

TRUSTS AND CHARITIES COMMITTEE – 6 JANUARY 2012

Title of paper:	BRIDGE ESTATE ANNUAL REPORT AND STATEMENT OF ACCOUNTS 2010/11	
Director(s)/ Corporate Director(s):	Carole Mills-Evans Deputy Chief Executive and Corporate Director for Resources	Wards affected: All
Report author(s) and contact details:	Barry Dryden, Senior Finance Manager, Financial Planning and Development barry.dryden@nottinghamcity.gov.uk 0115 876 2799	
Other colleagues who have provided input:	Nick Quinsey, Acting Head of Estates	
Relevant Council Plan Strategic Priority:		
World Class Nottingham		
Work in Nottingham		
Safer Nottingham		
Neighbourhood Nottingham		
Family Nottingham		
Healthy Nottingham		
Leading Nottingham		✓
Summary of issues (including benefits to citizens/service users):		
An Annual Report and Statement of Accounts is required for the Bridge Estate Charity, for which the City Council is the sole trustee.		
This report sets out the 2010/11 accounts for the Bridge Estate which have been audited by the Audit Commission.		
Recommendation(s):		
1	That the Bridge Estate Annual Report and Statement of Accounts for the financial year 2010/11 be approved (Appendix 1).	
2	That the transfer of £1.237m surplus from the Bridge Estate to the City Council General Fund for the improvement of the area and the public benefit of its inhabitants in accordance with section 78 of the Nottingham Corporation Act 1882 be noted and approved.	

1. BACKGROUND

Meetings have been arranged for 2011/12 to enable Trustees to carry out their responsibilities and to make themselves aware of any relevant changes in legislation, audit and charities information.

2. REASONS FOR RECOMMENDATIONS (INCLUDING OUTCOMES OF CONSULTATION)

There is a statutory requirement for all Charities to produce an Annual Report and Statement of Accounts and for that Statement to be audited or independently examined as appropriate, and submitted to the Charity Commission prior to 31 January 2012 following approval by the Trustees.

The Charities Act 2006 requires Trustees to provide a detailed explanation within the Annual Report of the significant activities undertaken in providing a public benefit, in accordance with the charity's aims for the public benefit. They are also required to explain the charity's achievements during the year in question.

The public benefit requirement means that, to be a charity, the organisation must be able to demonstrate that it is set up for charitable aims that are, and will be carried out to provide benefit to the public or a section of the public.

Trustees are required to review and comment upon the Bridge Estate Annual Report and Statement of Accounts for 2010/11. In particular the Committee may wish to consider:

1. The current and future performance of the property portfolio in the light of current economic conditions
2. The management policy for the property portfolio
3. Potential uses for the loan of £4.543 million to Nottingham City Council

3. OTHER OPTIONS CONSIDERED IN MAKING RECOMMENDATIONS

None.

4. FINANCIAL IMPLICATIONS (INCLUDING VALUE FOR MONEY)

None.

5. RISK MANAGEMENT ISSUES (INCLUDING LEGAL IMPLICATIONS, CRIME AND DISORDER ACT IMPLICATIONS AND EQUALITY AND DIVERSITY IMPLICATIONS)

None.

6. EQUALITY IMPACT ASSESSMENTS (EIAs)

No – this report does not include proposals for new or changing policies, services or functions

7. LIST OF BACKGROUND PAPERS OTHER THAN PUBLISHED WORKS OR THOSE DISCLOSING CONFIDENTIAL OR EXEMPT INFORMATION

Final accounts working papers.

8. PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT

Accounts and Audit regulations 2011.

Part VI Charities Act 1993 (as amended 2006).

The Charities (Accounts and Reports) Regulations 2008.

Statement of Recommended Practice: Accounting by Charities (the Charities SORP) issued in 1995 and revised October 2005.

BRIDGE ESTATE

TRUSTEES' ANNUAL REPORT AND
STATEMENT OF ACCOUNTS
FOR THE YEAR ENDED
31 MARCH 2011

REGISTERED CHARITY NUMBER 220716

BRIDGE ESTATE

Trustees' Annual Report and Statement of Accounts for the Year Ended 31 March 2011

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BRIDGE ESTATE

Trustees' Annual Report and Statement of Accounts for the Year Ended 31 March 2011

1. REFERENCE AND ADMINISTRATIVE DETAILS

Charity Name	Bridge Estate
Charity Number	220716
Registered Address	Nottingham City Council Loxley House Station Street Nottingham NG2 3NG
Charity's Trustees	Councillors of Nottingham City Council
Day to Day Management	Director of Workplace Strategy and Strategic Property Loxley House Station Street Nottingham NG2 3NG
Auditors	Audit Commission Westthorpe Business Innovation Centre Westthorpe Fields Road Killamarsh Sheffield S21 1TZ
Financial Advisor	Deputy Chief Executive and Corporate Director for Resources Nottingham City Council Loxley House Station Street Nottingham NG2 3NG
Bankers	Co-operative Bank Plc 4/5 Exchange Walk Nottingham NG1 2NX

BRIDGE ESTATE

Trustees' Annual Report and Statement of Accounts for the Year Ended 31 March 2011

2. STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

Royal Charter Dated 21 February 1551.

The earliest mention discovered of the Bridge Estate is in 1302. From that date various bequests of land and property were made, the income from which was devoted to the maintenance of bridges over the River Trent.

