



CITY
LONDON

CITY'S CASH
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

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Annual Report

1. Introduction

Financial services were one of the UK's **most productive industries** in 2018, generating over

£130k

in output for every job.

This sector contributed

7%

of the UK's **Gross Value Added (GVA)** in the same year.



City's Cash is not a legal entity, but 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:

- Allows the City Corporation to use the income for the provision of 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	BDO LLP, 55 Baker Street, London W1U 7EU
Bank	Lloyds Bank PLC
Fund Managers	Ares Management LLC Artemis Investment Management LLP C WorldWide Fund Management SA Coller International Partners VII LP Crestview Partners LLC DIF Infrastructure IV Cooperatief U.A. Environmental Technologies Fund Manager LLP Exponent Private Equity LLP Frontier Capital IFM Global Infrastructure (UK) LP Lindsell Train Ltd M&G Investment Management Ltd Majedie Asset Management Ltd Natixis International Funds (Harris Associates) New Mountain Capital LLC Pyrford International PLC Ruffer LLP SL Capital Partners LLP (a subsidiary of Standard Life Aberdeen group) Veritas Asset Management LLP Warburg Pincus LLC Wellington Management International YFM Equity Partners Ltd



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. It's 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 supports charitable causes across Greater London with annual grants amounting to around £25m.

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>.

4. Corporate Strategy

In 2018-19, the City Corporation launched a new Corporate Plan for 2018-23. It sets out our three aims which in turn are broken down into 12 outcomes (shown below). Our Plan commits us to strengthening the character, capacity and connections to the City, London and the UK for the benefit of residents, workers, learners and visitors. This Plan 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 mitigating climate change, terrorism and cyber-crime, and countering their effects, which will all remain high priorities for the organisation. So too will retaining the UK's competitiveness, in the context of Brexit; increases in the cost of living; reductions in public sector spending and recovering from the impacts of COVID-19. We are also ensuring that we can support our residents, workers, visitors, partners and our own organisation to respond effectively to these disruptive changes.



Contribute to a flourishing society

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



Support a thriving economy

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



Shape outstanding environments

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

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

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

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

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

- **Climate Action Strategy 2020-2040** – commits the City Corporation to net zero emissions in its operations by 2027 and encourage others to follow our lead across the Square Mile by 2040.

5. Governance Arrangements

Workforce

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

Gender:

Male: 52.2%
Female: 47.8%

Declared disability:

Yes: 3.7%

Age:

Under 25: 4.42%
25-34: 20.31%
35-44: 24.07%
45-54: 24.93%
55-64: 22.78%
65 and over: 3.49%

Ethnicity:

White: 70.13%
BAME: 17.69%
Not Known: 12.18%

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.

Our Equality and Inclusion Board and Establishment 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 the Tackling Racism Taskforce and formation of numerous employee networks. 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 considered by the Establishment Committee and further information on the City Corporation's Equality and Diversity strategy and objectives together with the Equality and Inclusion Annual Report can be found on the website using the links below.

Establishment Committee –

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

Equality and Inclusion –

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



City's Cash is 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 <http://democracy.cityoflondon.gov.uk/ecSDDisplay.aspx?NAME=Standing%20Orders&ID=645&RPID=0>

And link to our committees is available at

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

An Audit Review Panel of senior representatives from medium and large audit firms reviews the processes adopted by the incumbent auditor and provides independent confirmation that the audit has been conducted in accordance with International Standards on Auditing (UK and Ireland). Historically, the audit of the individual funds of the City Corporation was shared between the members of an Audit Panel, comprising representatives from a number of different audit firms. This Panel was appointed via Common Hall. Changing regulatory requirements have meant that a full team of auditors is required in the modern era to complete the audit work to the level of detail and degree of complexity appropriate for the size of the organisation. Consequently, the City Corporation now appoints one auditor across all funds, and the Panel is engaged to act as a peer reviewer of that auditor. The Panel now represents an unnecessary duplication of process not in keeping with modern practice and therefore, following approval having been given to remove this process, 2020/21 will be the final year in which the Audit Panel undertake their review.

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.

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. 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.

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

6. Activities of City's Cash

Investment funds allow the City Corporation to provide services that:

- Are of national benefit through its strategic aim to support and promote The City as the world leader in international financial and 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); independent schools (City of London School, City of London School for Girls and City of London Freeman's School); sponsoring Academies across London; and the Guildhall School of Music & Drama (GSMD).

Education

Expenditure £99.1m, income £74.2m, net expenditure £24.9m (2019/20: expenditure £100.5m, income £80.1m, net expenditure £20.4m)

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



The Guildhall School of Music & Drama is owned and managed by the City 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 £18.5m, income £10.5m, net expenditure £8.0m (2019/20: expenditure £17.3m, income £11.6m, net expenditure £5.7m)

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. Following a Strategic Review of the City's three wholesale markets, in 2018 the City Corporation approved in principle the proposal to explore moving the three wholesale markets from their current locations to a single new site. Work to appraise various options is currently being carried out.

Open Spaces

Expenditure £23.1m, income £4.5m, net expenditure £18.6m (2019/20: expenditure £23.7m, income £4.3m, net expenditure £19.4m)



The City Corporation helps shape outstanding environments by managing approximately 11,000 acres of historic, ecologically diverse open space across 11 London Boroughs and four District Councils. Every year millions of people visit our open spaces which include Hampstead Heath, Epping Forest, Highgate Wood, West Ham Park and Burnham Beeches. Some of the sites have been owned and managed since as far

back as 1870 and the City Corporation continues to enhance, protect and conserve these assets.



These Open Spaces contribute to a sustainable London, providing environmental benefits through their effects on negating urban heat, offsetting greenhouse gas emissions and mitigating storm water damage. Run as charitable trusts the City Corporation's Open Spaces include internationally recognised Sites of Special Scientific Interest, Special Areas of Conservation and National Nature Reserves. They provide important ecosystems and wildlife habitats including rare and endangered species. The City's Open Spaces help people to enjoy good health and well-being enabling people to access nature, interact socially, relax or take part in a wide range of physical activities from swimming to football, golf to horse riding. The City Corporation, with funding from City's Cash, manages outstanding heritage spaces and buildings for people to experience and enjoy. The Monument, Keats House, Kenley Airfield and the Pergola on Hampstead Heath showcase the nation's history and culture. Ancient woodlands, ponds and historic landscapes enable visitors to learn, discover and understand the value of our heritage and the natural environment.

City Representation

Expenditure £13.7m, income £0.9, net expenditure £12.8m (2019/20: expenditure £15.3m, income £1.0m, net expenditure £14.3m)

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. During the Pandemic, the vast majority of the programme has been conducted virtually. The Chair of the Policy and Resources Committee would also usually visit a number of major global financial centres each year, and this year these have also been conducted virtually. High profile government and industry delegations are welcomed to Mansion House and Guildhall, often on behalf of the UK government. Events hosted range from small receptions to major national occasions, such as State or Guest of Government visits. The City's diplomatic relationships are also strengthened through the London Diplomatic Corps.

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



Other important responsibilities include support for the City Corporation's many and varied civic activities, maintaining the Mayoralty's close ties with livery companies and supporting responsible business and charitable organisations. The Lord Mayor is supported by two Sheriffs who are elected each year by the City Livery Companies. They advise 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 £7.6m, income £0.5m, net expenditure £7.1m (2019/20: expenditure £7.4m, income £0.7m, net expenditure £6.7m)



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

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

the innovative products and services which serve the needs of businesses and citizens, 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 partners.

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

Management and Administration

Expenditure £9.0m, income £nil, Net Expenditure £9.0m (2019/20: expenditure £8.0m, income £nil, net expenditure £8.0m)

These costs primarily relate to support provided to Members and both central and service departments including an apportionment of Guildhall Complex premises expenses; City's Cash external audit fees; treasury management; and

depreciation charges in respect of the City's Cash share of capital projects relating to the Guildhall Complex, information systems and other corporate priorities.

