

CHARITY REGISTRATION NUMBER 1110314

COMPANY REGISTRATION NUMBER 5396512

CITY HEARTS (UK)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

CITY HEARTS (UK)

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	K Downes N P Anumba J D Houghton F R Smith	(Appointed 24 May 2019) (Appointed 1 January 2020)
Secretary	D Noble	
Chief executive officer	E Newton	
Charity number	1110314	
Company number	5396512	
Principal address	The Megacentre Bernard Road Sheffield South Yorkshire S2 5BQ	
Registered office	The Megacentre Bernard Road Sheffield South Yorkshire S2 5BQ	
Auditors	UHY Hacker Young 6 Broadfield Court Broadfield Way Sheffield S8 0XF	
Bankers	Barclays Bank plc P.O. Box 1385 2 Arena Court Sheffield S9 2WV	
Solicitors	Geldards Number One Pride Place Pride Park Derby DE24 8QR	

CITY HEARTS (UK)

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CITY HEARTS (UK)

TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2020

The trustees present their report and financial statements for the year ended 31 March 2020.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the charity's Memorandum and Articles of Association, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)".

Objectives and activities

The charity's objects are:

- to relieve poverty and to promote the education and training of the inhabitants of the cities of the north of England who through their social and economic circumstances are in need and unable to gain employment and in particular to promote and support schemes where such people may receive training for and placement in employment;
- to advance education and to provide facilities in the interest of social welfare for recreation and leisure time occupation with the objects of improving the conditions of life of the inhabitants of the area of benefit;
- to relieve the need of persons who are homeless, in housing need, hardship or distress by providing accommodation; and
- to provide or assist in the provision of facilities for the daily care and recreation of children during out of school hours and holidays so as to promote their physical and mental health.

The trustees have paid due regard to guidance issued by the Charity Commission in deciding what activities the charity should undertake.

The Trustees' current strategies for carrying out these Objectives are advanced through the following activities:

- providing short-term specialised support and accommodation for men, women and families rescued from Modern Slavery across the North-West and North-East of England and South Yorkshire;
- providing long-term support for survivors of Modern Slavery living in the community with a specific focus on integration, independence and rehabilitation;
- providing supported accommodation to women who want to make positive lifestyle changes and who are overcoming issues, such as drug and alcohol addictions, self-harm, depression and eating disorders;
- providing support to ex-offenders and those at risk of offending in order to reduce violence and help individuals live crime free futures; and
- providing support locally and globally to use the experience gained within City Hearts (UK) to develop partnerships to enable other charities to restore the lives of vulnerable and exploited individuals.

In accordance with best practice, the Trustees are currently reviewing the charity's Objects.

CITY HEARTS (UK)

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2020

Achievements and performance

Our Modern Slavery work

Safe Houses and Outreach

City Hearts (UK) has continued to deliver outstanding care to survivors of Modern Slavery, as a subcontractor to the Salvation Army and as part of the National Referral Mechanism (NRM), the Government Home Office's framework for identifying and referring potential victims of Modern Slavery and ensuring they receive appropriate support. Our support is delivered across the North West and North East England as well as South Yorkshire and is delivered through safe house accommodation and Outreach services, supporting survivors of slavery from the moment of their rescue from their exploitative situation. In total, we are now working with more than 500 people at one time as part of these programmes.

Through these programmes we offer vital support, including helping survivors access emergency medical treatment, dental care, counselling, police and legal support, English classes, further education, bank accounts and ID.

"That's when I met my caseworker. I can't thank him enough for everything he's done for me. If I'm having a bad day he listens, that's the best thing for me. I know he does everything to support me and it's because he cares, he cares about his job and about me. He listens and advises any way he can, he is always there, no matter what it is. The best thing I ever did was come into the NRM, I couldn't have done this on my own. I'm not completely there, but I feel like I am finally learning to be me, learning who I am. My life is now positive, I am happy to wake up every single day. I couldn't have predicted how my life would change."

"When I first arrived at the safe house, I felt a little confused and unsure what to expect, but I soon began to feel safe and protected. City Hearts helped me so much; getting identification, helping me to find accommodation and teaching me English through classes, which has made me feel much more confident. After I left the safe house, I attended weekly drop-in sessions, where we played games and did activities. Now, I feel happy and safe. My life has changed completely."

