
THECITYUK
(A Company Limited by Guarantee)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

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THECITYUK
(A Company Limited by Guarantee)

COMPANY INFORMATION

Directors

O Ali
E C Braham
M Celic
G R Dimitrova
H D Evans
A Farkas
H Gurga
J R Heaps
C S McGuinness
S L Melvin
D J Postings
Dr J K Swinburne
M E Tucker
R J Watson
J P Whitehouse
S G Williams
Sir D H Wooton

Company secretary

J S Green

Registered number

07088009

Registered office

Sixth Floor
Fitzwilliam House
10 St. Mary Axe
London
EC3A 8BF

Independent auditor

CLA Evelyn Partners
Chartered Accountants & Statutory Auditor
45 Gresham Street
London
EC2V 7BG

THECITYUK
(A Company Limited by Guarantee)

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THECITYUK
(A Company Limited by Guarantee)

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2022

The directors present their report and the financial statements for the year ended 31 March 2022.

Principal activity

The principal activity of the Company is to promote a globally competitive UK Financial and related Professional Services sector.

The Company does this in two principal ways; firstly, by building evidence to demonstrate the sector's contribution to society and sustainable economic growth, and secondly, by bringing together the highest levels of Government and the sector, both domestically and internationally, to influence better policy decisions. These decisions open markets and create business opportunities for our members, their customers and clients.

Results and dividends

The profit for the year, after taxation, amounted to £147,144 (2021 - £434,474).

No dividends were paid or proposed during the year (2021 - £Nil).

Impact of COVID-19

As we emerge from the COVID-19 pandemic, the short-term threat to our ability to generate revenue through our events programme and overseas markets work has been abated due to the flexible approach we have taken to deliver the revenue streams. We have invested in our IT infrastructure to ensure that we are able to hold events and meetings both in person and remotely – this has enabled us to resume all our planned programmes and has resulted in our revenues from non-membership being returned to pre-pandemic levels.

The longer-term threat does remain, albeit on a reduced level from the previous years, where some of our members may still face cost challenges as the full financial impact of the pandemic becomes clearer in their own business, and as a result they may be forced to review their membership. We will keep the movements in the membership under review and will update the Board regularly as we progress through the year with the emerging trends.

As a result of the investments made in IT, we have also adapted our policies to move to a more flexible way of working to help offset any impact of the pandemic to our staff and their personal circumstances.

Retained earnings policy

The Company has a policy agreed by the board to ensure that the Company holds in Retained Earnings a minimum of three months fixed expenditure. Fixed expenditure includes staff and redundancy costs, ongoing contracts including leases and outstanding purchase invoices.

THECITYUK
(A Company Limited by Guarantee)

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2022

Directors

The directors who served during the year were:

O Ali
E C Braham
M Celic
G R Dimitrova
H D Evans
A Farkas (appointed 1 March 2022)
H Gurga (appointed 1 March 2022)
J R Heaps
C S McGuinness
S L Melvin
D J Postings (appointed 15 April 2021)
Dr J K Swinburne (appointed 19 May 2021)
M E Tucker
R J Watson
J P Whitehouse
S G Williams (appointed 15 April 2021)
Sir D H Wooton
A Kail (resigned 30 June 2021)
R C M Wigley (resigned 15 April 2021)

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

The auditor, CLA Evelyn Partners, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf.


Miles Celic (Jul 27, 2022 13:58 GMT+1)

M Celic
Director

Date: 27-July-2022

THECITYUK
(A Company Limited by Guarantee)

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 MARCH 2022**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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THECITYUK
(A Company Limited by Guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THECITYUK

Opinion

We have audited the financial statements of TheCityUK (the 'Company') for the year ended 31 March 2022 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

THECITYUK
(A Company Limited by Guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THECITYUK (CONTINUED)

Other information

The other information comprises the information included in the Directors' Report and Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Directors' Report and Financial Statements. 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

THECITYUK
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THECITYUK (CONTINUED)

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.

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 a general understanding of the Company's legal and regulatory framework through enquiry of management in respect of their understanding of the relevant laws and regulations. We obtained an understanding of the entity's policies and procedures in relation to compliance with relevant laws and regulations. We also drew on our existing understanding of the Company's industry and regulation.

We understand that the Company complies with requirements of the framework through:

- Internal reviews and reporting;
- Updating operating procedures, manuals and internal controls as legal and regulatory requirements change; and
- Regular reporting to the directors from management, meaning that any litigation or claims would come to the attention of the directors timely.