Grants and Other Activities

Expenditure £9.4m, income £1.9m, net expenditure £7.5m (2019/20: expenditure £8.2m, income £1.1m, net expenditure £7.1m)

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

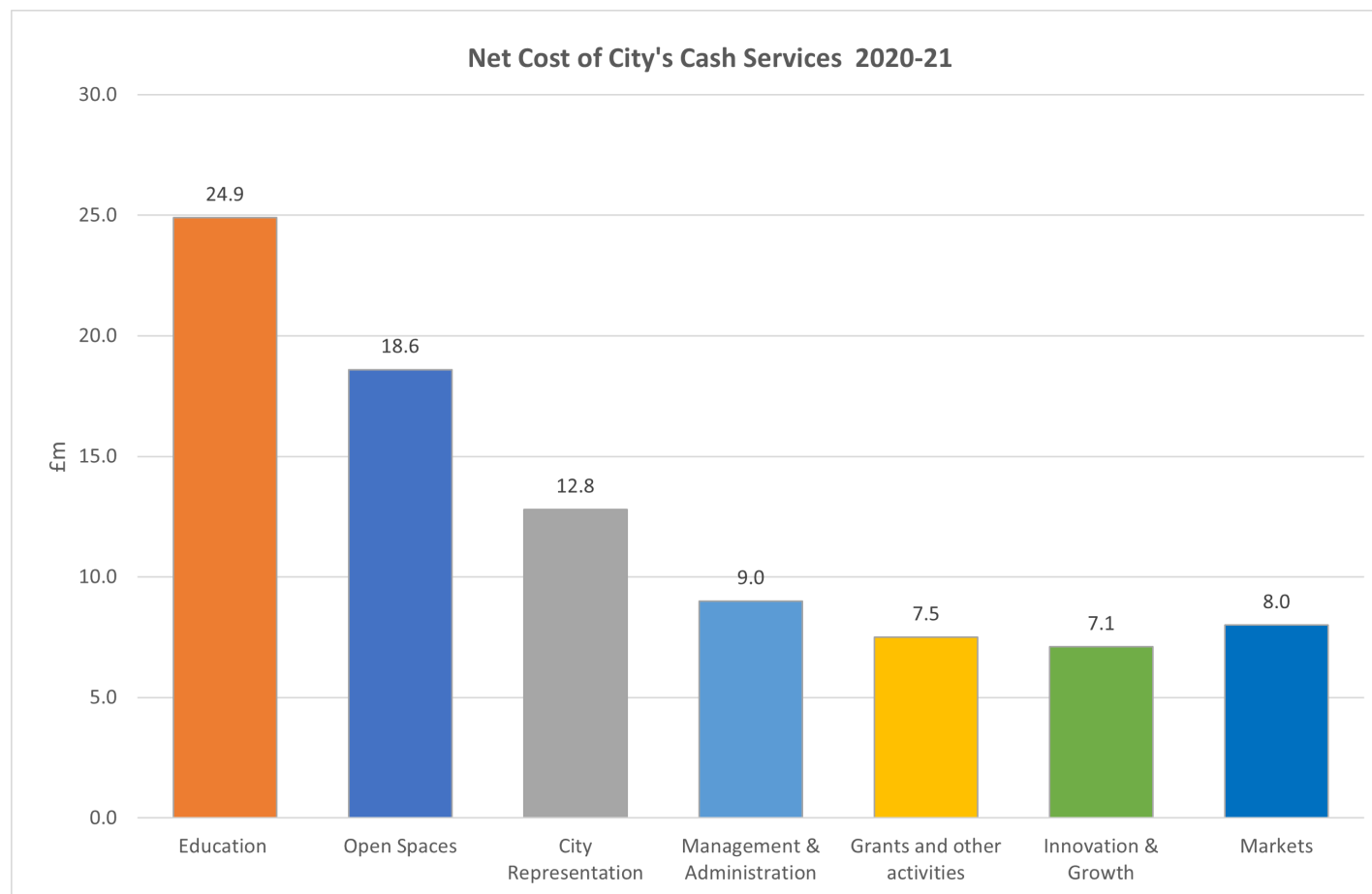
- Stronger Communities
- Enjoying Green Spaces and the Natural Environment
- Inspiring London through Culture
- Education and Employment Support

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

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

7. Financial Review

The net cost of the services and activities funded by City's Cash in 2020/21 is shown opposite. These are largely funded from rental income from property investments and drawdown from the cumulative gains in fair value of non-property investments. The Consolidated Statement of Comprehensive Income shown on page 21 is summarised below. This records an operating surplus of £34.8m (2019/20: there was an operating deficit of £13.5m), which is £48.3m higher in surplus (2019/20: £73.0m lower in deficit), comprising a number of movements which are explained on page 11. After the operating surplus, the Statement records loss from the sale of fixed assets of £0.3m (2019/20: profit of £2.6m), loan financing costs of £6.0m (2019/20: £3.7m), a reduction of £2.9m in the deferred taxation liability against Barking Power Limited (2019/20: gain of £0.5m) and an actuarial loss of £98.4m on defined benefit pension schemes (2019/20: an actuarial gain of £18.7m), resulting in a total comprehensive expenditure for the year of £66.5m (2019/20: income of £5.7m).



	2021 Income	2021 (Expenditure)	2021 Net income / (expenditure)	2020 Income	2020 (Expenditure)	2020 Net income / (expenditure)
	£m	£m	£m	£m	£m	£m
Service / activity						
Education	74.2	(99.1)	(24.9)	80.1	(100.5)	(20.4)
Investments - property and managed funds	76.6	(42.5)	34.1	76.3	(37.7)	38.6
Markets	10.5	(18.5)	(8.0)	11.6	(17.3)	(5.7)
Open Spaces	4.5	(23.1)	(18.6)	4.3	(23.7)	(19.4)
City Representation	0.9	(13.7)	(12.8)	1.0	(15.3)	(14.3)
Innovation and Growth	0.5	(7.6)	(7.1)	0.7	(7.4)	(6.7)
Grants and other activities	1.9	(9.4)	(7.5)	1.1	(8.2)	(7.1)
Management and Administration	-	(9.0)	(9.0)	-	(8.0)	(8.0)
Net Pension Scheme Costs	-	(34.0)	(34.0)	-	(17.1)	(17.1)
Operating deficit before gain / (loss) in fair value of investments*	169.1	(256.9)	(87.8)	175.1	(235.2)	(60.1)
Gain / (loss) in fair value of:						
- property investments			(98.1)			83.4
- non-property investments			227.0			(35.7)
Operating surplus / (deficit)*			41.1			(12.4)
Profit on sale of fixed assets			(0.3)			2.6
Loan financing (costs)			(6.0)			(3.7)
Surplus / (deficit) before taxation			34.8			(13.5)
Deferred taxation			(2.9)			0.5
Taxation			-			-
Surplus / (deficit) for the year			31.9			(13.0)
Other comprehensive income						
Actuarial (loss) / gain on defined benefit pension schemes			(98.4)			18.7
Total comprehensive (expenditure) / income			(66.5)			5.7

* Volatility in operating surplus for the financial year – FRS102 requires the gain or loss in fair value of property and non-property investments to be included in the Consolidated Statement of Comprehensive Income (page 21). 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 favourable movement in the operating position of £53.5m, from a deficit of £12.4m in 2019/20 to a surplus of £41.1m in 2020/21, is largely due to:

- A gain in the fair value of non-property investments of £227.0m comprised of a gain in non-cash instruments of £223.8m and a net gain in cash instruments of £3.2m. This is a movement of £262.7m compared to the loss of £35.7m in 2019/20. The gain is driven by a major recovery in investment values during the reporting period following the negative impact on asset values from the Coronavirus (COVID-19) pandemic in 2019/20.
- A reduction in net expenditure against City Representation of £1.5m from £14.3m in 2019/20 to £12.8m in 2020/21. There was a reduction in activities due to local and international travel restrictions as a result of the ongoing pandemic.

Partly offset by:

- The fair value from property investments reducing from a gain of £83.4m in 2019/20 to a loss of £98.1m in 2020/21, an unfavourable movement of £181.5m. This loss reflects reduction in occupied premises due to the pandemic.
- Net pension scheme costs increasing by £16.9m, from £17.1m in 2019/20 to £34.0m in 2020/21. This is due to an increase in service costs, losses on settlements and curtailments during 2020/21 as member number changes and change in financial assumptions.
- Net income relating to investments reducing by £4.5m, from £38.6m in 2019/20 to £34.1m in 2020/21. This is as a result of an increase to the bad debt provision from £2.3m in 2019/20 to £8.6m in 2020/21, to reflect the increase in debt on investment properties as a result of the ongoing pandemic. In addition, performance-related fees paid on non-property investments have increased in 2020/21 as a result of improvements to market conditions compared to 2019/20.

- Net expenditure on education increasing by £4.5m from £20.4m in 2019/20 to £24.9m in 2020/21 as a result of discounts offered to pupils at the City's three independent schools and at Junior Guildhall due to the move to virtual tuition under lockdown restrictions for part of 2020/21 and due to a reduction in income as some courses and programmes at GSMD either did not go ahead or went ahead but with significantly reduced uptake as a result of the pandemic. There was also a reduction in income at GSMD due to student accommodation being vacant for part of the year as a result of lockdown restrictions, as well as reduced external hires.
- Net expenditure on Markets increasing by £2.3m from £5.7m in 2019/20 to £8.0m in 2020/21, largely due to increased costs to facilitate the Markets Consolidation Programme, a reduction in income and recharge due to the pandemic.

After the operating surplus of £41.1m (2019/20: deficit of £12.4m) it can be seen that there was a deficit on the disposal of fixed assets of £0.3m (2019/20: profit of £2.6m), a reduction of £2.9m on the previous year. In addition, there were loan financing costs of £6.0m (2019/20: £3.7m), an increase of £2.3m on the previous year. This increase is due to loan interest on the long-term loan being payable for the whole of 2020/21, whereas it was only payable for part of the prior year and interest on a smaller bridging loan was payable for the rest of the year.

Overall, City's Cash reserves have reduced by £66.5m (2019/20: increase in reserves of £5.7m) from £2,675.5m to £2,609.0m.

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% (2019/20: 46%) which equates to £424.4m at 31 March 2021 (£292.4m at 31 March 2020).

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.

Teachers' Pension Scheme

In addition to City Corporation employees being able to participate in the City of London Pension Scheme, teachers at the City Corporation's three private schools and the conservatoire of GSMD are eligible to participate in the Teachers' Pension Scheme (TPS). The share of the net liability in the TPS attributable to the City's private schools is £19.1m (2019/20: £18.7m) and is included in the Consolidated Statement of Financial Position.