In 1550, Edward VI made a grant by charter of the "lands, tenements and hereditaments" of two monasteries which had been dissolved by his father Henry VIII. The grant was made to the "Mayor and Burgesses of the town of Nottingham, and to their successors for ever", and was stated to be to fulfill a promise of Henry VIII "in consideration of the great charges and expenses daily sustained by his well-beloved the Mayor and Burgesses of his town of Nottingham in and about the mending, sustaining and repairing of their bridges over the water of Trent".

Bridge Estate was thus created by Royal Charter on 21 February 1551 with the then Corporation as sole trustee.

It was established in 1945 that Bridge Estate was and had from the beginning been a Charity. Consequently, the property of the Estate and the Council as Trustee, are subject to the law affecting charitable trusts, the jurisdiction of the Charity Commissioners and the provisions of the Charities Act 1960, Charities Act 1993 (as amended by the Charities Act 2006), The Charities (Accounts and Reports) Regulations 2008, The Charities Acts 1992 and 1993 (Substitution of Sums) Order 2009, The Charities Act 2006, various statutes and the provisions of Charity Law.

Trustee's selection methods

All elected Councillors of Nottingham City Council automatically become trustees of the Bridge Estate. The following is the list of trustees for the financial year 1 April 2010 to 31 March 2011:

Hassan Ahmed	Ginny Klein
Saghir Akhtar	Rob Lee
Cat Arnold	David Liversidge
Mohammad Aslam	Gary David Long
Dick Benson	Ian William Malcolm
Merlita Bryan	Tony Marshall
Katrina Bull	Ian MacLennan
Eunice Campbell	David Mellen
Graham Chapman	Zahoor Elahi Mir
Alan Clark	Eileen Morley
Brendan Clarke-Smith	Mohammed Munir
Jon Collins	Mick Newton
Derek John Cresswell	David Oldham
Georgina Jane Culley	Jeannie Audrey Packer
Gerald Edward Davie	Brian Parbutt
Emma Dewinton	Andrew Mark Price
Michael Edwards	David Smith

Alexander James Foster
Chris Gibson
Penny Griggs
Brian Grocock
John Alan Hartshorne
Eileen Heppell
Mohammed Ibrahim
Hylton Beresford James
Sue Johnson
Carole Ann Jones
Afzal Khan
Gul Nawaz Khan

Timothy John Spencer
Tony Sutton
David Trimble
Leon Unczur
Jane Urquhart
Marcia Watson
Mick Wildgust
Kenneth Lawrence Williams
Malcolm Arthur Wood

Trusts and Charities Committee

Since May 2011 Councillors are appointed to membership of the Trusts and Charities Committee by full Council to fulfil the Council's responsibilities as Trustees. Once established, the Constitution allows that where in-year changes are required to memberships, either at the request of the relevant political group or because a member has resigned or ceased to be eligible for membership, the Deputy Chief Executive/Corporate Director for Resources has the authority to action those changes subject to political balance being preserved where applicable and to the changes made being reported to the next meeting of Council. Details of membership will be updated and published on the Council's website on an ongoing basis. The following is the current list of the Trusts and Charities Committee appointed to approve the Annual Report and financial statements for the financial year 1 April 2010 to 31 March 2011:

Councillor L Ali
Councillor E Campbell
Councillor J Hartshorne (Chair)
Councillor C Jones
Councillor T Molife
Councillor K Williams
Councillor S Williams
Councillor E Morley
Councillor T Spencer

Induction and training of trustees

Following election, Councillors are invited to attend an induction which includes training on their role and responsibilities as trustees, with particular regard to the public benefit requirement. The historical background, policies and procedures of Bridge Estate are also covered and the trustees receive copies of Charity Commission published guidance.

Organisational structure of the charity

Bridge Estate is a charity of which Nottingham City Council is sole trustee. The Trustees are members of the City Council. Since May 2011 Councillors are appointed to membership of the Trusts and Charities Committee by full Council to fulfil the Council's responsibilities as Trustees.

Until May 2011 the Executive Board of the City Council met to make recommendations on the management of the Charity in their capacity as Trustees. Since May 2011 the responsibility for making recommendations on the management of the Charity has been delegated to the Trusts and Charities Committee.

All transactions relating to the Bridge Estate are subject to the same Financial Regulations and procedures as those relating to land and property held by the City Council. The Annual

Report and Financial Statements are reported to and approved by Councillors of the Audit Committee each year, who act as trustees to the Bridge Estate.

Risk Management

The Bridge Estate adopts the City Council's Risk Management Policy as appropriate. The trustees are committed to a programme of risk management to protect the Charity's assets. A Risk Register is held which identifies the key risks and the measures in place to mitigate such risks. Procedures are also in place to ensure that appropriate advice and support is provided to trustees as and when required.

The Bridge Estate's key risk relates to the current economic climate, which has resulted in more volatile asset values and the fall in property values relating to the housing market. The Bridge Estate is therefore considering the following measures to mitigate the risk to Bridge Estate assets:

- Diverse lettings in terms of type, location and tenure.
- Analysis of investments by reference to yield.
- Development and implementation of an asset management plan to identify property to retain and invest in and to sell.
- Identification and acquisition of appropriate property investments to develop and sustain revenue income and the capital value of Bridge Estate assets.

BRIDGE ESTATE

Trustees' Annual Report and Statement of Accounts for the Year Ended 31 March 2011

3. OBJECTIVES AND ACTIVITIES

Objectives

The initial sole objective of the charity was the provision of funds for the maintenance and repair of Trent Bridge. However, by the late nineteenth century the income generated by the Estate was in excess of that required for maintenance of Trent Bridge and consequently the objectives of the Estate were extended by virtue of section 78 of the Nottingham Corporation Act 1882.