CITY HEARTS (UK)

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2020

Integration Support and Bright Future Programme

City Hearts Integration Support Programme continues to provide long-term care to survivors of Modern Slavery after they have exited safe house or outreach support services. The programme acts as a safety net and aims to prevent vulnerable survivors from falling into re-trafficking and homelessness. This year, 200 survivors of Modern Slavery have been supported through the Integration Support Programme with 2,711 survivor needs met.

“I was referred to City Hearts. The first day I met one of the team, he explained to me what City Hearts was and the support they could offer. City Hearts has given me advice, guidance, helped me access medical treatment and integrate into my local community, where I have begun gardening. I used to have nightmares about what had happened to me, but now they’ve stopped. I feel like I fit in here, the people are kind and have helped me so much.”

City Hearts (UK) continues to operate the National Matching Service, as part of the award winning Bright Future Partnership Programme. Developed by City Hearts alongside the Co-op in 2017, the programme was created to remove barriers to employment, accelerating survivors towards a brighter future. It provides a fast track into work with major companies on a human rights basis. The programme, which has been globally recognised as best practice business charity collaboration in the area of sustainably combating Modern Slavery, matches survivors with employment opportunities in businesses. It has received 111 referrals this year and has a 59% success rate of candidates entering employment following a placement. This year Bright Future has become its own legal entity, setting up as an independent cooperative. City Hearts holds a three year secured seat on the Bright Future board.

Our Violence Reduction and Crime Free Futures work

The About Face Programme

About Face represents City Hearts commitment to addressing the cycle of crime and to promoting crime free futures. This is done through offering support both to those who commit, and those who are victims of criminality. Reduced crime equals reduced victims and hence works toward creating a better society.

We work alongside people at risk of being involved in offending behaviour who also present as difficult to engage with. All work is person centred and trauma informed and is carried out in partnership with key statutory and non-statutory services.

CITY HEARTS (UK)

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2020

The Forging Ahead Programme

Forging Ahead is a programme City Hearts has developed to provide paid and permanent employment to help individuals seeking a crime free future.

Working alongside Total Training Provision, Her Majesty's Prison and Probation Service, South Yorkshire Police and employers, a three-week training course is delivered, which provides individuals with the required skills and qualifications to move forward into employment.

Plan B

Working in partnership with South Yorkshire Police Violence Reduction Unit, Plan B was launched. It involves experienced custody navigators from City Hearts engaging with individuals in custody from the point of arrest. The initiative aims to reduce offending rates and violence, whilst also helping individuals realise and work towards their goals and aspirations. Following a successful pilot of the programme, it was rolled out fully into Sheffield's Shepcote Lane custody suite. It has since expanded into Doncaster and Barnsley custody suites, and is now open to female referrals.

Over the past year, 320 people have been supported, with 70 of those receiving intensive support. Our programmes have secured funding from South Yorkshire Police and the Crime Commissioner's Office. Through our work, we have seen the general re-offending rate of our cohort drop to 22% against a national average for 2018/2019 of 39.1%. The Forging Ahead programme has also been nominated for a number of awards, including the Butler Trust Award, the South Yorkshire Police Force Awards and a Howard League award for its innovative partnership work.

Since our work to reduce violence and promote crime free futures started in 2018, 25 individuals have found and continue to be engaged in meaningful employment, 33 individuals have been supported into finding their own accommodation, 17 individuals have been helped to reconcile family issues and conflict including support with social care involvement regarding contact with children and 45 individuals have received referrals into specialist support services, including drug and alcohol services.

"The team at City Hearts are incredible. Their knowledge and support to the people they work with knows no bounds. They are responsive and proactive, ensuring that everyone gets thorough support, information and advice throughout their dealings with them. They have been able to turn lives a full 360 degrees to what they were and where they came from. They rise to challenges dealing with people with complex needs and barriers."

Managing Director, Total Training Provision

CITY HEARTS (UK)

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2020

Our Partnership work

City Hearts Netherlands

City Hearts Netherlands, a charity that we have supported since its founding and have worked in partnership with since early 2019, are now supporting 30 women a week in their weekly drop ins and language café. The charity has developed a strong base of volunteers and have a growing network of local service and connections. City Hearts Netherlands has its own board, sets its own strategy and is not financially supported in anyway by City Hearts (UK).

City Hearts Aberdeen

Since 2018, we have worked in partnership with City Hearts Aberdeen through their initial stages of development, fuelled by our joint desire to help vulnerable people in Scotland and create lasting change.

City Hearts Aberdeen aims to create a better future for individuals who are survivors of Modern Slavery, and for those who struggle with life controlling issues such as addiction, through the provision of support, care, and accommodation.