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.

In making this assessment, the City Corporation has considered the continuing impact of the Covid-19 pandemic on the value of investment assets held, future income levels and liquidity. The unprecedented restrictions put in place in response to Covid-19 has significantly disrupted the leisure and hospitality industry, which has made the valuation process more challenging. To reflect these

circumstances our valuers have placed a "material valuation uncertainty" caveat to their valuations on four of our public houses, which mean their valuation carries a greater degree of judgement than would previously be the case due to the unprecedented circumstances being faced.

Financial Commitments

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

In addition, there are contractual commitments of £16.6m relating to a works contract for the refurbishment of an investment property and £3.5m for tunnel lids at Smithfield Market.

Events After the Reporting Date

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

In August 2019, the City issued debt totally £450m via private placement of which £250m was received in September 2019 with the remaining £200m being received in July 2021.

In September 2021, the Common Hall has approved the removal of the Audit Review Panel as part of the audit reviewing process for BHE, City's Cash and the Open Spaces, and Sundry Trust charities from 2021/22 onward.

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 intends to remediate and decontaminate 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 16 December 2021, the financial statements of City's Cash were approved on behalf of the Court of Common Council.



Jamie Ingham Clark FCA
Chairman of Finance Committee



Jeremy Paul Mayhew MA MBA
Deputy Chairman of Finance Committee

Guildhall, London
16 December 2021

INDEPENDENT AUDITOR'S REPORT TO THE CITY OF LONDON CORPORATION

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of City Cash's affairs as at 31 March 2021 and of its surplus for the year then ended; and
- have been properly prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

We have audited the financial statements of the fund of the City of London Corporation (the 'Corporation') called City's Cash ("City's Cash") for the year ended 31 March 2021 which comprises the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Independence

We are independent of City's Cash 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Corporation'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 City Cash'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 Corporation with respect to going concern are described in the relevant sections of this report.

Other information

The Corporation is responsible for the other information. The other information comprises the information included in the annual report and financial statements, 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 course of 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.

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

We have nothing to report in this regard.

Responsibilities of the Corporation

As explained more fully in the Responsibilities of the City of London Corporation for the Annual Report and Financial Statements, the Corporation is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation 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 Corporation is responsible for assessing City Cash's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Corporation either intend to liquidate City's Cash or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory framework applicable to City's Cash. We focused on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of City's Cash. The laws and regulations we considered in this context were United Kingdom Accounting Standards (Financial Reporting Standard 102).
- We understood how City's Cash is complying with those legal and regulatory frameworks, by making enquiries to management, and the Corporation, of known or suspected instances of non-compliance with laws and regulations. We corroborated our enquiries through our review of key committee board minutes.
- We reviewed the financial statement disclosures to assess compliance with the relevant laws and regulations discussed above. We remained alert to any indications of non-compliance throughout the audit.
- We assessed the susceptibility of City Cash's financial statements to material misstatement, including how fraud might occur, by discussing

with management and the Corporation to understand where it is considered there was a susceptibility of fraud.

- We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements, and determined that the principal risks were related to the override of controls by management including posting of inappropriate journal entries, management bias in key material accounting estimates, and the timing of income recognition.
- Audit procedures performed in response to the assessment above included: Enquiries of management and the Corporation; reviewing accounting estimates for bias and challenging assumptions made by management in their significant accounting estimates including, but not limited to, valuation of investment properties, valuation of City Cash's financial investments, measurement of the defined benefit pension scheme liability; Sample testing the recognition of income, Sample testing the appropriateness of journal entries.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Corporation, as a body, in accordance with the terms of our engagement letter dated 1 October 2021. Our audit work has been

undertaken so that we might state to the Corporation those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation and the Corporation as a body, for our audit work, for this report, or for the opinions we have formed.

BDO LLP
Chartered Accountants
London
Date:

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

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

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

We have reviewed the processes adopted by BDO LLP for the audit of City's Cash for the period from 1 April 2020 to 31 March 2021.

In our view the audit of the financial statements has been conducted in accordance with auditing procedures as stated on pages 17 to 19.

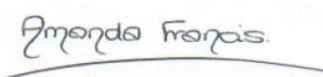
This report is made solely to the above named addressees. Our work has been undertaken to enable us to make this report and for no other purpose.

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



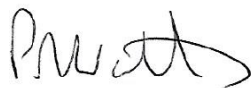
P. Dossett

Dated: 23 December 2021



A. Francis

Dated: 23 December 2021



P. Watts

Dated: 23 December 2021



Consolidated Financial Statements

Consolidated Statement of Comprehensive Income for the year ended 31 March 2021

	Notes	2021 £m	2020 Restated £m
Income			
Education		74.2	80.1
Investments - property and managed funds	1	76.6	76.3
Markets		10.5	11.6
Open Spaces		4.5	4.3
City Representation		0.9	1.0
Innovation and Growth		0.5	0.7
Grants and other activities		1.9	1.1
Total Income	1	169.1	175.1
Expenditure			
Education		(99.1)	(100.5)
Investments - property and managed funds	2	(42.5)	(37.7)
Markets		(18.5)	(17.3)
Open Spaces		(23.1)	(23.7)
City Representation		(13.7)	(15.3)
Innovation and Growth		(7.6)	(7.4)
Grants and other activities		(9.4)	(8.2)
Management and Administration		(9.0)	(8.0)
Net pension scheme costs	18c	(34.0)	(17.1)
Total expenditure	2 to 4	(256.9)	(235.2)
Operating deficit before gain / (loss) in fair value of investments		(87.8)	(60.1)
(Loss) / gain in fair value of property investments	6	(98.1)	83.4
Gain / (loss) in fair value of non-property investments	8	227.0	(35.7)
Operating surplus / (deficit)		41.1	(12.4)
(Loss) / profit on Sale of Fixed Assets		(0.3)	2.6
Loan financing (costs)	16	(6.0)	(3.7)
Surplus / (deficit) before taxation		34.8	(13.5)
Deferred taxation	17	(2.9)	0.5
Taxation	5	-	-
Surplus / (deficit) for the year		31.9	(13.0)
Other comprehensive income			
Actuarial (loss) / gain on defined benefit pension schemes	18c	(98.4)	18.7
Total comprehensive (expenditure) / income for the year		(66.5)	5.7

All amounts relate to continuing operations. The notes on pages 33 to 61 form part of these financial statements.

Consolidated Statement of Financial Position at 31 March 2021

	Notes	2021 £m	2020 Restated £m
Fixed Assets			
Investment properties	6	1,991.2	2,062.3
Tangible assets	6	274.4	249.1
Heritage assets	7	181.6	181.7
Non-property investments	8	932.5	697.1
Intangible assets	9	31.5	35.5
Total Fixed Assets		3,411.2	3,225.7
Current Assets			
Stocks – finished goods	12	0.5	0.5
Debtors	10	55.4	40.2
Non-property investments	8	14.7	133.5
Cash at bank and in hand		16.3	27.5
Total Current Assets		86.9	201.7
Creditors: amounts falling due within one year	13	(68.8)	(68.5)
Net Current Assets		18.1	133.2
Total Assets less Current Liabilities		3,429.3	3,358.9
Deferred income	14	(82.8)	(83.2)
Finance leases	15	(2.4)	(2.4)
Long-term loans	16	(248.9)	(248.9)
Provisions for liabilities	17	(42.7)	(37.8)
Net Assets excluding pension liability		3,052.5	2,986.6
Defined benefit pension scheme liability	18,19	(443.5)	(311.1)
Net Assets		2,609.0	2,675.5
Capital and Reserves			
Operational Capital Reserve		274.7	249.4
Heritage Assets Reserve		181.6	181.7
Income Generating Fund		2,969.6	2,794.6
Working Capital Fund		(124.5)	9.8
Loan Fund		(248.9)	(248.9)
Pension Reserve		(443.5)	(311.1)
Total Capital Employed	19	2,609.0	2,675.5

Approved for issue 16 December 2021

Caroline Al-Beyerty, Chamberlain and Chief
Financial Officer



Consolidated Statement of Changes in Equity for the year ended 31 March 2021

	2021 £m	2020 £m
Capital Employed brought forward 1 April	2,675.5	2,669.8
Total comprehensive income	(66.5)	5.7
Capital Employed carried forward 31 March	2,609.0	2,675.5

Consolidated Statement of Cash Flows for the year ended 31 March 2021

	Notes	2021 £m	2020 Restated £m
Cash flows from operating activities:			
Net cash used in operating activities	20a	(88.8)	(73.5)
Cash flows from investing activities:			
Net dividends, interest and rents from investments		33.4	38.7
Cash taken from / (invested in) short term deposits		122.7	(79.8)
Proceeds from the sale of property, plant and equipment		1.3	6.9
Purchase of property, plant and equipment		(33.1)	(11.3)
Proceeds from sale of investments		50.0	84.8
Purchase of investment properties and other investments		(90.8)	(72.9)
Net cash used in investing activities		83.5	(33.6)
Cash flows from financing activities:	20b	(5.9)	120.2
Increase in cash in the year		(11.2)	13.1
Change in cash and cash equivalents in the reporting period		(11.2)	13.1
Cash and cash equivalents at the beginning of the reporting period		27.5	14.4
Cash and cash equivalents at end of year	20c	16.3	27.5



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 3 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.

