Estates). 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 the City Fund 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.

- The liabilities attributable to the City Fund are included on the balance sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions including mortality rates, employee turnover rates and projections of earning for current employee
- Liabilities are discounted to their value at current prices
- The assets attributable to the City Fund are included in the balance sheet at their fair value using estimated bid values where necessary.

The change in the net pensions liability is analysed into the following components:

- Service cost comprising:
 - current service cost, the increase in liabilities as a result of years of service earned this year, allocated in the CI&ES to the services for which the employees worked
 - past service cost, the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the surplus or deficit on the provision of services in the CI&ES as part of non-distributed costs
 - net interest on the net defined benefit liability is charged to the financing and investment income and expenditure line of the CI&ES. The interest is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments
- Remeasurements comprising:
 - the return on plan assets, excluding amounts included in the net interest on the net defined benefit liability, charged to the pensions reserve as other comprehensive income and expenditure
 - actuarial gains and losses, changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions, charged to the pensions reserve as other comprehensive income and expenditure
- Contributions paid to the Pension Fund, cash paid as employer's contributions to the pension fund in settlement of liabilities, not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the City Fund unallocated reserve to be charged with the amount payable to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the movement in reserves statement, this means that there are transfers to and from the pension reserve to remove the notional debits and credits for retirement benefits and replace them with debits for cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end. The negative balance that arises on the pension reserve thereby measures the beneficial impact to the City Fund unallocated reserve of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

(ii) Pension Costs – Police Officers and Judges’

The Police Pension Scheme is unfunded. Prior to 1 April 2006 each police authority was responsible for paying the pensions of its own former employees on a “pay as you go” basis. Under the current arrangements the City Fund no longer meets pension costs directly; instead it contributes a percentage of police pay into the Police Pension Fund. At the year end the Police Pension Fund is balanced to zero by either receiving a contribution from the City Fund equal to the amount by which the amounts payable from the Pension Fund for the year exceed the amounts receivable or, by paying to the City Fund the amount by which sums receivable by the Pension Fund for the year exceed the amounts payable. Where the City Fund makes a transfer to the Pension Fund, the Home Office will pay an equivalent top-up grant to the City Fund. Where a transfer is made out of the Pension Fund, the City Fund must pay the amount to the Home Office.

The payment of pensions to former judges’ is the responsibility of the Treasury with the City of London reimbursing the Treasury for the City Fund’s share of the liability. The City Fund’s estimated liability has been determined by independent actuaries in accordance with IAS19.

The accounting treatment for the estimated liabilities on the Police and Judges’ schemes are similar to that outlined above for the City of London Pension Scheme.

(iii) Pension Costs - Teachers

The payment of pensions to former teachers under the Teachers’ Pension Scheme is administered by Capita Teachers’ Pensions on behalf of the Department for Education (DfE). The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Authority. However, the arrangements for the teachers’ scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Authority. The scheme is therefore accounted for as if it was a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Community and Children’s Services line in the CI&ES is charged with the employer’s contributions payable to Teachers’ Pensions in the year.

1.7. Events After the Reporting Period

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

(a) Adjusting Events

Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.

(b) Non-adjusting Events

Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but, where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

1.8. Financial Instruments

(a) Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the CI&ES for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

(b) Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI).

The authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

(i) Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the CI&ES for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CI&ES is the amount receivable for the year in the loan agreement.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CI&ES.

(ii) Expected Credit Loss Model

The authority recognises expected credit losses on all of its financial assets (excluding statutory amounts such as council tax and NNDR) held at amortised cost, either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the authority.

The City Corporate currently has finance lease debtors for ground rents due on leases properties. Due to the low value of these rents compared to the investment lessees have made in these properties it is highly unlikely that default will occur and therefore no expected credit loss has been applied to these amounts.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

(iii) Financial Assets Measured at Fair Value through Profit of Loss

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date.
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset.

(iv) Financial Assets Measured at Fair Value through Other Comprehensive Income (designated equity instruments)

The authority has designated an equity investment in the Municipal Bonds Agency as a financial asset measured at FVOCI on the basis that it is not held for trading and is held for strategic purposes. Fair Value gains and losses are recognised through other comprehensive income and expenditure. Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the CI&ES.

The City Fund is not party to any material finance guarantees and therefore no adjustment to the accounts has been made.

1.9. Interest Income

Interest is credited to the City Fund and Housing Revenue Account based upon average balances held by the Chamberlain and invested by him in the London Money Markets.

1.10. Government Grants and Other Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as income at the date that the authority satisfies the conditions of entitlement to the grant/contribution, there is reasonable assurance that the monies will be received.

Where a grant or contribution has been received but the conditions of entitlement have not been satisfied, the grant or contribution is treated as a receipt in advance.

(a) Revenue

Specific, ring-fenced, revenue grants are credited to the appropriate service revenue accounts. Non ring-fenced grants to finance the general activities of a local authority (e.g. Revenue Support Grant) are disclosed in the CI&ES within taxation and non-specific grant income.

(b) Capital

Where a capital grant or contribution has been recognised as income in the CI&ES, and the expenditure to be financed from the grant or contribution has been incurred at the Balance Sheet date, the grant or contribution is transferred from revenue to the Capital Adjustment Account, reflecting the application of capital resources to finance expenditure. This transfer is reported in the Movement in Reserves Statement.

Where a capital grant or contribution has been recognised as income in the CI&ES, but the expenditure to be financed from that grant or contribution has not been incurred at the Balance Sheet date, the grant or contribution is transferred to the Capital Grants Unapplied Account within the usable reserves section of the balance sheet reflecting its status as a capital resource available to finance expenditure. This transfer is reported in the Movement in Reserves Statement.

When, at a future date, the expenditure to be financed from the grant or contribution is incurred, the grant or contribution is transferred from the Capital Grants Unapplied Account to the Capital Adjustment Account, reflecting the application of capital resources to finance expenditure. This transfer is reported in the Movement in Reserves Statement.

1.11. Business Improvement Districts

A Business Improvement District (BID) scheme applies across an area of the City (Cheapside). The scheme is funded by a BID levy paid by non-domestic ratepayers. The Authority acts as principal under the scheme, and accounts for income received and expenditure incurred (including contributions to the BID project) within the relevant services within the CI&ES.

1.12. Community Infrastructure Levy

The City Corporation has elected to charge a Community Infrastructure Levy (CIL). The levy is charged on new builds (chargeable developments for the Authority) with appropriate planning consent. The City Corporation charges for and collects the levy, which is a planning charge. The income from the levy will be used to fund a number of infrastructure projects to support the development of the area. CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the CI&ES in accordance with the accounting policy for government grants and contributions set out above. CIL charges will be largely used to fund capital expenditure. However, a small proportion of the charges may be used to fund revenue expenditure.

1.13. Heritage Assets

Heritage assets are those assets intended to be preserved in trust for future generations because of their cultural, environmental or historical associations. Where the cost or value of heritage assets cannot be obtained at a cost which is commensurate with the benefits to the users of the financial statements, such assets will not be recognised in the Balance Sheet. The City Corporation does not consider the expense of obtaining information on cost or values to be justified and therefore recognises on the City Fund balance sheet only those heritage assets for which information on costs is readily available. The City Corporation considers that heritage assets will have indeterminate lives and high residual values; hence the City Corporation does not consider it appropriate to charge the City Fund depreciation for these assets (see note 14, page 52, for details of these assets).

1.14. Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the CI&ES. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the Unallocated Reserve. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the Unallocated Reserve. The gains and losses are therefore reversed out of the Unallocated Reserve in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

1.15. Contingent Assets

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the City Fund. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the debtor (or cash where consideration has been received) and the related revenue are recognised in the financial statements of the period in which the change in circumstances occurs. Where an inflow of economic benefits or service potential is probable (rather than virtually certain) and can be reliably measured, contingent assets are disclosed as notes to the accounts.

1.16. 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 Fund. 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.

1.17. Provisions

Provisions are made where an event has taken place that gives the City Fund 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 Fund may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation from the City Fund. Provisions are charged as an expense to the appropriate service line in the CI&ES in the year that the City Fund 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 Balance Sheet. 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 and credited back to the relevant service. 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 Fund settles the obligation.

1.18. 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. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification. Freehold land has an indefinite life and the land within the lease is recorded as an operating lease unless it is an immaterial part of the lease.

(a) Finance Leases

(i) City Fund 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.

(ii) City Fund as Lessor

Amounts due from lessees under finance leases are recorded in the Balance Sheet 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 balance sheet 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**(i) City Fund as Lessee**

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease). Where rent concessions have been granted because of the Covid-19 pandemic, these have included the forgiveness of a portion of or all lease payments for an agreed period (i.e. a temporary rent reduction or rent holiday). These concessions have been recognised over the periods that the change relate to.

(ii) City Fund as Lessor

Assets subject to operating leases are included in the Balance Sheet according to the nature of the assets. Rental income from operating leases is credited to the CI&ES. Credits are made on a straight-line basis over the period of the lease, even if the payments are not received on this basis (e.g. there is a premium paid at the commencement of the lease).

1.19. Overheads

The costs of support service overheads 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 (including capital charges) are apportioned on the basis of the office area utilised by each service.

1.20. Property, Plant and Equipment

Property, plant and equipment comprises the following classes of tangible long-term assets; council dwellings, other land and buildings, leasehold improvements, vehicles plant and equipment, infrastructure assets, community assets, assets under construction and surplus assets.

(a) Recognition

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised provided that the expenditure is material (generally in excess of £50,000) and the asset yields benefits to the City Fund, and the services it provides, for a period of more than one year. This excludes expenditure on routine repairs and maintenance of property, plant and equipment which is charged directly within service costs.

(b) Valuation

Property, plant and equipment are measured initially at cost, representing the cost directly attributable to acquiring or constructing the asset so that it is capable of operating in the manner intended. Assets are then carried in the Balance Sheet using the following measurement bases:

- Properties regarded as operational - current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV), or where this cannot be assessed because there is no market for the subject asset, the depreciated replacement cost, based on modern equivalent assets, as an estimate of current value.
- Council dwellings – current value, determined using the basis of existing use value for social housing

- Non-operational assets under construction – historic cost
- Infrastructure, community and heritage assets - historic cost, net of depreciation, where appropriate
- Vehicles, plant and equipment - cost, net of depreciation, as a proxy for current value.
- Surplus assets – fair value, estimating highest and best use

All properties included on the balance sheet at current or fair value are revalued at least once within a five year period as part of a rolling programme with subsequent additions being included in the accounts at their cost of acquisition until the asset is next revalued. Revaluations are carried out sufficiently regularly to ensure that their carrying value is not materially different from their value at the year end.

(c) Revaluations

An increase arising on revaluation is taken to the revaluation reserve unless the increase is reversing a previous impairment loss charged to Surplus or Deficit on the Provision of Services on the same asset or reversing a previous revaluation decrease charged to Surplus or Deficit on the Provision of Services on the same asset, in which case it is credited to expenditure to the extent of the loss or decrease previously charged there.

Where the carrying amount of an item of property, plant and equipment is decreased as a result of a revaluation, i.e. a significant decline in an asset's carrying amount during the period that is not specific to the asset (as opposed to impairment – see below), the decrease is recognised in the Revaluation Reserve to the extent that there is a balance on the reserve for the asset and, thereafter, against the Surplus or Deficit on the Provision of Services.

Legislation prescribes that revaluation gains or losses charged to Surplus or Deficit on the Provision of Services are not proper charges to the City Fund.

Such amounts are transferred to the Capital Adjustment Account and reported in the Movement in Reserves Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal inception following implementation from the 2007 Statement of Recommended Practice. Gains arising before that date have been consolidated in the Capital Adjustment Account.

(d) 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 by the authority to undertake a significant reorganisation, or a significant adverse change in the statutory or other regulatory environment in which the authority operates.

An annual assessment takes place as to whether there is any indication that an asset may be impaired. An impairment loss is recognised in the Revaluation Reserve to the extent that there is a balance on that reserve relating to the specific asset and thereafter to the Surplus or Deficit on the Provision of Services.

The reversal of an impairment loss previously recognised in Surplus or Deficit on the Provision of Services will not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Any excess above this carrying amount is treated as a revaluation gain and charged to the Revaluation Reserve.

Legislation prescribes that impairment losses and reversal of impairment losses charged to Surplus or Deficit on the Provision of Services are not proper charges to the City Fund. Such amounts are transferred to the Capital Adjustment Account and reported in the Movement of Reserves Statement.

(e) De-recognition

The carrying amount of an item of property, plant and equipment (except for infrastructure assets) 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 Surplus or Deficit on the Provision of Services under other operating expenditure.

Legislation prescribes that the gain or loss is not a proper charge to the City Fund or Housing Revenue Account. As a result, the City Fund or Housing Revenue Account is debited (in the case of a gain) or credited (in the case of a loss) with an amount equal to the gain or loss on disposal with the consequent entry being:

- an increase in the Capital Receipts Reserve of an amount equal to the disposal proceeds
- a charge to the Capital Adjustment Account of an amount equal to the carrying amount of the asset.

If the asset derecognised was carried at a re-valued amount, an additional entry is required; the balance on the Revaluation Reserve is written off to the Capital Adjustment Account and reported in the Movement in Reserves Statement. The Capital Receipts Reserve can only be used for new capital investment or set aside to reduce any underlying need to borrow (the capital financing requirement). A proportion of receipts relating to Housing Revenue Account disposals (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government.

For infrastructure assets, the provisions under The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022 SI 1232/2022 allow for the derecognition of replaced elements of infrastructure assets to be assumed to be at nil value. This provision has been utilised in forming the statement of accounts. In the event that a disposal proceed was received for an infrastructure asset, the accounting treatment describe above would be utilised for this receipt.

(f) Depreciation

Depreciation is provided for on all property, plant and equipment with a finite useful life, other than freehold land. The depreciation charge is calculated by allocating the Balance Sheet value of the asset, less its residual value, to the periods expected to benefit from its use; generally the straight-line method has been adopted.

The costs of services include charges for depreciation for all property, plant and equipment used in the delivery of services based on the value of assets at the start of the year. Where the effects of major additions or disposals occurring during the year are material, these are also reflected in capital charges to service revenue accounts. Freehold land, certain community assets and assets under construction are not directly used in the delivery of services and therefore do not attract a charge for capital.

(g) Components

Assets other than Housing Revenue Account (HRA) Dwellings

Large assets, for example a building, are reviewed to ascertain whether differences in the useful lives of components would have a material impact on the level of depreciation and/or carrying value of the overall assets. These reviews are undertaken:

- when an asset is acquired
- when an asset is enhanced
- when an asset is revalued.

Where there is a material impact on depreciation and/or the carrying value, the components are treated as separate assets and depreciated over their own useful economic lives.

HRA Dwellings

The components of HRA dwellings are reviewed at the same stages as indicated above. However, upon review, all the main components in HRA dwellings (e.g. roofs, windows, central heating, lifts and electrics) are treated as separate assets and depreciated over their own useful economic lives. This facilitates the use of the Major Repairs Reserve which is classified by Government as 'capital' funding.

1.21. Fair value measurement

The authority measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- a) in the principal market for the asset or liability; or
- b) in the absence of a principal market, in the most advantageous market for the asset or liability.

The authority measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the authority takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the authority's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 – unobservable inputs for the asset or liability.

1.22. Reserves

Specific amounts have been set aside as reserves for future policy purposes or to cover contingencies. Details of the City Fund's earmarked reserves are set out in note 12 (page 47). Certain reserves are required by the Code to manage the accounting process for long-term assets and retirement benefits and do not represent usable resources. Details of these unusable reserves are set out in note 31 (page 76-79).

1.23. Revenue expenditure funded from capital under statute

Legislation allows some expenditure to be classified as capital for funding purposes when it does not result in the expenditure being carried on the Balance Sheet as a long-term asset. The purpose of this is to enable it to be funded from capital resources rather than be charged to revenue and impact on that year's council tax. These items are generally grants and expenditure on property not owned by the authority and amounts directed under statute.

Such expenditure is charged to Surplus or Deficit on the Provision of Services in accordance with the general provisions of the Code. Any statutory provision that allows capital resources to meet the expenditure is accounted for by debiting the Capital Adjustment Account and crediting the City Fund unallocated reserve and inclusion as a reconciling item in the Movement in Reserves Statement.

1.24. Value Added Tax

Income and expenditure excludes any amounts related to VAT as all VAT collected is payable to HM Revenue & Customs and all VAT paid is recoverable from it.

1.25. Schools

The Code of Practice on Local Authority Accounting in the United Kingdom confirms that the balance of control for local authority maintained schools (i.e. those categories of school identified in the School Standards and Framework Act 1998, as amended) lies with the local authority. The Code also stipulates that those schools' assets, liabilities, reserves and cash flows are recognised in the local authority financial statements. Therefore schools' transactions, cash flows and balances are recognised in each of the financial statements of the authority as if they were the transactions, cash flows and balances of the authority.

1.26. Accounting for Council Tax and National Non Domestic Rates

The council tax and National Non Domestic Rates (NNDR) income included in the CI&ES is the City Fund's share of accrued income for the year. However, regulations determine the amount of council tax and NNDR that must be included in the City Fund. Therefore, the difference between the income included in the CI&ES and the amount required by regulation to be credited to the City Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the City Fund's share of the end of year balances in respect of council tax and NNDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

1.27. Accounting for the London Business Rates Pool Pilot

In 2020-21, the City of London undertook the role of Lead Authority for the 100% London Business Rates Pool Pilot which brought together the business rates generated across the 32 London Boroughs, the City Corporation and the GLA. In 2022-23, the City of London undertook the role of Lead Authority for the 8 Authority Business Rates Pool which brought together the business rates generated across 7 London Boroughs and the City Corporation. In its role as

Lead Authority, the City Corporation has received funds and made payments on behalf of the pool and retaining funds for distribution to pool members in the future. The City Corporation has treated these transactions as an agent on behalf of the pool members and therefore has not accounted for these transactions in its CI&ES. Any outstanding transaction to or from the pool are shown as a debtor or creditor balances on the City Corporation balance sheet.

2. Accounting Standard issued but not yet adopted

2.1 At the balance sheet date, the following new standards and amendments to existing standards have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the United Kingdom:

- IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors will be amended to define accounting estimates as 'monetary amounts in financial statements that are subject to measurement uncertainty'. This change is not anticipated to significantly impact on the amounts held in the Council's financial statements.
- IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 will be amended to give more guidance on the disclosure of accounting policies in financial statements. This change is not anticipated to significantly impact on the amounts held in the Council's financial statements.
- IAS 12 Income Taxes will be amended in relation to deferred tax but no relevant transactions in group accounts have been identified.
- IFRS 3 Business Combinations will be amended in terms of references to conceptual framework. As no acquisitions have happened or are planned in the relevant time period, this has no impact on the Council's financial statements.