The charitable objectives are now threefold:

1. To provide for the efficient maintenance and repair of Trent Bridge and the approaches to it.
2. To provide a contingency fund for the possible construction of such new bridge or bridges over the River Trent as may be found necessary or desirable.
3. To apply the residue of any income as the trustees thinks best for the improvement of the City of Nottingham and the public benefit of its inhabitants.

Main objectives for the year

- To ensure the necessary financial provision is available if required to provide a vehicle and pedestrian communication link for the City of Nottingham via Trent Bridge.
- The maintenance and protection of the Trust's portfolio of income producing assets.
- Surplus revenue generated by the Charity to be invested through Nottingham City Council to support the City Council's aims and objectives for the city as set out in the Council Plan and the Medium Term Financial Strategy.

BRIDGE ESTATE

Trustees' Annual Report and Statement of Accounts for the Year Ended 31 March 2011

Strategies

Management of the property portfolio

The stated objective of setting up a contingency fund for the possible construction of new bridges on the River Trent is effectively met by the management of the property portfolio. In practice, although properties could either be sold or mortgaged to fund such expenditure, the current local government context means that there are more efficient and effective ways of raising the funds required in order to provide for major maintenance or replacement of such bridges. As has been stated above, the City Council is able to earmark funds from the Local Transport Plan for this purpose and substituting Bridge Estate funds would unnecessarily run down the value of the overall portfolio.

Funds generated by the Bridge Estate holding, either through day-to-day operations or sale/mortgage would, in this context, only be applied where other funding routes have been exhausted. For the latter option, Trustees recognise that the ability to generate the level of sales required to replace the Trent Bridge would be difficult to realise in the short-term – further confirming the benefit of working, where possible, within the current local government financial context.

There is a further restriction on the ability to generate funds in this way through the possibility that historic restrictions on the disposal of specific 'endowed' properties may exist. Nottingham City Council will be undertaking a full review of all investment property holdings including those of Bridge Estate. On completion, the results will be formally reported to the Executive Board and the Bridge Trustees. Corporate Finance staff are working with the Estates and Property Department to provide information to assist with the review

At present there are around 145 various lettings created from the current property holdings. Holdings are mostly situated in Nottingham with a few located outside the city boundary. The ownership includes a number of principal retail and commercial properties, residential and industrial ground leases, agricultural holdings, depots and a miscellaneous range of other properties.

Investment risk whilst held in a single investment class (except money held on interest awaiting reinvestment) is in effect spread through the diverse range of property type, location and tenure.

To maximise return on investment, the Council as Trustee is obliged to let properties at full market rent and lettings are on a full repairing, insuring and maintenance basis where it is practical to do so. In the case of multi occupied premises where the estate is responsible for external repairs, heating, cleaning common parts, insurance etc, the costs are generally recovered by way of additional service charge.

The rents of leased properties are reviewed within the agreements and leases renewed on termination, to a higher rent where it is supported by market conditions. Periodic tenancies are generally reviewed every 3 years.

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Trustees' Annual Report and Statement of Accounts for the Year Ended 31 March 2011

Rating assessments are challenged where possible to secure reductions and hence maximise the lessee's ability to pay a higher rent.

Investment Policy

The Investment Policy is to seek to achieve an absolute return over the long term in order to meet increases in expenditure and maintain the Trust's fund in real terms. Any funds generated by the sale of property are temporarily invested until a new investment opportunity is identified by the property manager, in consultation with the Trustees. When investing surplus Bridge Estate Funds, the City Council adhere to their Investment Strategy which complies with the Local Government Act 2003 in support of obtaining the best yield for the Trust.

Insurances

Properties held within the Bridge Estate Charity are covered by the City Council Fire and Terrorism insurance policy. Appropriate recharges are made to the Bridge Estate based on the valuation of individual properties and subject to a de minimis value of £100,000. Premiums are also paid in respect of lifts in Century House and Alexander Fleming Building.

Public Benefit Statement

The maintenance and repair of Trent Bridge and approaches remains the primary objective of the charity. Trent Bridge is the major vehicle communication route from the south of the city and is critical in bringing economic benefit to the City. This is increasingly important in light of the downturn in the global and national economy. The bridge is open to the public at large, assuring public benefit on an open access basis. There are no restrictions regarding the members of the public who may use the bridge and no fees are charged.

The surplus income generated by the charity is transferred to Nottingham City Council's General Fund and used for the benefit of the citizens of Nottingham. The surplus contributes directly to the delivery of Nottingham's priorities as set out in the Council Plan and enables the Council to provide the citizens of Nottingham with effective and efficient services.

In 2010/11, significant progress was made towards achieving the targets set, including:

- the implementation of the Council's Environmental Policy and Carbon Management Plan to help achieve environmental objectives, including carbon reduction
- Work on Early Intervention within Family Nottingham
- Multi-agency Children and Adult Safeguarding Boards established to ensure that the Council along with our partners have the systems in place to ensure that children and vulnerable adults are protected.

These have been achieved in addition to continuing to provide priority services within a balanced budget.

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Trustees' Annual Report and Statement of Accounts for the Year Ended 31 March 2011

4. ACTIVITIES AND ACHIEVEMENTS

Activities

The sole activity of the Bridge Estate is investing, through property ownership, to generate income that is utilised for the objectives of the Charity and to grow the capital value of its assets and are undertaken to further the charitable purposes for the public benefit. The property portfolio is managed on behalf of Bridge Estate by Strategic Property, a division of Nottingham City Council's Resources Department.