In making this assessment, the City Corporation has considered the potential impact of the Covid-19 pandemic on the value of investment assets held, future income levels and liquidity. The pandemic and the measures taken to tackle it continue to affect economies and real estate markets globally. The property markets are mostly functioning again except for leisure and hospitality sectors, who continue to face unprecedented circumstances caused by COVID-19. To reflect these circumstances our valuers have placed a "material valuation uncertainty" caveat to their valuations to four of our public houses, which states that their valuation carries a greater degree of judgement than would previously be the case.

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) 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 £1,991.2m as 31 March 2021. 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 listed 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 of £49.0m (2019/20: £26.8m) comprise 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 date 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 profit and loss'.

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

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 require this kind of goodwill to be amortised over 10 years, which is the maximum useful economic life of these assets under FRS102.
- Computer systems and software licences which are capitalised at cost and reflected within the financial statements at amortised historic cost. Amortisation is calculated by allocation of the balance sheet value of the asset, less any residual value, to the periods expected to benefit from its use on a straight-line basis over 3 to 7 years. Amortisation charges are charged to service revenue accounts.

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.

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 change 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.

t) 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.

Under FRS102, the employer participating in the Teachers' Pension Scheme must recognise the expected present value of all future deficit contributions on their Consolidated Statement of Financial Position. As it is not possible to identify the assets and liabilities at individual employer level, the expected present value of the deficit contributions has been calculated by Barnett Waddingham LLP, an independent actuary, based upon pensionable pay at 31 March 2020, the Scheme's deficit contribution rate at 31 March 2020 and an actuarial factor based on the deficit recovery period and the adopted assumptions.

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.

w) **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 £19.9m. 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 47 to 51.

(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. The outbreak of COVID-19, declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, has and continues to impact many aspects of daily life and the global economy – with some real estate markets having experienced lower levels of transactional activity and liquidity. Although property markets are mostly functioning again, the leisure and hospital sectors continue to face unprecedented set of circumstances caused by COVID-19, therefore valuations have been reported on the basis of 'material valuation uncertainty' for four of our public houses as per the RICS Valuation – Global Standards. The total value for these four public houses as at March 2021 is £10.0m. There was no material valuation uncertainty on any other properties.

(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 the share of City's Cash cash book 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:

	2021 £m	2020 £m
Rentals, service charges and dilapidations income	72.1	72.6
Dividends from non-property investments and interest on fund balances	4.5	3.7
Total investment income	76.6	76.3

Note: rent receivable in 2020/21 in respect of operating leases was £58.1m (2019/20: £61.3m).

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 of £0.7m (2019/20: £nil) was received from the Coronavirus Job Retention Scheme, relating to staff who were furloughed due to the Covid-19 pandemic. 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.

2. Expenditure

Investment Management Costs

Expenses relating to property and non-property investments comprise:

	2021 £m	2020 £m
Property investment expenses	36.2	32.9
Non-property investments - management fees paid to fund managers	6.3	4.8
Total Investment Management Costs	42.5	37.7

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 £7.8m (2019/20: £7.9m).

Operating Lease Rentals

During the year of account City's Cash spent £0.8m on operating lease rentals in respect of premises (2019/20: £0.8m).

Auditor's remuneration

Remuneration to the external auditor, BDO 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 the 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 £175,000 inclusive of 2019/20 overrun cost of £14,000 (2019/20: £146,000 was payable to the auditors BDO LLP). No other fees were payable to BDO LLP for non-audit services during the year (2019/20: no other fees were payable to the auditors BDO LLP).

Members' expenses

Members do not receive any remuneration from the City of London Corporation for undertaking their duties. However, Members may claim travelling expenses in respect of activities outside the City and receive allowances in accordance with a scale when attending a conference or activity on behalf of the City of London Corporation. These costs, totalling £236.72 (2019/20: £3,187) across all of the City's activities, were met in full by City's Cash.

3. Staff numbers and costs

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

Number of employee full time equivalents	2021 FTE	2020 FTE
Investment properties	15.5	16.9
Education	755.4	765.0
Markets	89.4	90.4
Open spaces	313.5	323.2
City representation	70.7	72.2
Grants and other activities	8.1	10.0
Support Services	206.2	217.9
Total	1,458.8	1,495.6

Employee remuneration	Gross Pay £m	National Insurance £m	Pensions £m	2021 £m	2020 £m
Investment Management	0.9	0.1	0.2	1.2	0.9
Education	43.9	4.3	8.7	56.9	54.1
Markets	3.4	0.3	0.6	4.3	4.2
Open spaces	11.1	1.1	2.2	14.4	13.8
City representation	3.3	0.4	0.6	4.3	4.6
Grants and other activities	0.5	0.1	0.1	0.7	0.7
Support Services	9.6	1.0	1.8	12.4	12.0
Total	72.7	7.3	14.2	94.2	90.3

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 below. 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.

Salary Range £	Wholly charged to City's Cash		Partially Charged to City's Cash	
	2021	2020	2021	2020
50,000 - 59,999	114	124	206	208
60,000 - 69,999	106	97	121	98
70,000 - 79,999	25	30	53	43
80,000 - 89,999	15	10	24	23
90,000 - 99,999	7	6	7	6
100,000 - 109,999	1	1	7	3
110,000 - 119,999	0	2	7	10
120,000 - 129,999	1	1	6	4
130,000 - 139,999	2	1	2	1
140,000 - 149,999	0	0	1	1
150,000 - 159,999	1	1	1	1
160,000 - 169,999	1	1	0	0
170,000 - 179,999	1	0	0	0
200,000 - 209,999	0	0	0	1
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 2020/21 and 2019/20 respectively in accordance with the Accounts and Audit Regulations 2015, applicable to the City Corporation.

Table 2 - 2020/21 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 2020/21	Pension Contributions	National Insurance Contributions	Total Remuneration including Pension Contributions 2020/21
			%	£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	3	-	94	-	203	23	14	240
Chamberlain	P. Kane	*	35	69	2	-	-	-	71	15	10	96
Executive Director Mansion House and Old Bailey	V. Annells	*	70	106	4	-	-	107	217	23	26	266
Principal of the Guildhall School of Music & Drama	L. Williams			190	-	-	-	-	190	40	25	255
Comptroller & City Solicitor	M. Cogher	*	25	44	-	-	-	-	44	9	6	59
City Surveyor	P. Wilkinson	*	45	71	11	-	-	-	82	17	11	110
Salary is between £50,000 and £150,000												
Head City of London School	-			138	-	-	69	-	207	37	18	262
Headmaster City of London Freeman's School	-			141	-	-	-	-	141	16	18	175
Headmistress City of London School for Girls	-			141	-	-	76	-	217	34	18	269
Remembrancer	-			135	-	-	-	-	135	1	17	153
Director of Markets & Consumer Protection	-	*	45	51	-	-	-	-	51	11	7	69
Director of Open Spaces	-	*	70	82	-	-	-	-	82	17	10	109
Total				1,274	20	-	239	107	1,640	243	180	2,063

* 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 3 - 2019/20 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 2019/20	Pension Contributions	National Insurance Contributions	Total Remuneration including Pension Contributions 2019/20
			%	£000	£000	£000	£000	£000	£000	£000	£000	£000
Salary is £150,000 or more a year												
Town Clerk and Chief Executive	J. Barradell	*	40	103	5	-	42	-	150	23	14	187
Chamberlain	P. Kane	*	35	66	1	-	-	-	67	14	9	90
Executive Director Mansion House and Old Bailey	V. Annells	*	70	124	4	-	-	-	128	27	17	172
Principal of the Guildhall School of Music & Drama	L. Williams			179	-	-	-	-	179	38	24	241
Comptroller & City Solicitor	M. Cogher	*	25	42	2	-	-	-	44	9	6	59
City Surveyor	P. Wilkinson	*	45	69	11	-	-	-	80	17	10	107
Salary is between £50,000 and £150,000												
Head City of London School	-			131	-	-	110	-	241	31	17	289
Headmaster City of London Freeman's School	-			140	-	-	-	-	140	33	18	191
Headmistress City of London School for Girls (left 31/07/19)	-			44	-	-	31	-	75	8	6	89
Headmistress City of London School for Girls (started 01/09/19)	-			82	-	-	56	-	138	20	11	169
Remembrancer	-			146	-	-	-	-	146	31	19	196
Director of Markets & Consumer Protection	-	*	45	49	2	-	-	-	51	11	6	68
Director of Open Spaces	-	*	70	78	-	-	-	-	78	16	10	104
Total				1,253	25	-	239	-	1,517	278	167	1,962

* 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 2021 £000	Annualised Salary 2020 £000
Town Clerk and Chief Executive	264	258
Chamberlain	198	190
Executive Director of Mansion House & Old Bailey	152	178
Comptroller & City Solicitor	174	168
City Surveyor	158	154
Director of Open Spaces	116	110
Director of Markets & Consumer Protection	114	110

5. Tax Status

The City of London Corporation is a single legal entity and legislation treats it as a local authority for tax purposes. City Re Limited, a wholly-owned subsidiary of the City of London Corporation in its City's Cash capacity, conforms to the tax requirements for Guernsey companies. Barking Power Limited and Thames Power Limited are both subject to Corporation Tax, although no tax was payable on activities for the year ended 31 March 2021.