Annual Governance Statement

Executive Summary

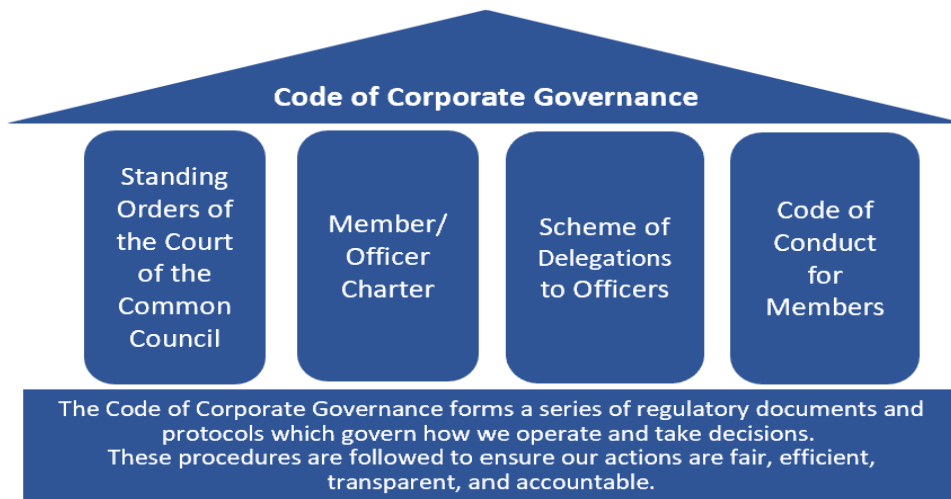
1. The City Corporation has approved and adopted a code of corporate governance which is consistent with the principles of the CIPFA/SOLACE *Delivering Good Governance in Local Government Framework 2016*.
2. This statement explains how the City Corporation has complied with the code and also meets the requirements of [regulation 6\(1\) of the Accounts and Audit \(England\) Regulations 2015](#), which requires all relevant bodies to prepare an annual governance statement.
3. The City of London Corporation is satisfied that appropriate governance arrangements are in place. The organisation is committed to continuous improvement and changes that are due to be made in the coming year will strengthen this position further.
4. **The Head of Internal Audit has provided an annual opinion stating that the City has adequate and effective systems of internal control (which includes governance arrangements) in place to manage the achievement of its objectives. This is informed by completed Audit work, discussion with key officers and observation of the governance process in operation.**

Code of Corporate Governance

5. The principles of good governance are embedded within a comprehensive published Code of Corporate Governance. This code covers both the Local authority and Police Authority roles, and links together a framework of policies and procedures, all of which are published on the City of London Corporations web pages at the following location: [Corporate Governance - City of London](#)



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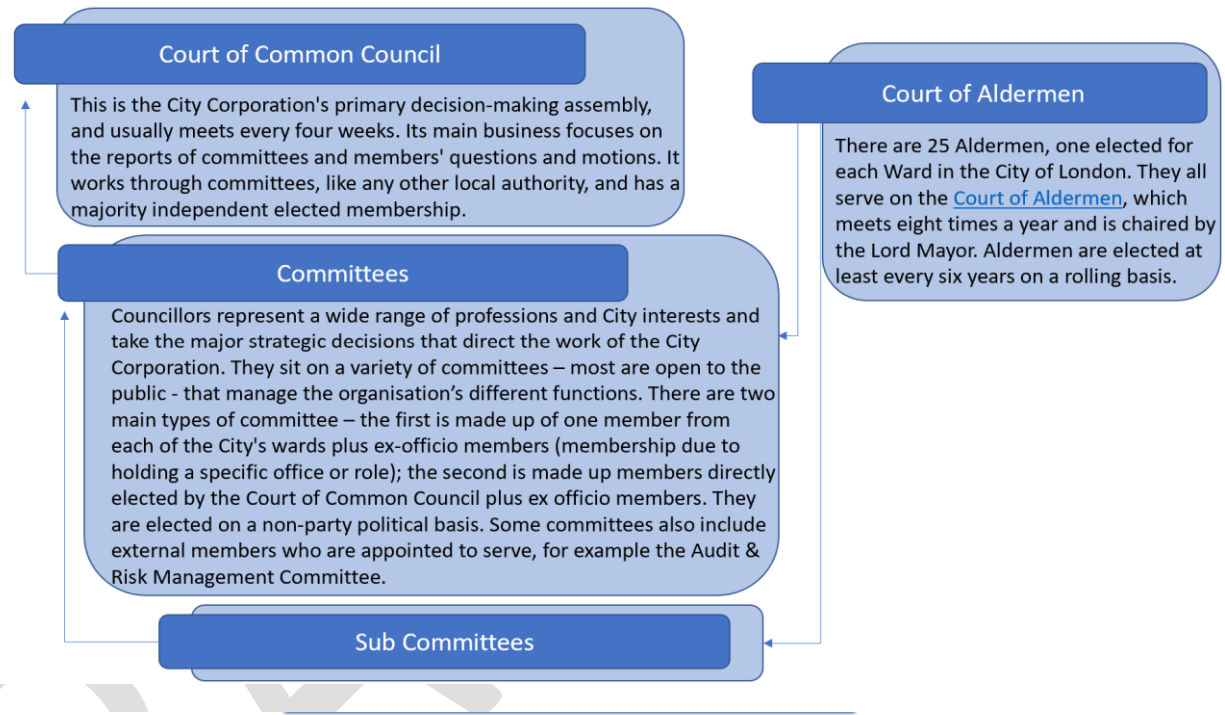


- The [Standing](#) shall be run.
- The [Code of Conduct for Members](#) states members shall have regard for the Seven Principles of Public Life: Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty and Leadership.
- Our [Member/Officer Charter](#), in conjunction with the City Corporation’s Member and Employee codes of conduct, ensures that appropriate working relationships and mutual expectations are more clearly established and promoted between Members and Officers.
- The Court of Common Council has agreed the principle that authority should be delegated to Chief Officers (and their nominated Deputies or Assistants) under the [Scheme of Delegations to Officers](#) for carrying out the day-to-day management of all services and for the discharge of specific statutory and non-statutory functions.

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6. Our decision-making arrangements operate on a committee-based system whereby elected Members (Councillors) are appointed annually to serve on our many committees and sub committees. These committees, the principal governing body being the [Court of Common Council](#), meet regularly throughout the year.

7. Key features of the City Corporation’s Governance Framework include effective leadership, scrutiny and review, and robust decision making and risk management.



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Key Elements of the Governance Framework		
<p>Members, Committees and Policy Chair</p> <p>Provide leadership and set policy to maintain the City's global standing as a vibrant and thriving City, supporting a diverse and sustainable London within a globally successful UK</p>	<p>Scrutiny and Review</p> <p>Committees scrutinize and review policy, plans and performance:</p> <ul style="list-style-type: none"> • Audit and Risk Management Committee • Nominations and Effectiveness Sub Committee of the Audit and Risk Management Committee • Finance Committee • Policy and Resources Committee • Corporate Services Committee • Police Authority Board • Bridge House Estates Board 	<p>Risk Management</p> <p>Corporate risks are considered by the Chief Officer Risk Management Group (chaired by the Chief Strategy Officer), and Executive Leadership Board, and reported to the Audit and Risk Management</p>
<p>Decision making</p> <p>Committee meetings are held in public and recordings are available on City of London Corporation – YouTube channel for up to one year Decisions are recorded on the City Corporation website</p>	<p>Town Clerk and Chief Executive and other Chief Officers</p> <p>The Town Clerk and Chief Executive is the Head of Paid Service and responsible for City Corporation staff and for leading the Chief Officer executive leadership team. The Comptroller and City Solicitor and Deputy Chief Executive is the Monitoring Officer who, with the Town Clerk and Chief Executive, is responsible for ensuring legality and promoting high standards of public conduct. The Deputy Town Clerk is responsible for servicing meetings of the Court of Common Council and Court of Aldermen, their committees, sub-committees and working parties, and being responsible for the City of London Corporation's Communications. The Chamberlain and Chief Finance Officer is the City Corporation's s.151 Officer responsible for ensuring the City Corporation's financial position.</p>	

The Corporate Plan 2018-23

8. The City of London Corporation [Corporate Plan 2018-23](#) provides the framework for the delivery of our services. We aim to contribute to a flourishing society, support a thriving economy and shape outstanding environments. Our annual Business Planning process is aligned to the Corporate Plan outcomes, with the objective of focusing the City Corporation's ambition, resources and performance on the achievement of twelve strategic outcomes. A narrative covering the 2024 year is to be attached to Corporate Plan 2018-23 as an annex, under the direction of the Chief Strategy Officer, with development of a full five-year 2025-30 Corporate strategy and plan to follow⁶.

Progress on Issues identified in the 2021-22 Annual Governance Statement

9. The City of London Corporation has taken action to progress the issues that were identified in the Annual Governance Statement 2021-22, listed below.

Issue identified	Action Taken	Outcome
Refining the Corporation's annual Business Planning Process, to ensure the development of the City of London Corporation Corporate Plan 2025-30	An approach to strengthen and align 2023-24 Business Planning was implemented through a regular, collaborative Officer Forum and through the scrutiny of drafts by the Executive Leadership Board, identifying synergies, opportunities and dependencies. Changes included greater focus on providing insight on medium term plans and workforce planning alongside the finance and strategy development aspects to help inform the ongoing development of future CoLC priorities. Further improvement is to be implemented in the 2024-25 year cycle, linking more clearly in plans the funding and people resources to the priority workstreams, bringing increased assurance of the alignment of cross-cutting activities with resources.	Ongoing
A redesign of the Corporate Performance Framework so it aligns to the development of the City of London Corporation Corporate Plan 2025-30	Activity continues providing support across the organisation to enable teams to identify relevant performance data which they are able to baseline and so monitor activity. The complex challenges of identifying and quality assuring data so that it can be collated and used to monitor activity and performance are being worked through area by area. Uplifting capability on data at team level and identifying relevant management information is critical for an effective performance framework. In parallel, cross cutting performance data has been identified and dashboards and tools are being developed to monitor distinct themes, including monitoring implementation of audit recommendations and completion of mandatory training. See also paragraphs 20-21.	Ongoing
Further work on developing the City of London Corporation's Corporate Risk management approach and culture	Oversight of City Corporation risk management moved on 1 April 2022 from the Internal Audit Team to the Corporate Strategy and Performance Team (CSPT). See also paragraph 29.	
Strengthening Equality, Diversity & Inclusion governance	A new EDI Sub-Committee was set up in September 2022, as per a Livsane recommendation. This group's responsibilities include the creation and implementation of an Equality Diversity and Inclusion governance structure across the City of London Corporation, including its services and its institutions. An Executive Director of EDI was	

⁶ Elected members have directed that a five-year Corporate Plan 2024-29 is developed to start in April 2024. This decision was after the Annual Governance Statement was signed.

	appointed to lead the newly formed EDI directorate. As part of the EDI governance structure a number of new Boards have been established, the EDI Board comprising the staff network leads and sponsors, the Equality representatives network, the EDI Steering Group (CoLC), and EDI Strategic Leaders (Institutions). See also paragraph 37-40.	
Establishing the agreed new Committee Structure and governance arrangements to conclude the implementation of the Lisvane Review	The update on the Committee Structure has been implemented as agreed by the Court of Common Council in December 2021. Given the quantum of changes, Members requested an opportunity for a 'light touch' review of how the new structure was bedding in, with a view of rectifying any matters that were not working as hoped. This light touch review is underway and a summary of further changes to be explored was reported to the Policy & Resources Committee in February 2023 . Progress against the original Lisvane recommendations can be found here . It is intended that this light touch review be concluded by May 2023. See also paragraph 10.	Ongoing
Ensuring continuing compliance with the CIPFA Financial Management Code	During 2022-23 several actions were taken to address the areas for improvement identified in the 2021-22 review including the development of a 60 year financial model to assess the financial sustainability of City Fund linked to the significant financial commitments under its major projects programme, continued reporting of financial risk within the organisation, and the Chamberlain's function beginning its own transformation journey to better support the organisation through these challenges. Some areas remain subject to further improvement including creating VFM training to support existing VFM controls and creating better metrics to measure the outcomes of service activity, which we will seek to address in the following financial year. See also paragraphs 22-25.	Ongoing
Ensuring new Operating Model transition to business as usual and providing an assessment of its effectiveness via a Continuous Improvement and Review process.	Implementing the Target Operating Model (TOM) continues with the majority of departments completing or progressing TOM implementation activity into the final stages during the past year. For the majority of the organisation the TOM is now embedding and starting to become business as usual, so it is too soon to provide an assessment of the effectiveness of the model. However, during the past year individual departments redesigning structures have successfully complied with the predetermined organisational design principles for the new operating model. The TOM is likely to be completed by the end of 2023, with all areas of the organisation expected to have implemented the organisational design principles. See also paragraph 50.	Ongoing

Review of Effectiveness

Governance Key Performance Indicators	Outcome												
<p>Internal Audit Work: as at 31/03/2023, 20 Internal Audit reviews were completed (final reports issued), 70% of which resulted in a Moderate Assurance opinion, a small number of Limited and Substantial Assurance opinions were given. A total of 73 recommendations were raised by Internal Audit, 70% of which were given a Medium priority rating, requiring prompt attention from Management. almost 10% of recommendations raised were High (critical) priority, all of which have resulted in prompt response from management.</p>	<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>Assurance Ratings Provided</p> <table border="1" style="margin: 0 auto;"> <tr><td style="background-color: #f4a460;">Moderate</td><td>14</td></tr> <tr><td style="background-color: #00a651;">Substantial</td><td>3</td></tr> <tr><td style="background-color: #e31a1c;">Limited</td><td>3</td></tr> </table> </div> <div style="text-align: center;"> <p>Recommendations Raised: 73</p> <table border="1" style="margin: 0 auto;"> <tr><td style="background-color: #f4a460;">Moderate</td><td>52</td></tr> <tr><td style="background-color: #00a651;">High</td><td>15</td></tr> <tr><td style="background-color: #e31a1c;">Critical</td><td>6</td></tr> </table> </div> </div>	Moderate	14	Substantial	3	Limited	3	Moderate	52	High	15	Critical	6
Moderate	14												
Substantial	3												
Limited	3												
Moderate	52												
High	15												
Critical	6												
<p>Fraud identification: proven fraudulent activities carried out by members or staff</p>	<p>One case in 2022-23. CoLC has a robust strategy for tackling and preventing fraud and instances of fraud involving staff are rare. One case in the period involving an agency worker was detected quickly as a result of the Corporation’s established local counter fraud networks and acted upon immediately by management in consultation with Internal Audit’s Counter Fraud Team, leading to the cessation of the agency worker’s contract. This case generated further improvements in oversight for working patterns and the City’s Counter Fraud Team is taking a leading role for London Boroughs to identify and tackle this fraud risk through data matching and its investment in the London NFI Fraud Hub.</p>												
<p>Outcomes of investigations carried out by Monitoring Officer or Independent Panel</p>	<p>In the period 7 complaints were considered by the Independent Panel under the Code of Conduct.</p>												
<p>s151 formal issues raised</p>	<p>None in 2022-23</p>												
<p>Local Government & Social Care Ombudsman referrals (where upheld)</p>	<p>Compliance with recommendations – 100%</p>												
<p>Meeting statutory deadlines/targets as per Electoral Commission Performance Standards</p>	<p>2022: The Electoral Services team carried out 13 elections across 32 wards (some wards had multiple elections), the most in a single London area, to the national standard. See also paragraph 15.</p>												
<p>Freedom of Information and Environmental Information Regulations</p>	<p>2022: 93.93% of FOI and EIR requests (1154 requests received) were responded to within the statutory compliance deadline. Information Commissioners Office target: 90% of FOIs responded to in time. 2022: 10 Complaints were received concerning request responses of these 50% (5 complaints) were upheld, 20% (2 complaints) were partially upheld, 30% (3 complaints) were not upheld.</p>												

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Member governance

10. Robert Rodgers, The Lord Lisvane, was commissioned to undertake [an independent review of the City Corporation’s governance arrangements](#) in 2019. His findings were received in September 2020. The review was scrutinised by the Court of Common Council through regular Member Engagement Sessions; each

aspect of the review and the Court’s decision-making arrangements was explored in detail and views were sought on revising the committee structure and governance arrangements to be a more effective, efficient and relevant decision-making structure. Initially, up until 31 March 2021, consideration had been given to the organisation’s constitutional arrangements and support given to the abolition of the Standards Committee and the Standards Appeal Committee, the introduction of Independent Panels to receive allegations of misconduct, determine whether to investigate, present findings to the Court, and hear any appeal; the creation of the now-named Competitiveness Advisory Board as well an Emergency Committee to provide Member oversight in emergency situations in future. In December 2021, further changes were agreed upon by Court and full implementation of a revised structure was implemented after the 2022 Ward elections. A ‘light touch’ review is currently underway, which seeks to address areas which are identified as problematic, and an urgent focused assessment will be conducted to recommend changes to the appropriate body. This anticipates a more comprehensive review which is currently due to be undertaken in 2024.

11. Business as usual (annual) reviews into the various thresholds and responsibilities captured within the [Scheme of Delegations](#) and [Standing Orders](#) is also underway. In October 2022, new Planning governance arrangements were agreed and implemented by the Court of Common Council with immediate effect. Work on the current housing governance structure is still underway and it is hoped that it will be delivered for April 2023. Separately, a review led by the Chief Operating Officer has been undertaken into Project Governance.

12. In February 2023 members agreed a proposal to introduce an electronic voting system, capable of recording individual votes, that would replace the current voting procedure as laid out in paragraph 4 of Standing Order No.14. The use of e-voting at Court of Common Council is to be operational from its May 2023 meeting.

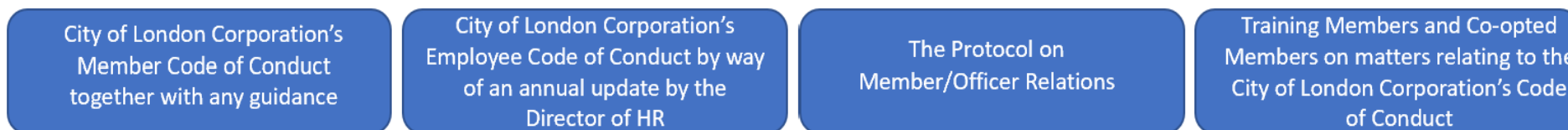
13. 2022 also saw the appointment of a new [Chairman of Policy & Resources Committee](#) who, for the City Corporation, acts as lead Member & the de factor political leader. [Policy & Resources Committee](#) elected a Deputy Chair and two Vice-Chairs in line with changes undertaken following the Lisvane review (previously 3 Deputy Chairs). Following a recommendation in the Fraser Review, an expanded Office of the Policy Chairman was developed to provide central diary, briefing and policy support to the Chairman, in recognition of the substantial burden of the office and the importance of the role of Policy Chairman to the Corporation’s wider objectives and relationship and political management.

Policy Leads Overall Responsibilities	
	<ul style="list-style-type: none"> • To act as a senior spokesperson for, and represent the views of, the Committee in respect of the relevant policy area for which they have been appointed Lead. • To support the Chairman in the formation and delivery of the Committee and Corporation’s policy goals (within the relevant policy area). • To deputise for the Chairman at relevant engagements or hospitality events (in the absence of the Deputy / Vice Chairmen). • To act as spokesman on behalf of the Chairman in their absence (and the absence of the Deputy / Vice Chairmen). • To act as a point of contact or “sounding board” for relevant officers, providing political steers in relaying the Committee’s views, so as to inform implementation and prioritisation at the operational level. • To act as the Member point of contact for colleagues interested in the policy area, assisting with information sharing and triaging of questions to relevant technical officers. • To support and co-ordinate political decision making between and for relevant Committee Chairs. • To lead on the collation of insight and expertise from Members across the wider Court with relevant knowledge or experience of the policy area. • To work with colleagues outside of the formal meeting setting to share information / understanding, enabling Members to coalesce around the agreed policy decisions and implementation plans

14. A Lisvane recommendation endorsed by the Court of Common Council was the use of Members in a “rapporteur” role. Proposed in the context of the considerable workload that would continue to fall upon Chairs of Committees, it was suggested general Committee Members be asked to take the lead on particular subjects within a Committee area of responsibility. This happened to some extent already but, in the context of smaller Committees, might benefit from being used more extensively. For Policy and Resources Committee it was observed that this provided a constructive mechanism to not only help share the workload (particularly given the move to one Deputy Chairman, away from the three previously utilised), but also afford the opportunity to utilise the diverse talents and expertise of different Members in a more effective way. Policy Leads are appointed annually by the Policy and Resource Committee from amongst the membership of a full Court. Appointments are considered on the basis of recommendations from a selection panel, which reviews expressions of interest from the Court against specified criteria. Four of the policy leads (on Emerging Markets, Advanced Markets, Innovation & Tech and Sustainability) provide expert advice and guidance to officers operating across existing work streams. Two others (Sports, SMEs) provide member oversight to officers’ developing areas of work. The Policy and Resources Committee receive a Policy Leads Quarterly update. The first update in January 2023 set out what guidance and governance has been put in place, what early activities the Policy Leads have engaged in and the future priorities that have been identified in each area.