Our support, as a partner, has included delivering training to staff, developing systems and providing policies and procedures for staff and clients, which have been adapted by City Hearts Aberdeen to fully comply with Scottish law. The partnership agreement between City Hearts (UK) and City Hearts Aberdeen was due to expire at the end of 2020. The Directors of both charities have agreed that this is an appropriate time for City Hearts Aberdeen to run as an independent charity, which will be called 'Searchlight Scotland'.

City Hearts Aberdeen is currently running accommodation with a capacity of nine beds. Over the past year supported accommodation has been provided to 11 clients with complex needs. The charity has also raised awareness of Modern Slavery across Scotland, training over 600 professionals on how to spot the signs of human trafficking. The charity has recently launched a new outreach programme that aims to help over 700 people in the local area who are at risk of being trafficked.

CITY HEARTS (UK)

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2020

City Hearts Africa

City Hearts (UK) has worked in partnership with City Hearts Africa in Accra, Ghana since 2015. During this time, we have had the privilege of supporting over 100 children through the Child Partnership Programme, which provides educational equipment such as school books and uniforms, pays schooling fees and provides mentoring.

Since March 2020, due to the COVID-19 pandemic, City Hearts Africa had been unable to operate the Child Partnership Programme due to government regulations closing schools and stopping gatherings.

At this time, staff were able to help the Child Partnership Programme families through the initial stages of crisis by providing 740 emergency hampers and educational packs, which brought support and stability to the vast majority of families in this very hard time.

City Hearts Africa sought to use its financial resources to maintain staff employment as long as possible, however the charity reached a point where it was unable to offer ongoing meaningful work to our staff. Covid-19 created much uncertainty and it was unclear when the Child Partnership Programme would be able to run again. In light of this, the decision was made to close the Child Partnership Programme which took effect from the end of July 2020. It is regretful that the programme has come to an end, but we celebrate the impact it has had over the past five years. City Hearts Africa are committed to paying the children's next year of school fees and have signposted families to local, trusted NGO partners.

In addition to our Child Partnership Programme, City Hearts (UK) secured funding from the Antislavery Knowledge Network to deliver an innovative research based project entitled 'Emerging Voices' in Accra, Ghana. This work was carried out in collaboration with City Hearts Africa as well as other local Ghanaian partners. The project involved working with children and young people to explore the next generation's awareness of historic and modern forms of slavery in Ghana. As part of the project, sixty children and young people visited heritage sites and met and heard from heritage experts and Ghanaians who had been exploited. They also engaged in drama, dance, art and photography workshops and discussions.

As part of this research based project, the Emerging Voices Report was produced. The report focuses on Arts and Humanities anti-slavery strategies, demonstrating that new arts based approaches to education on modern slavery can increase knowledge by up to 62%.

We have also created an Educational Pack based on the research and results of the Emerging Voices project. The Emerging Voices Education Pack includes teacher guides, lesson plans and workbooks to extend the work of the project, and provide the opportunity for more young people to be educated about modern and historical slavery, and the dangers of trafficking.

"First I thought the modern day slavery doesn't exist but now I see that it's still going on...I want to tell people that slavery is still happening in Ghana so people have to be aware of it and when those kind of people come to them".

CITY HEARTS (UK)

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2020

Additionally

In advance of and on the basis of our anticipated purchase of a property from Hope City Church in the financial year 2019-20, a property City Hearts has rented for a number of years, City Hearts loaned Hope City Church the total agreed purchase price for the property, in advance of completion. This loan was covered by a written legal agreement between the charities and was made in part on the basis of the historic (and at the time ongoing) relationship between the two charities. It was anticipated the sale would complete in the financial year 2019-20. However, on the basis of the due diligence City Hearts carried out in consideration of purchase, the Directors of City Hearts made the decision not to go ahead with the purchase. On the basis of the agreement, the loaned money is therefore due to City Hearts, and will, at latest, be repaid in full by 31st March 2022, with payments being made incrementally prior to this deadline.

Throughout the year, City Hearts has continued to make significant further investment into our HR, financial and services departments in order to improve our service to clients and support to staff. The charity's reserves have also continued to be appropriately strengthened in line with our Reserves policy.

Financial review

The trustees make strategic decisions based on the financial position of the charity by reference to the financial information (i.e. budgets, cashflows) provided to them. They do not however carry out the routine day to day management of the charity, for which the budget leader for each department is responsible.