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 2020	2,062.3	251.6	61.9	14.5	2,390.3
Additions	28.6	8.2	1.9	23.0	61.7
Revaluations	(98.1)	-	-	-	(98.1)
Disposals	(1.6)	-	-	-	(1.6)
Transfers	-	0.9	1.4	(2.3)	-
At 31 March 2021	1,991.2	260.7	65.2	35.2	2,352.3
Depreciation					
At 1 April 2020	-	(51.2)	(27.7)	-	(78.9)
Charge for the year	-	(5.6)	(2.2)	-	(7.8)
At 31 March 2021	-	(56.8)	(29.9)	-	(86.7)
Net book value					
At 31 March 2020	2,062.3	200.4	34.2	14.5	2,311.4
At 31 March 2021	1,991.2	203.9	35.3	35.2	2,265.6
Leased assets included above:					
Net book value					
At 31 March 2020	17.9	-	-	-	17.9
At 31 March 2021	17.9	-	-	-	17.9

Notes:

- a) The outbreak of COVID-19, declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, has and continues to impact many aspects of daily life and the global economy – with some real estate markets having experienced lower levels of transactional activity and liquidity. Nevertheless, as at the valuation date property markets are mostly functioning again, with transaction volumes and other relevant evidence at levels where an adequate quantum of market evidence exists upon which to base opinions of value. Subject to the exclusions and exceptions noted in the subsequent paragraph, and for the avoidance of doubt, our valuation is not reported as being subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

Although property markets are mostly functioning again, the leisure and hospital sectors continue to face unprecedented set of circumstances therefore valuations have been reported on the basis of 'material valuation uncertainty' for four public houses as per the RICS Valuation – Global Standards. The total value for these four public houses as at March 2021 is £10.0m. There was no material valuation uncertainty on any other properties.

In considering the specific portfolio of 154 assets which City's Cash holds, the valuers have not identified any assumptions impacting on a single or sub-group of those assets which were specifically sensitive to the impacts of the pandemic and which were relevant to the judgments applied as at 31 March 2021. Senior management has reviewed and agreed with this assessment.

- 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.

7. Heritage assets

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

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

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

The art and sculpture collection 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 £181.6m (2019/20: £181.7m) 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.

	2021 £m	2020 £m
Cost (a)		
At 1 April	181.7	181.5
(Write-off) / Additions (b)	(0.1)	0.2
Closing cost	181.6	181.7
Comprising:		
Art and sculptures	180.7	180.9
Open spaces	0.9	0.8
Total heritage assets	181.6	181.7

Notes:

- 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.
- 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:

	2021 £m	2020 £m
Long-term non-property investments		
Total investments at 1 April	697.1	753.1
Add additions to investments at cost	61.5	64.5
Less disposals at market value	(46.0)	(81.4)
Less realised investments	(3.9)	(3.4)
Add gain / (loss) in fair value	223.8	(35.7)
Investments at 31 March	932.5	697.1
Short-term non-property investments		
Total investments at 1 April	133.5	53.7
Change in short-term deposits and money market funds*	(122.7)	84.1
Change in long term deposits	3.9	(4.3)
Investments at 31 March	14.7	133.5
Total investments as at 31 March are analysed between long-term and short-term investments as follows:		
Long-term	932.5	697.1
Short-term	14.7	133.5
Total investments at 31 March	947.2	830.6

* The £122.7m change in short-term deposits and money market funds in 2020/21 resulted largely from net investments during the year.

9. Intangible assets

	Technology systems £m	Goodwill £m	Total £m
Cost / Valuation			
At 1 April 2020	1.7	39.1	40.8
Additions / (disposals)	-	-	-
Transfers	-	-	-
At 31 March 2021	1.7	39.1	40.8
Amortisation			
At 1 April 2020	(1.4)	(3.9)	(5.3)
Charge for the year	(0.1)	(3.9)	(4.0)
At 31 March 2021	(1.5)	(7.8)	(9.3)
Net book value			
At 31 March 2020	0.3	35.2	35.5
At 31 March 2021	0.2	31.3	31.5

- Technology systems:
During 2014/15, the City Corporation invested in an updated Oracle Business Intelligence system. This is recognised in these financial statements as an intangible asset on the basis of amortised historic cost at a value of £0.1m (2019/20: £0.1m).
- Goodwill:
On 14 December 2018, Barking Power Limited and Thames Power Services Limited were purchased by The Mayor and Commonalty and Citizens of the City of London for a total sum of £130.3m. Goodwill of £39.1m is gain from the land value of the power station sites purchased. This is amortised over 10 years, which is the maximum useful economic life of these assets under FRS102, at a rate of £3.9m per annum.

10. Debtors

	2021 £m	2020 Restated £m
Amounts falling due within one year		
Sundry debtors	5.1	4.7
School fees	4.3	5.5
Prepayments and accrued income	6.3	7.3
Rental debtors	29.7	10.8
VAT	1.8	0.7
Accrued interest	0.2	2.3
Current debtors	47.4	31.3
Amounts falling due after more than one year		
Rental debtors	6.5	7.4
Finance lease debtor	1.5	1.5
Long-term debtors	8.0	8.9
Total debtors	55.4	40.2

11. Nature and extent of Risks arising from Financial Instruments

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

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

The City of London Corporation has adopted 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. City's Cash also holds investments in two Short Dated Bond Funds. These financial instruments typically do not obtain their own standalone credit rating. Instead, the funds will invest in a wide variety of investment grade instruments, which the City Corporation actively monitors in terms of the fund's composition and credit quality of its underlying assets.

The creditworthiness of the counterparties on the City's Cash lending list is carefully monitored. The lending list is reviewed on a regular basis using advice from credit rating agencies and in-house judgements based partially on credit default swap rates. Security of the investments is the prime criteria when selecting investments with liquidity and yield being secondary and tertiary considerations. The lending limits attributable to HSBC, Barclays, Goldman Sachs International Bank, Royal Bank of Scotland and Santander UK were maintained at maximum lending limits of £100m each during 2020/21, 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, Cooperative 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, Deutsche Liquidity Fund, Federated Liquidity Fund, and Invesco); three highly rated Ultra-Short Dated Bond Funds (Federated Sterling Cash Plus Fund, Aberdeen Standard Investments Short Duration Managed Liquidity Fund and Payden Sterling Reserve Fund); and two Short Dated Bond Funds (Legal & General Short Dated Sterling Corporate Bond Index Fund and Royal London Investment Grade Short Dated Credit Fund). The City Corporation will also lend to other UK local authorities with a limit of £25m to any individual authority.

The maximum exposure of City's Cash to credit risk in relation to its investments in banks, building societies, local authorities and money market funds cannot be assessed generally, as the risk of any institution failing to make interest payments or failing to repay the principal amount borrowed would be specific to each individual institution. No credit limits were exceeded during the reporting period and City's Cash does not expect any losses from non-performance by any counterparty in relation to outstanding deposits. As at 31 March 2021, City's Cash had £14.7m in money market funds and short-term cash investments with a maturity of less than 365 days (31 March 2020: £133.5m).

Ageing of debts covered by the Bad Debt Provision	31 March 2021 £m	31 March 2020 £m
Less than three months	1.5	1.6
Three to six months	3.0	0.2
Six months to one year	3.2	0.3
More than a year	0.9	0.2
Total	8.6	2.3

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 2020/21 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 2021 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	357.5	0.00%	357.5	357.5
EUR	326.8	2.35%	334.3	318.9
USD	102.3	1.56%	103.9	100.7
Other	160.6	2.45%	164.5	156.7
Total non-property investments	947.2	-	960.2	933.8

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

These investments are actively managed by twenty-two 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. 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 2020/21 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 overleaf.

Asset type	Change %
Global equities - developed markets (incl UK)	18.7%
Global equities - emerging markets	28.6%
Absolute return fixed income	9.0%
Diversified growth funds	11.6%
Multi asset credit	10.5%
Private equity	24.7%
Infrastructure	16.1%
Total non-property investments	17.5%

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

Asset type	Value £m	Change %	Value on increase £m	Value on decrease £m
Global equities - developed markets (incl UK)	635.4	18.7%	754.2	516.6
Global equities - emerging markets	46.8	28.6%	60.2	33.4
Absolute return fixed income	37.0	9.0%	40.3	33.7
Diversified growth funds	138.5	11.6%	154.6	122.4
Multi asset credit	31.0	10.5%	34.3	27.7
Private equity	29.3	24.7%	36.5	22.1
Infrastructure	19.7	16.1%	22.9	16.5
Total Long-term non-property investments	937.7	17.6%	1,103.0	772.4
Short-term UK deposit and money market funds	9.5	0.0%	9.5	9.5
Total non-property investments	947.2	17.5%	1,112.5	781.9

Financial assets and liabilities

Financial assets held at fair value through profit and loss 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.

	2021 £m	2020 £m
Financial assets measured at fair value through profit and loss	2,938.4	2,892.9
Financial assets measured at amortised cost	559.7	534.5
Financial liabilities measured at amortised cost	(889.1)	(751.9)

12. Stocks of Finished Goods

A variety of purchased items are held in stock amounting to £0.5m (2019/20: £0.5m) to ensure responsive delivery of services, mainly relating to those provided at the City's open spaces, schools and ceremonial functions.