Code of Conduct (Independent Panel)

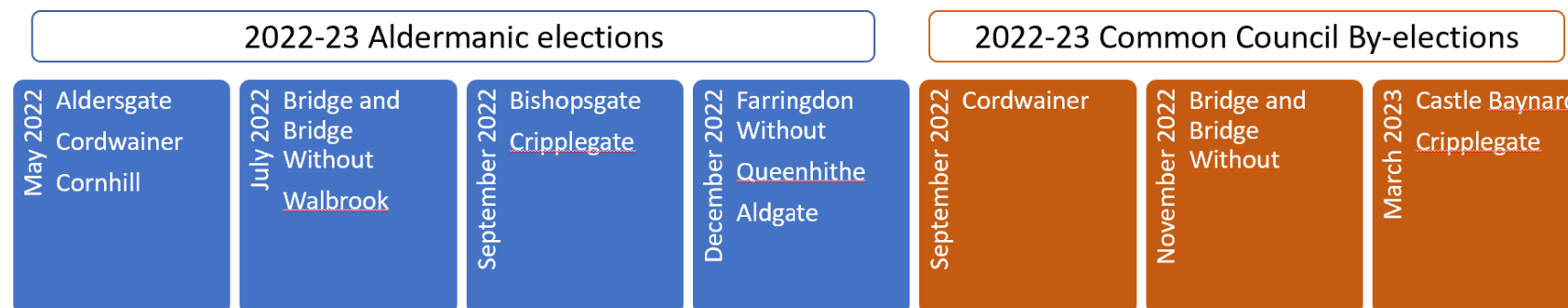
15. The [Independent Panel](#) comprises a diverse group of independent persons appointed by the Court of Common Council following a transparent advertising and recruitment process. Its membership is currently in the process of being expanded from nine to twelve independent persons. Its purpose is to receive allegations of misconduct under the Members’ Code of Conduct, facilitate informal resolution where appropriate, determine whether to investigate allegations, consider the outcome of investigations and if necessary, hold a hearing and any appeal and present recommendations to the Court regarding breaches of the Code and any sanctions. The regime involves a three-stage process: an assessment stage, a hearing stage and an appeal stage which are considered by separate Sub-Panels. The Panel is also responsible for considering requests for dispensations. Other elements of the former Standards Committee’s work are currently retained under the auspices of the Civic Affairs Sub-Committee of the Policy and Resources Committee e.g. promoting and maintaining high standards of conduct by Members and Co-opted Members and keeping under review and monitoring the following:



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Electoral Arrangements

16. The City Corporation administers electoral registration and elections in the City of London and maintains a database of organisations and individuals in the City of London who are eligible to register to vote. Three separate registers are maintained: the Common Hall Register of Liverymen, the Ward Lists and the Electoral Register. Information on [the electoral process and how to vote](#) is published on the City Corporation website, as are the details of forthcoming elections and [election results](#). The electoral process remains robust, despite the multiple legislative locations and legislative divergence with the national position. Aldermanic elections and Common Council by-elections were held in a number of wards in the 2022-23 year. We saw an increase in diversity of candidates and maintained a legitimate turnout at elections despite the challenges faced with an annual register. The Ward List increased again for the second year in a row and is at its highest since 2016. Preparations are in hand for the introduction of the Elections Act in 2023, to ensure that the City of London Corporation fully complies with



the new legislation, and for the next UK Parliamentary General and GLA elections in 2024 and the next City of London all-out elections in 2025.

17. [Common Hall](#) is one of the assemblies through which the City Corporation operates and is a meeting of the Liverymen of the City of London Livery Companies, held at Guildhall twice a year, to elect officers of the City including the Sheriffs and the Lord Mayor. The annual [Aldermanic Appraisal Process](#), including job descriptions and person specifications for the role of Alderman, Aldermanic Sheriff and Lord Mayor, forms part of the City Corporation's corporative governance information. The Lord Mayor is elected annually at Michaelmas, on 29 September, and the City's Sheriffs are elected after Midsummer day on 24 June. Sheriffs support the Lord Mayor in their official duties undertaken on behalf of the City Corporation. Aldermanic terms of office are again regularised, following earlier disruption due to the pandemic.

Officer governance

18. In December 2022 the Town Clerk and Chief Executive retired after ten years in role leading the City Corporation as Head of the Paid Service. The Deputy Chief Executive provided interim cover until the appointment of a new [Town Clerk and Chief Executive](#) took effect in February 2023.

The second proclamation of King Charles III

19. The City of London Corporation, as a unique and ancient institution with more than a thousand years of history and as the governing body of the City of London, has an important role in the UK's constitution. The second [proclamation](#) of King Charles III as sovereign (after the first proclamation at St James's Palace) took place outside the Royal Exchange in the City of London on 10 September 2022. Given the ceremonial, security and logistical complexities of the operation involving a wide range of Corporation departments tasked with delivering such a nationally significant occasion at short notice, it was much appreciated that a large number of highly positive comments were received from Members and external stakeholders.

Performance Management

20. Work to improve management information and develop a framework for corporate performance further developed over the past year. Activity has taken place under three themes (recognising there are different levels of maturity within the organisation in relation to monitoring and use of data and management):
- delivering capability at team/departmental level,
 - developing data resource at organisational level, and
 - identifying ways of developing a top-down performance approach for the organisation that can be integrated into the business planning process.
- ELB discussions agreed to focussing on these areas and that datasets would be made available by departments to progress performance work.
21. Support continues to be provided for teams ready to build up their capability on data, through workshops that support the identification of management data relevant to measuring localised activity and performance and set up processes for collecting, collating, using and visualising this. This data will provide the baseline for localised performance management, regular reporting and future modelling activity once the datasets are rich enough, and be closely tied in to business planning. A corporate dashboard, the City Intelligence Dashboard (CID) has been developed and is accessible to all staff via the City of London Corporation's intranet. Version 1 is designed to show footfall and activity levels within the square mile, and will gather data over time to build a rich dataset to help understand and model activity in the city. Work has taken place to identify existing cross-cutting datasets that can form part of an overall framework to understand top-down corporate performance, with the intention of developing useable dashboards once data quality issues have been resolved, and which may also provide the method for performance measurement in Corporate Plan 2025-30.

Financial Management Arrangements

22. The Chamberlain is the Chief Finance Officer in accordance with section 151 of the Local Government Act 1972 and has overall responsibility for the proper administration of the City's financial affairs. CIPFA's 2010 Statement on the Role of the Chief Financial Officer in Local Government defines the key responsibilities of this role and sets out how the requirements of legislation and professional standards should be met. The City's financial management arrangements were reviewed and found to conform to the governance requirements of the Statement. The Chamberlain also fulfils the role of Treasurer of the Police Authority. Compliance with [CIPFA's Financial Management Code](#) was reviewed and areas for action in relation to this were determined.
23. The City Corporation culture is to maximise returns from its resources and seek value for money. It assesses the scope for improvements in efficiency/value for money by a variety of means, including improvement priorities set by the Policy & Resources Committee through the annual resource allocation process. [The Operational Property and Projects Sub Committee](#) meets monthly to ensure that projects align with corporate objectives and strategy and provide value for money. The [Capital Buildings Board](#) provides oversight for the major programmes, meeting every two months, supported by a monthly Major Programme Assurance Board.
24. In light of the economic climate, the City Corporation conducted a review of its capital programme to assess the financial sustainability of the current portfolio in light of inflationary pressures. The review resulted in pauses to previously agreed projects and a reprioritisation of funds to projects deemed as higher priority. Future capital bids will be limited to only essential projects, recognising that inflationary pressure may persist, and that a focus should be on delivery of existing schemes rather than adding new ones. Careful monitoring has also been undertaken on revenue spend to ensure department operate within their cash limits whilst continuing to deliver services to residents and businesses. Assumptions within our medium term financial forecasts have been updated to reflect the economic environment to ensure a realistic picture is drawn when assessing financial sustainability.
25. The City of London Corporation has also established a Resources and Priorities Refresh (RPR) Programme which builds on themes from previous reviews through four workstreams - Operational Property; Commercial, including Income Generation; Productivity; and Corporate Plan Annex 2024⁷ - that will enable it to be better equipped for current and future challenges.

⁷ now being delivered as a five-year Corporate Plan for 2024-29 under the direction of the Chief Strategy Officer and outside the RPR Programme.

Procurement

26. The Procurement Code sets out the requirements of the Corporation's standing orders in regard to procurement and contract management. The Procurement Code was updated following the implementation of the TOM and the new arrangements went live in January 2023. The changes to the Procurement Code have been supported by the development of a business partnering approach within the Commercial Service, relaunch and strengthening of arrangements for Category Boards and comprehensive communications and engagement to ensure the changes are understood and an effective assurance framework is in place. New and comprehensive guidance that enables officers to access guidance and learning opportunities through bite-sized focussed sessions as part of our new Commercial Academy has also been developed.

Key updates included

- Rule 15 procurement thresholds and procedures: The Operational Purchasing threshold has been raised from £50,000 to £100,000 which devolves responsibility for purchases under £100,000 to departmental Officers.
- Rules 46 – 55 Responsible Procurement: Rules updated to ensure departments consider the commitments of the Responsible Procurement policy and weighting when awarding contracts from external frameworks, waivers and exemptions. The minimum Responsible Procurement weighting for evaluation has increased from 10% of the technical envelope to 15% of the overall score in line with the new Responsible Procurement Policy approved by the Policy & Resources Committee in July 2022.
- Terminology throughout the Procurement Code has also been updated to reflect internal changes as a result of the TOM; reference to EU & OJEU has been replaced with the UK Find a Tender Service portal (FTS); and Project Sub Committee has been replaced with Operational Property and Projects Sub Committee.

27. Further changes to the Procurement Code are anticipated in 2023 in response to the Procurement Bill that is currently being debated in Parliament. Progress of the Bill is being closely monitored at the Commercial Service is engaging with the Government Commercial Function to access preparatory development sessions.

Increasing transparency and consultation in the planning process

28. The City of London Corporation recently consulted on a new [Statement of Community Involvement](#), which sets out the processes for how the Corporation will publicise planning applications and engage people as we develop new strategies and policy documents. The Corporation also published [draft Developer Engagement Guidance](#), setting out how we expect developers to undertake meaningful public consultation at the early stages as they develop proposals for new development. The Corporation has procured [Commonplace](#), a well-established online engagement software platform, and is setting it up to use on future planning consultations, particularly new planning guidance, the City Plan, and other projects run by the Planning Service. This will give stakeholders a single 'shop window' for planning consultations, with a user-friendly interface, and much more functionality to share ideas and give feedback online compared to traditional consultations.

Risk Management

29. As part of the Target Operating Model (TOM), oversight of City Corporation risk management moved on 1 April 2022 from the Internal Audit Team to the Corporate Strategy and Performance Team (CSPT). This was to support City Corporation efforts to tackle and exploit current and future challenges through an integrated, professional and insight led approach to corporate strategy, planning, risk management and performance. Risk management officer governance structures were also reviewed and updated terms of reference issued for the Chief Officer Risk Management Group (CORMG) clarifying their role as senior officers accountable for oversight of risk management on behalf of the Executive Leadership Board (ELB). CORMG met regularly during this period, with risk reports issued to ELB on the management of corporate and top red departmental risks and developing risk areas. A key focus was work on risk management culture to ensure we had an agile and responsive approach to risk management, and that risk ‘themes’ were identified and managed across City Corporation. Training was arranged for officers in support of this, with more sessions due later in 2023. Risk appetite has separately been identified as a key deliverable for FY2023-24.

Audit and Risk Management Committee

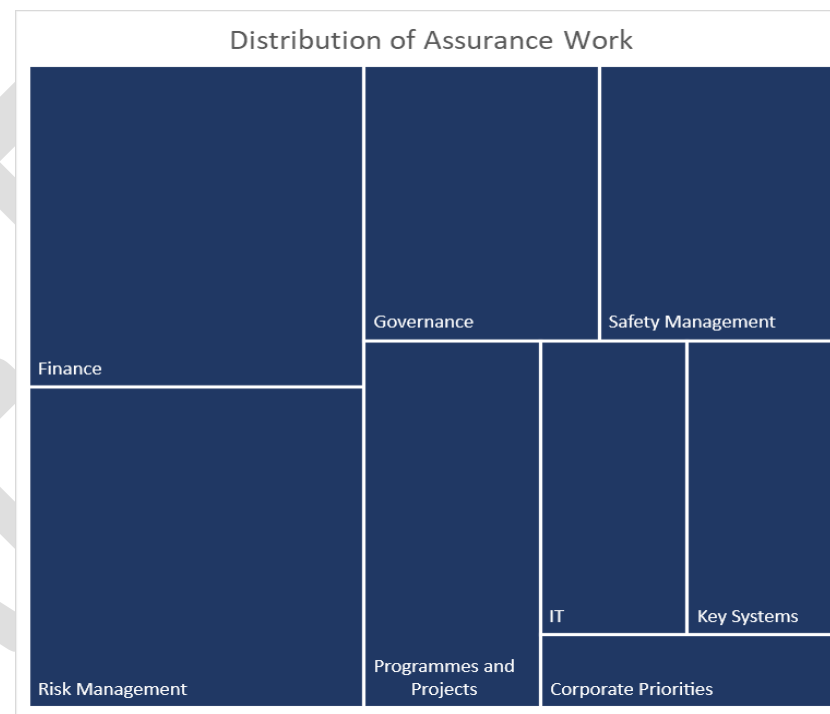
30. Risk management arrangements are reviewed annually by the [Audit and Risk Management Committee](#) which has a wide-ranging but focused brief that underpins the City of London Corporation’s governance processes. The Committee continued to play an important and integral part in ensuring key risks were reviewed through regular risk updates and deep dives of corporate risks on a rolling basis. These corporate risk deep dives are now carried out by the Internal Audit Team to provide an additional level of assurance.

Role of Internal Audit

31. Internal Audit has provided independent and objective assurance across a range of City Corporation activities and services.

32. The diagram opposite indicates the broad categorisation of assurance work within the Internal Audit programme of work.

33. For 2022-23 the Internal Audit work has been driven by an ongoing assessment of risk and priorities. In practice, this has resulted in a move away from a detailed 1 year audit plan, working instead to a rolling quarterly plan with a statement of intent for a further 6 months, this has proven to be a more agile and dynamic process and has enabled better prioritisation of resources. The Head of Internal Audit has worked with the full engagement and support of the Audit and Risk Management Committee, with updates provided to each Committee meeting. Internal Audit implemented a new approach to provide assurance in relation to the management of Corporate Risk, providing objective scrutiny and clear escalation of concerns to Senior Leadership and the Audit and Risk Management Committee.



34. In accordance with the requirements of the Public Sector Internal Audit Standards, an annual self-assessment has been undertaken and confirmed that the City Corporation's Internal Audit function conforms with the requirements of the standards. An External Quality Assessment will be undertaken to validate this review by the end of July 2023.

Key Governance Issues

Health & Safety Review

35. The Corporate Health, Safety and Wellbeing Committee met quarterly in 2022-23. The revised Terms of Reference were reviewed approved by the Committee in December 2022 to ensure the Committee is well placed and effective in supporting the City of London Corporation in meeting its health and safety aims and objectives going forward. In December 2022 a Corporate Health and Safety Business Plan setting the overarching direction of travel for health and safety management, including the Governance arrangements, was approved by the Corporate Health and Safety Committee. In December Internal Audit carried out an audit: 2022-23: Corporate Wide Review: Health & Safety – Second Line of Defence. In January 2023 a draft report was submitted to the Chief Operating Officer (Chair of Corporate Health and Safety Committee and Chief Officer accountable for the health and safety business function) and the Corporate Head of Health and Safety. It identified a number of issues on the operational effectiveness of the Corporate Health and Safety Committee, the extent to which health and safety risk are escalated for corporate attention, and level of assurance to the City's Board and Members. The COO and Chair of Health and Safety Committee and the Corporate Head of Health and Safety put in place a plan to address the audit issues and the approved plan is monitored by the Corporate Health and Safety Committee. The audit action plan will contribute to the workstreams outlined in the Corporate Health and Safety Business Plan.

Project Governance Review

36. Following the implementation of the TOM and the creation of a new Project Governance Division, a review of corporate project governance has been initiated. The aims of the review are to ensure effective governance and assurance frameworks are in place to enable successful delivery of projects and programmes delivering best value for the Corporation. The review includes both corporate and major projects which are currently subject to separate governance processes. The review also includes consideration of corporate change (revenue funded) projects which are out of scope of existing governance arrangements. The following intended outcomes were agreed by the Executive Leadership Board and Members (at Operational Property and Projects Sub-committee and Policy and Resources Committee) at the outset of the review:
- The City Corporation is confident project and programmes represent best value and deliver the intended benefits
 - Project governance is risk-based and enables Members to focus on strategic issues and areas of high risk and/or value
 - Members are assured that lower risk/value projects are well managed and that an effective assurance framework exists to identify any potential issues or risks
 - Officers are empowered to effectively manage the projects they are responsible for, to take prompt decisions to manage operational risks and, are enabled by corporate systems and financial processes
 - The Corporation is clear on the role of the PMO ecosystem and its capacity to fulfil this role effectively
 - The project delivery operating model represents value for money with a clearly articulated value proposition

An external consultancy was engaged to lead the initial review phase to ensure understanding of current issues, to identify areas of best practice and to recommend a future operating model. The initial review phase was completed in February 2023 recommending the move to an enterprise-wide portfolio management approach. The Corporation is now beginning detailed design work and the agreement of an implementation plan for delivery in FY2023-24.

Equality Diversity & Inclusion

37. The City Corporation is driving forward Equality, Diversity and Inclusion (EDI) at all levels of the organisation. The new [EDI Sub-Committee](#), set up as per Lisvane recommendations, is led by elected Members and strengthens the EDI governance structure and sets the strategic direction for EDI.
38. From May 2021 to November 2022, City Corporation successfully led the Government-commissioned [Socio-Economic Diversity Taskforce](#) which delivered an industry consultation and roadmap to incentivise employer actions. The [Breaking the Class Barrier](#) report was published in November 2022. Taskforce output included the development of a membership body for financial services known as [Progress Together](#) and a productivity analysis to build the business case for socio-economic diversity at senior management levels.
39. The City Corporation ranked at 67 in the top 75 [Social Mobility Employer Index](#) in December 2022. Efforts to improve diversity and inclusion are also progressed through the City of London Corporation being signatories of charters and accreditations including Women in Finance, Stonewall Diversity Champions, Disability Confident, London Living Wage and the Social Mobility Employers Index. HM Treasury's [Women in Finance Charter](#) commits signatories to support the progression of women into senior roles in the financial services sector by focusing on the executive pipeline and mid-tier level. The City Corporation became a signatory in 2019 and committed to women comprising 45% senior management roles by March 2025. In March 2022, the figure stood at 43%. The Barbican Centre's draft Equality, Diversity and Inclusion proposal was approved by the [Barbican Board](#) in February 2023. It consolidates work delivered over the last two years and demonstrates the ongoing commitment to addressing discrimination of all protected groups in the workplace.
40. The City Corporation's Equality, Diversity, and Inclusion directorate leads on embedding EDI across the Corporation and its institutions. Work has taken place to increase employee engagement and enhance the employee voice, though hosting a [National Inclusion Week](#) Celebration event for the 7 staff networks, facilitating focus groups sessions and workshops with staff, attending and promoting Disability and Wellbeing Network (DAWN) and City of London Ethnicity and Race Network (CLEAR) events and initiatives, presenting at the launch of the Young Employees Network (YEN) in October 2022, and supporting City Pride's float in the [Lord Mayor's Show](#) in November 2022. A Staff Network Handbook and Terms of Reference was created to steer network co-chairs and leads on the purpose of staff networks, facility time, the role of sponsors and the importance of cross collaboration between networks. Implementation of a communications strategy including use of social media, broadcast events, flyers and event booking has increased staff engagement with staff networks. The 'Meet the Staff Network' February broadcast drew 117 attendees and 83% positive feedback. Departmental Equality Representatives meet regularly and departmental Dignity at Work Advisers provide support to staff and aid the organisation in being an employer of choice.

Cost of living pressures and services

41. Recognising the growing cost-of-living pressures over the period, in response a multi-agency steering group was established to oversee immediate and long-term actions, in the areas of communications, targeting financial assistance, winter warmth, tackling food poverty, increasing income from employment and wellbeing, to support residents. Each month, following steering group meetings, an update on the action plan is shared with the Chairman of the Community

and Children's Services Committee. A dedicated [cost of living](#) internet page lists the range of support available, including a food pantry initiative, a Green Doctors Scheme to help reduce energy costs and the targeting of the Household Support Fund. There is also focus on improving the maintenance and management of the City Corporation's housing provision, which will be taken forward through a Housing Strategy which is in development.