During 2010/11 the Strategic Property service actively pursued investment opportunities for the Bridge Estate, and purchased the Former Judges Retiring Rooms and Governors House, Shire Hall. No other purchases were made in 2010/11, which reflects the current property investment market in that there is a limited supply of good investment opportunities. Demand for these properties has been excessively high, resulting in inflated prices. Investment in such properties would be inconsistent with the overall objectives of the charity.

One vacant residential property was sold during the year and another property has been entered into a 150 year lease.

The Strategic Property service has continued to ensure tenant demand for investment properties against a background of a depressed market and low rental growth. However, over the past financial year, voids of around 7% have been experienced (average for multi-let properties). Rental income has remained static during the year reflecting the economic climate and downward pressure on rental market. The policy is to achieve market rates for rental, ensuring value for money for the charity.

5. FINANCIAL REVIEW

Detailed accounts of the Bridge Estate are included in pages 15-24.

Policy on reserves

The Charity's objectives state that any residue of any income should be used for the improvement of the City of Nottingham and the public benefit of its inhabitants, therefore any surplus of income over expenditure during the year is transferred to the Nottingham City Council General Fund.

The Original Estimated Surplus to be transferred to the Council's General Fund for the benefit of the citizens of Nottingham was £1,599,535. The actual Surplus transferred was £1,237,009 for 2010/11 (£1,294,101 2009/10).

BRIDGE ESTATE

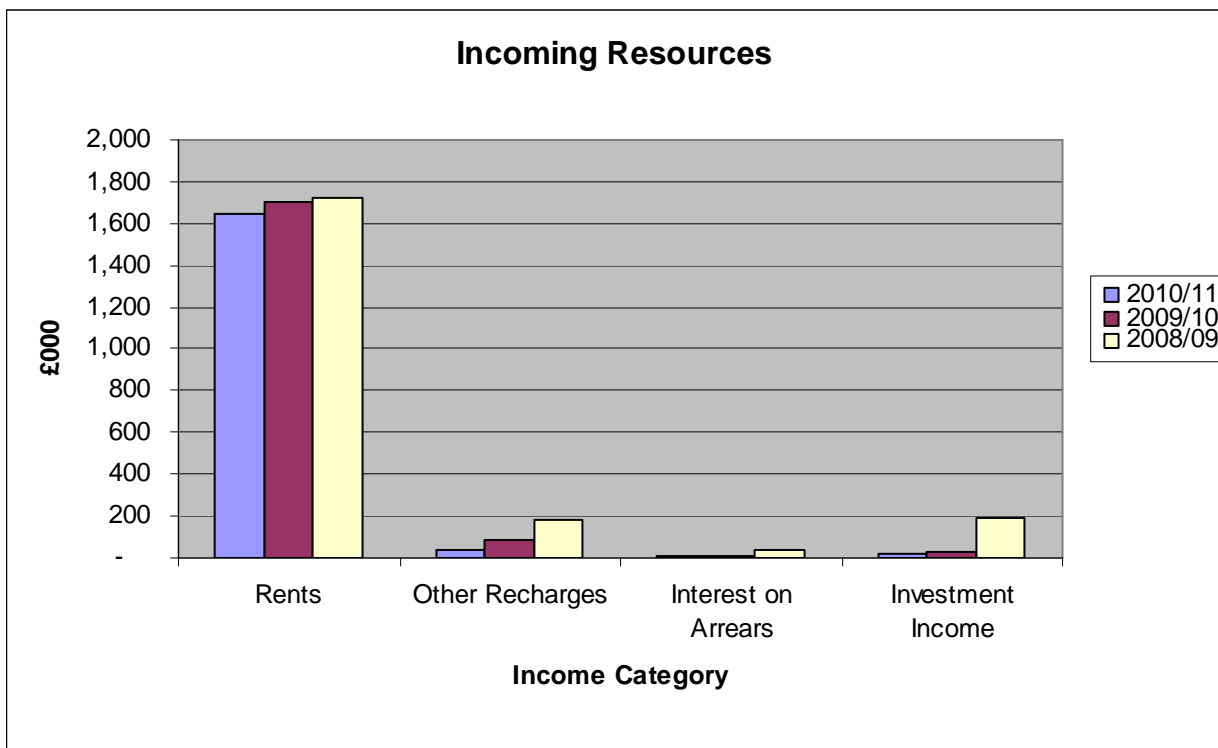
Trustees' Annual Report and Statement of Accounts for the Year Ended 31 March 2011

Review of financial position

Below is a summary of the income generated and resources expended for 2010/11:

	2010/11	2009/10
	£	£
INCOMING RESOURCES	(1,713,610)	(1,819,505)
RESOURCES EXPENDED		
Surplus transferred to NCC General Fund	1,237,009	1,294,101
Cost of Generating Funds	417,271	470,363
Governance Costs	27,250	21,736
Other resources expended	13,480	14,975
Contribution to repairs and renewals fund	18,600	18,330
	1,713,610	1,819,505

Incoming Resources



BRIDGE ESTATE

Trustees' Annual Report and Statement of Accounts for the Year Ended 31 March 2011

Resources Expended

Costs of Generating Funds

These are the costs that are associated with generating incoming resources from all sources other than from undertaking charitable activities.

Governance Costs

Governance costs include the costs of governance arrangements which relate to the general running of the charity as opposed to the direct management functions inherent in generating funds, service delivery and programme or project work. These activities provide the governance infrastructure which allows the charity to operate and to generate the information required for public accountability. Expenditure on the governance of the charity includes both direct and related support costs.

Other resources expended

Annual installment in respect of the Glaisdale 2 Recoupment Order (£13,480) and contribution to the Repairs and Renewals Fund (£18,600).