City Hearts (UK) received £6,229,706 (2019: £4,403,916) of income during the financial year to 31 March 2020 and expended £5,658,436 (2019: £4,251,808), showing a surplus of £571,270 (2019: £152,108). The principal sources of funds are disclosed in notes 3-4 to the accounts.

At 31 March 2020 the charity's reserves were at £1,836,485 (2019: £1,265,215), all of which were unrestricted. The trustees have identified that the reserves are at a reasonable level. The charity's freely available unrestricted reserves at 31 March 2020 were £1,551,468.

Given that City Hearts has received the backing of the Salvation Army as a subcontractor until at least the end of June 2025, we have looked to begin to build reserves to bring security and stability to cover us for any unforeseen circumstances and to ensure there are no cash flow issues going forward. The greatest risk to the charitable company is the loss of the contract with the Salvation Army and the trustees are looking at alternative plans should this happen.

The trustees have assessed the major risks to which the charity is exposed, and are satisfied that systems are in place to mitigate exposure to the major risks.

CITY HEARTS (UK)

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2020

Structure, governance and management

The charity is a company (number 5396512) limited by guarantee under the provisions of the Companies Act 2006. The company does not have any share capital. The company became a registered charity (number 1110314) in July 2005.

The trustees, who are also the directors for the purpose of company law, and who served during the year and up to the date of signature of the financial statements were:

L L Chilengwe	(Resigned 5 September 2019)
K Downes	
N P Anumba	
J D Houghton	(Appointed 24 May 2019)
F R Smith	(Appointed 1 January 2020)

None of the trustees have any beneficial interest in the company. All of the trustees are members of the company and guarantee to contribute £1 in the event of a winding up.

Until year end 31st March 2020, A E Ibbotson occupied the role of Company Secretary. Since then, A E Ibbotson have been replaced in the role by D Noble. The current Directors are K Downes, N P Anumba, J D Houghton and F R Smith. The above Directors are also Managing Trustees of the Charity.

F R Smith was appointed as a Director and Managing Trustee during this financial year and brings a wealth of experience in PR, marketing, communications and training from her previous roles as well as her ongoing role as Managing Director of Keep Your Fork Limited.

As permitted by the Charities Act, and our charity's Articles, Keep Your Fork, of which F R Smith is Managing Director, is contracted to deliver PR and marketing services to the charity in return for payment. In line with best practice and our Conflict of Interest policy, the Directors fully managed such conflict, ensuring F R Smith was not part of any relevant discussions or decision making and ensuring the contract as well as services provided were in the best interests of the charity and that the level of the remuneration was reasonable in relation to the value of the services provided. In line with our policy.

The Directors currently seek to further strengthen its board of Directors to add greater expertise, bring further diversity and ultimately improve decision making. The charity's current process in identifying prospective candidates for trusteeship is as follows: Potential candidates with relevant experience and expertise are identified who the trustees believe will strengthen the board. One of the Trustees (or the charity's CEO) will then approach the prospective candidate, with due diligence being carried out, before any appointment is made.

Since the close of the financial year 2019-20, City Hearts trustees have accepted the resignation of the charity's founder and global strategist Jenny Gilpin from her role at City Hearts, who moved back to her Australian homeland and now has no involvement in any areas of the charity. Jenny's vision in pioneering City Hearts inspired many people and enabled the charity to pursue freedom and restore the lives of thousands of vulnerable people. In more recent years, her desire was always for the charity to remain committed to and focused upon the vulnerable people in our care.

The trustees review payments made to employees in equivalent managerial positions in similar organisations when considering the levels of pay for key managers. The trustees also take in to consideration the ability of the charitable company to be able to pay such salaries.

CITY HEARTS (UK)

TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT) FOR THE YEAR ENDED 31 MARCH 2020

Hope City Church, a registered charity (number 1119791) and a company limited by guarantee (number 5999100), is a related party as City Hearts (UK) was founded by and continues to operate in partnership with Hope City Church in relation to the delivery of some of its administrative services until the end of the financial year 2020-21 when this partnership will end. Since the end of the financial year 2019-20, following a combined Trustee meeting between City Hearts and Hope City Church, it has been confirmed that City Hearts and Hope City Church should operate as separate entities. This is reflected in the respective charity's Articles and will be reflected in our Annual Accounts going forwards. The directors also unanimously decided that City Hearts move from premises owned by Hope City Church, which were covered by tenancy agreements, by the end of the financial year 2020-21.

Disclosure of information to auditor

Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor are aware of such information.