42. In November 2022, the City Corporation received a focused visit from [Ofsted](#) in line with the [inspection of local authority children's services \(ILACS\) framework](#). Inspectors looked at the arrangements for the 'front door', the service that receives contacts and referrals, and at decision-making about child protection enquiries, decisions to step down or step up from early help and child in need assessments. The inspectors found high-quality practice and responsive front door services, with the right support being delivered at the right time by highly skilled and committed practitioners. The visit also found that external quality assurance activity and oversight by the Achieving Excellence Board (AEB) provide additional scrutiny and assurance, supporting effective practice and decision making for children at the front door.
43. The Afghanistan Resettlement Programme continued to provide support to Afghanistan Refugees in the two bridging hotels in the City of London. During the year, many of these households were moved to permanent accommodation by the Home Office. In September 2022 one the bridging hotels was closed and in February 2023 the second one closed. Any remaining guests were moved to hotels in other parts of the country whilst they waited for permanent accommodation.
44. The City Corporation has also put in place local systems to support families and individuals seeking asylum and refugees, including those who fled the conflict in Ukraine. Information about support for Ukraine can be found on the City of London Corporation website [here](#).

Residents

45. [City-wide Residents Meetings](#) were held in the Guildhall in May 2022 and in the east of the City in the Artizan Street Library in January 2023. These meetings provide residents with the opportunity to ask questions or raise issues about living in the City to the [Policy Chairman](#) and senior officers from the City of London Police and the City Corporation. In response to feedback from residents, and reflecting the importance in which the City Corporation holds the relationships it has with them, more frequent opportunities for engagement with residents and other stakeholders are being arranged in different locations in the city. Increasing the number of residents and stakeholders meetings to four per year, and holding them in different areas to reach more people, is a key part of resetting the relationship, improving communications and enabling communities to hold the City Corporation to account for delivery.

Responding as an employer of choice

46. The Corporation has a Corporate HR Function led by the Chief People Officer. Institutions also have their own HR functions who are professionally accountable to the Chief People Officer for all HR matters. The HR functions provide a range of services to the Corporation which are designed to ensure that leaders and the workforce are effectively supported and that the best talent can be hired, and the Corporation is an employer of choice. The work of the HR function is overseen by the Executive Leadership Board and Corporate Services Committee. The Corporation had an employee turnover rate of 18.69% at the end of 2022. This is a high and is affected by factors including labour market shortages and high levels. Recruitment and Retention is a Corporate risk and plans to mitigate

and address the risk is in place. To support this, additional funding has been provided to increase the capacity of HR function to support and enable Leaders and the Corporation to respond to these challenges through a range of measures which are set out below:

People Strategy Framework	Reward refresh	Listening and responding to the views of the workforce	Apprenticeships	Learning and Organisational Development
<p>Creation of a People Strategy Framework was approved by the Corporate Services Committee (CSC) in December 2022. Staff engagement with over 300 key staff using the framework during March/April 2023 will inform the development of a three-year People Strategy</p>	<p>Reviewing the Corporation’s approach to reward and developing options for a new pay and grading structure and total reward package which will enable the Corporation to be attract and retain the best talent. Options for change will be considered in May 2023.</p>	<p>A staff survey was undertaken in May 2022 that has resulted in actions being taken across the City of London to address specific areas of concern. Pulse surveys on the topics of reward and recognition and working patterns will be undertaken in spring 2023 and a full staff survey will take place in autumn 2023. Action is also planned, in part to respond to feedback received, to engage with staff on the organisation’s vision, values and culture.</p>	<p>Apprenticeships and other work-placed continuous learning programmes also continue to grow and is a key organisation priority, with the City of London working with 88 apprentices during the 2022/23 year, along with a host of traineeships and other workplace learning. Growing apprenticeships and increasing the level of graduate training scheme participants to inform succession planning for key areas of need will continue in 2023/24.</p>	<p>Serving the organisation across a range of activities, including an open enrolment management development programme, a host of skills programmes and targeted team and department development interventions. A review of new staff induction is underway, including a review of mandatory training. The 2023 City of London People Awards was the largest and most successful ever; 135 nominations in 20 Categories and 32 winners, runners up and highly commended awards acknowledging staff contributions to City Corporation work.</p>

UN Sustainable Development Goals

47. The [UN Sustainable Development Goals \(SDGs\)](#) provide a comprehensive framework for organisations to assess, understand and make a positive impact on the major issues impacting society, the environment, and the economy. As an organisation with reach locally, nationally, and internationally, the City of London Corporation is committed to working towards achieving the SDGs and supporting the [UN Global Compact](#) in its ambition to drive business awareness and action to achieve the SDGs. The City of London Corporation became a signatory to the UN Global Compact in December 2020 and as such is required to report a Communication on Engagement stating how it is supporting the [ten principles](#) – in the areas of human rights, labour, environment and anti-corruption - within two years of becoming a signatory and bi-annually thereafter. The City of London Corporation works collaboratively with a wide range of partners to inspire, develop and act on responsible business. It is committed to creating positive impact across its activities and decisions to ensure a sustainable future where individuals and communities can flourish, and the planet is healthier. Progress in these areas is communicated through key policies, such as the [Modern Slavery Statement](#), commitment to the [London Living Wage](#), and initiatives such as the [Lord Mayor’s Dragon Awards](#), which recognise and celebrate businesses that are achieving excellence in social impact and inspire others by sharing best practice. In December 2022 The City Corporation submitted its [first Communication on Engagement report](#) as a signatory to the UN Global Compact. An [Ethical Policy Statement](#), which sets in one document, the ethical and responsible principles

and aims encapsulated in the City Corporation’s plans, activities and strategies, has been developed. It captures the City Corporation’s commitment to treating people fairly, being transparent and honest, respecting human rights and the environment and complying with the law and regulation.

Becoming a data driven organisation

- 48. The City of London Corporation is embarking on a journey to become a data driven organisation, working with a partner to assess the current situation and recommend steps forward to bring value from our data. It is a Microsoft first organisation, with skills in PowerBI & Azure, some of which sit inside the Digital and Information Technology Services (DITS) division, and other skills spread across the organisation. A Data Maturity Assessment will drive a business case to support change which will focuses on key challenges that need to be solved, gap analysis of the current and desired position of the City Corporation while identifying good practises and ways to scale this across the organisation and institutions. DITS staff are being included in the future design of the service through regular communications and engagement.
- 49. Transfer of services from our managed service provider back in house or to alternative suppliers is continuing. Approximately 20 staff will be transferred through TUPE, which is to complete by August 2023. A new IT Service Management Tool has been provisioned and will continue to be enhanced to better exploit opportunities for automation and improved self service. Following on from the transition of IT services in house, DITS is relooking at what functions are required, if they should they be delivered in-house or by a partner and the optimal team structure to deliver these services. Corporation-wide engagement will enable users to co-design the future delivery model. There are IT Teams and functions and pockets of IT spend across the organisation. Work is in progress to examine functions that might be combined to and bring greater standardisation and sharing and provide a more effective and efficient IT service for the entire of the Corporation. There is a particular focus on Cyber Security where minimum security standards and a shared security operations centre are being investigated. DITS is deploying several new technologies across the organisation. The organisation will require support to adopt these new technologies, and to use them in an effective manner. DITS is investigating putting together a team that will focus on working across the organisation to assist with embedding these new technologies in the workplace.

Target Operating Model

- 50. Implementation of the Target Operating Model (TOM) has continued, as have efforts to implement the budgetary reductions approved alongside the TOM. The programme was originally due to complete by the end of March 2022, when the TOM Programme Management team was stood down, however, due to its complexity and scale, this has taken longer, and is now anticipated to draw to a close by the end of 2023. Parts of the organisation are still due to develop their second phase of TOM plans (the first phase of plans referring to the completed Chief Officer level restructuring): City of London Police, Bridge House Estates and Barbican. A small number of departments are currently mid-way through implementing their second phase of TOM plans, including Environment, City Surveyors, Chamberlains



(for financial services), Chief Operating Officer (for Human Resources); Schools are mid-way through agreeing and signing off their phase two plans. Officer and Member governance continues to be provided through the Design Advisory Board, and relevant Committees. An [interim report on the status of the TOM](#), including detail on where savings have been made and what has been achieved to date went to Finance Committee (February 2023), Corporate Services Committee (March 2023) and Policy and Resources (March 2023). A final report will follow in summer 2023. The TOM programme, covering departmental restructures and associated savings requirements, are expected to finalise by the end of 2023.

Accountability and Action Plans

51. The City Corporation proposes over the coming year to take the following actions to address these key governance issues:

Delivery of the Corporate Plan Annex 2024 informing the onward development, including priorities and performance measurement, of the City of London Corporation Corporate Plan 2025-30

Lead:
Chief Strategy Officer

Implementing the recommendations of the Internal Audit review: Corporate Wide Review: Health & Safety – Second Line of Defence

Lead:
Chief Operating Officer

Developing a Housing Strategy improving the management of the City Corporation’s housing provision.

Lead:
*Executive Director
Community and Children’s
Services*

Positioning the City of London Corporation as employer of choice through our people and talent offerings

Lead:
Chief People Officer

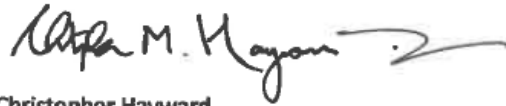
Enabling the City of London Corporation to be a data driven organisation through appropriate technology provision and capability

Lead:
Chief Operating Officer

Continuing to strengthen Equality, Diversity & Inclusion

Lead:
Chief Operating Officer

52. This annual governance statement was approved by the City Corporation's Audit and Risk Management Committee on 12 May 2023.



Christopher Hayward
Chair, Policy and Resources Committee
Date: May 2023



Ian Thomas CBE
Town Clerk and Chief Executive
Date: May 2023

DRAFT



Further Information

Accounting Standards	Rules set by International Accounting Standards Board that set out how transactions are to be shown in an organisation's accounts
Accrual	The recording of income and expenditure when it becomes due rather than when the cash is paid out/received.
Balance Sheet	A statement showing the assets and liabilities of City Fund
Billing authorities	District, unitary, metropolitan and London Borough who collect council tax and non-domestic rates on behalf of all local councils
Cash flow Statement	This statement summarises the cash flows that have been made into and out of City Fund during the year.
City's Cash	The existence of City's Cash can be traced back to the fifteenth century and it has built up from a combination of properties, lands, bequests and transfers under statute since that time. It is accounted for separately and does not form part of the City Fund statements, although references are made to City's Cash in certain parts of the statements. The fund is now used to finance activities mainly for the benefit of London as a whole but also of relevance nationwide. These services include the work of the Lord Mayor in promoting UK trade overseas, numerous green spaces and work in surrounding boroughs supporting education, training and employment opportunities.
Creditors	Individuals or organisations to which the City Fund owes money at the end of the financial year.
Collection Fund	Statutory account showing transactions in relation to the collection of Council Tax, payments to the Greater London Authority and the administration of the National Non-Domestic Rate.
Community assets	Assets that the City of London intends to hold in perpetuity, that have no determinable useful life, and that may have restrictions on their disposal. Examples of community assets are parks and gardens or historic buildings.
Comprehensive income and expenditure statement	This statement shows all the income and expenditure of City Fund
Current asset	An asset which will be consumed or cease to have value within the next accounting period; examples are stock and debtors.

Current liability	An amount which will become payable or could be called in within the next accounting period; examples are creditors and cash overdrawn.
Current service cost (pensions)	The increase in the present value of a defined benefit scheme's liabilities expected to arise from employee service in the current period.
Curtailement (pensions)	For a defined benefit scheme, an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service. Curtailments include: <ul style="list-style-type: none">• termination of employees' services earlier than expected, for example as a result of discontinuing an activity, and• termination of, or amendment to, the terms of a defined benefit scheme so that some or all future service by current employees will no longer qualify for benefits or will qualify only for reduced benefits.
Debtors	Individuals or organisations that owe the City Fund money at the end of the financial year.
Dedicated Schools Grant	A grant from the Government used by City Fund to fund schools
Deferred capital receipts	These result mainly from loans to the Museum of London plus outstanding loans in respect of past sales of council dwellings to tenants who were unable to obtain a building society loan or other external means of financing. Their indebtedness is reflected in the balance sheet under long term debtors. This account shows the amount to be paid on deferred terms and is reduced each year by repayments made.
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.
Direct revenue financing	Expenditure on the provision or improvement of capital assets met directly from revenue account.
Donated assets	Assets transferred at nil value or acquired at less than fair value.

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.
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.
Housing Revenue Account	An account used to record the income and expenditure related to council housing
Impairment	A reduction in the value of an asset below its carrying amount on the balance sheet.
Infrastructure assets	Long-term assets that are inalienable, expenditure on which is recoverable only by continued use of the asset created. Examples are highways, footpaths, bridges and sewers.
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.
Levies	These are charges incurred by the City of London to meet London-wide services. They include payments to the London Boroughs Grants Committee, the Environment Agency and the London Planning Advisory Committee.
Movement in reserves statement	This statement shows the impact of the financial year on the City Fund's reserves
National Non-Domestic Rate (NNDR)	A flat rate in the pound set by the Government and levied on businesses who occupy offices and buildings within the City. The income is collected by the City of London and is passed on to Central Government and the Greater London Authority (GLA).
Net current replacement cost	The cost of replacing a particular asset in its existing condition and in its existing use.

Net realisable value	The open market value of an asset in its existing use (or open market value in the case of non-operational assets) less the expenses to be incurred in realising the asset.
Net expenditure	The amount City Fund spends on providing services after capital financing costs and specific government grants are taken into account
Non-operational assets	Long-term assets held but not directly occupied, used or consumed in the delivery of service. Examples are investment properties.
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	<p>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:</p> <ul style="list-style-type: none">• the benefits for pensioners and deferred pensioners (i.e. individuals who have ceased to be active members but are entitled to benefits payable at a later date) and their dependants, allowing where appropriate for future increases; and the accrued benefits for members in service on the valuation date. The accrued benefits are the benefits for service up to a given point in time, whether vested rights or not. Guidance on the projected unit method is given in the Guidance Note GN26 issued by the Faculty and Institute of Actuaries.
Provision	<p>An amount set aside in the accounts for liabilities of uncertain timing or amount that have been incurred. Provisions are made when:</p> <ul style="list-style-type: none">• the City of London has a present obligation (legal or constructive) as a result of a past event;• it is probable that a transfer of economic benefits will be required to settle the obligation; and• a reliable estimate can be made of the amount of the obligation.
Reserves	<p>Reserves are reported in two categories in the Balance Sheet of local authorities:</p> <ul style="list-style-type: none">• Usable reserves - surpluses of income over expenditure and amounts set aside outside the definition of a provision and which can be applied to the provision of services. Certain reserves are allocated for specific purposes and are described as earmarked reserves. <p>Unusable reserves - those that cannot be used to provide services. This category of reserves include adjustment accounts which deal with situations where statutory requirements result in income and expenditure being recognised against the City Fund or HRA balance on a different basis from that expected by accounting standards.</p>

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.
Revenue expenditure funded from capital under statute	Legislation allows some expenditure to be classified as capital for funding purposes when it does not result in the expenditure being carried on the Balance Sheet as a long-term asset. The purpose of this is to enable it to be funded from capital resources rather than be charged to revenue and impact on council tax. These items are generally grant payments and expenditure on property not owned by the authority.
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.
Section 106 agreement	A legal agreement between Local Authorities and developers; these are linked to planning permissions and can also be known as planning obligations.
Section 278 agreement	A section of the Highways Act 1980 that allows developers to enter into a legal agreement with the Local Authority to make permanent alterations or improvements to a public highway as part of a planning approval.
Treasury management	The management of the cash balances and borrowing needs from City Fund's cash flows
Triennial valuation	Actuarial valuation of defined benefit pension schemes that is required every three years
Valuation office agency (VOA)	The government agency responsible for valuing domestic and non-domestic properties

AAAmmf.....	AAA Money Market Fund (Credit Rating)
AVC	Additional Voluntary Contributions
BACS.....	Bankers Automated Clearing System
BCMS	Business Continuity Management System
BID.....	Business Improvement District
BRS	Business Rate Supplement
CARF.....	COVID Additional Relief Fund
CFR.....	Capital Financing Requirement
CI&ES.....	Comprehensive Income and Expenditure Statement
CIL	Community Infrastructure Levy
CIPFA.....	Chartered Institute of Public Finance & Accounting
CPF.....	Corporate Performance Framework
CPI	Consumer Price Index
CRC.....	Cyber Resilience Centre
CSPT.....	Corporate Strategy and Performance Team
DfE	Department for Education
DLUHC.....	Department for Levelling Up, Housing and Communities (formerly MHCLG)
DSG	Dedicated Schools Grant
EBITDA.....	Earnings before Interest, Taxes, Depreciation and Amortization
EDI.....	Equality, Diversity & Inclusion
ELB.....	Executive Leadership Board
EIR.....	Environmental Information Regulations
EUV	Existing Use value
FTE	Full Time Equivalent
FOI.....	Freedom of Information
FVOCI.....	Fair Value through Other Comprehensive Income
FVPL.....	Fair Value through Profit or Loss
GAAP	Generally Accepted Accounting Practice
GLA	Greater London Authority
GMP.....	Guaranteed Minimum Pension
HRA	Housing Revenue Account
IAS	International Accounting Standards

I&G.....	Innovation and Growth Services
IFRS	International Financial Reporting Standards
ISB.....	Individual Schools Budget
LASAAC	Local Authority (Scotland) Accounts Advisory Committee
LGPS.....	Local Government Pension Scheme
LIBOR	London Interbank Offered Rate
LLP.....	Limited Liability Partnership
LMA.....	London Metropolitan Archives
MHCLG.....	Ministry of Housing, Communities & Local Government (now DLUHC)
MRP	Minimum Revenue Provision
NAV.....	Net Asset Value
NNDR	National Non-Domestic Rate
OFSTED	Office for Standards in Education, Children's Services and Skills
PCN.....	Penalty Charge Notice
Power BI.....	Power Business Intelligence
PPE.....	Property, Plant and Equipment
PRAG.....	Pensions Research Accountants Group
RICS.....	Royal Institution of Chartered Surveyors
RPI.....	Retail Price Index
SBNDR	Small Business Non-Domestic Rate
SeRCOP	Service Reporting Code of Practice
SETS	Stock Exchange Electronic Trading Service
SI	Statutory Instruments
SIP.....	Strategic Investment Pot
SME.....	Small and Medium-Sized Enterprises
SOLACE	Society of Local Authority Chief Executives
SPA.....	State Pension Age
TOM.....	Target Operating Model
VAT	Value-Added Tax
VOA	Valuation Office Agency

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City of London Corporation Audit Progress Report

Year ending 31 March 2023

October 23, 2023

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Authority or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Introduction

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This paper provides the Audit and Risk Management Committee with a report on progress in delivering our responsibilities as your external auditors.

Members of the Audit and Risk Management Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications <https://www.grantthornton.co.uk/en/services/public-sector-services/>

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.

Audit deliverables

Deliverables External Audit

Audit Plan

We are required to issue a detailed audit plan to the Audit & Risk Management Committee setting out our proposed approach in order to give an opinion on the City Fund and Pension Fund 2021-22 financial statements and to issue a commentary on the Authority's value for money arrangements in the Auditor's Annual Report.

2021-22

Completed

2022-23

Completed

Audit Findings Report – City Fund

The Audit Findings Report will be reported to the Audit & Risk Management Committee.

Completed

Expected to provide draft version to management by end of December

Auditors Report – City Fund

This includes the opinion on your financial statements.

Not possible whilst 20-21 audit ongoing.

Audit Findings Report – Pension Fund

The Audit Findings Report will be reported to the Audit & Risk Management Committee.

Completed

Completed

Auditors Report – Pension Fund

This includes the opinion on your financial statements.

Not possible whilst 20-21 audit ongoing.

Auditor's Annual Report

This report communicates the key outputs of the audit, including our commentary on the Authority's value for money arrangements.

Completed

Expected February 2024

We have been unable to complete our Grant audits whilst prior year certification work is ongoing.

