

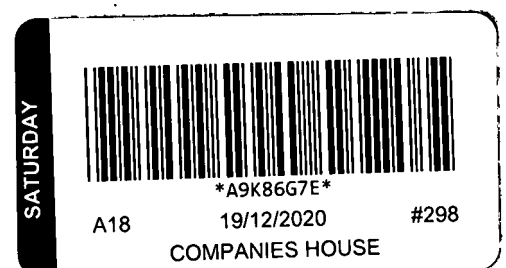
LONDON FIRST

(a company limited by guarantee)

Company Registration No. 2756521

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2020



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FINANCIAL STATEMENTS 30 SEPTEMBER 2020

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Dame Inga Beale	Deputy Chair	London First
Dr. Alan Belfield	Chairman	Arup
Evelyn Bourke	CEO	Bupa
Dame Nicola Brewer	Non-executive Director	London First
Paul Drechsler CBE	Chair	London First
Angela Jain	MD ITV Studios Entertainment	ITV
Peter Kiernan	Non-executive Director	London First
Sir Ian Powell	Chairman	Capita
Tanuja Randery	Partner	McKinsey & Co
Mark Reynolds	Chief Executive	Mace
Sarah Sands	Non-executive Director	London First
David Sproul	Global Deputy Chief Executive	Deloitte
John Tucker	Non-executive Director	London First
Jasmine Whitbread	Chief Executive	London First

REGISTERED OFFICE

Middlesex House
34-42 Cleveland Street
London, W1T 4JE

BANKERS

Royal Bank of Scotland
London Drummonds Branch
49 Charing Cross Road
London, SW1A 2DX

SOLICITORS

Bates Wells
10 Queen Street Place
London, EC4R 1BE

AUDITOR

Buzzacott LLP
Chartered Accountants and Statutory Auditor
130 Wood Street
London, EC2V 6DL

LONDON FIRST

FINANCIAL STATEMENTS 30 SEPTEMBER 2020

STRATEGIC REPORT

OUR PURPOSE

Our mission is to make London the best city in the world in which to do business. We believe that to achieve this London also needs to be a great place to live, work, visit and invest. London is the UK's capital and a global player. Our five-year Next Horizon strategy set out four principal areas of focus – People, Place, Connectivity and Competitiveness – and we have pursued a variety of workstreams across these areas over the year, although since the lockdown of March 2020, our efforts have been focused on London's economic recovery from COVID-19, so it can be an engine of growth to support the whole of the UK.

OUR BUSINESS MODEL

London First was set up by business leaders with the belief that by harnessing business assets – such as research, insights, connections, know-how, employee base, advocacy, marketing power and leadership – we can drive positive change to support our mission of making London the best city in the world in which to do business. We operate as a not-for-profit business campaigning force, with around 200 members representing businesses across the economy, and are uniquely placed to champion the city.

KEY ACTIVITIES DURING THE YEAR

As well as maintaining our visible presence as the pre-eminent voice of London on our four key areas of focus (People, Place, Connectivity and Competitiveness), since March 2020 London First has been the voice of business on London's pandemic response and recovery. We have been feeding in business solutions, showcasing the contribution of business to the pandemic response and making clear the need for collective actions from business and government, direct into the heart of recovery decision-making. This includes convening the other business groups and key stakeholders to agree a shared approach at the outset, as well as launching our own Business Advisory Group: London Recovery to create a business leaders forum as we unlock and establish a vision for the future of London.

RECENT ACHIEVEMENTS

Through our advocacy over the last year, we have worked with our members to deliver fresh research and insights across our policy areas of focus, as well as ensuring we put forward solutions to help businesses through the immediate aftermath of lockdown and during the tentative recovery.