The trustees' report was approved by the Board of Trustees.

K Downes

Trustee

Dated: 22 March 2021

CITY HEARTS (UK)

STATEMENT OF TRUSTEES' RESPONSIBILITIES FOR THE YEAR ENDED 31 MARCH 2020

The trustees, who are also the directors of City Hearts (UK) for the purpose of company law, are responsible for preparing the Trustees' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, of the charity for that year.

In preparing these accounts, the trustees are required to:

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

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the accounts comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CITY HEARTS (UK)

Opinion

We have audited the financial statements of City Hearts (UK) (the 'charity') for the year ended 31 March 2020 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2020 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the 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 charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CITY HEARTS (UK) CONTINUED

Other information

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

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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' Report, which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the trustees' 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 charity and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' 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 trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CITY HEARTS (UK) CONTINUED

Responsibilities of trustees

As explained more fully in the statement of trustees' responsibilities, the trustees, who are also the directors of the charity for the purpose of company law, 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 trustees 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 trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://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 charitable 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 charitable company's members those matters we are required to state to them in an auditors' 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Roland Givans (Senior Statutory Auditor)
for and on behalf of UHY Hacker Young

22 March 2021

Chartered Accountants
Statutory Auditor

CITY HEARTS (UK)

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 MARCH 2020

		Unrestricted funds	Restricted funds	Total 2020	Unrestricted funds	Restricted funds	Total 2019
	Notes	£	£	£	£	£	£
Income from:							
Grants and donations	3	38,503	58,775	97,278	126,288	60,000	186,288
Charitable activities	4	6,131,648	-	6,131,648	4,137,008	80,000	4,217,008
Investments	5	557	-	557	620	-	620
Other income	6	223	-	223	-	-	-
Total income		<u>6,170,931</u>	<u>58,775</u>	<u>6,229,706</u>	<u>4,263,916</u>	<u>140,000</u>	<u>4,403,916</u>
Expenditure on:							
Raising funds	7	9,410	-	9,410	8,825	-	8,825
Charitable activities	8	5,367,124	281,902	5,649,026	4,073,961	169,022	4,242,983
Total resources expended		<u>5,376,534</u>	<u>281,902</u>	<u>5,658,436</u>	<u>4,082,786</u>	<u>169,022</u>	<u>4,251,808</u>
Net incoming/ (outgoing) resources before transfers		794,397	(223,127)	571,270	181,130	(29,022)	152,108
Gross transfers between funds		(173,887)	173,887	-	-	-	-
Net income/(expenditure) for the year/ Net movement in funds		<u>620,510</u>	<u>(49,240)</u>	<u>571,270</u>	<u>181,130</u>	<u>(29,022)</u>	<u>152,108</u>
Fund balances at 1 April 2019		<u>1,215,975</u>	<u>49,240</u>	<u>1,265,215</u>	<u>1,034,845</u>	<u>78,262</u>	<u>1,113,107</u>
Fund balances at 31 March 2020		<u><u>1,836,485</u></u>	<u><u>-</u></u>	<u><u>1,836,485</u></u>	<u><u>1,215,975</u></u>	<u><u>49,240</u></u>	<u><u>1,265,215</u></u>

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

CITY HEARTS (UK)

BALANCE SHEET

AS AT 31 MARCH 2020

		2020		2019	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	14		461,514		437,048
Current assets					
Debtors	15	1,000,727		657,658	
Cash at bank and in hand		796,913		583,252	
		<u>1,797,640</u>		<u>1,240,910</u>	
Creditors: amounts falling due within one year	17	(253,160)		(236,074)	
Net current assets			1,544,480		1,004,836
Total assets less current liabilities			<u>2,005,994</u>		<u>1,441,884</u>
Creditors: amounts falling due after more than one year	18		(169,509)		(176,669)
Net assets			<u>1,836,485</u>		<u>1,265,215</u>
Income funds					
Restricted funds	20		-		49,240
Unrestricted funds			1,836,485		1,215,975
			<u>1,836,485</u>		<u>1,265,215</u>

The financial statements were approved by the board of directors and authorised for issue on 22 March 2021 and are signed on its behalf by:

K Downes
Trustee

Company Registration No. 5396512

CITY HEARTS (UK)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2020		2019	
		£	£	£	£
Cash flows from operating activities					
Cash generated from operations	25		282,706		9,679
Investing activities					
Purchase of tangible fixed assets		(62,728)		(39,587)	
Interest received		557		620	
Net cash used in investing activities			(62,171)		(38,967)
Financing activities					
Repayment of bank loans		(6,874)		(6,629)	
Net cash used in financing activities			(6,874)		(6,629)
Net increase/(decrease) in cash and cash equivalents			213,661		(35,917)
Cash and cash equivalents at beginning of year			583,252		619,169
Cash and cash equivalents at end of year			<u>796,913</u>		<u>583,252</u>

CITY HEARTS (UK)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

Company information

City Hearts (UK) is a private company limited by guarantee incorporated in England and Wales. The registered office is The Megacentre, Bernard Road, Sheffield, South Yorkshire, S2 5BQ.