The Glaisdale 2 Recoupment Order is expected to be completed in the year 2011/12 when the value of the fund is estimated to equal the capital sum being recouped.

6. PLANS FOR FUTURE PERIODS

- A major revaluation of the property portfolio will be complete by 31 March 2012 and will provide a stable basis for future decisions on the management and structure of the portfolio. This process will examine the potential for the release of value from capital rich /income poor properties such as long leaseholds with a view to reinvesting in properties that provide an increased return and potential for growth.
- The Bridge Estate holdings will be reviewed as follows:-
 1. Each individual property is analysed to establish its current yield (current rent as a percentage of capital value).
 2. If the property is producing a low yield, further analysis will be undertaken to establish whether the circumstances offer the potential for financial gain.
 3. Based on this analysis, further properties will be considered for sale, where appropriate.
 4. Properties where the investment yield based on existing use is high will also be similarly analysed to identify why they are high risk, with a view to considering possible sale and reinvestment in a more secure asset.

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Trustees' Annual Report and Statement of Accounts for the Year Ended 31 March 2011

The aim of the review will be to identify properties to retain and invest in, or sell. In addition to this process consideration is being given to investment opportunities that could be acquired utilising receipts from selected disposals. These acquisitions will be strategically chosen to improve yield and spread the investment risk.

Accordingly the Trustees do not intend to hold any free reserves as they will all be part of permanent endowment funds. The risks of such a policy are low as explained in the preceding paragraphs.

Repainting of the bridge was carried out in 2002/03. No other major work is programmed until 2017 when repainting will need to be carried out again.

7. THE FINANCIAL STATEMENTS

The statements include comparative figures for the previous year and consist of the following:

- **Statement of Financial Activities** is a single accounting statement with the objective of showing all incoming resources and resources expended by the charity in the year on all its funds.
- **Balance Sheet** setting out the assets, liabilities and funds of the Trust;
- **Notes to Financial Statements** explaining the accounting policies adopted and explanations of information contained in the Financial Statements.

The Financial Statements have been prepared in accordance with statutory requirements and the Statement of Recommended Practice Accounting and Reporting by Charities (Revised 2005). The Trustee confirms that the Trust's assets are available and adequate to fulfill the obligations of the Trust. For 2010/11 Nottingham City Council is required to publish International Financial Reporting Standards (IFRS) compliant accounts. The Bridge Estate forms part of Nottingham City Council's Group Accounts, and therefore the accounts have been consolidated on this basis. No adjustments were required to these accounts upon consolidation.

BRIDGE ESTATE

Trustees' Annual Report and Statement of Accounts for the Year Ended 31 March 2011

8. RESPONSIBILITIES OF THE TRUSTEE

The Trustee's Responsibilities

The Charity Commission has introduced a framework for accounting for charities, to meet the need for public accountability for the resources held by charities. It is a combination of legislation and best practice.

The legal requirements are contained in Part VI of the Charities Act 1993 (as amended), The Charities (Accounts and Reports) Regulations 1995 as amended by the Charities (Accounts and Reports) Regulations 2000 and the Charities (Annual Return) Regulations 1997 made by the Commissioners under Part VI of the 1993 Act.

The accounting and reporting requirements are complemented by the Statement of Recommended Practice: Accounting by Charities (the Charities SORP), which was revised in March 2005 to consolidate all amendments and recommendations made since SORP 2000.

The Trustee is required:

- to make arrangements for the proper administration of the charity's financial affairs;
- to prepare the Annual Report and financial statements for each financial year which presents fairly, the charity's state of affairs as at the end of the financial year and which presents its incoming resources and its application of resources in that year.

In preparing these statements the Trustee has ensured that:

- suitable accounting policies have been selected and applied consistently;
- judgements and estimates have been made that were reasonable and prudent;
- the relevant legal requirements and recommended practices have been followed;
- they are prepared on the basis that the Bridge Estate is a going concern.

The Trustee is responsible for ensuring that proper accounting records are kept which are up to date and for maintaining a satisfactory system of control over the charity's books of account and transactions.

The Trustee is also responsible for ensuring that arrangements are made to safeguard the assets of the charity and reasonable steps are taken for the prevention and detection of fraud and other irregularities.

The Trustee must take any steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the charity's auditors are aware of any such information.

As far as the Trustees are aware there is no relevant audit information about which the Bridge Estate auditors are unaware

BRIDGE ESTATE

Trustees' Annual Report and Statement of Accounts for the Year Ended 31 March 2011

9. ADOPTION OF THE ANNUAL REPORT AND FINANCIAL STATEMENTS

Approved by the Audit Committee and signed on behalf of Nottingham City Council
by:

_____ Date:
C Mills Evans,
Deputy Chief Executive and Corporate Director for Resources
On Behalf of Nottingham City Council

_____ Date:
J Hartshorne, Signed for the Trustees

The notes form part of these accounts.