Before COVID-19, we played a significant role in influencing the Government's decision to lower the immigration salary threshold, launched the London Data Commission, and worked closely with business groups across the country to make the case for HS2 and on urgent changes to the apprenticeship system, including publishing two reports on this and another on reskilling. We intervened to make the case for Transport for London's long-term funding (pre-pandemic) and we worked with the Mayor and the Government to find a way forward for the London Plan. We continued our advocacy on housing, making it a central part of our manifesto for the Mayoral election that was postponed because of the pandemic. We also took live our new housing campaigning platform, with a focus on myth-busting to explore what's really needed to start building the 65,000 homes London needs each year.

From March onwards, in the immediate aftermath of COVID-19, we helped make the case for the furlough scheme, intervened on the unworkable quarantine rules, on the changes needed to enable the high street and public transport to reopen safely, and on the urgent actions needed to save London's world-beating cultural sector. We also took live a business as a force for good section of our website, showcasing the direct interventions made by London First's members to respond to the crisis and support the Government's immediate recovery efforts.

Alongside this, we stepped up our engagement with all levels of government and stakeholders. We secured our seats on the Mayor's Recovery Board and the Government's Transition Board, and have used these forums as a way to feed in member views from our regular CEO calls, our new Business Advisory Group: London Recovery, and our day-to-day engagement via member managers.

LONDON FIRST

FINANCIAL STATEMENTS 30 SEPTEMBER 2020

STRATEGIC REPORT (continued)

In addition, we have amplified our calls across the media and leveraged our social and owned digital channels. We generated 463 pieces of media coverage this year, increasing the volume of national media whilst expanding our presence to more key trade titles. Media highlights have included frequent appearances on Wake Up to Money, The Today Programme, Westminster Hour, Sky News and BBC News, regular coverage in the Financial Times and Evening Standard, and opinion pieces in The Times Red Box, Daily Telegraph and trade press, including Construction News and Property Week. We revamped our website, with visitors exceeding 70,000 (up 11% on the previous year), and overhauled our member communications, with the audience for our weekly newsletter now up to 1168, with average open rates at 24%, and our engagement via social channels increasing to a healthy 4.6% on LinkedIn and 1.1% on Twitter. We also launched a new podcast series, *What next for London?* to provide a platform for the education sector, employers, politicians and business leaders to discuss the actions needed to get the capital on the road to recovery, and which has been listened to by thousands of people.

In the first half of the year, we were able to run our usual packed programme of physical events, with highlights including our flagship Skills London event at ExCeL London, with around 50,000 career opportunities available over two days. The event was attended by the Mayor of London and attracted more than 35,000 visitors. Our London Infrastructure Summit, Building London Summit and Planning Awards attracted 700 delegates between them.

Having quickly shifted much of our physical programme online within weeks of the lockdown, our rolling virtual events programme has allowed us to stay close to members and key stakeholders. We have secured speakers ranging from the Minister for London, the Governor of the Bank of England, the Shadow Exchequer Secretary to the leaders of Transport for London and the London boroughs, and we launched a new network for corporate affairs directors in the membership – building on our track record of hosting popular physical events.

Over the course of the year, over 4,000 member attendees have attended approximately 130 events – either physically or virtually. In addition, our Leadership Exchange saw 52 senior leaders in policing benefit from a mentoring partnership and over 100 people joined our lecture series.

More of our achievements and upcoming workstreams are set out in this [interactive report](#).

OUR PERFORMANCE

The company achieved a surplus on unrestricted activities before taxation of £608k, bolstered by the transfer from Skills Festival Company of £329k for the year ended 30 September 2020 (30 September 2019: £29k surplus, which excludes Skills Festival balance that was transferred to London First in 2020). This surplus was achieved after taking early, decisive action to bolster our cash and reserves position following a sharp reduction in commercial income – due to the inability to run bigger physical events in the COVID-19 context – and in readiness for what will be a challenging 2021 as the capital and country faces an economic recession, recovery from COVID-19, and the impact of Brexit. Cost-cutting actions included the Leadership Team volunteering temporary pay reduction, announcing a freeze on hiring and pay, making a small number of redundancies and furloughing a small number of staff, as well as other efficiencies across the business.

