

**REPORT OF DEPUTY CHIEF EXECUTIVE/CORPORATE
DIRECTOR FOR RESOURCES**

BRIDGE ESTATE TRUST 2009/10

1 PURPOSE

This report provides details of the final Statement of Accounts for the Bridge Estate Charity for which the City Council is the sole Trustee. This report also details the findings of the Bridge Estate Annual Governance Report 2009/10 from the Audit Commission and recommends an Action Plan to ensure that the Trustees fulfill their responsibilities and demonstrate that they are meeting the requirements of the Public Benefit Statement.

2 RECOMMENDATIONS

It is recommended that this Committee, acting as Trustees to the Bridge Estate:

- 2.1 Approve the final version of the Bridge Estate Statement of Accounts for the financial year 2009/10 (**Appendix A**).
- 2.2 Approve the Action Plan for Trustees of Bridge Estate for 2010/11 (**Appendix B**) and refer this to City Council for endorsement.
- 2.3 Consider the merits of forming a Charities Committee (Paragraph 3.6)

3 REASONS FOR CONSIDERATION

Bridge Estate – Statement of Accounts

There is a statutory requirement for all Charities to produce an Annual Report and Statement of Accounts and for that Statement to be audited and submitted to the Charity Commission prior to 31 January 2011, following the approval of the audited accounts by the Trustees. The Audit Committee, acting as Trustees to Bridge Estate, were asked to adopt and review the Statement of Accounts for 2009/10 on 26 November and to provide comments as appropriate. The Statement has been updated following that meeting and to reflect post audit amendments.

The main changes from the draft report are shown in blue and are:

- **Page 9 and 15** – The change in Total Resources Expended from £1.764m to £1.801m is due to £0.037m 2008/09 adjustment deducted twice in error.
- Investment Income has changed from £0.023m to £0.024m due to £1.4k of expenses relating to sale of a property being incorrectly classified as Other Resources expended.
- **Page 19** – Paragraph relating to Unrestricted income fund has been expanded to give additional information.
- There are minor changes to wording on **Page 7, 10,11,13,14,22 and 23**

Response to Audit Governance Report

The Annual Governance Report submitted by the Audit Commission for the Bridge Estate summarises the findings from the 200/10 audit, as follows:

- 3.1 An important weakness in internal control was raised in that there is very limited Trustee involvement with the Charity. There were also concerns that Trustees could not evidence that they have carried out the requirements of the public benefit statement. In response to this comment, an action plan has been produced for approval by Audit Committee and further by full Council who have the ultimate responsibility due to all Councillors being appointed Trustees when elected.
- 3.2 Further to the 2008/09 Annual Governance Report (AGR), the production of the financial statements was transferred from Property Services Finance Support to Corporate Finance. The 2009/10 AGR acknowledges that the financial statements presented to the Audit Commission this year were complete although there are recommendations to strengthen the processes for compiling and checking the financial statements and working papers. The responsibility for the accounts transferred mid-year to Corporate Finance for 2009/10. For 2010/11 the accounts and working papers will be produced in accordance with prescribed standards and controls applicable to the main financial statements.
- 3.3 A full review of Bridge accounting policies was carried out in 2009/10 but future reviews should be formally reported to the Trustees.
- 3.4 Estimation techniques used should be disclosed.
- 3.5 The bad debt provision should be reviewed in terms of the factors involved in the calculation and the policy should be fully explained in the financial policies section of the financial statements.
- 3.6 It is recommended that consideration is given to the constitution of a charities committee. This would bring clarity and focus to the role of the Trustee and would enable specific understanding of the obligations and aims of the charity and of the issues involved in the general control and management of Bridge, Highfields and Harvey Hadden Trusts. It would also avoid the potential for conflict with Council business.

4 BACKGROUND INFORMATION

Bridge Estate Statement of Accounts 2009/10

Changes were made from the accounts adopted on the 26 November 2010. Bridge Estate Accounts are attached at **Appendix A**.

