

# BRIDGE ESTATE



## Annual Report for the year ended 31 March 2016

Registered Charity Number 220716

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## **REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31ST MARCH 2016**

The trustees present their annual report and financial statements of the charity for the year ended 31st March 2016. The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's trust deed, the Charities Act 2011 and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland published on 16 July 2014.

## **OBJECTIVES AND ACTIVITIES FOR THE PUBLIC BENEFIT**

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 Trustee's Annual Report for the year ending 31 March 2016 confirms that any residual income would be applied to the improvement of the City of Nottingham in support of the Council's aims and objectives, as set out in the Council Plan and Medium Term Financial Strategy. This is delivered through the maintenance and protection of the Trust's portfolio of income producing assets.

The surplus income generated by the charity is transferred to NCC's General Fund and is used for the benefit of the citizens of Nottingham. As referred to above, 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.

The Bridge Estate fixed asset portfolio will be actively managed to secure new investment properties, increase income and reduce risk in an uncertain market.

The Bridge Estate's transfer to NCC's General Fund also represents an equivalent saving for Nottingham citizens who pay council tax on a Band D property of £26 (£25 in 2014/15).

The trustees confirm that they have referred to the Charity Commission's guidance on public benefit when reviewing the Trust's aims and objectives.

### **Objectives**

The initial sole objective of the Bridge Estate 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 Bridge Estate's 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 trustee thinks best for the improvement of the City of Nottingham and the public benefit of its inhabitants.

**Main objectives for the financial year 2016/17 -**

1. 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.
2. Surplus revenue generated by the Charity to be invested through NCC 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.
3. The continued development of the Trust's property portfolio with a view to minimizing the risk of exposure to adverse economic conditions and protecting and increasing its income and capital value of its assets.

**Strategies adopted in the management of the property portfolio**

Bridge Estate's stated objectives of setting up a contingency fund for the maintenance and repair of Trent Bridge and to accumulate a fund to build a new bridge, should this be necessary, 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 to maintain or to replace Trent Bridge. NCC 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 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 achieve in the short-term and in any case could not meet the full cost of replacing the structure – further confirming the need 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.

The property portfolio includes a number of prime retail and commercial properties, industrial ground leases, agricultural holdings, depots and a miscellaneous range of other properties. A policy of selling off the residential portion of the portfolio has been implemented as the condition of the properties and the repair liabilities were making their retention unattractive.

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 Charity is obliged to let properties at full market rent and lettings on full repairing and insuring terms where it is practical to do so. In the case of multi occupied premises where the landlord 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 properties leased for a term of years are reviewed in accordance with the terms of the agreement and current market conditions and short term 'periodic' tenancies are generally reviewed every 3 years. In the case of expiring leases, these are either renewed on negotiated terms or marketed for re-letting where the original lessee does not wish to continue. In all cases, terms will be negotiated to secure the best outcome for the Charity including where possible an increased rent unless there are other objectives that the Trustees wish to secure.

## **ACHIEVEMENTS and PERFORMANCE**

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, 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 NCC's Development and Growth Department. A dedicated Chartered Surveyor is assigned to this role.

In summary, the following has been undertaken over the past 12 months:

- Whitemoor Court – Trustees of the Bridge Estate granted consent to reinstate the fire damaged industrial units at Whitemoor Court. A contractor has now been selected to proceed with the work and a spring 2016 start is anticipated.
- The upgrading work to Century House has been completed and the property is fully let. Robin Hood Energy have expressed interest in taking a lease for a further floor within the property (in addition to the second and third floors already occupied by them) following expiry of another occupier's tenancy agreement.
- 49 Hungerhill Road is now let following refurbishment works.
- The repair of the ornamental lighting on Trent Bridge has been carried out and the inner face of the bridge balustrades re-painted. Repairs to the York stone pavements have been identified as the next priority.
- Amendments to a long leasehold interest at Glaisdale Drive have been agreed with completion to follow in due course.
- It is proposed to appoint Savills to complete a review of the agricultural portfolio and complete outstanding rent reviews which will result in increased income to the portfolio.
- Lease renewal agreed on the Alexander Fleming building at the Science Park.
- A number of potential development opportunities are currently being explored.