All activities were unrestricted in 2019/20. Membership subscriptions earned in the year ended 30 September 2020 came to £4,479k (30 September 2019: £4,781k). The company recruited 12 new corporate members, 4 new partners, and 1 member upgraded to partner level. Overall, our total number of members at 30 September 2020 was 202 (30 September 2019: 256 members).

FUTURE DEVELOPMENT

At the start of October 2019, we adopted a new five-year strategy for London First, setting out our Next Horizon to ensure the capital remains the best city in the world in which to do business. After extensive consultation with members and stakeholders, we identified four critical areas, which we continue to focus on: people, place, connectivity and competitiveness. Three cross-cutting themes will run through our activity: innovation and data, the environment and sustainability, and inclusion & diversity (I&D).

In 2020, we defined our approach towards sustainability and we are currently exploring how we take I&D forward. We will define our approach towards technology, innovation and data in the year ahead.

In 2020, we will work hard to ensure the capital is the beating heart of the UK's economic recovery, doing all we can to make sure businesses' solutions are heard, implemented, and recognised. This year, we will produce new thought leadership on recovery, reskilling, data, housing, competitiveness and sustainability – with maximum input from our membership, particularly our Business Advisory Group – as we seek to develop business-led solutions, maximising our role on the Mayor's Recovery Board and the Government's Transition Boards.

LONDON FIRST

FINANCIAL STATEMENTS 30 SEPTEMBER 2020

STRATEGIC REPORT (continued)

Our full strategy is published here: <https://www.londonfirst.co.uk/sites/default/files/documents/2019-09/NextHorizon.pdf> and a summary of our 2021 business plan can be found [here](#):

GOVERNANCE AND SUBSIDIARY

The board is supported in its management of the company by three committees covering nomination, remuneration, and finance.

London First has one wholly owned subsidiary, Skills Festival Company Limited. The company will cease trading in 2020, having transferred its trade and assets into London First during the year ended 30 September 2020. The principal activity of Skills Festival Company is to run 'Skills London', one of the UK's biggest youth jobs and training events. The 2019 Skills London event was held at ExCeL London in November 2019 and attracted more than 35,000 15- to 24-year-olds over two days. The event was run with Prospects Services Ltd. All future events will be managed through London First.

RESERVES

The company's reserves totalled £1,265k at 30 September 2020 (30 September 2019: combined Reserves £992k; London First £659k; Skills Festival Company £333k). All reserves were unrestricted. The company has a policy of maintaining a level of unrestricted reserves, including the reserves of the subsidiary, sufficient to cover three months' salary and office accommodation costs and guard against unforeseen circumstances. The policy was met at the year end. In 2020 the subsidiary, Skills Festival Company, has ceased trading and its trade and assets were transferred to London First. As outlined under Our Performance section above, the additional £273k added to our reserves in 2019/20 was planned in order to strengthen our position at year end, ensuring that we are well placed for the challenges we expect to face in the 2020/21 financial year; this will allow us to go into a deficit within 2020/21.

FINANCIAL INSTRUMENTS

London First does not have any financial instruments other than cash, short-term debtors and creditors. Cash balances are held with the Royal Bank of Scotland and the Nationwide Building Society and earn competitive rates of interest in a low interest rate climate.

RISK MANAGEMENT

A review of risk management and insurances is undertaken by the Finance Committee prior to submission to the Board for approval each year. The review outlines high-end risks faced by the organisation and the actions that would be taken in mitigation. In addition, due to the pandemic, we have had to adjust our business model to maintain our core London First events programme online and reevaluate the programme to ensure it continues to deliver member value.