In the context of the audit, we considered those laws and regulations which determine the form and content of the financial statements, which are central to the Company's ability to conduct its business and where failure to comply could result in material penalties. We have identified the following laws and regulations as being of significance in the context of the Company:

- The Companies Act 2006 and FRS 102 in respect of the preparation and presentation of the financial statements.

To gain evidence about compliance with the significant laws and regulations above we made enquiries of management and obtained written management representations regarding the adequacy of procedures in place.

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur. The key areas identified as part of the discussion were the risk of manipulation of the financial statements through manual journal entries, valuation of financial assets and liabilities held at fair value and incorrect recognition of revenue. These areas were communicated to the other members of the engagement team who were not present at the discussion.

The procedures we carried out to gain evidence in the above areas included;

- Testing of a sample of revenue transactions to underlying documentation;
- Testing of a sample of manual journal entries, selected through applying specific risk assessments based on the Company's processes and controls surrounding manual journal entries; and
- Agreement of the valuation of financial assets and liabilities held at fair value to third party supporting documentation.

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

THECITYUK
(A Company Limited by Guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THECITYUK (CONTINUED)

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Giles Murphy

Giles Murphy (Jul 27, 2022 18:00 GMT+1)

Giles Murphy (Senior Statutory Auditor)

for and on behalf of

CLA Evelyn Partners

Chartered Accountants
Statutory Auditor

45 Gresham Street
London

EC2V 7BG

Date: 27-July-2022

THECITYUK
(A Company Limited by Guarantee)

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2022**

	Note	2022 £	2021 £
Turnover		6,183,590	5,957,329
Cost of sales		(896,990)	(741,426)
Gross profit		5,286,600	5,215,903
Administrative expenses		(5,283,663)	(5,031,628)
Operating profit	5	2,937	184,275
Interest receivable and similar income		298	3,732
Gain on current asset investments	12	143,909	246,467
Profit before tax		147,144	434,474
Tax on profit	8	-	-
Profit for the financial year		147,144	434,474

There was no other comprehensive income for 2022 (2021 - £Nil).

The notes on pages 12 to 25 form part of these financial statements.

THECITYUK
(A Company Limited by Guarantee)
REGISTERED NUMBER: 07088009

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	9	475,536	513,923
Investments	10	220	220
		<u>475,756</u>	<u>514,143</u>
Current assets			
Debtors: amounts falling due within one year	11	2,555,855	637,626
Current asset investments	12	1,596,782	1,071,142
Cash at bank and in hand		3,179,110	2,500,246
		<u>7,331,747</u>	<u>4,209,014</u>
Creditors: amounts falling due within one year	14	(5,630,013)	(2,710,811)
Net current assets		<u>1,701,734</u>	<u>1,498,203</u>
Total assets less current liabilities		<u>2,177,490</u>	<u>2,012,346</u>
Provisions for liabilities			
Provisions	15	(43,500)	(25,500)
Net assets		<u>2,133,990</u>	<u>1,986,846</u>
Capital and reserves			
Retained earnings	16	2,133,990	1,986,846
Total capital and reserves		<u>2,133,990</u>	<u>1,986,846</u>

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

Milos Celic
Milos Celic (Jul 27, 2022 13:58 GMT+1)

M Celic
Director

Date: 27-July-2022

The notes on pages 12 to 25 form part of these financial statements.

THECITYUK
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**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022**

	Retained earnings £	Total equity £
At 1 April 2020	1,552,372	1,552,372
Comprehensive income for the year		
Profit for the year	434,474	434,474
At 1 April 2021	1,986,846	1,986,846
Comprehensive income for the year		
Profit for the year	147,144	147,144
At 31 March 2022	2,133,990	2,133,990

THECITYUK
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2022

	2022 £	2021 £
Cash flows from operating activities		
Profit for the financial year	147,144	434,474
Adjustments for:		
Depreciation of tangible assets	150,563	147,694
Interest received	(298)	(3,732)
Increase in debtors	(1,918,229)	(34,786)
Increase in creditors	2,919,202	498,389
Increase in provisions	18,000	18,000
Net fair value gains on current asset investments	(125,640)	(246,467)
Net cash generated from operating activities	1,190,742	813,572
Cash flows from investing activities		
Purchase of tangible fixed assets	(112,176)	(52,040)
Purchase of current asset investments	(400,000)	-
Sale of current asset investments	-	14,263
Interest received	298	3,732
Net cash used in investing activities	(511,878)	(34,045)
Net increase in cash and cash equivalents	678,864	779,527
Cash and cash equivalents at beginning of year	2,500,246	1,720,719
Cash and cash equivalents at the end of year	3,179,110	2,500,246
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	3,179,110	2,500,246
	3,179,110	2,500,246