BRIDGE ESTATE**Trustees' Annual Report and Statement of Accounts for the Year Ended 31 March 2011****Statement of financial activities for the year ended 31 March 2011**

	2010/11			2009/10
	Unrestricted Funds	Endowment Funds	Total Funds	Total Funds
<u>INCOMING RESOURCES</u>				
Incoming Resources from Generated Funds				
<u>Investment Income</u>				
Rents	(1,649,970)		(1,649,970)	(1,700,404)
Other Recharges	(34,917)		(34,917)	(88,047)
Interest on Arrears	(5,960)		(5,960)	(6,773)
Investment Income	(22,763)		(22,763)	(24,281)
Total Incoming Resources	(1,713,610)	0	(1,713,610)	(1,819,505)
<u>RESOURCES EXPENDED</u>				
<u>Charitable Activities</u>				
Surplus transferred to NCC	1,237,009		1,237,009	1,294,101
<u>Costs of Generating Funds</u>				
<u>Investment Management Costs</u>				
Premises Costs	304,160		304,160	327,196
Supplies and Services	26,437		26,437	21,944
Agency And Contracted Services	5,796		5,796	2,763
Management & Administration	80,878		80,878	118,460
Total Cost of Generating Funds	417,271	0	417,271	470,363
<u>Governance Costs</u>				
Audit Fees	15,360		15,360	13,280
Management Costs	11,890		11,890	8,456
Total Governance Costs	27,250	0	27,250	21,736
Other Resources Expended	13,480		13,480	14,975
Total Resources Expended	1,695,010	0	1,695,010	1,801,175
Net (incoming)/outgoing resources before transfers	(18,600)	0	(18,600)	(18,330)
Gross Transfers Between Funds		(13,480)	(13,480)	(13,480)
Net (incoming)/outgoing resources before other recognised gains and losses	(18,600)	(13,480)	(32,080)	(31,810)

BRIDGE ESTATE**Trustees' Annual Report and Statement of Accounts for the Year Ended 31 March 2011****Statement of financial activities for the year ended 31 March 2011**

	2010/11			2009/10
	Unrestricted Funds	Endowment Funds	Total Funds	Total Funds
Net (incoming)/outgoing resources before other recognised gains and losses	(18,600)	(13,480)	(32,080)	(31,810)
Other Recognised (Gains)/Losses				
(Gains)/Losses on disposal of Investment Assets		(15,525)	(15,525)	(23,691)
(Gains)/Losses on Revaluation of Investment Assets		(18,281)	(18,281)	(30,588)
Net Movement in Funds	(18,600)	(47,286)	(65,886)	(86,089)
<u>Reconciliation of Funds</u>				
Total Funds Brought Forward	(242,450)	(29,545,078)	(29,787,528)	(29,701,439)
Total Funds Carried Forward	(261,050)	(29,592,364)	(29,853,414)	(29,787,528)

BRIDGE ESTATE

Trustees' Annual Report and Statement of Accounts for the Year Ended 31 March 2011

Balance sheet as at 31 March 2011

	Note	2010/11	2009/10
		£	£
<u>FIXED ASSETS</u>			
Investments			
Investment Property		24,876,151	24,779,166
Other Investments	8. b)	4,799,057	4,794,255
Total Fixed Assets		29,675,208	29,573,421
<u>CURRENT ASSETS</u>			
Debtors (net of Bad Debt Provision)	8. c)	91,201	173,497
Cash at Bank	8. c)	405,881	434,692
Total Current Assets		497,082	608,189
<u>LIABILITIES</u>			
Creditors - Amounts falling due within one year	8. d)	(274,423)	(349,732)
Net Current Assets		(274,423)	(349,732)
Total Assets Less Current Liabilities		29,897,867	29,831,878
Creditors - Amounts falling due after one year	8. e)	(44,453)	(44,350)
NET ASSETS		29,853,414	29,787,528
<u>FUNDS OF THE CHARITY</u>			
Endowment Fund	3	(29,592,364)	(29,545,078)
Unrestricted income funds	3	(261,050)	(242,450)
TOTAL CHARITY FUNDS		(29,853,414)	(29,787,528)

BRIDGE ESTATE

Trustees' Annual Report and Statement of Accounts for the Year Ended 31 March 2011

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

General Principles

This section explains the accounting policies applied in producing the Statement of Accounts for the Bridge Estate.

The Statement of Accounts summarises the Bridge Estate transactions for 2010/11 financial year together with its financial position at 31 March 2011.

Basis of preparation

The Statement has been prepared in accordance with Part VI of the Charities Act 1993 and applicable regulations and "Accounting and Reporting by Charities: Statement of Recommended Practice", issued by the Charities Commission in February 2005 (The Charities SORP).

Compliance with the Charities SORP and the adoption of accounting standards and principles issued or adopted by the Accounting Standards Board ensures that the accounts show "a true and fair view" of transactions during the year and the financial position of the Bridge Estate at the year end.

Incoming Resources

Receipts in the form of sales, fees, charges and rents are accrued and accounted for in the period to which they relate. Payments received in advance are recognised as a liability on the balance sheet.

Rental income is recorded when the invoices are raised and become due for payment.

Resources Expended

All expenditure is accrued and accounted for in the period during which they are consumed or received. Accruals have been made for all material sums unpaid at the year end for goods or services received or work completed. Investment management costs mainly relates to premises expenses, which includes day to day maintenance and insurance. Governance costs relate to the general running of the charity, as opposed to direct management functions. These costs include external audit fees and costs associated with trustee meetings and preparing statutory accounts.

Fixed Assets

Investment properties

Bridge Estate investment properties are non-operational assets that are valued at market value, where the valuation is in excess of £10,000. The valuation policy of Bridge Estate Assets: properties have been valued as part the Council's Asset Valuation Program with the next full valuation to be undertaken during financial year 2011/12.

BRIDGE ESTATE

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NOTES TO THE ACCOUNTS

Other investments

Other investments are included in the Balance Sheet at market value.

Other recognised Gains/(losses)

The gains/(losses) on investment assets, represents the differences between proceeds received on disposals and their market value at the beginning of the year. The gains/(losses) on revaluation of investment assets represents material changes in property valuations.