Progress at October 2023

Financial Statements audit – City Fund 2022-23

We undertook our planning work concurrently with the 2021-22 fieldwork from July-September. Our work is substantially complete except for our final quality checks and the following matters:

- Completion of our consideration of ISA 315 on IT controls that impact relevant controls to our audit.
- Final quality checks of the file.

Our fieldwork phase for the audit began at the end of September 2023. We have prioritised resource on this audit and ensured this extended timeframe has continuity within the team. This continuity combined with the same being the case with the finance team should create additional efficiencies in the 2022-23 audit.

We are working towards to substantially completing the fieldwork and producing an Audit findings report by the calendar year end.

We have made a positive start in this objective and all key samples have been selected for testing. This has been aided by management providing good quality transaction listings building on feedback from the prior year. We have also managed to use learnings from the prior year, adapted our audit approach where possible and used data analytic tools to significantly reduce sample sizes in comparison to the prior year.

In October and the first half of November **our main priority is clearing all samples selected.** To do this we require management to provide sample evidence back to us promptly and meeting the requirements set out. So far, the information provided is significantly better than the prior year. Our sample progress can be found from slide 06 onwards. To ensure we are on track we would expect 75% of samples to be cleared by the 6th November when this report is discussed at Committee. We will provide a verbal update on their overall progress.

Once the sampling work is complete our work will then focus on completing our work on the disclosure notes, dealing with issues identified from our testing and any technical queries identified on our review of the financial statements.

Technical Review of the financial statements/Final quality checks

Due to the tight timing, we are looking to complete the audit in and the impact the Christmas period can have in December there is a risk that our technical review of the accounts/final quality checks of our work will take place in January.

Although this would not be ideal, we would consider the impact of this to be less than if the same occurred for our sample and disclosure note testing procedures. **We have placed on hold our review of the 2022-23 financial statements as some significant changes are expected to the draft accounts. This is a result of management needing to reverse a change made relating to lease premiums and changes coming out of the 2021-22 audit concluding work. Once the accounts are received we will look to send out our technical queries within 1-2 weeks to the finance team.** We would expect though for our work on this area to be more limited due to this being the second-year audit and a full technical review having been undertaken in the prior year.

Financial Statements audit – City Fund 21-22

Our work is substantially complete with our Audit findings report completed. However, with the 2020-21 audit not yet signed we are unable to close the audit as there is a requirement for audits to be signed sequentially. There are also some processes required for us to undertake once BDO finalise the 2020-21 financial statements audit. But we would hope our work could be completed 1-2 weeks after their sign off date

Financial Statements audit – City Pension Fund 22-23

Our work is substantially complete, and an update can be found in the audit findings report. We have also formally reported back to the Museum of London auditors. And have responded to Crowe regarding their requests as they have come through.

Value for Money

Our work is scheduled to start in November, and we expect to report our findings at the February Audit and Risk Management Committee.

Transactional Sample Log

Key to the pace we can complete the audit is the speed we can closedown the transactional samples. To help us collaborate with the finance team in the closure of these we share our sample log on a bi-weekly basis.. As noted earlier, when we present this report to the Committee on the 6th November, to ensure **we remain on track we would expect 75% of the samples below to be cleared**. We will provide a verbal update on progress at the Committee meeting. Note the below table excludes revaluation samples, smaller samples areas and samples specific to last year, with the tracker last year having 1,012 samples altogether on it. The below represent the key transactional samples and their status. From the process so far, we note:

- We have received 60% of initial responses to the samples selected. (Some of which have only been recently selected in the past week).
- 38% of samples have been cleared. With 146 of the 191 samples when first received passing, in the previous year this percentage was markedly lower. This highlights the improvements management have helped implement to the sample process.
- Our sample sizes have reduced by 50% compared to the prior year. This is due to several factors including better quality working papers and transaction listings, the audit team being able to build on the prior year and apply GT data analytic tools to the listings as well us in the second year being able to apply a higher materiality threshold.

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Sample Area	Sample size 2021-22	Sample size 2022-23	Samples cleared	Samples in processing by the audit team	Samples with Follow up queries	Outstanding with the finance team
Fees and charges	90	28	17	6	5	0
Debtors	62	38	25	10	Nil	3
Creditors (excluding collection Fund)	100	41	28	2	3	8
Employee cost samples	55	55	nil	nil	Nil	55
PPE (addition/REFCUS/disposal samples)	28	25	13	nil	4	8

Transactional Sample Log

Sample Area	Sample size 2021-22	Sample size 2022-23	Samples cleared	Samples in processing by the audit team	Samples with Follow up queries	Outstanding with the finance team
Operating expenses	104	39	26	2	9	2
Rents Received in Advance	14	14	14	nil	nil	Nil
Collection Fund debtors	11	9	nil	9	Nil	Nil
Collection Fund Creditors	15	9	nil	9	nil	Nil
Grant Income	37	23	Nil	Nil	Nil	23
Grants received in Advance	26	13	Nil	Nil	13	Nil
Completeness expenditure	40	33	12	Nil	3	18
Completeness Income	36	32	11	Nil	8	13
Capital commitments	10	TBC- discussions regarding working papers ongoing				
PPE Existence	112	Nil	Nil	Nil	Nil	Nil
Business rate reliefs	25	25	Nil	Nil	Nil	25
Total	765	384	146 38%	38 10%	45 12%	155 40%



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The Audit Findings Report for City of London Pension Fund

Year ended 31 March 2023

October 2023

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This Audit Findings presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260. Its contents will be discussed with management and the Audit and Risk Management Committee.

The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Pension Fund or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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1. Headlines

This table summarises the key findings and other matters arising from the statutory audit of City of London Pension Fund ('the Pension Fund') and the preparation of the Pension Fund's financial statements for the year ended 31 March 2023 for the attention of those charged with governance.

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Financial Statements

Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion:

- the Pension Fund's financial statements give a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2023 and of the amount and disposition at that date of the fund's assets and liabilities, other than liabilities to pay promised retirement benefits after the end of the fund year; and
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

Our audit work was completed remotely primarily in September. Our findings are summarised on pages 5 to 13.

Our work is substantially complete and there are no matters of which we are aware that would require modification of our audit opinion or material changes to the financial statements, subject to the following outstanding matters;

- completion of the 2020/21 financial statements audit by your predecessor auditor;
- completion of the 2021/22 financial statements by Grant Thornton UK LLP ;
- receipt of management representation letter;
- review of the final set of financial statements.
- consideration of any post balance sheet events that arise prior to the sign off date.

We have concluded that the other information to be published with the financial statements, is consistent with our knowledge of your organisation and the financial statements we have audited.

Our anticipated opinion on the financial statements will be unmodified.

Whilst our work on the Pension Fund financial statements is complete, we will be unable to issue our final audit opinion on the Pension Fund financial statements until the audit of the Administering Authority (the City Fund) is complete.

We are required to give a separate opinion for the Pension Fund Annual Report on whether the financial statements included therein are consistent with the audited financial statements.

1. Headlines

National context – audit backlog

Nationally there have been significant delays in the completion of audit work and the issuing of audit opinions across the local government sector. Only 12% of local government bodies had received audit opinions in time to publish their 2021/22 accounts by the extended deadline of 30 November. There has not been a significant improvement over this last year, and the situation remains challenging. We at Grant Thornton have a strong desire and a firm commitment to complete as many audits as soon as possible and to address the backlog of unsigned opinions.

Over the course of the last year, Grant Thornton has been working constructively with DLUHC, the FRC and the other audit firms to identify ways of rectifying the challenges which have been faced by our sector, and we recognise the difficulties these backlogs have caused authorities across the country. We have also published a report setting out our consideration of the issues behind the delays and our thoughts on how these could be mitigated. Please see [About time? \(grantthornton.co.uk\)](#)

We would like to thank everyone at the Pension Fund for their support in working with us to work constructively with the Pension Fund to not to fall behind and to issue the assurance letters and issue a timely audit opinion.

Local context - triennial valuation

Triennial valuations for local government pension funds have been published. These valuations, which are as at 31 March 2022, provide updated information regarding the funding position of the Pension Fund and set employer contribution rates for the period 2023/24 – 2025/26. For the Pension Fund, the valuation was undertaken by , Barnett Waddingham LLP, and showed that and found that the Pension Fund’s funding position had improved to 98% (from 90% as at 31 March 2019). Employers’ contributions are set based on Triennial actuarial funding valuations. Since the last such valuation was at 31 March 2022, employer contribution rates resulting from this exercise will apply from 1 April 2023. For 2022/23, employer contribution rates range from 15.0% to 21.0% of pensionable pay. The results of the latest triennial valuation are reflected in note 18 of the financial statements. These valuations also provide updated information for the net pension liability on employer balance sheets.

We have performed testing of the completeness and accuracy of triennial valuation source data. This was to support our work providing assurances to auditors of employer bodies. As part of this work, we tested a sample of this data and found the source data to be complete and accurate/or include a summary of findings. This additional testing is only required after each triennial review, rather than annually and this work was done as part of the completion of the 2021-22 audit, as the prior year figures required restatement due to the audit still being open.

2. Financial Statements

Overview of the scope of our audit

This Audit Findings Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents have been discussed with management and will be discussed with the Audit and Risk Management Committee.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

Audit approach

Our audit approach was based on a thorough understanding of the Pension Fund's business and is risk based, and in particular included:

- An evaluation of the Pension Fund's internal controls environment, including its IT systems and controls; and
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks

Conclusion

We have substantially completed our audit of your financial statements and subject to outstanding queries being resolved, we anticipate issuing an unqualified audit opinion following the completion of the following items:

- completion of the 2020/21 financial statements audit by your predecessor auditor and our review of their workpapers;
- receipt of management representation letter;
- review of the Annual report; and
- review of the final set of financial statements.
- consideration of any post balance sheet events that arise prior to the sign off date.

Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff.

2. Financial Statements



Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Materiality levels remain the same as reported in our audit plan in September 2023.

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Pension Fund Amount (£)

Materiality for the financial statements	15.8m
Fund Account Materiality	4.3m
Trivial matters	0.8m

As set out in our audit plan we have set two materiality's. This reflects the fact that there is a disparity between the asset values at the Pension Fund and the figures that go through the Fund Account. Therefore to ensure our work on the Fund Account is sufficiently detailed a lower materiality has been set for this balance, as set out above.



2. Financial Statements - Significant risks

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

This section provides commentary on the significant audit risks communicated in the Audit Plan.

Risks identified in our Audit Plan

Commentary

Management override of controls

Under ISA (UK) 240, there is a non-rebuttable presumed risk that the risk of management override of controls is present in all entities. The Pension Fund faces external scrutiny of its spending and its stewardship of its funds, this could potentially place management under undue pressure in terms of how they report performance.

We therefore identified management override of control, in particular journals, management estimates, and transactions outside the course of business as a significant risk for the Pension Fund, which was one of the most significant assessed risks of material misstatement.

We have:

- Evaluated the design effectiveness of management controls over journals.
- Analysed the journals listing and determine the criteria for selecting high risk unusual journals.
- Tested unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration.
- Gained an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness with regard to corroborative evidence.
- Evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions.

Our work has not identified any issues except for the ongoing control deficiency identified in 2021/22 financial statements audit by the predecessor auditor. Our work is now complete and we have no other items to bring to your attention regarding this matter,

2. Financial Statements - Significant risks

Risks identified in our Audit Plan

Valuation of Level 3 investments

You value your investments on an annual basis with the aim of ensuring that the carrying value of these investments is not materially different from their fair value at the balance sheet date.

By their nature, Level 3 investment valuations lack observable inputs. These valuations therefore represent a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of this estimate to changes in key assumptions.

Under ISA 315, significant risks often relate to significant non-routine transactions and judgemental matters. Level 3

investments by their very nature require a significant degree of judgement to reach an appropriate valuation at year end.

We therefore have identified Valuation of Level 3 Investments as a significant risk.

Commentary

We have:

- evaluated management's processes for valuing Level 3 investments and gain an understanding over the role of the custodian in the valuation process;
- reviewed the nature and basis of estimated values and consider what assurance management has over the year end valuations provided for these types of investments; to ensure that the requirements of the Code are met;
- independently requested year-end confirmations from investment managers and the custodian for all investments held;
- for the private equity and infrastructure funds, obtained audited financial statements for the investments as at 31 December 2022 and we have reconciled any cash movements between the intervening period to 31 March 2023, for all accounts.
- performed additional testing for the full pooled property investments by using indices obtained externally to benchmark against those used by the Fund Manager. The indices reports we have used are from the GT Real Estates Team.
- evaluated the competence, capabilities and objectivity of the valuation expert; and
- reviewed investment manager service auditor report on design and operating effectiveness of internal controls.

Our audit work has not identified any issues in respect of the valuation of Level 3 investments.

2. Financial Statements - key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Level 2 Investments – £1,153m	<p>The Pension Fund have investments in pooled funds that in total are valued on the balance sheet as at 31 March 2023 at £1,153m.</p> <p>The underlying investments are traded on an open exchange/market although the pooled valuation of the investment is subjective.</p> <p>The Fund obtains valuations from the fund manager and custodian to ensure that valuations are materially fairly stated.</p>	<p>From the procedures undertaken:</p> <ul style="list-style-type: none"> We have reviewed the estimation process for the Level 2 investments and are satisfied that these are in line with industry standards. We have compared the valuations provided by the fund managers with the custodian and are satisfied that there are no significant differences in the valuations. We have reviewed the accounting policies and valuation techniques stipulated within the financial statements and these are in line with expectations. <p>Our audit work has not identified any issues in respect of the valuation of Level 2 investments.</p>	Light purple

Assessment

- **Dark Purple** We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- **Blue** We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- **Grey** We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- **Light Purple** We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements – key judgements and estimates

This section provides commentary on key estimates and judgements inline with the enhanced requirements for auditors.

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Level 3 Investments – £213.2m	<p>The Pension Fund has investments in the following:</p> <ul style="list-style-type: none"> Infrastructure funds that in total are valued on the balance sheet as at 31 March 2023 at £75.6m; Private equity funds that in total are valued on the balance sheet as at 31 March 2023 at £29.2m; and Pooled property investments that in total are valued on the balance sheet as at 31 March 2023 at £108.2m; <p>Management have reviewed the year end valuations provided by the Fund Managers and have treated them as management experts. These investments are not traded on an open exchange/market and the valuation of the investment is highly subjective due to a lack of observable inputs.</p>	<p>From the procedures undertaken:</p> <ul style="list-style-type: none"> We have deepened our risk assessment procedures performed including understanding processes and controls around the valuation of Level 3 investments. We have obtained audited accounts for all Infrastructure and Private Equity funds and are satisfied that the movements between 31 December 2023 and 31 March 2023 are reconciled to appropriate and known movements in the intervening period. We have performed additional testing for pooled property investments by using indices obtained externally to benchmark against those used by the Fund Manager. We are satisfied that the method, data and assumptions used by management to derive the accounting estimate is appropriate. We are satisfied that the disclosure of the estimate in the Fund's financial statements is sufficient. We have reviewed the accounting policies and valuation techniques stipulated within the financial statements and these are in line with expectations. <p>In our challenge procedures we perform analysis of the latest financial statements versus the valuation of the assets held. From this a variance of £5m was identified which is below our materiality levels.</p> <p>Our audit work has not identified any issues in respect of the valuation of Level 3 investments.</p>	Light Purple

Assessment

- [Purple] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Blue] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- [Grey] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Light Purple] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial Statements: other communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

Issue	Commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with the Audit and Risk Management Committee. We have not been made aware of any incidents in the period and no other issues have been identified during the course of our audit procedures.
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed.
Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Written representations	A letter of representation will be requested from the Pension Fund to be signed alongside the final draft of the financial statements in advance of the conclusion of the audit.
Audit evidence and explanations	We requested from management permission to send confirmation requests to your custodian, fund managers and banks. This permission was granted and the requests were sent.

2. Financial Statements: other communication requirements



Our responsibility

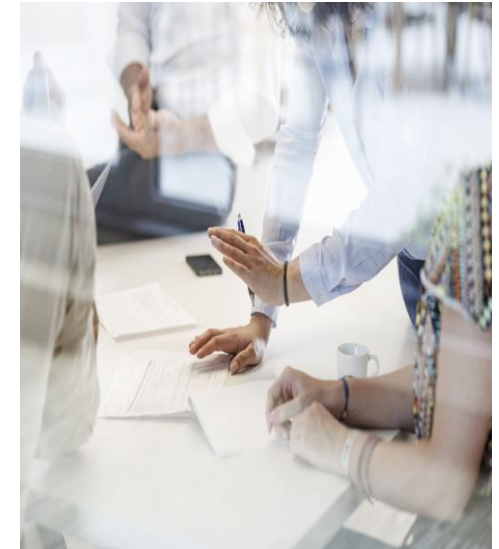
As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern” (ISA (UK) 570).

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Issue	Commentary
Going concern	<p>In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2020). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies.</p> <p>Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities:</p> <ul style="list-style-type: none"> the use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities for many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. <p>Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by the Pension Fund meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated:</p> <ul style="list-style-type: none"> the nature of the Pension Fund and the environment in which it operates the Pension Fund's financial reporting framework the Pension Fund's system of internal control for identifying events or conditions relevant to going concern management's going concern assessment. <p>On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that:</p> <ul style="list-style-type: none"> a material uncertainty related to going concern has not been identified management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

2. Financial Statements: other responsibilities under the Code

Issue	Commentary
Other information	The Pension Fund is administered by the City of London Corporation- City Fund (the 'Authority'), and the Pension Fund's accounts form part of the Authority's financial statements. We are required to read any other information published alongside the Council's financial statements to check that it is consistent with the Pension Fund financial statements on which we give an opinion and is consistent with our knowledge of the Authority. We will ensure this information is fully reviewed prior to signing the audit opinion.
Matters on which the report by exception	<p>We are required to give a separate opinion for the Pension Fund Annual Report on whether the financial statements included therein are consistent with the audited financial statements. We have not yet reviewed this yet but will prior to the completion of the audit work.</p> <p>We are required to report if we have applied any of our statutory powers or duties as outlined in the Code. We have nothing to report on these matters</p>



3. Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. We have complied with the Financial Reporting Council's Ethical Standard and confirm that we, as a firm, and each covered person, are independent and are able to express an objective opinion on the financial statements

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are detailed in Appendix D.

Transparency

Grant Thornton publishes an annual Transparency Report, which sets out details of the action we have taken over the past year to improve audit quality as well as the results of internal and external quality inspections. For more details see [Grant Thornton International Transparency report 2023](#).

Appendices

- A. Communication of audit matters to those charged with governance
- B. Follow up of prior year recommendations
- C. Audit Adjustments
- D. Fees and non-audit services
- E. Auditing developments
- F. Audit opinion

A. Communication of audit matters to those charged with governance

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	•	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks	•	
Confirmation of independence and objectivity	•	•
Statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	•	•
Significant findings from the audit		•
Significant matters and issue arising during the audit and written representations that have been sought		•
Significant difficulties encountered during the audit		•
Significant deficiencies in internal control identified during the audit		•
Significant matters arising in connection with related parties		•
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		•
Non-compliance with laws and regulations		•
Unadjusted misstatements and material disclosure omissions		•
Expected modifications to the auditor's report, or emphasis of matter		•

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Findings, outlines those key issues, findings and other matters arising from the audit, which we consider should be communicated in writing rather than orally, together with an explanation as to how these have been resolved.

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Distribution of this Audit Findings Report

Whilst we seek to ensure our audit findings are distributed to those individuals charged with governance, we are also required to distribute our findings to those members of senior management with significant operational and strategic responsibilities. We are grateful for your specific consideration and onward distribution of our report to all those charged with governance.

B. Follow up of prior year recommendations

The prior year audit identified the following issues in the audit of City of London Pension Fund's 2021/22. We note these findings were presented to management in March 2023 and therefore there was limited time to respond to these points in the 2022/23 financial year.