THECITYUK
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

1. General information

TheCityUK is a company limited by guarantee, domiciled and incorporated in England and Wales (registered number: 07088009). The registered office address is Sixth Floor, Fitzwilliam House, 10 St. Mary Axe, London, EC3A 8BF.

The Company's functional and presentational currency is GBP.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006 and the small companies exemptions provided by section 415A of the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Exemption from preparing consolidated financial statements

The Company is exempt from the requirement to prepare consolidated financial statements as all of its subsidiaries are not required to be consolidated by section 402 of the Companies Act 2006.

THECITYUK
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

2. Accounting policies (continued)

2.3 Going concern

The financial statements have been prepared on a going concern basis.

The directors have carefully reviewed the future prospects of the Company and its future cash flows, including an assessment of the potential longer-term impact of the COVID-19 pandemic. The longer-term impact of the COVID-19 pandemic on the Company remains uncertain and as a result is unquantifiable at this stage.

The short-term threat to our ability to generate revenue through our events programme and overseas markets work has been abated due to the flexible approach we have taken to deliver the revenue streams. We have invested in our IT infrastructure to ensure that we are able to hold events and meetings both in person and remotely – this has enabled us to resume all our planned programmes and has resulted in our revenues from non-membership being returned to pre-pandemic levels. The income generated comprises a relatively small component of revenue, but does make a contribution to overall costs.

The longer-term threat does remain, albeit on a reduced level from the previous years, where some of our members may still face cost challenges as the full financial impact of the pandemic becomes clearer in their own business, and as a result they may be forced to review their membership. We will keep the movements in the membership under review and will update the Board regularly as we progress through the year with the emerging trends.

Nevertheless, having assessed this, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, being at least the next 12 months from the signing of these financial statements based upon revenue projections and the level of cash reserves and current asset investments held by the Company.

For this reason, the directors continue to adopt the going concern basis for the preparation of the financial statements. Accordingly, these financial statements do not include any adjustments to the carrying amount or classification of assets and liabilities that would result if the Company was unable to continue as a going concern.

THECITYUK
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

2. Accounting policies (continued)

2.4 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Subscriptions

Subscriptions invoiced by the Company are recognised over the period that the related services are provided to the members, with income relating to future periods being deferred accordingly and disclosed under deferred income.

Grant income

Grant income from the City of London Corporation is paid to the Company quarterly in advance and is recognised in the quarter to which it relates.

Grant income from government grants is paid to the Company quarterly in arrears and is recognised in the period in which it is earned.

Other income

Other income is derived principally from events held and publications released and is recognised once the service to which it relates has been provided.

All income relates to the United Kingdom.

2.5 Cost of sales

Direct activity costs incurred by the Company are matched to the period in which the service was provided, and accruals made where invoices have not been received at the period end.

2.6 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.7 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

2. Accounting policies (continued)

2.8 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Long-term leasehold property	-	10%
Fixtures and fittings	-	33%
Office equipment	-	33%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

2.9 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Current asset investments are investments in investment funds which are remeasured to fair value at each statement of financial position date. Fair value is determined using publicly listed prices provided by the investment manager. Gains and losses on remeasurement are recognised in the Statement of Comprehensive Income for the period. Where fair value cannot be reliably determined, such investments are stated at historic cost less impairment. Fund management fees payable to the manager of the investment funds are recognised as an expense in the Statement of Comprehensive Income for the period.

2.10 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the statement of financial position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the statement of financial position date.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

2. Accounting policies (continued)

2.11 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.12 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the statement of financial position 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 Statement of Financial Position.

2.13 Financial instruments

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument.

Investments in unlisted shares are classified as basic financial instruments. They are initially measured at transaction price less impairment. Investments in investment funds are measured at fair value with gains and losses on remeasurement recognised in the Statement of Comprehensive Income.