1.1 Accounting convention

The financial statements have been prepared in accordance with the charity's Memorandum and Articles of Association, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)". The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the main functional currency of the charity. The charity also has the functional currency of Ghanaian Cedi. Monetary amounts in these financial statements are rounded to the nearest £.

The accounts have been prepared on the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the accounts.

1.4 Incoming resources

Grants and voluntary income comprising gifts, donations and other forms of income, including grants for the purchase of fixed assets, are recognised in full in the Statement of Financial Activities in the year in which they are receivable, except insofar as they are incapable of financial measurement.

The value of services provided by volunteers has not been included.

Income is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business.

CITY HEARTS (UK)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

1.5 Resources expended

Resources expended are recognised in the year in which they are incurred inclusive of irrecoverable VAT.

Charitable expenditure comprises costs incurred by the charity in the delivery of its activities and includes costs that can be allocated directly to such activities and costs of an indirect nature to support them.

Governance costs are those incurred in connection with the administration of the charity and compliance with constitutional and statutory requirements.

Grants for other charitable activities are made at the discretion of the trustees and are recognised in the year in which they are made.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Land and buildings	2% Straight line
Leasehold property improvements	33% Straight line
Fixtures, fittings & equipment	20% Straight line/33% Straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

Fixed assets costing less than £500 are not capitalised.

1.7 Impairment of fixed assets

At each reporting end date, the charity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

CITY HEARTS (UK)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in income/(expenditure) for the year, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

CITY HEARTS (UK)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets, other than those held at fair value through income and expenditure, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected.

If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in net income/(expenditure) for the year.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in net income/(expenditure) for the year.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the charity transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the charity's contractual obligations expire or are discharged or cancelled.

1.10 Employee benefits

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the charity is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

CITY HEARTS (UK)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

1 Accounting policies (Continued)

1.11 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.12 Leases

Rentals payable under operating leases, including any lease incentives received, are charged as an expense on a straight line basis over the term of the relevant lease.

1.13 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in net income/(expenditure) for the period.

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the directors 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods. There are no judgements or estimates which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities.

3 Grants and donations

	Unrestricted funds	Restricted funds	Total	Unrestricted funds	Restricted funds	Total
	2020 £	2020 £	2020 £	2019 £	2019 £	2019 £
Donations and gifts	38,503	58,775	97,278	126,288	60,000	186,288

CITY HEARTS (UK)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

4 Charitable activities

	2020 £	2019 £
Services provided under contract	6,131,648	4,217,008

5 Investments

	2020 £	2019 £
Interest receivable	557	620

6 Other income

	2020 £	2019 £
Other income	223	-

7 Raising funds

	2020 £	2019 £
<u>Fundraising and publicity</u>		
Advertising	9,410	8,825
	9,410	8,825

CITY HEARTS (UK)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

8 Charitable activities

	2020	2019
	£	£
Staff costs	3,145,992	2,475,239
Depreciation and impairment	38,262	26,370
Repairs and maintenance	131,602	102,112
Telephone	57,500	43,997
Training costs	44,016	15,764
Motor and travel expenses	360,491	258,668
Rent and charges	439,210	402,273
Insurance	16,091	13,065
Legal and professional fees	149,719	167,728
Bank interest and charges	12,178	19,267
Sundry expenses	31,838	13,708
Light and heat	70,124	54,246
Rates	41,890	22,342
Food and drink	61,780	82,059
Activities and outings	32,313	42,266
Printing, postage and stationery	19,444	24,335
IT expenses	92,493	74,239
Cleaning	21,529	8,360
Licences and subscriptions	5,515	6,967
City Hearts allowances	850,992	384,558
AKN expenses	21,907	-
	<u>5,644,886</u>	<u>4,237,563</u>
Grant funding of activities (see note 9)	720	2,720
Share of governance costs (see note 10)	3,420	2,700
	<u>5,649,026</u>	<u>4,242,983</u>
Analysis by fund		
Unrestricted funds	5,367,124	4,073,961
Restricted funds	281,902	169,022
	<u>5,649,026</u>	<u>4,242,983</u>