13. Creditors – amounts falling due within one year

	2021 £m	2020 Restated £m
Sundry creditors	48.3	42.1
Rental income received in advance	16.0	18.1
Other receipts received in advance	4.5	8.3
Total current creditors	68.8	68.5

14. Deferred income

	2021 £m	2020 £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	1.8	1.5
Due in more than five years	81.0	81.7
Long-term deferred income	82.8	83.2
Total deferred income	83.2	83.6

Premiums of £84.9m relating to eight operating leases were received between 2014/15 and 2020/21. No operating lease premiums were received in 2020/21. 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	2021 £m	2020 £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:

	2021 £m	2020 £m
Finance lease debtor (net present value of minimum lease payments) - non-current	1.5	1.5
Unearned finance income	2.2	2.2
Gross investment in lease	3.7	3.7

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

	Gross Investment in Lease		Net Present Value of Minimum Lease	
	2021 £m	2020 £m	2021 £m	2020 £m
Later than one year and not later than five years	0.1	0.1	-	-
Later than five years	3.6	3.6	1.5	1.5
Total	3.7	3.7	1.5	1.5

The minimum lease payments 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:

	Minimum Lease	
	2021 £m	2020 £m
No later than one year	56.9	59.9
Later than one year and not later than five years	198.5	194.2
Later than five years	1,507.5	1,331.2
Total	1,762.9	1,585.3

16. Loans

	2021 £m	2020 £m
Long-term loan	248.9	248.9
Loan balance at 31 March	248.9	248.9

In August 2019, the City Corporation issued debt totalling £450m via private placement of which £250m was received in September 2019 with the remaining £200m being received in July 2021.

The £250m 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
Loan term	25 years	30 years	35 years
Interest rate	2.36%	2.37%	2.32%
Loan amount	£50m	£105m	£95m

Interest expense in 2020/21 amounted to £6.0m (2019/20: £3.7m). In addition, there were transaction costs of £1.1m which have been capitalised to the loan account and shall be amortised over the life of the loans.

17. Provisions

	City Re £m	Power Station £m	Total £m
Opening balance	2.7	35.1	37.8
Movement in year	0.3	4.6	4.9
Closing balance	3.0	39.7	42.7

City Re Limited has set aside £3.0m (2019/20: £2.7m) 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 £39.7m. This includes:

- £22.8m 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 £17.0m (2019/20: £14.2m) has been recognised, as required under FRS102, offsetting the revaluation gain on land held by Barking Power Limited. This is calculated using the rate applicable to future profits (19%), and the revaluation amount less the base cost and indexation relevant to the land. The rate of corporation tax applicable to the company's future profits is 19%, in accordance with a tax rate of 19% in the Finance Bill 2016, which was enacted on 15 September 2016.

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.

Teachers' Pension Scheme (TPS)

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

The table below shows how the total pension deficit recorded on the Consolidated Statement of Financial Position of £443.5m (2020: £311.1m) is split between The City of London Pension Fund and the Teachers' Pension Scheme.

Pension scheme liabilities	2021 £m	2020 £m
The City of London Pension Fund	424.4	292.4
The Teachers' Pension Scheme	19.1	18.7
Total pension scheme liabilities	443.5	311.1

Accounting for The City of London Pension Fund under IAS19

The actuarial valuation of the defined benefit scheme was updated at 31 March 2021, 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 next triennial actuarial valuation assessment of the Scheme will be carried out as at 31 March 2022 and will set contributions for the period from 1 April 2023 to 31 March 2026.

The expected rate of return on the scheme's assets for the financial year ending 31 March 2021 was 26.5% p.a. (2020: -4.0% p.a.). This rate is based on the long-term future expected investment return for each asset class at the beginning of the period

(i.e. as at 1 April 2020) for the year to 31 March 2021. The returns on gilts and other bonds are assumed to be the gilt yield and corporate bond yield respectively at the relevant date. The return on equities is then assumed to be a margin above gilt yields.

At 31 March 2021, the City's Cash's share of the Scheme net pension liability was £424.4m (2020: £292.4m). City's Cash's share of the market value of the Schemes' assets was £545.5m (2020: £431.0m).

The estimated amount of total employer contributions expected to be paid to the scheme by City's Cash during the year to 31 March 2022 is £14.8m (actual for year to 31 March 2021: £14.3m). 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

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

Assumptions as at 31 March - per annum	2021	2020	2019
RPI increases	3.2%	2.7%	3.4%
CPI increases	2.9%	1.9%	2.4%
Salary increases	3.9%	2.9%	3.9%
Pension increases	2.9%	1.9%	2.4%
Discount rate	2.0%	2.4%	2.4%

Life expectancy

The following table reflects the change in the mortality tables used for the 31 March 2021 valuation and allowance is made for the expected decline in future life expectancy.

Assumed life expectancy from age 65 years	Sex	2021	2020
Age 65 retiring today	Male	21.6	21.8
Age 65 retiring today	Female	24.3	24.4
Retiring in 20 years	Male	22.9	23.2
Retiring in 20 years	Female	25.7	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 two periods are as follows:

Net Pension Asset	2021		2020		2019	
	CC £m	CoL £m	CC £m	CoL £m	CC £m	CoL £m
Funded liability present value	(967.9)	(2,104.1)	(721.3)	(1,568.0)	(745.0)	(1,585.1)
Fair value of fund assets (bid)	545.5	1,185.9	431.0	936.9	455.6	969.5
Net liability	(422.4)	(918.2)	(290.3)	(631.1)	(289.4)	(615.6)
Unfunded liability present value	(2.0)	(4.5)	(2.1)	(4.5)	(2.4)	(5.3)
Net liability on CSoFP	(424.4)	(922.7)	(292.4)	(635.6)	(291.8)	(620.9)

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

The total net pension fund liability shown on the Consolidated Statement of Financial Position is £443.5m (2019/20: £311.1m), which comprises of City's Cash share of the net defined benefit pension scheme liability relating to the City of London Pension Fund of £424.4m as shown in the table above (2019/20: £292.4m) and a liability of £19.1m (2019/20: £18.7m) relating to the Teachers' Pension Scheme.

City's Cash share of the net defined benefit pension scheme liability represents 46% (2020: 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

	2021 £m	2020 £m
Current service cost	(36.6)	(23.8)
Administration cost	(0.4)	(0.4)
Losses on settlements and curtailments	(6.3)	-
Employer contributions	15.1	14.0
Unfunded pension payments	0.2	0.2
Return on pension scheme assets	6.9	10.7
Interest on pension scheme liabilities	(13.8)	(17.4)
Net pension scheme costs *	(34.9)	(16.7)
Actual return less expected return on pension scheme assets	107.3	(24.0)
Experience gain / (losses)	9.5	(37.3)
Change in demographic assumptions	8.2	5.4
Changes in assumptions underlying the present value of liabilities	(222.1)	72.1
Actuarial gains recognised in the Consolidated Statement of Comprehensive Income **	(97.1)	16.2
Net charge to the Consolidated Statement of Comprehensive Income	(132.0)	(0.5)

* The total value shown in the Consolidated Statement of Comprehensive Income for net financing expenses attributable to pension schemes amounts is £34.0m (2019/20: net expenses of £17.1m), which comprises expenses relating to the City of London Pension Fund of £34.9m (2019/20: £16.7m), as shown in the table above, and expenses of £0.9m relating to the TPS (2019/20: £0.4m).

** The total value shown in the Consolidated Statement of Comprehensive Income for actuarial losses is £98.4m (2019/20: gain of £18.7m), which comprises the actuarial loss relating to the City of London Pension Fund of £97.1m (2019/20: gain of £16.2m), as shown in the table above, and an actuarial loss of £1.3m (2019/20: gain of £2.5m) relating to the Teachers' Pension Scheme.

(d) Asset allocation

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

Employer asset share - bid value	2021		2020	
	£m	Per annum	£m	Per annum
Equities	327.8	60%	255.9	59%
Cash	2.8	1%	7.2	2%
Infrastructure	63.4	11%	53.8	13%
Absolute Return Portfolio	151.5	28%	114.1	26%
Total assets	545.5	100%	431.0	100%

(e) Movement in the present value of scheme liabilities

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

Reconciliation of opening and closing balances of the present value of the defined benefit liability	2021 £m	2020 £m
Opening defined benefit liability	(723.4)	(747.4)
Current service cost	(36.6)	(23.8)
Interest cost	(13.7)	(17.4)
Experience loss / (gain) on defined benefit obligation	9.5	(37.3)
Change in demographic assumptions	8.2	5.4
Change in financial assumptions	(222.1)	84.3
Losses on curtailments	(4.8)	(0.5)
Liabilities extinguished on settlements	(3.0)	1.0
Estimated benefits paid net of transfers in	20.9	17.0
Contributions by scheme participants	(5.1)	(4.9)
Unfunded pension payments	0.2	0.2
Closing defined benefit liability	(969.9)	(723.4)

(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	2021 £m	2020 £m
Deficit at the beginning of the year	(292.4)	(291.8)
Current service cost	(36.6)	(23.8)
Net interest	(7.0)	(6.7)
Settlements and curtailments	(6.3)	(0.1)
Other finance expenses	(0.4)	(0.4)
Employers contributions	15.1	14.0
Unfunded pension payments	0.2	0.2
Actuarial gains	(97.0)	16.2
(Deficit) at the end of the year	(424.4)	(292.4)

(g) Movement in the present value of scheme assets

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

Reconciliation of opening and closing balances of the fair value of scheme assets	2021 £m	2020 £m
Opening fair value of scheme assets	431.0	455.6
Interest on assets	6.7	10.7
Return on assets less interest	107.3	(26.4)
Actuarial losses	-	(9.8)
Administration expenses	(0.4)	(0.4)
Contributions by employer including unfunded	15.3	14.2
Contributions by scheme participants	5.1	4.9
Estimated benefits paid net of transfers in and including unfunded	(21.1)	(17.2)
Settlement prices paid	1.6	(0.6)
Closing value of scheme assets at end of period	545.5	431.0

Changes in financial assumptions

In 2020-21, City of London defined benefit pension scheme was significantly affected by the change in financial assumptions, which led to an increased in pension liability of £482.9m. The change in financial assumptions was from a combination of three changes in the independent consulting actuary's (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.