There is an ongoing review of the portfolio to identify older assets held by the Trust which could be sold and generate investment capital. Should disposals be approved by the Trustees total capital reserves will provide the Trust with the opportunity to secure positive reinvestment in the portfolio, either through the acquisition of new assets or the improvement or refurbishment of existing properties.

The Strategic Property service has continued to secure tenant demand for investment properties, although in common with the market generally, there has been little by way of rental growth during the last year. The policy remains, however, to achieve market rates for rental, ensuring the charity receives value for money.

## **FINANCIAL REVIEW**

The financial statements of the Bridge Estate are included in the following pages. The statements include comparative figures for the previous year and consist of the following:

- **Statement of Financial Activities (SoFA)** 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 Trustee confirms that the Trust's assets are available and adequate to fulfill the obligations of the Trust. Nottingham City Council is required to publish International Financial Reporting Standards (IFRS) compliant accounts. The Bridge Estate forms part of NCC's Group Accounts, and therefore the accounts have been consolidated on this basis. No adjustments were required to these accounts upon consolidation.

### **Policy on reserves**

The Charity may hold reserves or funds to even out the financial impact of significant costs for any particular year. 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 remaining surplus of income over expenditure during the year is transferred to NCC's General Fund. The Original Estimated Surplus to be transferred to NCC's General Fund for the benefit of the citizens of Nottingham was £1,545,000 (£1,677,760 2014/15). The actual Surplus transferred was £1,585,972 for 2015/16 (£1,504,028 2014/15). Further details on reserves can be found in the notes to the accounts.

### **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 Trusts and Charities Committee. When investing surplus Bridge Estate Funds, NCC adhere to their Investment Strategy which complies with the Local Government Act 2003 in support of obtaining the best yield for the Trust.

### **Risk Management**

The Bridge Estate adopts the NCC's Risk Management Policy, tailored as appropriate for the Trust. The Trustee is 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 Trusts and Charities Committee as and when required.

### **Review of financial position**

Below is a summary of the income generated and resources expended:

	2015/16 £	2014/15 £
<b>INCOMING RESOURCES</b>	<b>2,278,178</b>	<b>2,037,709</b>
<b>RESOURCES EXPENDED</b>		
Surplus transferred to NCC General Fund	1,585,972	1,504,028
Raising Funds	303,348	253,130
Charitable Activities	120,897	102,738
Other	153,438	97,973
Contribution to unrestricted reserve	42,523	60,754
Contribution to repairs and renewals fund	72,000	19,086
	<b>2,278,178</b>	<b>2,037,709</b>

## **PLANS FOR FUTURE PERIODS**

A property investment portfolio is a dynamic resource and needs to be actively managed if it is to develop and resist the effects of economic change. The principal focus should be on proactive management of the portfolio's income profile, maximising income from existing properties, acquiring prime assets in favour of secondary stock where possible and developing a mix of investments aimed at creating stability, secure income, capital and revenue growth and minimised risk.

The current portfolio includes some of these elements:

- A diverse range of assets offering some security against the decline of a specific market sector
- Revenue supported by a range of income generating investments including the modern industrial units, some quality office and retail space
- Secure ground lease investments providing strong capital growth and strategic control of land use.
- An opportunity to buy in leases within its own assets, securing the benefit of marriage value

In recent years the Portfolio has been partially rebalanced with the disposal of a number of management intensive, low income producing assets and the acquisition of two prime investments. In times of economic recession, the portfolio will still be susceptible to loss of income through a stagnated rental market and the risk of voids but the range of investments helps to mitigate this risk.