Trade and other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the Company will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank, short-term bank deposits with an original maturity of three months or less and bank overdrafts which are an integral part of the Company's cash management.

Financial liabilities and equity instruments issued by the Company are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

2. Accounting policies (continued)

2.14 Taxation

Tax is recognised in the Statement of Comprehensive Income except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Since the Company acts as a not-for-profit mutual organisation with the intention of benefiting its members, profits from trading with members are outside the scope of corporation tax. The Company therefore does not provide for corporation tax on any surplus generated from these membership activities, except in relation to corporation tax on investment gains (less any corporation tax losses brought forward).

THECITYUK
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022**

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the application of the Company's accounting policies, management are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Management do not consider there to be any judgements that have a significant effect on amounts recognised in the financial statements.

Management considers that the key sources of estimation uncertainty in preparing the financial statements are:

Current asset investments

Current asset investments are measured at fair value using publicly available valuations of the fund investments provided by the investment manager. As at 31 March 2022, investments were valued at £1,596,782 (2021 - £1,071,142), of which £143,909 was recognised as a gain during the year (2021 - £246,467).

Trade debtor recoverability

The trade debtors balances of £2,111,819 (2021 - £212,094) recorded in the Statement of Financial Position comprise a number of membership invoices relating to the new financial year that were raised and posted to the accounts one month in advance of their renewal date and therefore increased the outstanding debtors substantially from the previous year. A full line by line review of trade debtors is carried out by management at the end of each month. Whilst every attempt is made to ensure that the bad debt provisions are as accurate as possible, there remains a risk that the provisions do not match the level of debts which ultimately prove to be uncollectible.

Dilapidation provision

The dilapidation provision of £43,500 (2021 - £25,500) is based upon the best estimate of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. However, there remains a risk that the provision does not match the level of cost ultimately required.

4. Grant income

There are no unfulfilled conditions attached to the grant income recognised. Grant income has been received in relation to projects undertaken as well as rental and services undertaken under a service level agreement; further information on the funding from the City of London Corporation is described within note 19.

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FOR THE YEAR ENDED 31 MARCH 2022**

5. Operating profit

The operating profit is stated after charging:

	2022 £	2021 £
Operating lease rentals	368,772	374,047
Pension costs	166,488	175,407
	<u>535,260</u>	<u>549,454</u>

6. Auditor's remuneration

	2022 £	2021 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	17,250	15,785
	<u>17,250</u>	<u>15,785</u>

Fees payable to the Company's auditor and its associates in respect of:

Taxation compliance services	3,475	3,235
Other services relating to taxation	680	6,000
All other services	1,230	1,120
	<u>5,385</u>	<u>10,355</u>

7. Employees

The average monthly number of employees, including the directors, during the year was as follows:

	2022 No.	2021 No.
Average number of employees	39	41
	<u>39</u>	<u>41</u>

The average number of directors who served during the year was 17 (2021 - 15), 1 of which received remuneration during the year (2021 - 1).

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8. Taxation

	2022 £	2021 £
Current tax		
Total current tax	-	-
Deferred tax		
Total deferred tax	-	-
Taxation on profit on ordinary activities	-	-

The Company has an unrecognised deferred tax asset of £108,585 (2021 - £144,166).

Factors affecting tax charge for the year

There were no factors that affected the tax charge for the year which has been calculated on the profits on ordinary activities before tax at the standard rate of corporation tax in the UK of 19% (2021 - 19%).

Factors that may affect future tax charges

Finance Act 2021 includes legislation to increase the main rate of corporation tax from 19% to 25% from 1 April 2023. A small-profits rate will also apply from that date reducing tax for profits up to £250k to a minimum of 19%. The full anticipated effect of these changes is reflected in the above deferred tax balances.

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9. Tangible fixed assets

	Long-term leasehold property £	Fixtures and fittings £	Office equipment £	Total £
Cost				
At 1 April 2021	427,674	154,542	311,836	894,052
Additions	3,525	5,822	102,829	112,176
At 31 March 2022	431,199	160,364	414,665	1,006,228
Depreciation				
At 1 April 2021	60,457	75,243	244,429	380,129
Charge for the year	42,891	49,172	58,500	150,563
At 31 March 2022	103,348	124,415	302,929	530,692
Net book value				
At 31 March 2022	327,851	35,949	111,736	475,536
At 31 March 2021	367,217	79,299	67,407	513,923