For a membership model, the inability to conduct face-to-face working groups, member meetings and campaigning efforts presents an increased challenge in delivering member value and, in turn, achieving our commercial goals on our flagship events (in terms of quality, attendance, and/or income) and member retention. Although the primary and secondary risks outlined below have not changed significantly due to the pandemic, the pandemic has increased the level of their potential likelihood and has also raised the failure to prevent poor external communication across social media to a primary risk, due to the increased frequency and volume of London First communication via digital channels:

Primary

- Failure to recruit the budgeted number of new corporate and partner members;
- Failure to raise sponsorship monies to fund campaigns and priorities;
- Failure to deliver high engagement leads to high member attrition;
- Failure to get positioning right in public e.g. reaction to London's recovery from the pandemic, Brexit and for the delivery of our campaigning efforts as outlined within our business plan;
- Failure to sufficiently support and manage our workforce during the pandemic; and
- Failure to prevent poor external communication by London First, in both formal communications and across social media, where negative representation could result in a loss in membership or negative media coverage of our brand.

Secondary

- Long-term failure to be in tune with stakeholders and/or members;

LONDON FIRST

FINANCIAL STATEMENTS 30 SEPTEMBER 2020

STRATEGIC REPORT (continued)

- The board has insufficient breadth or diversity to support London First in delivering its mission and represent the diverse nature of London;
- Failure to be seen to make progress on priorities and things that matter;
- Failure to prevent loss of data; and
- Impact of the above on company reputation.

EVENTS AFTER BALANCE SHEET DATE

There were no post balance events to report.

Approved by the board of directors and signed on behalf of the board



Jasmine Whitbread
CEO
London First
Middlesex House, 34-42 Cleveland Street,
London, W1T 4JE

Date: 2 December 2020

LONDON FIRST

FINANCIAL STATEMENTS 30 SEPTEMBER 2020

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 September 2020.

GOING CONCERN

The directors made a decision during the year to reduce costs to enable the company to carry forward extra reserves to support the business in the coming years after the effects of COVID-19. The initial planning for next year has a reduced level of income from members and due to the restrictions on physical events a lower commercial income. The focus will be on retaining our membership with increased level of engagement. The priority in the first quarter will be to monitor the payment from members to ensure we meet our commitments. The Finance Committee has been fully involved in the planning and budgeting process. The directors are confident that the company has adequate reserves and resources to continue operations for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in note 1 'Accounting Policies' in the financial statements.

MEMBERS AND GUARANTORS

Members of London First are those organisations that pay ordinary contributions to fund the core expenditure of the company, or companies which are given honorary membership status. Members are guarantors of the company in the event of a winding up, with liability limited to £100 per member, and have voting rights at general meetings. At 30 September 2020, there were 202 guarantors on the register of members (30 September 2019: 256).

DIRECTORS

A list of directors at the date of this report is set out on page 2. Movements in directors during the year and since the year end were as follows:

Directors who resigned or were appointed

Martin Brok
Craig McWilliam
Peter Norris
Sarah Sands
Dame Nicola Brewer

Date of Resignation/Appointment

Resigned 30 April 2020
Resigned 16 January 2020
Resigned 17 September 2020
Appointed 13 October 2020
Appointed 26 November 2020

AUDITOR

Buzzacott LLP were re-appointed as auditors in December 2020 and have expressed their willingness to continue in office as auditors. A resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the board of directors and signed on behalf of the board



Jasmine Whitbread
CEO
London First
Middlesex House, 34-42 Cleveland Street
London, W1T 4JE

Date: 2 December 2020

LONDON FIRST

FINANCIAL STATEMENTS 30 SEPTEMBER 2020

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 the year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies 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 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.

Each of the persons who is a director at the date of approval of this annual report confirms 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 he/she ought to have taken as a director to make him/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

LONDON FIRST

FINANCIAL STATEMENTS 30 SEPTEMBER 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONDON FIRST

Opinion

We have audited the financial statements of London First (the 'company') for the year ended 30 September 2020 which comprise the income and expenditure account, the balance sheet, statement of changes in accumulated reserves, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2020 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

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

Other information

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

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 the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

LONDON FIRST

FINANCIAL STATEMENTS 30 SEPTEMBER 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONDON FIRST (continued)

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 strategic report or 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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.