The Trust holds some good quality assets evidenced by the Alexander Fleming Building at the Nottingham Science Park, retail premises on Lister Gate/Wheeler Gate and offices at Castle Marina. Other good secondary investments such as Century House on Chapel Bar and Castle Gate House are also beneficial assets. However, the portfolio would be strengthened by the introduction of more high quality investments offering secure income supported by strong tenant covenants.

Following the acquisition of Lister Gate, the Bridge Estate still has additional investment resources, held as cash and other investments. These monies are currently earning little income and a proactive strategy has been adopted with a view to utilising any available investment resources to facilitate both strategic and opportunistic property acquisitions.

The strategy is based on the following principles:

- A dedicated investment resource of circa £1m - £2m to fund acquisitions and capital investment. This is sourced from existing capital and receipts from selected disposals.
- All assets in the portfolio to be rated on their potential for retention or disposal with a view to actively pursuing early disposal in selected cases.
- That specific opportunities be identified for using additional investment resources for the improvement of existing assets where it can be demonstrated the investment will generate increased income or maintain income otherwise at risk. This might include the refurbishment of offices or workspace or buying in leasehold interests to provide an asset that is more attractive to a potential tenant.

- That opportunities for strategic acquisitions be brought to future committees for consideration where it can be demonstrated they will:
  - Secure income generation
  - Good potential for rental growth
  - Resilience to changing economic conditions
- An annual review of the policy for disposals and acquisitions looking at projections for the forthcoming year and the influence of opportunities secured in the previous year.
- The exploration of opportunities within the portfolio where value can be secured through strategic acquisition of third party interests, securing planning consent where it is beneficial and is considered to add value to potential disposals
- Maintaining and developing existing income through selective investment in assets identified for retention.



Castle Bridge Office

## **STRUCTURE, GOVERNANCE AND MANAGEMENT**

### **Organisational structure of the charity**

Bridge Estate is a charity of which NCC is the sole trustee.

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 NCC. The Annual Report and Financial Statements are reported to and approved by Councillors of the Trusts and Charities Committee each year.

### **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 2011, various statutes and the provisions of Charity Law.



**Century House**

**Trustee selection methods**

Nottingham City Council (NCC) is the sole Trustee. NCC has elected members who are elected on a 4 year cycle. The following table details the councillors / trustees for the financial year 1 April 2015 to 31 March 2016 and also includes any post year trustee movements:

Councillor Ali	Councillor Liversidge
Councillor Armstrong (Elected May 15)	Councillor Longford
Councillor Arnold	Councillor McCulloch
Councillor Aslam (Stood Down May 15)	Councillor McDonald
Councillor Ayoola (Elected May 15)	Councillor Malcolm (Stood Down May 15)
Councillor Aziz (Elected May 15)	Councillor Mellen
Councillor Ball	Councillor Molife (Stood Down May 15)
Councillor Battlemuch	Councillor Morley (Stood Down May 15)
Councillor Bryan	Councillor Morris
Councillor Campbell	Councillor Neal
Councillor Chapman	Councillor Norris
Councillor Choudhry	Councillor Ottewell (Not re-elected May 15)
Councillor Clark	Councillor Packer (Not re-elected May 15)
Councillor Collins	Councillor Parbutt
Councillor Cook (Elected May 15)	Councillor Peach
Councillor Culley	Councillor Piper
Councillor Dewinton (Not re-elected May 15)	Councillor Rule (Elected May 15)
Councillor Edwards	Councillor Saghir
Councillor Ferguson	Councillor D Smith
Councillor Gibson	Councillor W Smith
Councillor Grocock	Councillor Spencer (Not re-elected May 15)
Councillor Hartshorne (Trusts & Charities)	Councillor Steel (Not re-elected May 15)
Councillor Healy	Councillor Tansley (Elected May 15)
Councillor Heaton	Councillor Trimble
Councillor Ibrahim	Councillor Unczur (Stood Down May 15)
Councillor Ifediora (Elected May 15)	Councillor Urquhart
Councillor Glyn Jenkins	Councillor Watson
Councillor Corall Jenkins (Elected May 15)	Councillor Webster
Councillor Johnson	Councillor Wildgust
Councillor Jones	Councillor Wood (Trusts & Charities)
Councillor G Khan	Councillor Woodings (Elected May 15)
Councillor N Khan	Councillor Young (Elected May 15)
Councillor Klein (Trusts & Charities)	