Debtors and Creditors

The accounts of Bridge Estate are maintained on an accruals basis in accordance with the Charities SORP. This means that sums due to or from the Bridge Estate during the year are included whether or not the cash has actually been received or paid in the year. However, certain periodic payments, such as gas and electricity are charged at the date of meter reading rather than being apportioned between financial years. This policy is consistently applied each year and, therefore, does not have a material effect on the year's accounts.

Where it is doubtful that a debt will be settled, the balance of debtors is written down and a charge made to the Statement of Financial Activities for the income that might not be collected. This bad debt provision is offset against the debtor balance on the balance sheet.

In many cases the value to be entered in respect of accrued transactions will be certain. In other cases, this value has to be estimated and reference is then made to past transactions and trends in order to determine the likely value.

Funds of the Charity

Endowment fund

The capital of the Bridge Estate is held as a permanent endowment fund. There is no power to convert the capital into income; the fund must generally be held indefinitely.

Unrestricted income fund

This fund has been established so that the cost of repairing Trent Bridge was spread out and does not impact on the finances of the Charity in a particular year. In 2006/07 an additional Renewal and Repairs Fund was set up to meet the cost of repairs to the housing stock held by the Bridge Estate. Annual contributions are made to the fund and repairs costs are charged to the Statement of Financial Activities (SOFA) in the year they are carried out, with transfers being taken from the fund.

The income from the fund is unrestricted income but it is expendable at the discretion of the trustees in the furtherance of the charity's objects.

Going concern

The Bridge Estate is considered a going concern for the foreseeable future.

Trustees' Annual Report and Statement of Accounts for the Year Ended 31 March 2011

NOTES TO THE ACCOUNTS

2. TAX STATUS OF BRIDGE ESTATE

Bridge Estate is a registered charity and is therefore exempt from income tax and capital gains tax on income and gains falling within S505 ICTA 1988 and S256 CGA 1992. Nottingham City Council is the sole trustee of the Bridge Estate and, in accordance with VAT notice 749, is entitled to recover VAT incurred on the expenditure of the Bridge Estate under section 33 of the VAT Act 1994.

3. MOVEMENT OF FUNDS

Endowment Fund

An analysis of the movement on this fund is shown below:

	2010/11	2009/10
	£	£
Opening Balance	(29,545,078)	(29,477,319)
(Gains)/Losses on revaluation of investment assets	(18,281)	(30,588)
(Gains)/Losses on disposal of investment assets	(15,525)	(23,691)
Transfer of funds	(13,480)	(13,480)
Closing Balance	(29,592,364)	(29,545,078)

The following explains the movements in further details:

Included within the Endowment Fund are two investments in respect of recoupment orders that are held by order of the Charity Commission. These orders provide for annual sums to be set aside until such time as the value of the investment equates to the current value of the original capital outlay. When the recoupment order matures the capital sum and accrued interest are treated as permanent endowment. The following provides details of the annual sums set aside:

BRIDGE ESTATE

Trustees' Annual Report and Statement of Accounts for the Year Ended 31 March 2011

NOTES TO THE ACCOUNTS

(Gains)/Losses on revaluation of investment assets

Revaluation of Glaisdale 1 Recoupment by CCLA Investment Management Ltd – COIF Charity Funds

Transfer of funds

Annual transfer of funds to Glaisdale 2 Recoupment.

(Gains)/Losses on disposal of investment assets

Property	(Gain) or loss on disposal (£)
65/65a Bracebridge Drive	(5,809)
25 Hungerhill Road	8,083
38 Wellington Street	(17,800)
	(15,525)

Unrestricted income fund

An annual contribution of £18,600 (£18,330 2009/10) was made to the Renewal and Repairs Fund, bringing the cumulative balance to £261,050.

4. ANALYSIS OF INCOMING CAPITAL RESOURCES

As a general rule, incoming capital resources to the Bridge Estate are generated by the sale of investment properties or the payment of premiums in respect of the re-gearing of long leaseholds. The Bridge Estate capital fund is a permanent endowment fund which means that it cannot usually be spent as income. Thus, any income generated by the sale of freehold land or buildings, or the re-gearing of long leaseholds on payment of a premium, must be reinvested in the purchase or improvement of freehold land and buildings.

At the discretion of the Charity Commission, funds may be spent on infra-structure assets but any sum spent will have to be recouped and the capital fund replenished.

5. TRUSTEE BENEFITS AND TRANSACTIONS

None

6. TRUSTEE INDEMNITY INSURANCE COSTS

None

BRIDGE ESTATE

Trustees' Annual Report and Statement of Accounts for the Year Ended 31 March 2011

NOTES TO THE ACCOUNTS

7. GRANTS TO INSTITUTIONS

None

8. ANALYSIS OF FIGURES IN THE MAIN STATEMENTS

(a) Investment Property

Investment property represents assets owned by the Bridge Estate, primarily property and buildings all situated in the United Kingdom.

The portfolio of property is mainly investment properties which are valued by Nottingham City Council Property Service Chartered Surveyor (member of the Royal Institution of Chartered Surveyors) and in accordance with the Royal Institute of Chartered Surveyors Appraisal and Valuation Standards Manual (the Red Book). Properties held by the Bridge Estate are non operational properties and as such the valuation is on the basis of open market value. This area is managed by Mr Geoffrey Hibbert - Director of Workplace Strategy and Property.

Investment properties in the portfolio are valued at market value in accordance with the Charities SORP. Some properties have a de-minimis value of £NIL as they are community assets, dedicated for the enjoyment of the public in perpetuity.

Assets that are sold are re-valued pending sale and written out of the accounts at this value.