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 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.

Buzzacott LLP

Catherine Biscoe (Senior Statutory Auditor)
For and on behalf of Buzzacott LLP, Statutory Auditor
130 Wood Street
London
EC2V 6DL

Date: 17 December 2020

LONDON FIRST**FINANCIAL STATEMENTS 30 SEPTEMBER 2020****INCOME AND EXPENDITURE****30 September 2020**

	Note	2020 £'000	2019 £'000
INCOME			
Members' subscriptions		4,479	4,781
Commercial and project income		407	810
Skills Festival Company distribution		329	-
Government Grant		29	-
		<u>5,244</u>	<u>5,591</u>
EXPENDITURE			
Salaries	5	3,384	3,680
Consultancy fees		141	279
Depreciation	7	38	72
Rent and rates		417	416
Operating costs		464	697
Project costs		200	413
		<u>4,644</u>	<u>5,577</u>
OPERATING SURPLUS BEFORE INTEREST AND TAXATION	4	600	15
Interest receivable		<u>8</u>	<u>14</u>
SURPLUS BEFORE TAXATION		608	29
Taxation	6	<u>(2)</u>	<u>(3)</u>
SURPLUS AFTER TAXATION	12	<u><u>606</u></u>	<u><u>26</u></u>

All activities derive from continuing operations.

The income and expenditure account includes all gains or losses recognised in the year including £329k, which was a distribution from Skills Festival Company, and the profit for the year represents the only movement in reserves. As a result, no statement of comprehensive income is presented.

In 2020 and 2019 all income and expenditure was unrestricted.

LONDON FIRST

FINANCIAL STATEMENTS 30 SEPTEMBER 2020

BALANCE SHEET

30 September 2020

	Note	2020 £'000	2019 £'000
FIXED ASSETS			
Tangible assets	7	<u>50</u>	<u>78</u>
CURRENT ASSETS			
Debtors	9	700	793
Investments	10	1,431	921
Cash at bank and in hand		<u>401</u>	<u>216</u>
		2,532	1,930
CREDITORS: amounts falling due within one year	11	<u>(1,317)</u>	<u>(1,349)</u>
NET CURRENT ASSETS		<u>1,215</u>	<u>581</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,265</u>	<u>659</u>
REPRESENTED BY:			
Accumulated unrestricted surpluses	12	<u>1,265</u>	<u>659</u>

The financial statements of London First, registered number 2756521, were approved by the board of directors and authorised for issue on 2 December 2020.

Signed on behalf of the board of directors



Paul Drechsler
Director



Peter Kiernan
Director

LONDON FIRST

FINANCIAL STATEMENTS 30 SEPTEMBER 2020

STATEMENT OF CHANGES IN ACCUMULATED RESERVES

Year ended 30 September 2020

	2020	2019
	£'000	£'000
At 1 October	659	633
Surplus for the financial year	606	26
	<hr/>	<hr/>
At 30 September	<u>1,265</u>	<u>659</u>

30 September 2020 surplus for the financial year includes the transfer of £329k from the Skills Festival Company.

LONDON FIRST

FINANCIAL STATEMENTS 30 SEPTEMBER 2020

STATEMENT OF CASH FLOWS

Year ended 30 September 2020

	Note	2020 £'000	2019 £'000
Cash flows from operating activities			
Surplus for the financial year		606	26
Depreciation		38	72
(Increase)/decrease in debtors		93	4,142
(Decrease)/increase in creditors		(31)	(5,400)
Interest received		(8)	(14)
Taxation		2	3
Cash used in operations		<u>70</u>	<u>(1,171)</u>
Income taxes paid		<u>(3)</u>	<u>(2)</u>
Net cash outflow from operating activities		697	(1,173)
Cash flows from investing activities			
Interest received		8	14
Purchases of tangible fixed assets		<u>(10)</u>	<u>(63)</u>
Net cash outflow from investing activities		<u>(2)</u>	<u>(49)</u>
Net increase/decrease in cash and cash equivalents		695	(1,222)
Cash and cash equivalents at the beginning of the year		<u>1,137</u>	<u>2,359</u>
Cash and cash equivalents at the end of the year	A	<u><u>1,832</u></u>	<u><u>1,137</u></u>