**Trusts and Charities Committee**

Councillors are appointed to membership of the Trusts and Charities Committee by full Council to fulfil the Council’s responsibilities as Trustee. 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 2015 to 31 March 2016:

Councillor John Hartshorne (Chair)
Councillor Glyn Jenkins (Vice Chair - from May 15)
Councillor Thulani Molife (Vice Chair) (Removed May 15)
Councillor Liaqat Ali
Councillor Patience Ifediora (Elected May 15)
Councillor Carole-Ann Jones
Councillor Anne Peach
Councillor Andrew Rule (Elected May 15)
Councillor Dave Smith (Added to the Committee May 15)
Councillor Timothy Spencer (Removed May 15)
Councillor Roger Steel (Removed May 15)
Councillor Sam Webster (Removed from the Committee May 15)
Councillor Steve Young (Elected May 15)

**Induction and training of Trusts and Charities Committee**

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

## REFERENCE AND ADMINISTRATIVE DETAILS

<b>Charity Name</b>	Bridge Estate
<b>Charity Number</b>	220716
<b>Registered Address</b>	Nottingham City Council Loxley House Station Street Nottingham NG2 3NG
<b>Charity's Trustee</b>	Councillors of Nottingham City Council
<b>Day to Day Management</b>	Director of Strategic Asset and Property Management Loxley House Station Street Nottingham NG2 3NG
<b>Auditors</b>	Rogers Spencer Newstead House Pelham Road Nottingham NG5 1AP
<b>Financial Advisor</b>	Strategic Director of Finance Nottingham City Council Loxley House Station Street Nottingham NG2 3NG
<b>Bankers</b>	Lloyds Bank Market Square House Old Market Square Nottingham NG1 6FD

## **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 Trustee is aware there is no relevant audit information about which the Bridge Estate auditors are unaware

## **ADOPTION OF THE ANNUAL REPORT AND FINANCIAL STATEMENTS**

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

\_\_\_\_\_  
Geoff Walker (ACMA)  
Strategic Director of Finance

Date: .....

\_\_\_\_\_  
J Hartshorne, Signed for the Trustee

Date: .....

**Statement of Financial Activities for the year ending 31 March 2016**

	2015/16			2014/15
	Unrestricted Funds £	Endowment Funds £	Total Funds £	Total Funds £
<b><u>Income and endowments from:</u></b>				
Donations and Legacies	0		0	0
Charitable Activities	0		0	0
Other Trading Activities	(2,257,426)		(2,257,426)	(2,001,935)
Investments	(20,002)		(20,002)	(18,590)
Other	(750)		(750)	(17,184)
<b>Total</b>	<b>(2,278,178)</b>	<b>0</b>	<b>(2,278,178)</b>	<b>(2,037,709)</b>
<b><u>Expenditure on:</u></b>				
-				
Raising Funds	8,300	295,048	303,348	253,130
Charitable Activities	54,519	66,378	120,897	102,738
Charitable Activities - Transfer to NCC	1,585,972		1,585,972	1,504,028
Other		153,438	153,438	97,973
<b>Total</b>	<b>1,648,791</b>	<b>514,864</b>	<b>2,163,655</b>	<b>1,957,869</b>
<b>Net (gains)/losses on investments</b>	0	(254,791)	(254,791)	(69,000)
<b>Net income/(expenditure)</b>	<b>(629,387)</b>	<b>260,073</b>	<b>(369,314)</b>	<b>(148,840)</b>
<b>Transfer between Funds</b>	515,832	(515,832)	0	0
<b>Other Recognised (Gains)/Losses</b>				
(Gains)/losses on Revaluation of Investment Assets	0	967,298	967,298	(1,150,060)
Other (gains)/losses	0	0	0	0
<b>Net Movement in Funds</b>	<b>(113,555)</b>	<b>711,539</b>	<b>597,984</b>	<b>(1,298,900)</b>
<b><u>Reconciliation of Funds</u></b>				
<b>Total Funds Brought Forward</b>	<b>(391,453)</b>	<b>(27,964,921)</b>	<b>(28,356,374)</b>	<b>(27,057,474)</b>
<b>Total Funds Carried Forward</b>	<b>(505,008)</b>	<b>(27,253,382)</b>	<b>(27,758,390)</b>	<b>(28,356,374)</b>