CITY HEARTS (UK)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

9 Grants payable

	2020 £	2019 £
Grants to institutions:		
Other	720	2,720
	<u>720</u>	<u>2,720</u>
	<u>720</u>	<u>2,720</u>

10 Support costs

	Support costs £	Governance costs £	2020 £	Support costs £	Governance costs £	2019 £
Audit fees	-	3,420	3,420	-	2,700	2,700
	<u>-</u>	<u>3,420</u>	<u>3,420</u>	<u>-</u>	<u>2,700</u>	<u>2,700</u>
	<u>-</u>	<u>3,420</u>	<u>3,420</u>	<u>-</u>	<u>2,700</u>	<u>2,700</u>
Analysed between						
Charitable activities	-	3,420	3,420	-	2,700	2,700
	<u>-</u>	<u>3,420</u>	<u>3,420</u>	<u>-</u>	<u>2,700</u>	<u>2,700</u>

Governance costs includes payments to the auditors of £3,420 (2019: £2,700) for audit fees. Other costs includes payments to the auditors of £3,420 (2019: £2,700) for other services.

11 Trustees

F R Smith controls another company that during the period since she became a trustee received £2,085 (2019: £nil) for marketing services.

None of the other trustees (or any persons connected with them) received any remuneration or any other benefits from employment with the charity during the year and no trustee expenses have been incurred.

The charity's Memorandum and Articles of Association expressly permits trustees to be remunerated provided certain conditions are met.

CITY HEARTS (UK)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

12 Employees

Number of employees

The average monthly number of employees during the year was:

	2020	2019
	Number	Number
Employees	164	138
Trustees	4	4
	<u>168</u>	<u>142</u>

Employment costs

	2020	2019
	£	£
Wages and salaries	2,866,715	2,279,407
Social security costs	207,868	158,114
Other pension costs	71,409	37,718
	<u>3,145,992</u>	<u>2,475,239</u>

There were no employees whose annual remuneration was £60,000 or more.

13 Taxation

In view of the charitable objects of the company and of its registered charity status, no taxation should be payable.

CITY HEARTS (UK)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

14 Tangible fixed assets

	Land and buildings	Leasehold property improvements	Fixtures, fittings & equipment	Total
	£	£	£	£
Cost				
At 1 April 2019	398,251	-	99,791	498,042
Additions	-	1,376	61,352	62,728
At 31 March 2020	398,251	1,376	161,143	560,770
Depreciation and impairment				
At 1 April 2019	14,697	-	46,297	60,994
Depreciation charged in the year	7,963	99	30,200	38,262
At 31 March 2020	22,660	99	76,497	99,256
Carrying amount				
At 31 March 2020	375,591	1,277	84,646	461,514
At 31 March 2019	383,554	-	53,494	437,048

The charity's freehold land and buildings are subject to a mortgage with the balance owed at 31 March 2020 amounting to 47% (2019: 48%) of their net book value.

15 Debtors

	2020	2019
	£	£
Amounts falling due within one year:		
Trade debtors	822,583	628,486
Amount owed by parent undertaking	154,617	8,014
Other debtors	14,177	13,475
Prepayments and accrued income	9,350	7,683
	1,000,727	657,658

CITY HEARTS (UK)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

16 Loans and overdrafts

	2020 £	2019 £
Bank loans	176,497	183,371
Payable within one year	6,988	6,702
Payable after one year	169,509	176,669
Amounts included above which fall due after five years:		
Payable by instalments	138,270	146,716

The mortgage is secured by a first legal charge over the charity's freehold land and buildings.

17 Creditors: amounts falling due within one year

	Notes	2020 £	2019 £
Bank loans	16	6,988	6,702
Other taxation and social security		48,248	40,209
Deferred income	19	67,131	68,460
Trade creditors		21,358	41,091
Amounts owed to fellow group undertakings		807	807
Other creditors		87,854	65,757
Accruals and deferred income		20,774	13,048
		253,160	236,074

18 Creditors: amounts falling due after more than one year

	Notes	2020 £	2019 £
Bank loans	16	169,509	176,669

CITY HEARTS (UK)

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2020**

19 Deferred income

	2020	2019
	£	£
Other deferred income	67,131	68,460
	<u>67,131</u>	<u>68,460</u>

Deferred income is included in the financial statements as follows:

	2020	2019
	£	£
Current liabilities	67,131	68,460
	<u>67,131</u>	<u>68,460</u>
	<u>67,131</u>	<u>68,460</u>

CITY HEARTS (UK)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2020

20 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trust for specific purposes:

	Movement in funds			Movement in funds				Balance at 31 March 2020
	Balance at 1 April 2018	Incoming resources	Resources expended	Balance at 1 April 2019	Incoming resources	Resources expended	Transfers	
	£	£	£	£	£	£	£	£
ISP Project	78,262	120,000	(169,022)	29,240	-	(175,191)	145,951	-
Antislavery Knowledge Network	-	20,000	-	20,000	58,775	(106,711)	27,936	-
	<u>78,262</u>	<u>140,000</u>	<u>(169,022)</u>	<u>49,240</u>	<u>58,775</u>	<u>(281,902)</u>	<u>173,887</u>	<u>-</u>

The Integration Support Programme aims to support male victims of human trafficking to connect with their community and reintegrate into the labour market. The programme seeks to empower, 'up-skill' and inspire each individual to take hold of a pathway to employment and to engage effectively with their local community, moving them towards full independence. The charity provided coaching and guidance and encourage the individuals to manage their own lives independently. This was achieved through weekly coaching sessions, befriending activities, classroom work, work placement and training.

The Antislavery Knowledge Network offers the first extended effort to address slavery as a core development challenge in sub-Saharan Africa via innovative approaches from the arts and humanities that deliver community-engaged antislavery work. This involves classroom based sessions utilising visual arts and photography and collaborating with local schools engaging with and building upon the existing City Hearts education programme

CITY HEARTS (UK)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

21 Analysis of net assets between funds

	Unrestricted funds	Restricted funds	Total	Unrestricted funds	Restricted funds	Total
	2020	2020	2020	2019	2019	2019
	£	£	£	£	£	£
Fund balances at 31 March 2020 are represented by:						
Tangible assets	461,514	-	461,514	437,048	-	437,048
Current assets/ (liabilities)	1,544,480	-	1,544,480	955,596	49,240	1,004,836
Long term liabilities	(169,509)	-	(169,509)	(176,669)	-	(176,669)
	<u>1,836,485</u>	<u>-</u>	<u>1,836,485</u>	<u>1,215,975</u>	<u>49,240</u>	<u>1,265,215</u>

22 Operating lease commitments

At the reporting end date the charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2020	2019
	£	£
Within one year	<u>42,403</u>	<u>72,897</u>

23 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2020	2019
	£	£
Aggregate compensation	<u>53,446</u>	<u>44,796</u>

The trustees review payments made to employees in equivalent managerial positions in similar organisations when considering the levels of pay for key managers. The trustees also take in to consideration the ability of the charitable company to be able to pay such salaries.

The charitable company has taken advantage of the exemption from the requirement to disclose transactions with group companies on the grounds that any such transactions were entered into between the ultimate parent or wholly owned subsidiaries of the group and that group accounts are prepared.

CITY HEARTS (UK)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

24 Control

The ultimate controlling party is Hope City Church, a charitable company incorporated in the United Kingdom. Hope City Church controls City Hearts (UK) as it is able to appoint and remove the trustees of City Hearts (UK). Hope City Church (being the smallest and largest group of which the charitable company is a member for which group financial statements are prepared) prepares group accounts and copies can be obtained from The Megacentre, Bernard Road, Sheffield, South Yorkshire, S2 5BQ.

The parent's principal purposes are to advance the Christian faith, to relieve sickness and financial hardship and to advance education.

25 Cash generated from operations	2020 £	2019 £
Surplus for the year	571,270	152,108
Adjustments for:		
Investment income recognised in statement of financial activities	(557)	(620)
Depreciation and impairment of tangible fixed assets	38,262	26,370
Movements in working capital:		
(Increase) in debtors	(343,069)	(216,224)
Increase in creditors	18,129	48,045
(Decrease) in deferred income	(1,329)	-
Cash generated from operations	282,706	9,679

26 Analysis of changes in net funds

	At 1 April 2019 £	Cash flows £	At 31 March 2020 £
Cash at bank and in hand	583,252	213,661	796,913
Loans falling due within one year	(6,702)	(286)	(6,988)
Loans falling due after more than one year	(176,669)	7,160	(169,509)
	<u>399,881</u>	<u>220,535</u>	<u>620,416</u>