NOTES TO THE STATEMENT OF CASH FLOWS

A. ANALYSIS OF CASH AND CASH EQUIVALENTS	2020 £'000	2019 £'000
Cash at bank and in hand	401	216
Current asset investments	<u>1,431</u>	<u>921</u>
	<u><u>1,832</u></u>	<u><u>1,137</u></u>

A. RECONCILIATION OF NET DEBT	At 1 October 2019 £'000	Cash flows 2020 £'000	At 30 September 2020 £'000
Cash at bank and in hand	216	185	401
Current asset investments	<u>921</u>	<u>510</u>	<u>1,431</u>
	<u><u>1,137</u></u>	<u><u>695</u></u>	<u><u>1,832</u></u>

LONDON FIRST

FINANCIAL STATEMENTS 30 SEPTEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2020

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding period.

General information and basis of accounting

The company is incorporated in England and Wales under the Companies Act. The address of the registered office is given on page 2. The nature of the company's operations and its principal activities are set out in the strategic report on pages 3 to 5.

The financial statements have been prepared under the historical cost convention (except for the valuation of donations in kind and donated fixed assets), modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The financial statements are presented in sterling and rounded to the nearest thousand pounds.

The company does not seek to make a profit, nor can its achievements be measured by commercial criteria alone. In order that a true and fair view can be given in these financial statements the directors have set out on page 10 an income and expenditure account which shows the results for the year, but in a format other than as prescribed in the Companies Act 2006. In the opinion of the directors, this format more closely reflects the nature of the company's activities and discloses in sufficient detail information related thereto.

Group accounts

Group accounts have not been prepared as the group qualifies as a small-sized group. London First has one wholly owned subsidiary, Skills Festival Company Limited. The company ceased trading in 2020, having transferred its trade and assets into London First during the year ended 30 September 2020.

Going concern

The directors took the decision to reduce costs to allow reserves to be increased to support the business going forward. The reductions in membership were not significantly more during COVID-19. A proactive discussion with members before the renewal date to confirm membership was encouraging and new members were being won during the pandemic. The business adapted to the lack of physical events by adopting virtual events quickly and successfully. The directors are therefore confident that the company has adequate reserves and resources to continue operations for the foreseeable future and is well placed to manage its business risks successfully despite COVID-19 and the current economic outlook. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Income

Income is apportioned to financial periods based on the period to which the income relates. Income received for specific projects is accounted for as deferred income until spent or projects are completed.

Government grants, sundry income and bank deposit interest are recognised on a receivable basis.

Those donations in kind that can be quantified are valued by the directors at a reasonable estimate of their value to the company and are credited to income when received. There are certain other donations in kind which have also been gratefully received but as they cannot be readily quantified they have not been included in income.

Income from members' subscriptions is recognised when paid and is spread over the relevant subscription period.

Subscription income received relating to future years is deferred to the relevant year.

Fund accounting

Income received for specified purposes is considered to be restricted and may only be applied for those purposes. Income which may be applied to any of the company's purposes is treated as totally unrestricted unless it has been designated by the directors for specific purposes.

LONDON FIRST

FINANCIAL STATEMENTS 30 SEPTEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2020

1. ACCOUNTING POLICIES (continued)

Expenditure

Expenditure (excluding grants) is accounted for on an accruals basis, and includes donated staff and services. Grants to subsidiaries are accounted for on an annual basis, and are based on the need to support the activities of the subsidiary.