**Balance Sheet as at 31st March 2016**

	Note	2015/16 £	2014/15 £
<b>Fixed Assets</b>			
Investments	6/7	28,838,509	30,008,910
<b>Total Fixed Assets</b>		<b>28,838,509</b>	<b>30,008,910</b>
<b>Current Assets</b>			
Debtors (net of Bad Debt Provision)	8	987,674	563,720
Cash at Bank	8	3,727,237	4,145,542
<b>Total Current Assets</b>		<b>4,714,911</b>	<b>4,709,262</b>
<b>Liabilities</b>			
Creditors - Amounts falling due within one year	9	(2,869,627)	(2,986,470)
<b>Net Current Assets</b>		<b>1,845,284</b>	<b>1,722,792</b>
<b>Total Assets Less Current Liabilities</b>		<b>30,683,793</b>	<b>31,731,702</b>
Creditors - Amounts falling due after one year	9	(40,879)	(40,879)
Long Term Borrowing		(2,884,524)	(3,334,449)
<b>NET ASSETS</b>		<b>27,758,390</b>	<b>28,356,374</b>
<b>The Funds of the Charity</b>			
Endowment Fund		(27,253,382)	(27,964,921)
Unrestricted Funds		(505,008)	(391,453)
<b>TOTAL CHARITY FUNDS</b>		<b>(27,758,390)</b>	<b>(28,356,374)</b>

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

\_\_\_\_\_ Date: .....  
 Geoff Walker (ACMA)  
 Strategic Director of Finance

\_\_\_\_\_ Date: .....  
 J Hartshorne, Signed for the Trustee

The notes form part of these accounts.

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1. Accounting Policies**

#### **General Principles**

The Annual Report summarises the Bridge Estate transactions for 2015/16 financial year together with its financial position at 31 March 2016.

This section explains the accounting policies applied in producing the Annual Report for the Bridge Estate. Accounting policies are the principles, bases, conventions and rules by which transactions are recognised, measured and presented in the accounts.

#### **Basis of preparation and assessment of going concern**

The Annual Report has been prepared in accordance with Statement of Recommended Practice: Accounting and Reporting preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) issued on 16 July 2014 and the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS102) and Charities Act 2011.

The cash flow statement forms part of the Nottingham City Council's group accounts.

The trustees consider that there are no material uncertainties about the Trust's ability to continue as a going concern.

The trust constitutes a public benefit entity as defined by FRS102.

#### **Income Recognition**

Income receipts 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 within creditors.

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

#### **Expenditure Recognition**

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. Receipts received in advance are recognised as an asset on the balance sheet within debtors. Expenditure is classified under the following activity headings:

##### Raising Funds

Costs of raising funds includes premises expenses, which includes day to day maintenance and insurance. These are initially charged against the Endowment Fund in the SoFA, as recommended in the Charities SORP, but transferred to Unrestricted Funds within Gross Transfer Between Funds.