	2021		
	Percentage Impact	CC £m	CoL £m
Impact of change of discount rate	20%	45.5	98.9
Impact of change in CPI (market related)	62%	136.8	297.4
Impact of change in CPI derivation approach	18%	39.8	86.6
Total change in financial assumptions	100%	222.1	482.9

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

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

The following City's Cash share of pension liabilities for 2017-2021 have been recognised under the "Actuarial gains and losses on defined benefit pension scheme" heading within the Consolidated Statement of Changes in Equity:

	2021 £m	2020 £m	2019 £m	2018 £m	2017 £m
Present value of defined benefit liability	(969.9)	(723.4)	(747.4)	(701.8)	(694.1)
Fair value of scheme assets	545.5	431.0	455.6	423.3	413.1
Deficit in the scheme	(424.4)	(292.4)	(291.8)	(278.5)	(281.0)
Experience adjustments on scheme liabilities	9.5	(37.3)	-	-	11.4
Percentage of scheme liabilities	-1.0%	5.2%	0.0%	0.0%	-1.6%
Experience adjustments on scheme assets	107.3	(26.4)	21.4	(2.0)	57.5
Percentage of scheme assets	19.7%	-6.1%	4.7%	-0.5%	13.9%
Cumulative actuarial gains and losses	(158.5)	(61.4)	(73.0)	(80.0)	(98.0)

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.

		£m	£m	£m
		0.1%	0.0%	(0.1%)
Adjustment to discount rate	PV of total liability	950.5	969.9	989.8
	Projected service cost	35.9	37.2	38.5
Adjustment to long-term salary increase	PV of total liability	971.8	969.9	968.1
	Projected service cost	37.2	37.2	37.1
Adjustment to pension increases and deferred	PV of total liability	987.7	969.9	952.5
	Projected service cost	38.5	37.2	35.9
		+ 1 year	None	- 1 year
Adjustment to mortality age rating assumption	PV of total liability	1,013.9	969.9	927.9
	Projected service cost	38.7	37.2	35.6

Note: PV – present value

(j) Projected pension expense for the year to 31 March 2022

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 2022 £m	Projected Year to 31 March 2021 £m
Service cost	37.1	22.6
Net interest on the defined liability	8.3	6.7
Administration expenses	0.5	0.4
Total expense	45.9	29.7
Employer contributions	14.8	14.3

19. Capital and Reserves

	Balance at 1 April 2020 £m	Additions / income £m	Disposals / expenditure £m	Depreciation / amortisation £m	Unrealised Gains / (Losses) £m	Balance at 31 March 2021 £m
Operational Capital	249.4	33.1	-	(7.8)	-	274.7
Heritage Assets Reserve	181.7	(0.1)	-	-	-	181.6
Income Generating Fund:						
Investment Properties	298.0	28.6	(1.6)	(4.0)	-	321.0
Non-Property Investments	697.1	72.3	(46.0)	-	223.8	947.2
Revaluation Reserve - Investment Properties	1,799.5	-	-	-	(98.1)	1,701.4
Income Generating Fund	2,794.6	100.9	(47.6)	(4.0)	125.7	2,969.6
Working Capital Fund	9.8	-	(134.3)	-	-	(124.5)
Loan Fund	(248.9)	-	-	-	-	(248.9)
Pension Reserve	(311.1)	-	(34.0)	-	(98.4)	(443.5)
Total Capital and Reserves	2,675.5	133.9	(215.9)	(11.8)	27.3	2,609.0

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 14) which are consolidated within City's Cash accounts. Total funds of the charities amount to £60.5m (2019/20: £54.4m), comprising unrestricted funds of £26.8m (2019/20: £28.0m), restricted funds of £0.4m (2019/20: £0.1m) and endowment funds of £33.3m (2019/20: £26.3m). 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 £33.1m 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

	2020/21 £m	2019/20 Restated £m
Operating (deficit) / surplus for the reporting period	31.9	(8.9)
Adjustments for:		
Depreciation and amortisation charges	11.8	11.8
Write-off abortive heritage asset costs capitalised	0.1	-
Net pension scheme costs	34.0	17.1
Losses on disposal of property investments	0.3	-
Losses / (gain) on property investments	98.1	(86.9)
(Gains) / losses on non-property investments	(227.0)	35.7
Net dividends, interest and rents from investments	(27.5)	(38.7)
Increase in debtors	(15.2)	(6.7)
Increase in creditors falling due within one year	0.1	1.0
Release of deferred income	(0.4)	(0.3)
Increase in provision	5.0	2.4
Net cash used in operating activities	(88.8)	(73.5)

(b) Cash flows from financing activities

	2021 £m	2020 £m
New loans	-	248.9
Repayment of loans	-	(125.0)
Loan interest and transaction costs	(5.9)	(3.7)
Total	(5.9)	120.2

(c) Analysis of changes in net debt activities

	At 1 Apr 2020 £m	Cash flows £m	At 31 Mar 2021 £m
Cash and cash equivalents	27.5	(11.2)	16.3
Borrowings			
Debts due within one year	-	-	-
Debts due after one year	(248.9)	-	(248.9)
Finance Leases	(2.4)	-	(2.4)
Total net debt	(223.8)	(11.2)	(235.0)

21. Financial commitments

Material contractual capital commitments are as follows:

	Consolidated 2021 £m	2020 £m
Contracted for but not provided for contract commitments (a)	20.1	3.0
Total	20.1	3.0

Notes:

- The contract commitment of £20.1m relates to the refurbishment of an investment property (£16.6m) and tunnel lids for Smithfield Market (£3.5m) (2019/20: the £3.0m related to the refurbishment of an investment property).
- City's Cash has no material commitments under operating leases.
- The City Corporation has agreed a £50.0m contribution to Crossrail from City's Cash subject to the completion of the works. Due to the delays to the Crossrail programme exact payment date has yet to be agreed, however payment will be made in two tranches; the first tranche will in the year of projection and the second tranche will be the year after. The agreement with Crossrail is an executory contract and therefore outside the scope of FRS102. An executory contracts 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: CHB-Secretariat@cityoflondon.gov.uk.

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

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

Standing Orders

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

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

Disclosure

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

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

Disclosures relate to both 2020/21 and 2019/20 unless otherwise stated.

Related party	Connected party	2020/21 £000	2019/20 £000	Detail of transaction
Amazon EU SARL, UK Branch	A member was employed by the company	13	0	Payments from City's Cash for purchase during the year
BDO LLP	A member was an auditor to the Girdlers company employed by BDO LLP	270	0	Professional and audit fees paid by City's Cash
British Telecommunications Plc	A Member's spouse was a senior lawyer of the company who provide telephone service for which charges were paid	20	0	Payments from City's Cash for telephone services
CBRE Limited	A member was employed by the company	32	0	Payments from City's Cash for professional services
Centre for London	A Member was a trustee of the Centre for London (2019/20: a Member and a former Member were trustees of the Centre for London)	37	45	Sponsorship and funding received from City's Cash
Christ's Hospital	Three Members were nominated by the City Corporation to the Council of Christ's Hospital (2019/20: Three Members were Governors or Almoners of Christ's Hospital)	80	80	Payments made by City's Cash for a presentation place to secure the right to present one child to enter the school
City & Guilds London	The City Corporation nominated four Members to the City & Guilds London Institute, which leases premises for which rent and service charges were receive	(227)	(194)	Rent and service charges received by City's Cash
City of London Academy Hackney	The City Corporation nominated three Members to the Board of Governors of the City of London Academy Hackney	317	268	Grant funding received from City's Cash
City of London Academy Islington	The City Corporation nominated two Members to the Board of Governors of the City of London Academy Islington	295	256	Grant funding received from City's Cash
City of London Academy Shoreditch Park	A Member was a Governor at City of London Academy Shoreditch Park	117	0	Grant funding received from City's Cash