Tangible fixed assets

Tangible fixed assets are stated at their purchase price, together with any incidental costs of acquisition.

Tangible fixed assets donated to the company are valued by the directors at a reasonable estimate of their value to the company.

Provision for depreciation is made so as to write off the cost or valuation of tangible fixed assets, less any residual value, on a straight line basis over the expected useful economic lives of the assets concerned. A full year's depreciation is charged in the year of purchase, and none in the year of disposal.

The annual rates used for this purpose are:

Computer equipment	33 1/3%
Equipment, fixtures and fittings	20%

Investments

No amounts are recorded in respect of the company's interests in subsidiaries and other investments since all investee companies are limited by guarantee and, therefore, have no share capital.

Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid.

Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition. Deposits for more than three months but less than one year have been disclosed as current asset investments.

Creditors

Creditors are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the company anticipates it will pay to settle the debt.

Leases

Payments under operating leases are charged to the income and expenditure account on a straight line basis over the lease term.

Pension costs

The company contributes to a defined contribution scheme. The amount charged to the income and expenditure account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

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FINANCIAL STATEMENTS 30 SEPTEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2020

1. ACCOUNTING POLICIES (continued)

Taxation

Tax is not charged on the surplus except rental income and bank interest received as the company is not run to make profits. Tax on profits from the letting of office space and interest receivable is charged at the corporation tax rate of 19% (2019: 19%).

Deferred tax is provided in full on timing differences, which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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 the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the company's accounting policies

The following are the critical judgements, apart from those involving estimations, that the directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Income recognition

The Finance Committee review all debtors that are included in the balance sheet on an individual basis and assess whether any bad debt provision should be made. In general terms, a bad debt provision is made for all membership debtors that are more than 90 days old unless the Committee is satisfied that there is sufficient evidence that the invoice will be paid. The Committee takes a cautious approach in income recognition.

In addition to the above, the full impact of the coronavirus pandemic is still unknown. It is therefore not currently possible to evaluate all the potential implications for the company's activities, employees, and the wider economy. Estimates used in the accounts are subject to a greater degree of uncertainty and volatility.

As set out in these accounting policies under "going concern", the directors have considered the impact of the pandemic on the organisation and have concluded that although there may be some negative consequences, it is appropriate for the company to continue to prepare its accounts on the going concern basis.

LONDON FIRST

FINANCIAL STATEMENTS 30 SEPTEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2020

3. EXPENDITURE

	2020	2019
	£'000	£'000
Salaries	3,384	3,680
Consultancy fees	141	279
Depreciation	38	72
Rent and rates	417	416
Operating costs	464	717
Project costs	200	413
	<u>4,644</u>	<u>5,577</u>

4. OPERATING SURPLUS/(DEFICIT)

	2020	2019
	£'000	£'000
The results are stated after charging:		
Operating lease rentals		
Land and buildings	295	251
Depreciation	38	72
Auditor's remuneration		
- audit	15	15
- other services	2	2
	<u>350</u>	<u>340</u>

5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The company employed salaried persons and benefited from additional voluntary and seconded staff.

	2020	2019
	No.	No.
The average number of employees employed, including seconded staff, on core activities throughout the year was:	42	39
	<u>42</u>	<u>39</u>
	2020	2019
	£'000	£'000
Total gross wages and salaries	2,894	3,116
Employer's national insurance contributions	347	347
Pension scheme costs	128	107
Temporary staff	15	110
	<u>3,384</u>	<u>3,680</u>

The key management personnel of London First in charge of directing, controlling, running and operating the company on a day to day basis were the non-executive directors and Leadership Team. The total cost of employment including pension and national insurance of the Leadership Team for the year was £838k (2019: £870k). Non-executive directors do not receive any remuneration. The total chief executive's emoluments, being the highest paid director, for the year were £286k (2019: £367k), and pension contributions were £12k (2019: £11k).