##### Charitable Activities

The net expenditure or income of the Bridge Estate is transferred to NCC's General Fund for the benefit of the citizens of Nottingham.

##### Other

Other expenditure includes the costs of governance arrangements, which relate to the general running of the charity, as opposed to direct management functions inherent in generating funds, service delivery and programme. These activities provide the governance infrastructure which allows the charity to operate and to generate the information required for public accountability.

Support costs include external audit fees, valuation fees and costs associated with trustee meetings and preparing statutory accounts.

### **Irrecoverable VAT**

Irrecoverable VAT is charged against the expenditure heading for which it was incurred.

### **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.

### **Fixed Assets**

#### **Investment properties**

Investment properties are those used solely to earn rentals and/or for capital appreciation for the Bridge Estate. Investment properties are measured initially at cost. They are not depreciated but are revalued annually according to market conditions at year-end. Gains and losses on revaluation and on disposal are shown within the SOFA. However as revaluation and disposal gains and losses are not allowed by statute to impact on the financial activities of the Bridge Estate, they do not form part of the income and expenditure totals, but provide details within the SOFA of the movement on the Endowment Fund. Any sale proceeds are posted to the Endowment Fund.

Rental income from investment properties is credited to investment income within the SOFA.

Where land or property is held as a community asset, dedicated for the enjoyment of the public in perpetuity they are given a value of £NIL.

#### **Other investments**

Other investments are included in the Balance Sheet at market value and include loans and government stocks.

### **Accruals of Expenditure and Income**

The accounts of the Bridge Estate are maintained on an accruals basis. 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. Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the balance sheet. Cash received or paid and not yet recognised as income or expenditure is shown as a creditor (receipt in advance) or debtor (payment in advance) in the balance sheet and the SOFA adjusted accordingly. Fees, charges and rents due from customers are accounted for as income at the date that the Bridge Estate provides the associated goods or services.

This policy is not followed for certain quarterly payments, including gas and electricity, where expenditure is recorded 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 SoFA 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 others, this value has to be estimated and reference is then made to past transactions and trends in order to determine the likely value.

## Cash

Cash is represented by deposits held within the Bridge Estate bank account.

## 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 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 active trustees in the furtherance of the charity's objectives.

## 2. Tax status of the 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 S531 ITA 2007 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. Summary of Fund Movements

Fund Name	Incoming		Outgoing		Gains and Losses	Balances C/Fwd
	Balances B/Fwd	Resources	Resources	Transfers		
	£	£	£	£	£	£
Endowment	(27,964,921)	0	514,864	(515,832)	712,507	(27,253,382)
Unrestricted	(391,453)	(2,278,178)	1,648,791	515,832		(505,008)
<b>Total</b>	<b>(28,356,374)</b>	<b>(2,278,178)</b>	<b>2,163,655</b>	<b>0</b>	<b>712,507</b>	<b>(27,758,390)</b>

### Incoming 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.

### Other Recognised (Gains)/Losses

The annual revaluation of the property portfolio has been completed in 2015/16 resulting in a loss on revaluation of assets of £966,095.

### Unrestricted income fund

A contribution of £72,000 (£19,086 2014/15) was made to the Repairs Fund and a further contribution of £42,523 was made to the unrestricted funds, bringing the cumulative balance to £505,008.