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Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
X	<p>Journals authorisation</p> <p>The predecessor auditor has identified that there is no evidence is retained in the management's review of journals.</p>	<p>As part of our journals testing, we have determined that this is not resolved, and we recommend that management implement a control where all journals over £100k are sent over approvals and the approval logs are reviewed on a frequent basis. This control should also be documented to ensure a clear audit trail.</p> <p>Note this issue applies both to the Pension Fund and the City Fund.</p>
✓	<p>Management of generic database administrator accounts.</p> <p>Whilst the passwords for privileged generic accounts for both the Oracle EBS application and supporting Oracle database are held in a KeePass password manager, we were unable to verify whether access to the password manager is restricted to the DBA team as it is held in a shared network drive.</p> <p>Management should implement suitable controls to restrict access to the KeePass password manager.</p> <p>This could be through limiting access (i.e. a specific network folder or SharePoint site) to the KeePass password manager to only authorised members of the DBA team.</p>	<p>Management response</p> <p>The password database is itself password protected so regardless of where it lives on the network only persons who know the password (the current 3 dbas) have the ability to open it.</p> <p>The password database has now been moved to the DBA SharePoint site..</p>

Assessment

- ✓ Action completed
- X Not yet addressed

C. Audit Adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Note in our level 3 Investments testing to provide further challenge to the valuations provided we have obtained other information to challenge the Pension Funds valuation of the Investments. This includes reviewing the most up to date financial statements of the investment and using the Pension Fund's percentage holding to calculate the expected value. In doing so we expect to identify differences but use this process to challenge/identify if further work is required on the level 3 Investment valuations. From this work an overall £5m variance was identified which was within our accepted thresholds and therefore no further testing was identified. As this procedure is not a full valuation of the asset and a method we use to challenge the valuation we do not consider this to be a factual misstatement in the Pension Fund's accounts.

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure/issue/Omission	Auditor recommendations	Adjusted?
Minor disclosure and narrative adjustments	In our review of the accounts, we raised with management a number of minor disclosure adjustments and other such narrative amendments.	✓
Critical Judgements note	Enhancements were identified to the Critical judgements note to comply with IAS 1 requirements.	✓
Note 10 Management expenses	Audit fees in the note do not tie back to our overall fees by £14k. We note the fee used was the most accurate information management had at the time to make the assessment and this is why no adjustment has been made to the fee.	X
Note 16 – Interest rate risks	Prior year figures did not tie to the prior year accounts in error and this required updating.	✓
Note 18 Funded Obligation of the Overall Pension Fund	<ul style="list-style-type: none"> Changes in relation to the triennial valuation which required the prior year figures to be updated along with the key assumptions. The GMP equalisation disclosure required updating as more up to date information was available 	✓
Note 24 Contingent liabilities and contractual commitments	The commitment of £15m to Lime property purchase fund units was cancelled as at 15 March 2023 but the client has still disclosed it as outstanding commitment as at 31 March 2023, which is not correct.	✓

D. Fees

We confirm below our final fees charged for the audit and provision of non-audit services.

Audit fees	Proposed fee	Indicative Final fee
Pension Fund Audit	£39,500	£39,500
Total audit fees (excluding VAT)	£39,500	£39,500

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Non-audit fees for other services	Proposed fee	Final fee
IAS19 Assurance letters for Admitted Bodies	£9,500	£9,500
Total non-audit fees (excluding VAT)	£9,500	£9,500

E. Auditing developments

Revised ISAs

There are changes to the following ISA (UK):

ISA (UK) 315 (Revised July 2020) 'Identifying and Assessing the Risks of Material Misstatement'

This impacts audits of financial statement for periods commencing on or after 15 December 2021.

ISA (UK) 220 (Revised July 2021) 'Quality Management for an Audit of Financial Statements'

ISA (UK) 240 (Revised May 2021) 'The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements'

A summary of the impact of the key changes on various aspects of the audit is included below:

These changes will impact audit for audits of financial statement for periods commencing on or after 15 December 2022.

Area of change	Impact of changes
Risk assessment	The nature, timing and extent of audit procedures performed in support of the audit opinion may change due to clarification of: <ul style="list-style-type: none"> the risk assessment process, which provides the basis for the assessment of the risks of material misstatement and the design of audit procedures the identification and extent of work effort needed for indirect and direct controls in the system of internal control the controls for which design and implementation needs to be assess and how that impacts sampling the considerations for using automated tools and techniques.
Direction, supervision and review of the engagement	Greater responsibilities, audit procedures and actions are assigned directly to the engagement partner, resulting in increased involvement in the performance and review of audit procedures.
Professional scepticism	The design, nature, timing and extent of audit procedures performed in support of the audit opinion may change due to: <ul style="list-style-type: none"> increased emphasis on the exercise of professional judgement and professional scepticism an equal focus on both corroborative and contradictory information obtained and used in generating audit evidence increased guidance on management and auditor bias additional focus on the authenticity of information used as audit evidence a focus on response to inquiries that appear implausible
Definition of engagement team	The definition of engagement team when applied in a group audit, will include both the group auditors and the component auditors. The implications of this will become clearer when the auditing standard governing special considerations for group audits is finalised. In the interim, the expectation is that this will extend a number of requirements in the standard directed at the 'engagement team' to component auditors in addition to the group auditor. <ul style="list-style-type: none"> Consideration is also being given to the potential impacts on confidentiality and independence.
Fraud	The design, nature timing and extent of audit procedures performed in support of the audit opinion may change due to: <ul style="list-style-type: none"> clarification of the requirements relating to understanding fraud risk factors additional communications with management or those charged with governance
Documentation	The amendments to these auditing standards will also result in additional documentation requirements to demonstrate how these requirements have been addressed.

Status of the audit and opinion

Appendix F - Audit opinion

Our anticipated audit report opinion will be unmodified

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Informing the audit risk assessment for City of London Corporation – City Fund 2022/23

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Purpose

The purpose of this report is to contribute towards the effective two-way communication between City of London Corporation City Fund's external auditors and City of London Corporation City Fund's Audit Committee, as 'those charged with governance'. The report covers some important areas of the auditor risk assessment where we are required to make inquiries of the Audit Committee under auditing standards.

Background

Under International Standards on Auditing (UK), (ISA(UK)) auditors have specific responsibilities to communicate with the Audit Committee. ISA(UK) emphasise the importance of two-way communication between the auditor and the Audit Committee and also specify matters that should be communicated.

This two-way communication assists both the auditor and the Audit Committee in understanding matters relating to the audit and developing a constructive working relationship. It also enables the auditor to obtain information relevant to the audit from the Audit Committee and supports the Audit Committee in fulfilling its responsibilities in relation to the financial reporting process.

Communication

As part of our risk assessment procedures we are required to obtain an understanding of management processes and the City of London Corporation City Fund's oversight of the following areas:

General Enquiries of Management

- Fraud,
- Laws and Regulations,
- Related Parties,
- Going Concern, and
- Accounting Estimates.

Purpose

This report includes a series of questions on each of these areas and the response we have received from City of London Corporation City Fund's management. The Audit Committee should consider whether these responses are consistent with its understanding and whether there are any further comments it wishes to make.

General Enquiries of Management

Question	Management response
<p>1. What do you regard as the key events or issues that will have a significant impact on the financial statements for 2022/23?</p>	<p>We are moving away from the impact of COVID-19 but there are still some residual issues affecting the 22/23 accounts including collection fund deficits and inflated reserve balance due to S31 offset funding, business support funding and COVID additional relief fund (CARF) impacting on creditor balances.</p> <p>Aside from those issues the accounts reflect previous areas which have an impact including IAS19 valuations, PPE valuations, investment property valuation and the assessment of business rate appeal provisions. The forecast Medium Term Financial Plan position show deficits occurring from 2025/26 which will require addressing as part of the budget setting process.</p>
<p>2. Have you considered the appropriateness of the accounting policies adopted by City of London Corporation City Fund? Have there been any events or transactions that may cause you to change or adopt new accounting policies? If so, what are they?</p>	<p>The City Fund accounts are prepared in accordance with proper accounting practices as required by the Accounts and Audit Regulations 2015. This comprises the Code of Practice on Local Authority Accounting in the United Kingdom 2022-23 (the Code) issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), supported by International Financial Reporting Standards (IFRS).</p> <p>Accounting policies are reviewed as part of the preparation of the accounts. No changes have been made in 22/23.</p>
<p>3. Is there any use of financial instruments, including derivatives? If so, please explain</p>	<p>City Fund is invested in money market funds to the value of £350m</p>
<p>4. Are you aware of any significant transaction outside the normal course of business? If so, what are they?</p>	<p>We have around £53.8m spent on Major Projects on City Fund in 22/23. This Primarily on two programmes, £29.5m on the Salisbury Square Development which will deliver a new, purpose-built 18-courtroom legal facility called the City of London Law Courts and a new City of London police headquarters and £24.3m on the Museum of London relocation and work on its current site.</p>

General Enquiries of Management

Question	Management response
5. Are you aware of any changes in circumstances that would lead to impairment of non-current assets? If so, what are they?	No
6. Are you aware of any guarantee contracts? If so, please provide further details	CoL has entered into a guarantee contract for the Police ICT Company – as a national body supporting all forces with ICT services. This guarantee is limited to £28k.
7. Are you aware of the existence of loss contingencies and/or un-asserted claims that may affect the financial statements? If so, please provide further details	No
8. Other than in house solicitors, can you provide details of those solicitors utilised by City of London Corporation City Fund during the year. Please indicate where they are working on open litigation or contingencies from prior years?	<p>Provided as a separate document.</p> <p>Note that the expenditure data relates to various legal matters not limited to litigation.</p> <p>Contingencies are not used by the Comptroller & City Solicitors Department though client departments may manage contingencies from their budgets for ongoing legal cases.</p>

General Enquiries of Management

Question	Management response
<p>9. Have any of the City of London Corporation City Fund's service providers reported any items of fraud, non-compliance with laws and regulations or uncorrected misstatements which would affect the financial statements? If so, please provide further details</p>	<p>The Corporate fraud register will be provided. Confirmation of non-compliance with laws and regulations has been provided via the Comptrollers and City Solicitor. We are not aware of any uncorrected misstatements that would have a material impact on the financial statements.</p>
<p>10. Can you provide details of other advisors consulted during the year and the issue on which they were consulted?</p>	<p>The City commission several valuation experts to conduct the valuation of their operational and investment property. These are Gerald Eve, Cushman and Wakefield and Savills. The City Corporation commission Barnet Waddingham to conduct its actuarial valuations including IAS19. We use Analyse Local to support our appeal provision calculation.</p>
<p>11. Have you considered and identified assets for which expected credit loss provisions may be required under IFRS 9, such as debtors (including loans) and investments? If so, please provide further details</p>	<p>Assessment of expected credit losses are made on all non-statutory account debtors as per the requirements. Provisions are made based on backward and forward looking factors. Bad debt provision calculations have been provided as part of the audit pack.</p>

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Fraud

Matters in relation to fraud

ISA (UK) 240 covers auditors responsibilities relating to fraud in an audit of financial statements.

The primary responsibility to prevent and detect fraud rests with both the Audit Committee and management. Management, with the oversight of the Audit Committee, needs to ensure a strong emphasis on fraud prevention and deterrence and encourage a culture of honest and ethical behaviour. As part of its oversight, the Audit Committee should consider the potential for override of controls and inappropriate influence over the financial reporting process.

As City of London Corporation City Fund's external auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error. We are required to maintain professional scepticism throughout the audit, considering the potential for management override of controls.

As part of our audit risk assessment procedures we are required to consider risks of fraud. This includes considering the arrangements management has put in place with regard to fraud risks including:

- assessment that the financial statements could be materially misstated due to fraud,
- process for identifying and responding to risks of fraud, including any identified specific risks,
- communication with the Audit Committee regarding its processes for identifying and responding to risks of fraud, and
- communication to employees regarding business practices and ethical behaviour.

We need to understand how the Audit Committee oversees the above processes. We are also required to make inquiries of both management and the Audit Committee as to their knowledge of any actual, suspected or alleged fraud. These areas have been set out in the fraud risk assessment questions below together with responses from City of London Corporation City Fund's management.

Fraud risk assessment

Question	Management response
<p>1. Has City of London Corporation City Fund assessed the risk of material misstatement in the financial statements due to fraud?</p> <p>How has the process of identifying and responding to the risk of fraud been undertaken and what are the results of this process?</p> <p>How do the City of London Corporation City Fund's risk management processes link to financial reporting?</p>	<p>Reliance is placed on the controls in place to prevent fraud e.g. systems/processes/financial monitoring/procurement practice etc and any concerns would be flagged to the Chamberlain and Audit and Risk committee, which would be factored into the financial statements preparation.</p> <p>A fraud register is maintained of any actual or suspected fraud cases.</p> <p>Internal Audit has provided independent and objective assurance across a range of City Corporation activities and services through delivery of a continuous programme of Internal Audit reviews. The programme of Audit work has been managed proactively throughout the year in accordance with the Public Sector Internal Audit Standards and with the engagement and support of the Audit and Risk Management Committee considering the risk profile of the organisation and the resources (capacity and capability) available.</p> <p>The Head of Internal Audit has provided an annual opinion stating that the City has adequate and effective systems of internal control (which includes governance arrangements) in place to manage the achievement of its objectives. This is informed by completed Audit work, discussion with key officers and observation of the governance process in operation.</p>
<p>2. What have you determined to be the classes of accounts, transactions and disclosures most at risk to fraud?</p>	<p>See response to Q5 below</p>
<p>3. Are you aware of any instances of actual, suspected or alleged fraud, errors or other irregularities either within City of London Corporation City Fund as a whole, or within specific departments since 1 April 2022? If so, please provide details</p>	<p>All frauds, whether actual or suspected are recorded on the corporate fraud register.</p>

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Fraud risk assessment

Question	Management response
<p>4. As a management team, how do you communicate risk issues (including fraud) to those charged with governance?</p>	<p>Biannual counter fraud and investigation reports delivered to the Audit & Risk Management Committee.</p> <p>Corporate risk report as standard item at each meeting of the Audit & Risk Management Committee.</p>
<p>5. Have you identified any specific fraud risks? If so, please provide details</p> <p>Do you have any concerns there are areas that are at risk of fraud?</p> <p>Are there particular locations within City of London Corporation City Fund and where fraud is more likely to occur?</p>	<p>Yes – those areas where there is an inherent risk of fraud, despite having a sound control framework, the risks of human fraud or error can still exist.</p> <p>Housing allocations and rents (HRA properties) AP (Mandate) Social care (Direct Payments)</p> <p>All frauds, whether actual or suspected are recorded on the corporate fraud.</p>
<p>6. What processes do City of London Corporation City Fund have in place to identify and respond to risks of fraud?</p>	<p>Fraud risks are considered as part of each internal audit assignment, with appropriate testing undertaken to assess the scale of the fraud risks in that service.</p> <p>IA's counter fraud team consider fraud risks as part of corporate fraud investigation activity and these are reported as appropriate to management, with recommendations made as appropriate to improve the control framework.</p>

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Fraud risk assessment

Question	Management response
<p>7. How do you assess the overall control environment for City of London Corporation City Fund including:</p> <ul style="list-style-type: none"> the existence of internal controls, including segregation of duties; and the process for reviewing the effectiveness the system of internal control? <p>If internal controls are not in place or not effective where are the risk areas and what mitigating actions have been taken?</p> <p>What other controls are in place to help prevent, deter or detect fraud?</p> <p>Are there any areas where there is a potential for override of controls or inappropriate influence over the financial reporting process (for example because of undue pressure to achieve financial targets)? If so, please provide details</p>	<p>Delivery of a programme of Internal Audit work, this incorporates assurance work reviewing controls within key financial systems as well as a risk based programme of activity (the approach to the latter still focusses on the adequacy of the Internal Control environment). Segregation of duties is built into many of our existing processes, often driven/enforced by the design and implementation of our IT systems.</p> <p>The effectiveness of the system of internal control is based upon review and analysis of completed Internal Audit work and other relevant information that the Head of Internal Audit becomes aware of. This is a judgement/opinion based assessment so does not follow a specific process.</p> <p>Refer to the Head of Internal Audit Annual Opinion report to Audit and Risk Management Committee to identify risk areas from absent/weak internal controls. Mitigating actions are usually to implement /improve the controls identified as weak.</p> <p>There are also some effective 2nd line controls, for example in relation to procurement, we also make use of the NFI and more recently the London NFI fraud hub.</p> <p>There is always the potential for override or inappropriate influence, some of the City Corporation's financial arrangements are complicated, that said, Internal Audit work has not identified any specific instances.</p>
<p>8. Are there any areas where there is potential for misreporting? If so, please provide details</p>	<p>Not to our knowledge.</p>

Fraud risk assessment

Question	Management response
<p>9. How does City of London Corporation City Fund communicate and encourage ethical behaviours and business processes of it's staff and contractors?</p> <p>How do you encourage staff to report their concerns about fraud?</p> <p>What concerns are staff expected to report about fraud? Have any significant issues been reported? If so, please provide details</p>	<p>Both the Corporate Anti-Fraud & Corruption Strategy and the Whistleblowing Policy provide confidential routes for staff to report any fraud concerns to the Internal Audit & Counter Fraud division for consideration of further investigation.</p> <p>A mandatory fraud awareness eLearning package is in place to raise staff awareness of fraud risks and acts as a reminder to staff about what risks they need to report. This eLearning is repeated periodically for staff employed in high fraud risk areas, such as housing, benefits, accounts payable etc.</p> <p>Staff are encouraged to report any concerns they may have, these are triaged by the Internal Audit & Counter Fraud division upon receipt with appropriate action taken.</p>
<p>10. From a fraud and corruption perspective, what are considered to be high-risk posts?</p> <p>How are the risks relating to these posts identified, assessed and managed?</p>	<p>Posts where there is an inherent risk of fraud through misappropriation of funds or the City's assets. These include, finance, cashiers, AP, payroll, benefits, revenues, social care (DP) and housing teams.</p> <p>Staff in high risk posts are required to submit a declaration of interest return on an annual basis to their Chief Officer, any third party interests are considered on the basis of the risks posed and appropriate safeguards put in place.</p> <p>The mandatory fraud awareness eLearning training is repeated periodically for staff employed in high fraud risk posts.</p>
<p>11. Are you aware of any related party relationships or transactions that could give rise to instances of fraud? If so, please provide details</p> <p>How do you mitigate the risks associated with fraud related to related party relationships and transactions?</p>	<p>No</p> <p>Self declaration of conflicts of interests/ third party interests expected to be reported by Chief Officers and Members.</p> <p>The City utilises the NFI AppCheck as part of its recruitment checks to see if staff have a third party interest (recorded within NFI data) that may impact their duties at CoL. Scope exists to use AppCheck periodically for high risk posts, but not known if this is being done holistically at present.</p> <p>Testing through the NFI biennial exercise – employees to Companies House data matching, The CoL is signed up to the NFI fraud hub, meaning more regular data matching of staff data to Companies House data.</p>

Fraud risk assessment

Question	Management response
<p>12. What arrangements are in place to report fraud issues and risks to the Audit Committee?</p> <p>How does the Audit Committee exercise oversight over management's processes for identifying and responding to risks of fraud and breaches of internal control?</p> <p>What has been the outcome of these arrangements so far this year?</p>	<p>The Audit & Risk Management Committee (ARMC) receive an annual counter fraud & investigation report to its May committee and a half yearly report to its November committee.</p> <p>The Committee also receives regular updates on follow up work and has the power to hold officers to account, through calling management to committee to explain why any recommendations have not been implemented</p> <p>Overall arrangement for reporting and responding to recommendations has been positive and not required further intervention by ARMC.</p>
<p>13. Are you aware of any whistle blowing potential or complaints by potential whistle blowers? If so, what has been your response?</p>	<p>Not for pensions.</p> <p>Wider organisation wise - details of the disclosures raised under the whistleblowing procedure, along with the outcome of any investigation undertaken during 2022/23 can be found in the 2022/23 disclosure register.</p> <p>All disclosures raised under the whistleblowing channels are reported to the Audit & Risk Management Committee for oversight, along with a redacted summary of the outcome.</p>
<p>14. Have any reports been made under the Bribery Act? If so, please provide details</p>	<p>No</p>

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Law and regulations

Matters in relation to laws and regulations

ISA (UK) 250 requires us to consider the impact of laws and regulations in an audit of the financial statements.

Management, with the oversight of the Audit Committee, is responsible for ensuring that City of London Corporation City Fund's operations are conducted in accordance with laws and regulations, including those that determine amounts in the financial statements.

As auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error, taking into account the appropriate legal and regulatory framework. As part of our risk assessment procedures we are required to make inquiries of management and the Audit Committee as to whether the body is in compliance with laws and regulations. Where we become aware of non-compliance or suspected non-compliance we need to gain an understanding of the non-compliance and the possible effect on the financial statements.

Risk assessment questions have been set out below together with responses from management.

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Impact of laws and regulations

Question	Management response
<p>1. How does management gain assurance that all relevant laws and regulations have been complied with? What arrangements does City of London Corporation City Fund have in place to prevent and detect non-compliance with laws and regulations?</p> <p>Are you aware of any changes to the City of London Corporation City Fund's regulatory environment that may have a significant impact on the City of London Corporation City Fund's financial statements?</p>	<p>Management and Committee reporting arrangements. See annual governance statement. Keep relevant laws and regulations under review – focus on changes in liaison with Comptroller and City Solicitor's department. The Comptroller and City Solicitor, is responsible for providing all legal services required by the City of London. This includes providing legal advice to Committees, Departments of the City, to the Commissioner of Police for the City, and to other organisations for whom the Comptroller & City Solicitor is required to act as legal adviser (e.g. the Museum of London).</p> <p>No</p>
<p>2. How is the Audit Committee provided with assurance that all relevant laws and regulations have been complied with?</p>	<p>The City Corporation has established formal Risk Management arrangements which include the development and maintenance of corporate, departmental, and service risks, their regular review by departmental senior management, through the Chief Officer Risk Management Group, and reported to the relevant Grand/Service Committee. These arrangements are subject to annual review by the Audit and Risk Management Committee and have continued to operate effectively. The Audit and Risk Management Committee continue to play an important and integral part in ensuring that our most important risks were reviewed through regular risk updates and deep dives of corporate risks on a rolling basis. The Committee also continued to operate the Informal Risk Challenge process, meeting with Chief Officers individually to evaluate their approach to managing risk within their operations. See Risk Management Policy and Strategy for further details.</p>
<p>3. Have there been any instances of non-compliance or suspected non-compliance with laws and regulation since 1 April 2022 with an on-going impact on the 2022/23 financial statements? If so, please provide details</p>	<p>Not as far as we are aware.</p>
<p>4. Are there any actual or potential litigation or claims that would affect the financial statements? If so, please provide details</p>	<p>Not of a material nature.</p>

Impact of laws and regulations

Question	Management response
5. What arrangements does City of London Corporation City Fund have in place to identify, evaluate and account for litigation or claims?	See response to Q2 above. In addition, confirmation is required from each Chief Officer that events after the balance sheet date and contingent liabilities/outstanding claims have been considered, with details of any material items or a nil return being provided.
6. Have there been any reports from other regulatory bodies, such as HM Revenues and Customs, which indicate non-compliance? If so, please provide details	Not as far as we are aware.

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Related Parties

Matters in relation to Related Parties

City of London Corporation City Fund are required to disclose transactions with bodies/individuals that would be classed as related parties. These may include:

- bodies that directly, or indirectly through one or more intermediaries, control, or are controlled by City of London Corporation City Fund;
- associates;
- joint ventures;
- a body that has an interest in the authority that gives it significant influence over the Fund;
- key management personnel, and close members of the family of key management personnel, and
- post-employment benefit plans (Fund) for the benefit of employees of the Fund, or of any body that is a related party of the Fund.

Disclosure is required if a transaction (or series of transactions) is material on either side, i.e. if a transaction is immaterial from the [type of body]'s perspective but material from a related party viewpoint then the Fund must disclose it.

ISA (UK) 550 requires us to review your procedures for identifying related party transactions and obtain an understanding of the controls that you have established to identify such transactions. We will also carry out testing to ensure the related party transaction disclosures you make in the financial statements are complete and accurate.

Related Parties

Question	Management response
<p>1. Have there been any changes in the related parties including those disclosed in City of London Corporation City Fund's 2020/21 financial statements? If so please summarise:</p> <ul style="list-style-type: none"> the nature of the relationship between these related parties and City of London Corporation City Fund whether City of London Corporation City Fund has entered into or plans to enter into any transactions with these related parties the type and purpose of these transactions 	<p>Members have agreed to disclose all related party transactions of £10k to ensure transparency so our disclosures go above the strict accounting requirement. The disclosure in the accounts makes clear the movements from the previous year.</p>
<p>2. What controls does City of London Corporation City Fund have in place to identify, account for and disclose related party transactions and relationships?</p>	<p>Members are required to complete these disclosures as part of their role. Related parties linked to roles obtained through the Corporations are included by default.</p>
<p>3. What controls are in place to authorise and approve significant transactions and arrangements with related parties?</p>	<p>The Corporation does not operate single member decision making so all decisions are routed through the committee system. All procurement activity follows procurement rules which would usually result in a tender or approved framework being utilised with a transparent selection process.</p>
<p>4. What controls are in place to authorise and approve significant transactions outside of the normal course of business?</p>	<p>Whilst delegation limits are in place for Officers to action transactions most if not all significant transactions would be routed through a committee process. An audit trail of approvals will be required in order for payments to be processed.</p>

Going Concern

Matters in relation to Going Concern

The audit approach for going concern is based on the requirements of ISA (UK) 570, as interpreted by Practice Note 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020). It also takes into account the National Audit Office's Supplementary Guidance Note (SGN) 01: Going Concern – Auditors' responsibilities for local public bodies.

Practice Note 10 confirms that in many (but not all) public sector bodies, the use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the body's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist.

For this reason, a straightforward and standardised approach to compliance with ISA (UK) 570 will often be appropriate for public sector bodies. This will be a proportionate approach to going concern based on the body's circumstances and the applicable financial reporting framework. In line with Practice Note 10, the auditor's assessment of going concern should take account of the statutory nature of the body and the fact that the financial reporting framework for local government bodies presume going concern in the event of anticipated continuation of provision of the services provided by the body. Therefore, the public sector auditor applies a 'continued provision of service approach', unless there is clear evidence to the contrary. This would also apply even where those services are planned to transfer to another body, as in such circumstances, the underlying services will continue.

For many public sector bodies, the financial sustainability of the body and the services it provides are more likely to be of significant public interest than the application of the going concern basis of accounting. Financial sustainability is a key component of value for money work and it is through such work that it will be considered.

Going Concern

Question	Management response
1. What processes and controls does management have in place to identify events and / or conditions which may indicate that the statutory services being provided by City of London Corporation City Fund will no longer continue?	The organisation maintains regular in year monitoring, medium term forecasting, risk management processes and has a strong financial standing which would prevent such an occurrence from happening.
2. Are management aware of any factors which may mean for City of London Corporation City Fund that either statutory services will no longer be provided or that funding for statutory services will be discontinued? If so, what are they?	No
3. With regard to the statutory services currently provided by City of London Corporation City Fund, does City of London Corporation City Fund expect to continue to deliver them for the foreseeable future, or will they be delivered by related public authorities if there are any plans for City of London Corporation City Fund to cease to exist?	The City of London expects continued delivery of these services.
4. Are management satisfied that the financial reporting framework permits City of London Corporation City Fund to prepare its financial statements on a going concern basis? Are management satisfied that preparing financial statements on a going concern basis will provide a faithful representation of the items in the financial statements?	Yes

Accounting estimates

Matters in relation to accounting estimates

ISA (UK) 540 (Revised December 2018) requires auditors to understand and assess a body's internal controls over accounting estimates, including:

- The nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates;
- How management identifies the need for and applies specialised skills or knowledge related to accounting estimates;
- How the body's risk management process identifies and addresses risks relating to accounting estimates;
- The body's information system as it relates to accounting estimates;
- The body's control activities in relation to accounting estimates; and
- How management reviews the outcomes of previous accounting estimates.

As part of this process auditors also need to obtain an understanding of the role of those charged with governance, which is particularly important where the estimates have high estimation uncertainty, or require significant judgement.

Specifically do Audit Committee members:

- Understand the characteristics of the methods and models used to make the accounting estimates and the risks related to them;
- Oversee management's process for making accounting estimates, including the use of models, and the monitoring activities undertaken by management; and
- Evaluate how management made the accounting estimates?

We would ask the Audit Committee to satisfy itself that the arrangements for accounting estimates are adequate.

Accounting Estimates - General Enquiries of Management

Question	Management response
<p>1. What are the classes of transactions, events and conditions, that are significant to the financial statements that give rise to the need for, or changes in, accounting estimate and related disclosures?</p>	<p>These are reviewed and disclosed in note 2 of the accounts. Potential areas include business rates, pension liability, PPE, asset valuations and arrears.</p>
<p>2. How does the City of London Corporation City Fund's risk management process identify and address risks relating to accounting estimates?</p>	<p>The City of London Corporation is committed to ensuring risk management is utilised in every aspect of the organisation to drive efficiency, innovation and effectiveness in its overall decision-making process.</p> <p>The Corporate Risk Register contains the City Corporation's most significant risks and is reviewed by the Performance and Strategy Summit Group (chaired by the Town Clerk) before being reported to the <u>Audit and Risk Management Committee</u> on a periodic basis.</p> <p>Each department has a nominated risk coordinator who can provide support and guidance to officers and managers on risk management.</p> <p>The Risk Management Forum, chaired by the Chief Strategy Officer's Corporate Risk Manager, enables risk coordinators and risk management leads discuss and understand strategic and operational elements of risk management, including the review, development and engagement of managing risks within the City Corporation.</p>
<p>3. How does management identify the methods, assumptions or source data, and the need for changes in them, in relation to key accounting estimates?</p>	<p>These are largely driven by technical reporting requirements as set out but professional bodies (RICS and IAS etc). CoL does maintain some level of internal expertise like property specialists, accountants, those operating within the pension field etc to support the process. In relation to NNDR appeals the use of external experts provides us with a wider view of the evolution within this area and our position as the second largest business rate authority means we have close contact with Govt and other large business rate areas (like Westminster) to understand potential changes. Judgements on the recoverability of arrears are reviewed each year to ensure they appropriately capture the risk around this.</p>
<p>4. How do management review the outcomes of previous accounting estimates?</p>	<p>Many of these areas are constantly evolving and therefore these estimates only reflect a point in time. Previous years values form the starting point against current year estimates will be measured, and understanding key movements is critical to understanding how positions may have evolved.</p>
<p>5. Were any changes made to the estimation processes in 2022/23 and, if so, what was the reason for these?</p>	<p>In terms of overall approach, there were no changes in 22/23</p>

Accounting Estimates - General Enquiries of Management

Question	Management response
6. How does management identify the need for and apply specialised skills or knowledge related to accounting estimates?	These are largely focused on the key areas of estimation which are material to the accounts requiring specialist training in making assessment (e.g. property and actuarial valuations) or where access to specialist knowledge provides support and advice when linking into the estimations process (e.g. NNDR provisions). Where specialised skills or knowledge are not available internally, the Corporation utilises interim staff or consultants to ensure that the required skills are accessible.
7. How does the City of London Corporation City Fund determine what control activities are needed for significant accounting estimates, including the controls at any service providers or management experts?	<p>All external advice is subject to review processes where information provided is challenged to ensure it is robust and any movements are understood. For valuations, formal challenge sessions are held with our internal property experts and then further challenge is made by our capital accountants if there are any valuations that are flagged as outliers. The pension valuations are largely formulaic but we do ensure that significant movements between years are understood with additional disclosures included if necessary. NNDR appeals are subject to review by the Head of Revenues and the collection fund accountant. Bad debt provisions are viewed by the relevant head of finance and service leads to ensure a reasonable position is reached.</p> <p>Note in the case of external experts the base data used to produce these estimates is provided by CoL so we ensure these remain robust.</p>
8. How does management monitor the operation of control activities related to accounting estimates, including the key controls at any service providers or management experts?	See response to Q7 above
<p>9. What is the nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates, including:</p> <ul style="list-style-type: none"> - Management's process for making significant accounting estimates - The methods and models used - The resultant accounting estimates included in the financial statements. 	See response to Q7 above

Accounting Estimates - General Enquiries of Management

Question	Management response
<p>10. Are management aware of any transactions, events, conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement (other than those in Appendix A)? If so, what are they?</p>	<p>No</p>
<p>11. Why are management satisfied that their arrangements for the accounting estimates, as detailed in Appendix A, are reasonable?</p>	<p>These are established processes which are supported by external advice adhering to professional standards</p>
<p>12. How is the Audit Committee provided with assurance that the arrangements for accounting estimates are adequate?</p>	<p>The audit committee are aware of any prior audit issues raised with accounting estimates and are informed of changes made to address these issues. Briefing sessions are held on the accounts prior to sign off which enables Members (within and outside of the committee) to challenge the approach to any aspect of the accounts. Members appoint senior staff within Chamberlain's with appropriate skills and qualifications to provide the relevant assurance around the statement of accounts. The audit committee also maintains 3 independent members with appropriate skills and experience to provide challenge to all elements of the audit committee remit including the approval of the statement of accounts.</p>

Appendix A Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Land and buildings valuations	External RICS valuations	Passing over of data by CoL to base valuations on, review meetings to discuss valuations, further challenge by capital team on valuation report.	Yes, detail already provided	Valuations are inherently uncertain due to the nature of the valuation process as individual valuers make judgements in forming a valuation.	No
Council dwelling valuations	Internal valuer using beacon methodology	Qualification of valuers, training, peer review	Internal qualified valuers	Valuations are inherently uncertain due to the nature of the valuation process as individual valuers make judgements in forming a valuation.	No
Investment property valuations	External RICS valuations	Passing over of data by CoL to base valuations on, review meetings to discuss valuations, further challenge by capital team on valuation report	Yes, detail already provided	Valuations are inherently uncertain due to the nature of the valuation process as individual valuers make judgements in forming a valuation.	No
Depreciation	Methods used as accepted by CIPFA code of practice. Asset lives determined as part of capital scheme development and principle as identified in the accounts	Discussion with capital scheme managers and subsequent use of valuations process to determine changes in UEL. Control in place to ensure all capital spend is capture through project procedure.	Project manager identified when capital scheme undertaken to advise to UEL	UEL are an inherent estimate.	No

Appendix A Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Valuation of pension liabilities	Actuarial valuations as set out by actuarial standards	Underlying data is provided by CoL, estimates are reviewed and challenged once provided by Actuary	Yes, Barnett Waddingham	There is a degree of uncertainty involved due to the long-term nature of pension liability.	No
Fair value estimates	Only applies to short dated bond fund investments whose value are deemed via market price.	N/A	None – albeit these fund are invested with an investment firm.	N/A	No
Provisions	Currents only applicable for NNDR appeals. In general confirmation of potential issues received via Chief Officer confirmations	Senior leaders, including the Town Clerk and City Solicitor determine if there is an issue.	No	Would be subject to the specific provision issue that was being dealt with.	No
Accruals	Based on financial commitments at the end of the financial year yet to be recorded. Limited use of models but judgement require on value of capital works completed at year end, which is determined by contractor	Review of financial position by budget holders and finance professionals.	No	Limited uncertainty as this is usually based on actual delivery of product or service.	No

Appendix A Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Credit loss and impairment allowances	Generally review of historic trends, with account taken of future issues that may impact specific income streams	Review of historic trends, information for service managers	No	Locally determined depending on income stream.	No
Finance lease liabilities	Method as set out in CIPFA code of practice.	n/a	No	n/a	No
NEOR Appeals provision	Analysis provide by Analyse Local	VOA listing of CCA	Analyse Local	Uncertainty inherent but wider data set utilised by Analyse Local provide greater level of support for approach.	No



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Informing the audit risk assessment for City of London Corporation Pension Fund 2022/23



The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Purpose

The purpose of this report is to contribute towards the effective two-way communication between City of London Corporation Pension Fund's external auditors and City of London Corporation Pension Fund's Audit Committee, as 'those charged with governance'. The report covers some important areas of the auditor risk assessment where we are required to make inquiries of the Audit Committee under auditing standards.

Background

Under International Standards on Auditing (UK), (ISA(UK)) auditors have specific responsibilities to communicate with the Audit Committee. ISA(UK) emphasise the importance of two-way communication between the auditor and the Audit Committee and also specify matters that should be communicated.

This two-way communication assists both the auditor and the Audit Committee in understanding matters relating to the audit and developing a constructive working relationship. It also enables the auditor to obtain information relevant to the audit from the Audit Committee and supports the Audit Committee in fulfilling its responsibilities in relation to the financial reporting process.

Communication

As part of our risk assessment procedures we are required to obtain an understanding of management processes and the City of London Corporation Pension Fund's oversight of the following areas:

General Enquiries of Management

- Fraud,
- Laws and Regulations,
- Related Parties,
- Going Concern, and
- Accounting Estimates.

Purpose

This report includes a series of questions on each of these areas and the response we have received from City of London Corporation Pension Fund's management. The Audit Committee should consider whether these responses are consistent with its understanding and whether there are any further comments it wishes to make.

General Enquiries of Management

Question	Management response
1. What do you regard as the key events or issues that will have a significant impact on the financial statements for 2022/23?	<p>There have been no key events or issues that have a significant impact on these statements.</p> <p>Following the Triennial review , Grant Thornton asked for the IAS 26 for 2021/22 to be revised, this meant the 2022/23 report had to be revised to ensure opening balances were correct. This is a standalone note and does not impact the Fund Account/Net Asset Statement of the Pension Fund accounts.</p>
2. Have you considered the appropriateness of the accounting policies adopted by City of London Corporation Pension Fund? Have there been any events or transactions that may cause you to change or adopt new accounting policies? If so, what are they?	Accounting policies are reviewed as part of the preparation of the accounts. No changes have been made in 22/23
3. Is there any use of financial instruments, including derivatives? If so, please explain	The pension fund monies are invested with fund managers within different asset classes such as equity, multi asset, private equity and infrastructure
4. Are you aware of any significant transaction outside the normal course of business? If so, what are they?	No

General Enquiries of Management

Question	Management response
5. Are you aware of any changes in circumstances that would lead to impairment of non-current assets? If so, what are they?	No
6. Are you aware of any guarantee contracts? If so, please provide further details	No
7. Are you aware of the existence of loss contingencies and/or unasserted claims that may affect the financial statements? If so, please provide further details	No
8. Other than in house solicitors, can you provide details of those solicitors utilised by City of London Corporation Pension Fund during the year. Please indicate where they are working on open litigation or contingencies from prior years?	No external solicitors are used by the Pension Fund.

General Enquiries of Management

Question	Management response
9. Have any of the City of London Corporation Pension Fund's service providers reported any items of fraud, non-compliance with laws and regulations or uncorrected misstatements which would affect the financial statements? If so, please provide further details	No
10. Can you provide details of other advisors consulted during the year and the issue on which they were consulted?	The Pension Fund has Mercer as its investment consultant. Mercer provide general advice around the investments of the fund, state of the market etc. Barnett Waddingham are the Pension Fund actuary
11. Have you considered and identified assets for which expected credit loss provisions may be required under IFRS 9, such as debtors (including loans) and investments? If so, please provide further details	Assessment of expected credit losses are made on all non-statutory account debtors as per the requirements. Provision are made based on backward and forward looking factors

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Fraud

Matters in relation to fraud

ISA (UK) 240 covers auditors responsibilities relating to fraud in an audit of financial statements.

The primary responsibility to prevent and detect fraud rests with both the Audit Committee and management. Management, with the oversight of the Audit Committee, needs to ensure a strong emphasis on fraud prevention and deterrence and encourage a culture of honest and ethical behaviour. As part of its oversight, the Audit Committee should consider the potential for override of controls and inappropriate influence over the financial reporting process.

As City of London Corporation Pension Fund's external auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error. We are required to maintain professional scepticism throughout the audit, considering the potential for management override of controls.

As part of our audit risk assessment procedures we are required to consider risks of fraud. This includes considering the arrangements management has put in place with regard to fraud risks including:

- assessment that the financial statements could be materially misstated due to fraud,
- process for identifying and responding to risks of fraud, including any identified specific risks,
- communication with the Audit Committee regarding its processes for identifying and responding to risks of fraud, and
- communication to employees regarding business practices and ethical behaviour.

We need to understand how the Audit Committee oversees the above processes. We are also required to make inquiries of both management and the Audit Committee as to their knowledge of any actual, suspected or alleged fraud. These areas have been set out in the fraud risk assessment questions below together with responses from City of London Corporation Pension Fund's management.