Related party (continued)	Connected party (continued)	2020/21 £000	2019/20 £000	Detail of transaction (continued)
City of London Academies Trust	The City Corporation nominated five Members to the Board of Governors of the City of London Academies Trust (2019/20: The City Corporation nominated five Members to the Board of Governors of the City of London Academies Trust and one other member declared membership)	528	365	Grant funding received from City's Cash
City of London Reserve Forces & Cadets Association	The City Corporation nominated three Members to the City of London Reserve Forces & Cadets Association	21	42	Grant funding received from City's Cash
City University	Four Members were on the Court of the City University	14	11	Fees paid by City's Cash
City University	Four Members were on the Court of the City University	0	(78)	Rent and charges received by City's Cash
Commonwealth Enterprise & Investment Council	A Member was on the Commonwealth Investment and Enterprise Council	10	0	Received from City's Cash for work on encouraging trade
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	(291)	(287)	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	(376)	(440)	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	(132)	(141)	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	(17)	0	Rent and service charges received by City's Cash
Companies leasing premises	A Member's spouse was a shareholder of a company which leases premises for which rent and service charges were received	(694)	(650)	Rent and service charges received by City's Cash

Related party (continued)	Connected party (continued)	2020/21 £000	2019/20 £000	Detail of transaction (continued)
Company provided repairs and maintenance services	A Member was a director of the company who provide repairs and maintenance service for which charges were paid	15	0	Payments from City's Cash for various advisory work
Cripplegate Foundation	A Member was a trustee of this organisation and another was a governor	0	48	Grant funding received from City's Cash
Epping Forest Heritage Trust	A Member spouse who is a trustee of the charity whom received free use of premise	0	0	Free use of premises provided by City's Cash
Gardiner & Theobald	A Member was employed by the company as property adviser to the Gidlers company for which rent was received	(3,134)	(3,519)	Rent and service charges received by City's Cash
Gresham College Council	The City Corporation nominated two Members (2019/20: nominated four members) to the Gresham College Council. Another Member was a director of Gresham College Council in 2019/20	487	503	Grant funding received from City's Cash
Guild Church Council of St. Lawrence Jewry	The City Corporation nominated three Members to the Guild Church Council of St. Lawrence Jewry and three other Members declared places on the Council	100	99	Grant funding received from City's Cash
The Honourable The Irish Society	15 Members were part of the governance structure of The Honourable The Irish Society	36	11	Grant funding received from City's Cash
King Edward's School Witley	A Member was a vice president of the school and six other members were on the school court	259	458	Grant funding received from City's Cash
Knight Frank LLP	A member's family member was employed by Knight Frank LLP	31	0	Professional fee paid 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)	(40)	Payments received by City's Cash for subscription

Related party (continued)	Connected party (continued)	2020/21 £000	2019/20 £000	Detail of transaction (continued)
London Councils	In 2019/20, the City Corporation nominated four Members to the various committees of London Councils and another Member declared that he had an independent place on a number of Committees	0	(1,403)	Payments received by City's Cash for the provision of premises and services
Lord Mayor's Appeal Limited	Five Members were directors of the Lord Mayor's Appeal Limited	0	(34)	Payments received by City's Cash for services provided
Lord Mayor's Show Limited	Seven Members and a Chief Officer were directors of the Lord Mayor's Show Ltd (2019/20: seven Members and two Chief Officers were directors of the Lord Mayor's Show Ltd)	(33)	(111)	Payments received by City's Cash for services provided
The Mercers Company	Philanthropic livery	45	0	Payments from City's Cash for management charge
Metro Bank Plc	A Member was a chairman and non-executive director of Metro Bank PLC for which rent and service charge was received	(582)	(517)	Rent and service charges received by City's Cash
Ministry of Justice	A Member was a recorder for the Ministry of Justice for which grant funding was made	60	100	Grant funding received from City's Cash
Museum of London	Eight Members were appointed as Governors of the Museum of London (2019/20: seven Members were appointed as Governors of the Museum of London)	275	221	Grant funding received from City's Cash
Nationwide Building Society	A Member of the City Corporation was employed by Nationwide Building Society, which leases premises for which rent and service charges were received	(454)	(374)	Rent and service charges received by City's Cash
Phillips & Leigh	A Member's spouse was a practice manager at Phillips & Leigh for which rent and service charges were received	(120)	(151)	Rent and service charges received by City's Cash
PricewaterhouseCoopers LLP	A Member was employed by PWC who carried out various work for which fees were charged	22	0	Payments from City's Cash for various advisory work

Related party (continued)	Connected party (continued)	2020/21 £000	2019/20 £000	Detail of transaction (continued)
The CityUK	Three Members were also members of this organisation (2019/20: Two Members was Director of TheCityUK and a further two Members were also members of this organisation)	500	500	Grant funding received from City's Cash
University of East Anglia	A Members was on the advisory board of the university for which fees were received	(44)	0	Payments received by City's Cash for services provided
The Worshipful Company of Musicians	Musician livery	(148)	0	Rent and service charges received by City's Cash
WSP UK Limited	A Members was on a consultant of the company for which charge was paid	22	0	Payments from City's Cash for consultancy work

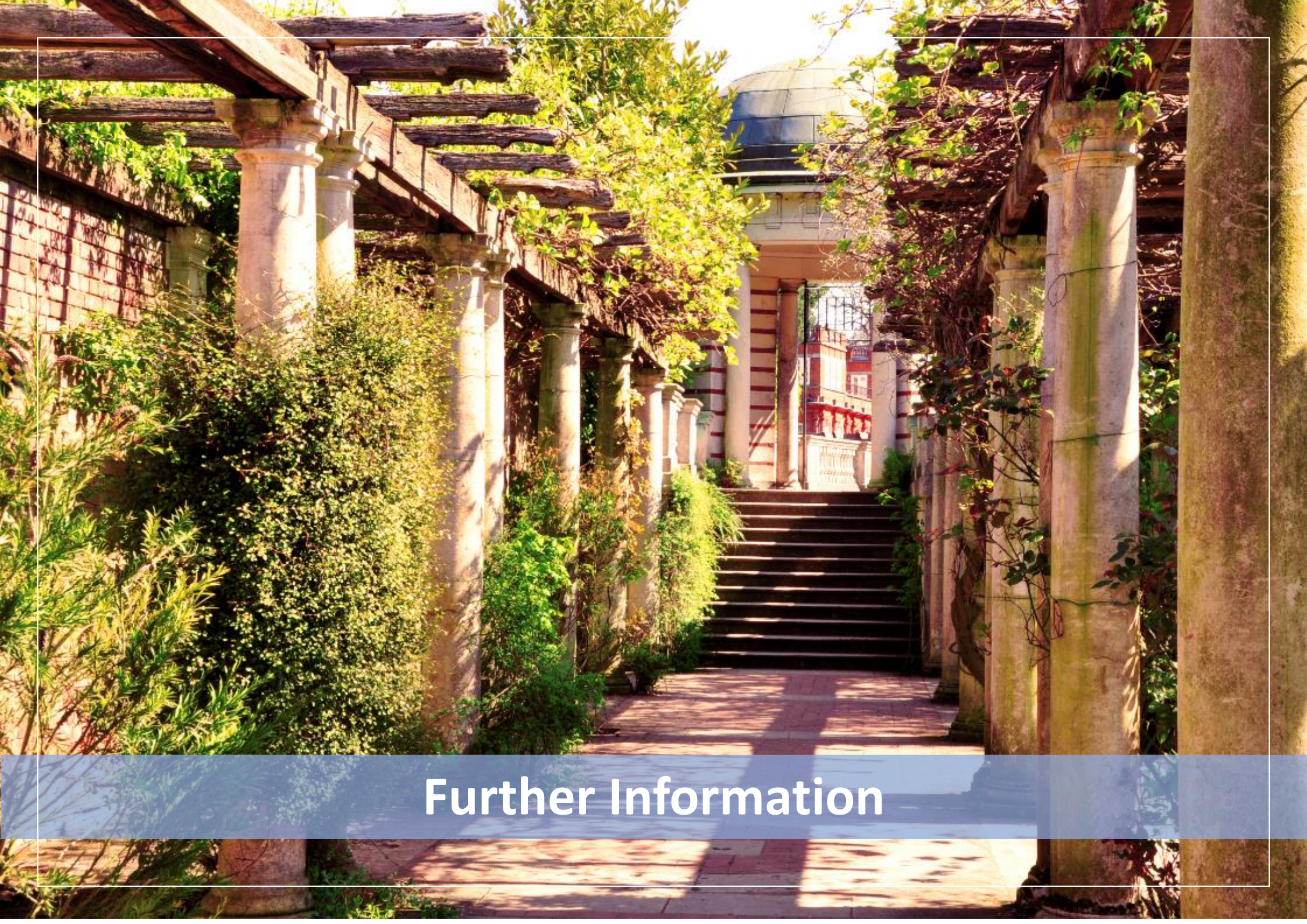
23. Post Balance Sheet events

In August 2019, the City issued debt totally £450m via private placement of which £250m was received in September 2019 with the remaining £200m being received in July 2021. The remaining £200m is made up of two tranches; the first being £115m over 40 years at fixed interest rate of 2.33% and the second tranche is for £85m over 45 years at a fixed interest rate of 2.34%. Interest is paid twice yearly and the principals will be repaid at the end of the loan term.

In September 2021, the Common Hall has approved the removal of the Audit Review Panel as part of the audit reviewing process for BHE, City's Cash and the Open Spaces, and Sundry Trust charities from 2021/22 onward.

24. Approval of the financial statements

The City's Cash Accounts were approved for issue by the Chamberlain on 16 December 2021. Events after the balance sheet date and up to 16 December 2021 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.

Curtailed (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:

- 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.