## 4. Analysis of SOFA:Income and Expenditure

	2015/16 £	2014/15 £
<b><u>INCOME</u></b>		
<b><u>Other Trading Activities</u></b>		
Rent	(2,216,708)	(1,996,059)
Service Charges	(40,718)	(5,876)
<b><u>Investments</u></b>		
Interest Received	(20,002)	(18,590)
<b><u>Other</u></b>	(750)	(17,185)
	<b>(2,278,178)</b>	<b>(2,037,709)</b>
<b><u>EXPENDITURE</u></b>		
<b><u>Raising Funds</u></b>		
<i>Agency and Contracted Services</i>		
Cleaning	7,353	5,404
Grounds Maintenance	8,000	9,842
<i>Investment Management Costs</i>		
Business Rates	75,311	33,324
Council Tax	11,353	(3,647)
Energy Costs	4,825	11,691
Energy Performance Certificate	17,268	1,180
Insurance	20,700	20,930
Management Fees	1,655	0
Property Maintenance	33,426	30,569
Property Repairs	45,769	97,971
Rent Collection	43,622	16,283
Supplies and Services	30,618	30,385
Water Charges	3,448	(802)
<b><u>Charitable Activities</u></b>		
Surplus transferred to NCC General Fund	1,585,972	1,504,028
<i>Support Costs</i>		
Management and Administration	120,897	102,737
<b><u>Other</u></b>		
Interest Payable	92,678	97,974
Payment of Loan	60,760	0
<b><u>Movement to Funds</u></b>		
Contribution to Repairs Fund	72,000	19,086
Contribution to Unrestricted Fund	42,523	60,754
	<b>2,278,178</b>	<b>2,037,709</b>

## 5. Allocation of governance and support costs

The breakdown of support costs and how these were allocated between governance and other costs is shown below:

	Total £	Governance Related £	Other Support Costs £	SOFA Category	Basis of Apportionment
Audit Fees	8,300	8,300		Raising Funds	External Provider's Annual Fee
Computer Costs	17,100		17,100	Charitable Activities	Software Usage
Staff Costs	72,613	23,335	49,278	Charitable Activities	Staff Time
Valuation Fees	31,184	31,184		Charitable Activities	Asset Valuation Costs/Staff Time
	<b>129,197</b>	<b>62,819</b>	<b>66,378</b>		

Governance Costs are met entirely from Unrestricted Funds.

## 6. 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 the 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.

	2015/16 £	2014/15 £
<b>Analysis of the movement in Investment Property</b>		
Carrying value (market value) at beginning of year	29,360,400	28,303,669
Add: Additions to investments at cost	66,539	43,884
Less: Disposals at carrying value	-	(91,000)
Add/deduct: Net gains/(losses) on revaluation	(966,094)	1,103,847
<b>Carrying value (market value) at end of year</b>	<b>28,460,845</b>	<b>29,360,400</b>

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

Property	2015/16 Value (£)	2014/15 Value (£)
Century House, 8-18 Chapel Bar	1,175,000	1,250,000
Woolsthorpe Close, Off Wigman Road, Bilborough	2,920,000	2,935,000
Eastcroft Depot, London Road	2,650,000	2,640,000
The Alexander Fleming Building, Nottingham Science and Technology Park, University Boulevard	1,500,000	1,772,000
34-38 Lister Gate	6,640,000	6,850,000
Units 21-29, Whitemoor Court, Nuthall Road	2,672,000	2,500,000
14-16 Wheeler Gate	1,035,000	1,075,000

## 7. Other Investments

	2015/16 £	2014/15 £
Nottingham City Council Loans	-	269,642
Government Stocks	1,385	1,385
COIF Accumulation Units	376,279	377,483
	<b>377,664</b>	<b>648,510</b>

<b>Analysis of the movement in Other Investments</b>	2015/16 £	2014/15 £
Carrying value (market value) at beginning of year	648,510	602,297
Less: Disposals at carrying value	(269,642)	-
Add/deduct: Net gains/(losses) on revaluation	(1,204)	46,213
<b>Carrying value (market value) at end of year</b>	<b>377,664</b>	<b>648,510</b>

## 8. Analysis of current assets

<b>Debtors</b>	2015/16 £	2014/15 £
Trade	813,247	474,672
Amounts due from subsidiary and associated undertakings	174,427	89,048
	<b>987,674</b>	<b>563,720</b>