Fraud risk assessment

Question	Management response
<p>1. Has City of London Corporation Pension Fund assessed the risk of material misstatement in the financial statements due to fraud?</p> <p>How has the process of identifying and responding to the risk of fraud been undertaken and what are the results of this process?</p> <p>How do the City of London Corporation Pension Fund's risk management processes link to financial reporting?</p>	<p>Reliance is placed on the controls in place to prevent fraud e.g. systems/processes/financial monitoring/procurement practice etc and any concerns would be flagged to the Chamberlain and Audit and Risk committee, which would be factored into the financial statements preparation.</p> <p>A fraud register is maintained of any actual or suspected fraud cases.</p> <p>Internal Audit has provided independent and objective assurance across a range of City Corporation activities and services through delivery of a continuous programme of Internal Audit reviews. The programme of Audit work has been managed proactively throughout the year in accordance with the Public Sector Internal Audit Standards and with the engagement and support of the Audit and Risk Management Committee considering the risk profile of the organisation and the resources (capacity and capability) available.</p> <p>The Head of Internal Audit has provided an annual opinion stating that the City has adequate and effective systems of internal control (which includes governance arrangements) in place to manage the achievement of its objectives. This is informed by completed Audit work, discussion with key officers and observation of the governance process in operation.</p>
<p>2. What have you determined to be the classes of accounts, transactions and disclosures most at risk to fraud?</p>	<p>See response to Qu 5 below</p>
<p>3. Are you aware of any instances of actual, suspected or alleged fraud, errors or other irregularities either within City of London Corporation Pension Fund as a whole, or within specific departments since 1 April 2022? If so, please provide details</p>	<p>No</p>

Fraud risk assessment

Question	Management response
<p>4. As a management team, how do you communicate risk issues (including fraud) to those charged with governance?</p>	<p>Biannual counter fraud and investigation reports delivered to the Audit & Risk Management Committee.</p> <p>Corporate risk report as standard item at each meeting of the Audit & Risk Management Committee.</p>
<p>5. Have you identified any specific fraud risks? If so, please provide details</p> <p>Do you have any concerns there are areas that are at risk of fraud</p> <p>Are there particular locations within City of London Corporation Pension Fund where fraud is more likely to occur?</p>	<p>Yes – those areas where there is an inherent risk of fraud, despite having a sound control framework, the risks of human fraud or error can still exist</p> <ul style="list-style-type: none"> • Continued payment of pensions following death • Over payment of pensions • Scammers targeting scheme members to persuade them to transfer their benefits to other arrangements that may be unusual or high risk or allow the scammers to steal the funds outright. <p>No</p>
<p>6. What processes do City of London Corporation Pension Fund have in place to identify and respond to risks of fraud?</p>	<p>Fraud risks are considered as part of each internal audit assignment, with appropriate testing undertaken to assess the scale of the fraud risks in that service.</p> <p>Internal Audit's counter fraud team consider fraud risks as part of corporate fraud investigation activity and these are reported as appropriate to management, with recommendations made as appropriate to improve the control framework.</p>

Fraud risk assessment

Question	Management response
<p>7. How do you assess the overall control environment for City of London Corporation Pension Fund including:</p> <ul style="list-style-type: none"> the existence of internal controls, including segregation of duties; and the process for reviewing the effectiveness the system of internal control? <p>If internal controls are not in place or not effective where are the risk areas and what mitigating actions have been taken?</p> <p>What other controls are in place to help prevent, deter or detect fraud?</p> <p>Are there any areas where there is a potential for override of controls or inappropriate influence over the financial reporting process (for example because of undue pressure to achieve financial targets)? If so, please provide details</p>	<p>Delivery of a programme of Internal Audit work, this incorporates assurance work reviewing controls within key financial systems as well as a risk based programme of activity (the approach to the latter still focusses on the adequacy of the Internal Control environment). Segregation of duties is built into many of our existing processes, often driven/enforced by the design and implementation of our IT systems. The review of the effectiveness of the system of internal control is based upon review and analysis of completed Internal Audit work and other relevant information that the Head of Internal Audit becomes aware of, this is a judgement/opinion based assessment so does not follow a specific process.</p> <p>Refer to Head of Internal Audit Annual Opinion report to Audit and Risk Management Committee to identify risk areas from absent/weak internal controls. Mitigating actions are usually to implement /improve the controls identified as weak.</p> <p>There is always the potential for override or inappropriate influence, some of the City Corporation's financial arrangements are complicated and not necessarily transparent, that said, Internal Audit work has not identified any specific instances</p>
<p>8. Are there any areas where there is potential for misreporting? If so, please provide details</p>	<p>Not to my knowledge</p>

Fraud risk assessment

Question	Management response
<p>9. How does City of London Corporation Pension Fund communicate and encourage ethical behaviours and business processes of it's staff and contractors?</p> <p>How do you encourage staff to report their concerns about fraud?</p> <p>What concerns are staff expected to report about fraud? Have any significant issues been reported? If so, please provide details</p>	<p>Both the Corporate Anti-Fraud & Corruption Strategy and the Whistleblowing Policy provide confidential routes for staff to report any fraud concerns to the Internal Audit & Counter Fraud division for consideration of further investigation.</p> <p>A mandatory fraud awareness eLearning package is in place to raise staff awareness of fraud risks and acts as a reminder to staff about what risks they need to report. This eLearning is repeated periodically for staff employed in high fraud risk areas, such as housing, benefits, accounts payable etc.</p> <p>Staff are encouraged to report any concerns they may have, these are triaged by the Internal Audit & Counter Fraud division upon receipt with appropriate action taken.</p>
<p>10. From a fraud and corruption perspective, what are considered to be high-risk posts?</p> <p>How are the risks relating to these posts identified, assessed and managed?</p>	<p>Posts where there is an inherent risk of fraud through misappropriation of funds or the Pension Fund's assets. These include, pensions administration, cashiers and investments.</p> <p>Staff in high risk posts are required to submit a declaration of interest return on an annual basis to their Chief Officer, any third party interests are considered on the basis of the risks posed and appropriate safeguards put in place.</p> <p>The mandatory fraud awareness eLearning training is repeated periodically for staff employed in high fraud risk posts.</p>
<p>11. Are you aware of any related party relationships or transactions that could give rise to instances of fraud? If so, please provide details</p> <p>How do you mitigate the risks associated with fraud related to related party relationships and transactions?</p>	<p>No</p> <p>Self declaration of conflicts of interests/ third party interests expected to be reported by officers and Members.</p> <p>The City utilises the NFI AppCheck as part of its recruitment checks to see if staff have a third party interest (recorded within NFI data) that may impact their duties at CoL. Scope exists to use AppCheck periodically for high risk posts, but not known if this is being done holistically at present.</p>

Fraud risk assessment

Question	Management response
<p>12. What arrangements are in place to report fraud issues and risks to the Audit Committee?</p> <p>How does the Audit Committee exercise oversight over management's processes for identifying and responding to risks of fraud and breaches of internal control?</p> <p>What has been the outcome of these arrangements so far this year?</p>	<p>The Audit & Risk Management Committee receive an annual counter fraud & investigation report to its May committee and a half yearly report to its November committee.</p> <p>Regular updates on follow up work and have the power to hold officers to account, through calling management to committee to explain why recs not implemented</p> <p>Overall arrangement for reporting and responding to recs has been positive and not required further intervention by ARMC</p>
<p>13. Are you aware of any whistle blowing potential or complaints by potential whistle blowers? If so, what has been your response?</p>	<p>No</p>
<p>14. Have any reports been made under the Bribery Act? If so, please provide details</p>	<p>No</p>

Law and regulations

Matters in relation to laws and regulations

ISA (UK) 250 requires us to consider the impact of laws and regulations in an audit of the financial statements.

Management, with the oversight of the Audit Committee, is responsible for ensuring that City of London Corporation Pension Fund's operations are conducted in accordance with laws and regulations, including those that determine amounts in the financial statements.

As auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error, taking into account the appropriate legal and regulatory framework. As part of our risk assessment procedures we are required to make inquiries of management and the Audit Committee as to whether the body is in compliance with laws and regulations. Where we become aware of non-compliance or suspected non-compliance we need to gain an understanding of the non-compliance and the possible effect on the financial statements.

Risk assessment questions have been set out below together with responses from management.

Impact of laws and regulations

Question	Management response
<p>1. How does management gain assurance that all relevant laws and regulations have been complied with?</p> <p>What arrangements does City of London Corporation Pension Fund have in place to prevent and detect non-compliance with laws and regulations?</p> <p>Are you aware of any changes to the City of London Corporation Pension Fund's regulatory environment that may have a significant impact on the City of London Corporation Pension Fund's financial statements?</p>	<p>Various regulations are awaited from central government, these will affect the accounts for 2023/24 onwards.</p> <p>No</p>
<p>2. How is the Audit Committee provided with assurance that all relevant laws and regulations have been complied with?</p>	<p>See corporate risk management procedure.</p>
<p>3. Have there been any instances of non-compliance or suspected non-compliance with laws and regulation since 1 April 2022 with an on-going impact on the 2022/23 financial statements? If so, please provide details</p>	<p>No</p>
<p>4. Are there any actual or potential litigation or claims that would affect the financial statements? If so, please provide details</p>	<p>No</p>

Impact of laws and regulations

Question	Management response
5. What arrangements does City of London Corporation Pension Fund have in place to identify, evaluate and account for litigation or claims?	Management and insurance arrangements - see annual governance statement.
6. Have there been any reports from other regulatory bodies, such as HM Revenues and Customs, which indicate non-compliance? If so, please provide details	No, not that we are aware.

Related Parties

Matters in relation to Related Parties

City of London Corporation Pension Fund are required to disclose transactions with bodies/individuals that would be classed as related parties. These may include:

- bodies that directly, or indirectly through one or more intermediaries, control, or are controlled by City of London Corporation Pension Fund;
- associates;
- joint ventures;
- a body that has an interest in the authority that gives it significant influence over the Pension Fund;
- key management personnel, and close members of the family of key management personnel, and
- post-employment benefit plans (pension fund) for the benefit of employees of the Pension Fund, or of any body that is a related party of the Pension Fund.

A disclosure is required if a transaction (or series of transactions) is material on either side, i.e. if a transaction is immaterial from the [type of body]'s perspective but material from a related party viewpoint then the Pension Fund must disclose it.

ISA (UK) 550 requires us to review your procedures for identifying related party transactions and obtain an understanding of the controls that you have established to identify such transactions. We will also carry out testing to ensure the related party transaction disclosures you make in the financial statements are complete and accurate.

Related Parties

Question	Management response
<p>1. Have there been any changes in the related parties including those disclosed in City of London Corporation Pension Fund's 2020/21 financial statements? If so please summarise:</p> <ul style="list-style-type: none"> the nature of the relationship between these related parties and City of London Corporation Pension Fund whether City of London Corporation Pension Fund has entered into or plans to enter into any transactions with these related parties the type and purpose of these transactions 	<p>Members have agreed to disclose all related party transactions of £10k to ensure transparency so our disclosures go above the strict accounting requirement. The disclosure in the accounts makes clear the movements from the previous year.</p>
<p>2. What controls does City of London Corporation Pension Fund have in place to identify, account for and disclose related party transactions and relationships?</p>	<p>Members are required to complete these disclosures as part of their role. Related parties linked to roles obtained through the Corporations are included by default</p>
<p>3. What controls are in place to authorise and approve significant transactions and arrangements with related parties?</p>	<p>The Corporation does not operate single member decision making so all decisions are routed through the committee system. All procurement activity follows procurement rules which would usually result in a tender or approved framework being utilised with a transparent selection process.</p>
<p>4. What controls are in place to authorise and approve significant transactions outside of the normal course of business?</p>	<p>Whilst delegation limits are in place for Officers to action transactions most if not all significant transactions would be routed through a committee process. An audit trail of approvals will be required in order for payments to be processed</p>

Going Concern

Matters in relation to Going Concern

The audit approach for going concern is based on the requirements of ISA (UK) 570, as interpreted by Practice Note 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020). It also takes into account the National Audit Office's Supplementary Guidance Note (SGN) 01: Going Concern – Auditors' responsibilities for local public bodies.

Practice Note 10 confirms that in many (but not all) public sector bodies, the use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the body's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist.

For this reason, a straightforward and standardised approach to compliance with ISA (UK) 570 will often be appropriate for public sector bodies. This will be a proportionate approach to going concern based on the body's circumstances and the applicable financial reporting framework. In line with Practice Note 10, the auditor's assessment of going concern should take account of the statutory nature of the body and the fact that the financial reporting framework for local government pension scheme bodies presume going concern in the event of anticipated continuation of provision of the services provided by the body. Therefore, the public sector auditor applies a 'continued provision of service approach', unless there is clear evidence to the contrary. This would also apply even where those services are planned to transfer to another body, as in such circumstances, the underlying services will continue.

For many public sector bodies, the financial sustainability of the body and the services it provides are more likely to be of significant public interest than the application of the going concern basis of accounting. Financial sustainability is a key component of value for money work and it is through such work that it will be considered.

Going Concern

Question	Management response
<p>1. What processes and controls does management have in place to identify events and / or conditions which may indicate that the statutory services being provided by City of London Corporation Pension Fund will no longer continue?</p>	<p>The Pension Fund undergoes a triennial valuation to set the employer contribution rates for the following three years. Each year an IAS 19 and IAS26 is produced as are FRS102 (for some of the admitted bodies).</p>
<p>2. Are management aware of any factors which may mean for City of London Corporation Pension Fund that either statutory services will no longer be provided or that funding for statutory services will be discontinued? If so, what are they?</p>	<p>No</p>
<p>3. With regard to the statutory services currently provided by City of London Corporation Pension Fund, does City of London Corporation Pension Fund expect to continue to deliver them for the foreseeable future, or will they be delivered by related public authorities if there are any plans for City of London Corporation Pension Fund to cease to exist?</p>	<p>The City of London Pension Fund is a local government pension scheme and is governed by regulations. There are no plans for it to “cease to exist”. The administration of the pension fund will continue to be provided in house.</p>
<p>4. Are management satisfied that the financial reporting framework permits City of London Corporation Pension Fund to prepare its financial statements on a going concern basis? Are management satisfied that preparing financial statements on a going concern basis will provide a faithful representation of the items in the financial statements?</p>	<p>Yes</p>

Accounting estimates

Matters in relation to accounting estimates

ISA (UK) 540 (Revised December 2018) requires auditors to understand and assess a body's internal controls over accounting estimates, including:

- The nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates;
- How management identifies the need for and applies specialised skills or knowledge related to accounting estimates;
- How the body's risk management process identifies and addresses risks relating to accounting estimates;
- The body's information system as it relates to accounting estimates;
- The body's control activities in relation to accounting estimates; and
- How management reviews the outcomes of previous accounting estimates.

As part of this process auditors also need to obtain an understanding of the role of those charged with governance, which is particularly important where the estimates have high estimation uncertainty, or require significant judgement.

Specifically do Audit Committee members:

- Understand the characteristics of the methods and models used to make the accounting estimates and the risks related to them;
- Oversee management's process for making accounting estimates, including the use of models, and the monitoring activities undertaken by management; and
- Evaluate how management made the accounting estimates?

We would ask the Audit Committee to satisfy itself that the arrangements for accounting estimates are adequate.

Accounting Estimates - General Enquiries of Management

Question	Management response
1. What are the classes of transactions, events and conditions, that are significant to the financial statements that give rise to the need for, or changes in, accounting estimate and related disclosures?	These are disclosed in the accounts.
2. How does the City of London Corporation Pension Fund's risk management process identify and address risks relating to accounting estimates?	This is disclosed in the accounts under Critical Judgements in apply accounting policies and Assumptions about other major sources of estimation uncertainty
3. How does management identify the methods, assumptions or sources data, and the need for changes in them, in relation to key accounting estimates?	This is mainly driven by technical reporting requirements (IAS19, IAS26 and FRS 102) which are undertaken by the actuary (Barnett Waddingham)
4. How do management review the outcomes of previous accounting estimates?	Many of these areas are constantly evolving and therefore these estimates only reflect a point in time. Previous years values form the starting point against current year estimates will be measured,. Se also Qu 3 above.
5. Were any changes made to the estimation processes in 2022/23 and, if so, what was the reason for these?	No

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Accounting Estimates - General Enquiries of Management

Question	Management response
6. How does management identify the need for and apply specialised skills or knowledge related to accounting estimates?	These are largely focused on the key areas of estimation which are material to the accounts requiring specialist training in making assessment (e.g. property and actuarial valuations) or where access to specialist knowledge provides support and advice when linking into the estimations process (e.g. NNDR provisions) Actuarial valuations must be undertaken by an actuary – for the City of London Pension Fund, the actuary is Barnett Waddingham.
7. How does the City of London Corporation Pension Fund determine what control activities are needed for significant accounting estimates, including the controls at any service providers or management experts?	The pension valuations are largely formulaic, but we do ensure that significant movements between years are understood. At the triennial valuation, the draft valuation is subject to review and challenge by officers and a small group of Members.
8. How does management monitor the operation of control activities related to accounting estimates, including the key controls at any service providers or management experts?	See Qu 7 above
9. What is the nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates, including: <ul style="list-style-type: none"> - Management's process for making significant accounting estimates - The methods and models used - The resultant accounting estimates included in the financial statements. 	<p>Se Qu 7 above</p> <ul style="list-style-type: none"> Actuary Actuary Accounting policies

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Accounting Estimates - General Enquiries of Management

Question	Management response
<p>10. Are management aware of any transactions, events, conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement (other than those in Appendix A)? If so, what are they?</p>	<p>No</p>
<p>11. Why are management satisfied that their arrangements for the accounting estimates, as detailed in Appendix A, are reasonable?</p>	<p>These are established processes which are supported by external advice adhering to professional standards</p>
<p>12. How is the Audit & Risk Committee provided with assurance that the arrangements for accounting estimates are adequate ?</p>	<p>The Audit & Risk Committee are aware of any prior audit issues raised with accounting and are informed of changes made to address these issues. Briefing sessions are held on the accounts prior to sign off which can enable Members (within and outside of the committee) to challenge the approach to any aspect of the accounts. Member appoint senior staff within Chamberlain's with appropriate skills and qualifications to provide the relevant assurance around the statement of accounts. The Audit & Risk committee also maintains 3 independent members with appropriate skills and experience to provide challenge to all element of the Audit & Risk Committee remit including the approval of the statement of accounts.</p>

Appendix A Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Actuarial PV of Retirement Benefits	Estimation of the net liability to pay pensions depend on a number of complex judgements 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.	Underlying data is provided by CoL, estimates are reviewed and challenged once provided by Actuary.	Yes, Barnett Waddingham	There is a degree of uncertainty involved due to the long-term nature of pension liability.	No
Level 2 investments	The values of investments as shown in the net assets statement have been determined at fair value in accordance with the requirements of the Code and IFRS13. For the purposes of disclosing levels of fair value hierarchy, the Fund has adopted the classification guidelines recommended in Practical Guidance on Investment Disclosures (PRAG/Investment Association, 2016).	Underlying data provided by Fund Manager and Custodian. CoL challenge any variances between Custodian and Fund Managers values.	Fund Manager/Custodian	Degree of uncertainty is low as market values are provided by Fund Manager/Custodian, potential differences arise from different foreign exchange rates used (i.e. rounding of decimal places) and whether values have been taken as at MID pricing or BID pricing.	No
Level 3 investments	As above for Infrastructure (IFM) and Property. For Private Equity and Infrastructure (DIF), this is determined by using latest available data and calculated using the latest available market values (31 December, in most cases) and adjusted for cash flow and foreign exchange movements occurring during the period.	Underlying data provided by Fund Manager. The adjustments used for cashflows are reconciled on a quarterly basis.	Fund Manager/Custodian	There is a degree of uncertainty involved due to the adjustment for cash flow and foreign exchange movement.	No
Contribution Accruals	Normal contributions, both from members and employers, are accounted for in the payroll month to which they relate at rates as specified in the rates and adjustments certificate.	N/A, no estimates used	No	Contributions are as per sent by employers/members per rates and adjustment certificates	No



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