LONDON FIRST

FINANCIAL STATEMENTS 30 SEPTEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS Year ended 30 September 2020

6. TAXATION

	2020 £'000	2019 £'000
United Kingdom corporation tax at 19% (30 September 2019 – 19%)	2	3
Surplus before taxation	608	29
Tax charge on surplus before tax at 19% (30 September 2019 – 19%)	115	6
Factors affecting tax charge for the year:		
Amounts exempt from tax	(113)	(3)
Total actual amount of current tax payable	2	3

7. TANGIBLE FIXED ASSETS

	Computer equipment £'000	Equipment, fixtures and fittings £'000	Total £'000
Cost			
At 1 October 2019	201	513	714
Additions	10	-	10
At 30 September 2020	211	513	724
Accumulated depreciation			
At 1 October 2019	143	493	636
Charge for the year	33	5	38
At 30 September 2020	176	498	674
Net book value			
At 30 September 2020	35	15	50
At 30 September 2019	58	20	78

LONDON FIRST

FINANCIAL STATEMENTS 30 SEPTEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2020

8. SUBSIDIARY UNDERTAKING

Skills Festival Company, a company limited by guarantee, was incorporated on 31 October 2003 in England and Wales with the company as its sole member. London First, as its sole member, cannot benefit financially from its control of the company as the constitution of Skills Festival Company debars it from making any form of distribution to its members.

In November 2019, Skills Festival Company held its annual Skills London event. The company ceased trading during 2020 and distributed the reserves to London First. The distribution is included in the Income and Expenditure account. The Skills London event will continue in 2021 and will be operated and accounted for within London First.

Skills Festival Company's year end is 31 March. Its last financial year ended on 31 March 2020 and resulted in a deficit for the year after taxation of £5k and retained reserves at 31 March 2020 of £329k.

Extracts from the Audited accounts of Skills Festival Company to 31 March 2020 were:

	30 March 2020 £'000	30 March 2019 £'000
Turnover	668	768
Less: expenditure	(673)	(803)
(Deficit)/surplus on normal activities	<u>(5)</u>	<u>(35)</u>

9. DEBTORS

	2020 £'000	2019 £'000
Amounts falling due within one year:		
Membership debtors	274	496
Project and other debtors	260	126
Staff loans	3	3
Prepayments and accrued income	163	168
	<u>700</u>	<u>793</u>

10. CURRENT ASSET INVESTMENTS

Surplus cash balances are invested in short-term deposits with a major UK bank.

	2020 £'000	2019 £'000
Short-term deposits	<u>1,431</u>	<u>921</u>

LONDON FIRST

FINANCIAL STATEMENTS 30 SEPTEMBER 2020

NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 September 2020

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £'000	2019 £'000
Trade creditors	165	139
Corporation tax	2	3
Other taxation and social security	160	128
Accruals and deferred income	990	1,079
	<u>1,317</u>	<u>1,349</u>

12. ACCUMULATED SURPLUSES

The company maintains unrestricted reserves to guard against unforeseen circumstances.

13. FINANCIAL COMMITMENTS

There were no capital commitments at the year end (2019: £nil).

The company's future minimum operating lease payments are as follows:

	2020 £'000	2019 £'000
Land and buildings:		
Within one year	295	295
Between one and five years	295	598
After more than five years	-	-
	<u>-</u>	<u>-</u>

14. RELATED PARTY TRANSACTIONS

During the year ended 30 September 2020, the company invoiced Skills Festival Company £50k (2019: £50k) to cover administrative costs and charges relating to the annual Skills London event. The company also invoiced Skills Festival Company £85k (2019: £119k) for its profit share in relation to the Skills London Event.

At the year end, the company owed Skills Festival Company £nil (2019: £nil).

15. ULTIMATE CONTROLLING PARTY

Control of the company lies with the board and there is no overall controlling party.