<b>Cash</b>	2015/16 £	2014/15 £
Cash at bank	3,727,237	4,145,542

### 9. Analysis of current liabilities and long term creditors

	2015/16 £	2014/15 £
Amounts due to subsidiary and associated undertakings	(2,638,140)	(2,641,561)
Other creditors	(130,252)	(112,779)
Accruals & Deferred Income	(101,235)	(232,130)
	<b>(2,869,627)</b>	<b>(2,986,470)</b>

	2015/16 £	2014/15 £
Rent Bonds	(40,879)	(40,879)

### 10. Analysis of group net assets between funds

	2015/16	
	Endowment Fund £	Unrestricted Funds
Investment Properties	28,460,845	
Other investments		377,664
Debtors (net of Bad Debt Provision)		987,674
Cash at Bank	1,857,344	1,869,894
Creditors - Amounts falling due within one year	(180,283)	(2,689,344)
Creditors - Amounts falling due after one year		(40,879)
Long Term Borrowing	(2,884,524)	
	<b>27,253,382</b>	<b>505,008</b>

## 11. TRANSACTIONS WITH RELATED PARTIES

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

A loan of £3,922,881 was approved in 2012/13 to assist in the purchase of an investment property, this loan is for a period of 20 years and for accounting purposes the £3,922,881 is treated as long term borrowing. The payment due dates are annually starting on the 31 March 2014. The payments will be made up of £196,144 principal and 2.70% pa interest on the average loan balance in the year. In 2015/16 the Bridge Estate paid £92,678 interest, which is shown within the SoFA under Other Expenditure, while the closing long term borrowing is £3,064,807.06 which is shown in the balance sheet.

Monies due from NCC at the end of the financial year by the Bridge Estate was £174,427 (£89,048 2014/15) and monies owed to NCC was £2,638,140 (£2,641,561 2014/15).

In addition to 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 2016 various City Council departments paid a sum of £410,392 (£503,372 2014/15) in respect of office space let by the Charity at current market rents subject to periodic reviews. This income is included in the SoFA.

NCC charged the Bridge Estate £120,897 in the year to 31 March 2016 (£102,738 2014/15) in respect of officers' time and management and maintenance of properties. Of this total it is estimated that £54,519 (£76,121 2014/15) is attributable to the governance of the Charity. These costs relate to the preparation of the final accounts, valuation fees, legal fees and attendance and preparation for the Trusts and Charities Committee meetings.

The Charity paid a total sum of £15,353 (£15,246 2014/15) respectively for grounds maintenance and contract cleaning, while insurance costs of £20,930 (£20,930 2014/15) was paid to NCC. The payments are shown within Raising Funds in the SoFA.

Surplus of income over expenditure during the year is transferred to NCC's General Fund for the improvement of the City of Nottingham and the public benefit of its inhabitants £1,585,972 (£1,504,028 2014/15).

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

## **Independent Auditor's Report to the trustee of Bridge Estate**

We have audited the financial statements of Bridge Estate for the year ended 31 March 2016 which comprise the Statement of Financial Activities, the Balance Sheet, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland."

This report is made solely to the charity's trustee, as a body, in accordance with regulations made under section 154 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charity's trustees 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of trustee and auditor**

As explained more fully in the Trustee's Responsibilities Statement set out on page 13, the trustees are responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustee's Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

give a true and fair view of the state of the charity's affairs as at 31 March 2016, and of its incoming resources and application of resources, for the year then ended;

have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

have been prepared in accordance with the requirements of the Charities Act 2011.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

the information given in the Trustee's Annual Report is inconsistent in any material respect with the financial statements; or

sufficient accounting records have not been kept; or

the financial statements are not in agreement with the accounting records and returns; or

we have not received all the information and explanations we require for our audit.

*Rogers Spencer*  
*Statutory Auditor*

Date.....

*Newstead House*  
*Pelham Road*  
*Nottingham*  
*NG5 1AP*

*Rogers Spencer is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.*