Analysis of the movement in Investment Property	£
Carrying value (market value) at beginning of year	24,779,166
Add:Additions to investments at cost	212,935
Less: Disposals at carrying value	(131,475)
Add/deduct:Net gains/(losses) on revaluation	15,525
Carrying value (market value) at end of year	24,876,151

BRIDGE ESTATE

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NOTES TO THE ACCOUNTS

The following properties whose value is greater than £1m, are considered to be material in the context of the investment property list:

Property	Value (£)
14-16 Wheeler Gate, Nottingham NG1 2NB	1,513,000
Woolsthorpe Close, Off Wigman Road, Bilborough, Nottingham	3,790,575
Land, at Iremonger Road, Nottingham	1,532,550
Eastcroft Depot, London Road, Nottingham	1,700,000
The Alexander Fleming Building, Nottingham Science and Technology Park, University Boulevard, Nottingham	1,977,580
Century House, 8-18 Chapel Bar, Nottingham NG1 6JQ	1,161,450
Units 21-29, Whitemoor Court, Nuthall Road, Nottingham	1,604,800

(b) Other Investments

Investments are included in the Balance Sheet at market value. All amounts are held in the UK, and with the exception of the COIF Accumulation units, are not quoted on the UK Stock Exchange.

The breakdown of investments is shown below:

	2010/11	2009/10
	£	£
Nottingham City Council Loans	4,542,831	4,511,960
Rent Bonds	0	44,350
Government Stocks	1,385	1,385
COIF Accumulation Units	254,841	236,560
	4,799,057	4,794,255

Rent Bonds

The Charity holds a number of deposits received from tenants of Bridge Estate Industrial Units. These are repaid to the tenant on the termination of the lease (less any costs for damage etc). The deposits received have been invested by Nottingham City Council on behalf of the Charity. From 1st April 2010, these deposits have been reclassified as cash rather than short term other investments.

BRIDGE ESTATE

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NOTES TO THE ACCOUNTS

(c) **Current Assets**

Debtors

	2010/11	2009/10
	£	£
Trade	91,520	54,394
Prepayments & Accrued Income	(0,319)	119,103
	91,201	173,497

Cash

	2010/11	2009/10
	£	£
Cash at bank and in hand	405,881	434,692

(d) **Creditors - Amounts Falling Due Within One Year**

	2010/11	2009/10
	£	£
Trade	(18,506)	(72,063)
Other Creditors	(142,560)	(135,920)
Accruals & Deferred Income	(113,357)	(141,749)
	(274,423)	(349,732)

(e) **Creditors – Amounts Falling Due After More Than One Year**

	2010/11	2009/10
	£	£
Trade (Rent Bonds)	44,453	44,350

BRIDGE ESTATE

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NOTES TO THE ACCOUNTS

9. CONTINGENT LIABILITIES, CHARITABLE AND OTHER COMMITMENTS

None

10. AUDIT FEES

A sum of £13,360 has been accrued in respect of the cost of the auditing the accounts for the year ended 31 March 2011. This is included in the £15,360 included in the Statement of Financial Activities for audit fees.

11. TRANSACTIONS WITH RELATED PARTIES

Nottingham City Council is the sole trustee of the Bridge Estate and any transactions between these two parties must be disclosed in accordance with Charity SORP.

The Bridge Estate has two investments with the City Council. Capital receipts generated from the property sales are deposited with the City Council pending reinvestment in property. These funds are invested with City Council balances and a nominal sum (based on daily rates) equivalent to what would have been earned if the money had been invested externally is paid to Bridge Estate.

At 31 March 2011 the sum invested was £4,286,711 (£4,269,320 2009/10) and the interest received for the year was £22,763 (£22,562 2009/10). The second investment is in respect of the Glaisdale 2 Recoupment Order, which was set up to recoup the money invested in constructing a road, to facilitate the development of the land known as the Roughts at Glaisdale. The sum to be recouped is £269,642, the annual investment is £13,480, and at 31 March 2011 the fund stood at £256,120 (£242,640 2009/10)

Although the Bridge Estate does not have a separate bank account, it has been agreed that the City Council would pay a nominal interest to the Charity on the average cash balances held by the Charity. Transactions between the City Council and external customers and the Bridge Estate are recorded on an inter company account, and interest is calculated on the average daily balances on this account. £2,040 was paid in 2010/11 (£2,513 2009/10) in respect of this interest.

In addition to these transactions involving investments and cash balances, there are other transactions between the Charity and the City Council in respect of the day to day operations of the Charity.

In the year to 31 March 2011 various City Council departments paid a sum of £402,938 (£421,176 2009/10) in respect of office space let by the Charity at current market rents subject to periodic reviews. This income is included in "Rents" in the "Statement of Financial Activities".

BRIDGE ESTATE

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NOTES TO THE ACCOUNTS

The City charged the Charity £92,768 in the year to 31 March 2011 (£126,916 2009/10) in respect of officers' time, payment of creditors and collection of rent and sundry debtor accounts and management and maintenance of properties. Of this total it is estimated that £11,890 (£8,456 2009/10) is attributable to governance of the Charity. These costs relate to the preparation of the final accounts and legal fees.

The Charity paid a total sum of £5,796 (£2,762 2009/10) respectively for refuse collection at Century House. The payments are shown in Agency and Contracted Services in the "Statement of Financial Activities".

Surplus of income over expenditure during the year is transferred to the City Council's General Fund for the improvement of the City of Nottingham and the public benefit of its inhabitants £1,237,009 2010/11 (£1,294,101 2009/10).

Apart from the transactions referred to above, individual trustees did not receive any benefits from the Bridge Estate.