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10. Fixed asset investments

	Investments in subsidiary companies £
Cost	
At 1 April 2021	220
At 31 March 2022	<u>220</u>

Subsidiary undertaking

The following was a subsidiary undertaking of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
TCUK Trading Limited	Sixth Floor, Fitzwilliam House, 10 St. Mary Axe, London, EC3A 8BF	Inactive	Ordinary	100%

The aggregate of the share capital and reserves as at 31 March 2022 and the profit or loss for the year ended on that date for the subsidiary undertaking were as follows:

Name	Aggregate of share capital and reserves	Profit
TCUK Trading Limited	(880)	-

11. Debtors

	2022 £	2021 £
Trade debtors	2,111,819	212,094
Amounts owed by group undertakings	4,703	5,703
Prepayments and accrued income	439,333	419,829
	<u>2,555,855</u>	<u>637,626</u>

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12. Current asset investments

	2022 £	2021 £
Current asset investments	<u>1,596,782</u>	<u>1,071,142</u>

Current asset investments consist of investments made in a diversified portfolio of assets which includes bonds, equities, commodities and real estate. The original cost of investments was £1,280,558 (2021 - £898,827). Additions of £400,000 was made during the period (2021 - £Nil). Fair value gains during the year are £143,909 (2021 - £246,467) and have been recognised in the Statement of Comprehensive Income as part of gains on current asset investments.

13. Analysis of net debt

	At 1 April 2021 £	Cash flows £	At 31 March 2022 £
Net funds	<u>2,500,246</u>	<u>678,864</u>	<u>3,179,110</u>

14. Creditors: Amounts falling due within one year

	2022 £	2021 £
Trade creditors	255,844	368,767
Other taxation and social security	24,019	18,329
Deferred income	4,425,666	1,551,389
Accruals and other creditors	924,484	772,326
	<u>5,630,013</u>	<u>2,710,811</u>

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15. Provisions

	Dilapidation provision £
At 1 April 2021	25,500
Charged to the Statement of Comprehensive Income	18,000
At 31 March 2022	43,500

Dilapidation provision

A dilapidation provision is recognised to accrue the cost of returning the Company's office premises to its original condition at the end of the lease.

16. Reserves

Retained earnings

This reserve relates to the cumulative retained earnings less amounts distributed to members.

17. Company status

The Company is a private company limited by guarantee and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding £1 towards the assets of the Company in the event of liquidation.

18. Pension commitments

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £166,488 (2021 - £175,407). Contributions totalling £23,303 (2021 - £23,847) were payable to the fund at the reporting date and are included in creditors.

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19. Commitments under operating leases

At 31 March the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
Not later than 1 year	417,532	421,071
Later than 1 year and not later than 5 years	1,647,257	1,655,270
Later than 5 years	969,382	1,377,405
	<u>3,034,171</u>	<u>3,453,746</u>

20. Related party transactions

The Company received funding of £400,000 (2021 - £400,000) from the City of London Corporation for services provided in accordance with the Service Level Agreement dated July 2019. At the year end, an amount of £Nil (2021 - £Nil) was outstanding. The City of London Corporation is a related party of the Company due to the Corporation's level of financial support and associated rights, including the ability to appoint two board members.

In addition, the Company received £100,000 (2021 - £100,000) from the City of London Corporation in relation to a contribution for rental expenses incurred by the Company. At the year end, an amount of £Nil (2021 - £Nil) was outstanding.

During the year, the Company was invoiced £152,320 (2021 - £287,644) by the City of London Corporation for rates. At the year end, the Company owed £152,320 (2021 - £151,200) which is included within creditors.

During the year, TheCityUK settled costs on behalf of the Financial Services Skills Commission (the "Commission") of £7,539 (2021 - £62,495) which were recharged at cost. At the year end, £9,047 (2021 - £74,994) was owed to the Company, which is included in debtors. The Commission is a related party as the Company was a founding member, with the Company also signing a Service Level Agreement to support the growth of the Commission by providing services to them at a nominal fee in lieu of paying a yearly subscription fee.

Key management personnel

Key management are those persons having authority and responsibility for planning, controlling and directing the activities of the Company. In the opinion of the board of directors, the Company's key management are the Executive Team of TheCityUK. Total compensation to key management personnel during the year was £1,035,006 (2021 - £1,323,342).

21. Controlling party

The directors consider there to be no ultimate controlling party.