5 FINANCIAL IMPLICATIONS

None

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

None

7 PUBLISHED DOCUMENTS REFERRED TO IN COMPLYING THIS REPORT

Accounts and Audit Regulations 2006.
Part VI Charities Act 1993 (as amended).

The Charities (Accounts and Reports) Regulations 1995 and 2000.
The Charities (Annual Return) Regulations 1997
Statement of Recommended Practice: Accounting by Charities (the Charities SORP) issued in 1995
and revised October 2005.
Trust fund Statement of Accounts 2009/10 and City Council Statement of Accounts 2009/10

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BRIDGE ESTATE

TRUSTEES' ANNUAL REPORT AND
STATEMENT OF ACCOUNTS
FOR THE YEAR ENDED
31 MARCH 2010

REGISTERED CHARITY NUMBER 220716

BRIDGE ESTATE

Trustees' Annual Report and Statement of Accounts for the Year Ended 31 March 2010

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BRIDGE ESTATE

Trustees' Annual Report and Statement of Accounts for the Year Ended 31 March 2010

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 Littlemoor House Eckington Sheffield S21 4EF
Financial Advisor	Deputy Chief Executive and Corporate Director of Resources Nottingham City Council Loxley House Station Street Nottingham NG2 3NG
Bankers	Co-Operative Bank Plc 4/5 Exchange Walk Nottingham NG1 2NX

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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.

Trustees' 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 2009 to 31 March 2010:

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
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

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

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 and the charity trustees are responsible for the general control and management of the charity. The trustees give their time freely and receive no remuneration or other financial benefits.

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 members 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 sell.
- Identification and acquisition of appropriate property investments to grow revenue and capital value of Bridge Estate.

BRIDGE ESTATE

Trustees' Annual Report and Statement of Accounts for the Year Ended 31 March 2010

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

The main objectives for Bridge Estate for the year are:

1. To continue to provide for the maintenance and repair of Trent Bridge and the approaches to it.
2. To maintain and protect Bridge Estate's portfolio of income producing assets.
3. To apply the surplus revenue generated by the Charity as directed by the trustees to benefit the inhabitants of Nottingham.

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.

BRIDGE ESTATE

Trustees' Annual Report and Statement of Accounts for the Year Ended 31 March 2010

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 is currently undertaking a full review of all investment property holdings including those of Bridge Estate, [which is anticipated to be complete by Spring 2011](#). This is an on-going process and on completion, the results will be formally reported to the Executive Board and the Bridge Estate 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 the Council as Trustee is obliged to let properties at full market rents and wherever possible lettings are on a full repairing, insuring and maintenance basis. 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, normally to a higher rent. Any periodic tenancies are terminated every 3 years to [effect review](#).

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 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.

BRIDGE ESTATE

Trustees' Annual Report and Statement of Accounts for the Year Ended 31 March 2010

Public Benefit Statement

The primary objective of the charity is the maintenance and repair of Trent Bridge and the approaches to it. The trustees confirm that they have referred to Charity Commission guidance on public benefit when reviewing aims and objectives and when setting plans for the future. 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 in accordance with the objectives of the charity.

4. 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. The property portfolio is managed on behalf of Bridge Estate by Strategic Property, a division of Nottingham City Council's Resources Department.

During 2009/10 the Strategic Property section has actively pursued investment opportunities for the Bridge Estate. However, no additions to the investment portfolio have been made. This reflects the current property investment market in that there is a limited supply of good investment opportunities within the property market and 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.

In accordance with agreed disposal policy, one vacant residential property was sold during the year. The disposal policy was established as a result of the high costs of managing residential properties as compared with income earned.

The Strategic Property section has continued to ensure tenant demand within 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.

During 2008/09 an impairment review of all investment properties had been undertaken to reflect the sharp fall in property values as a result of the economic climate. A further review has been undertaken in 2009/10 and there have been no significant reductions.

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.

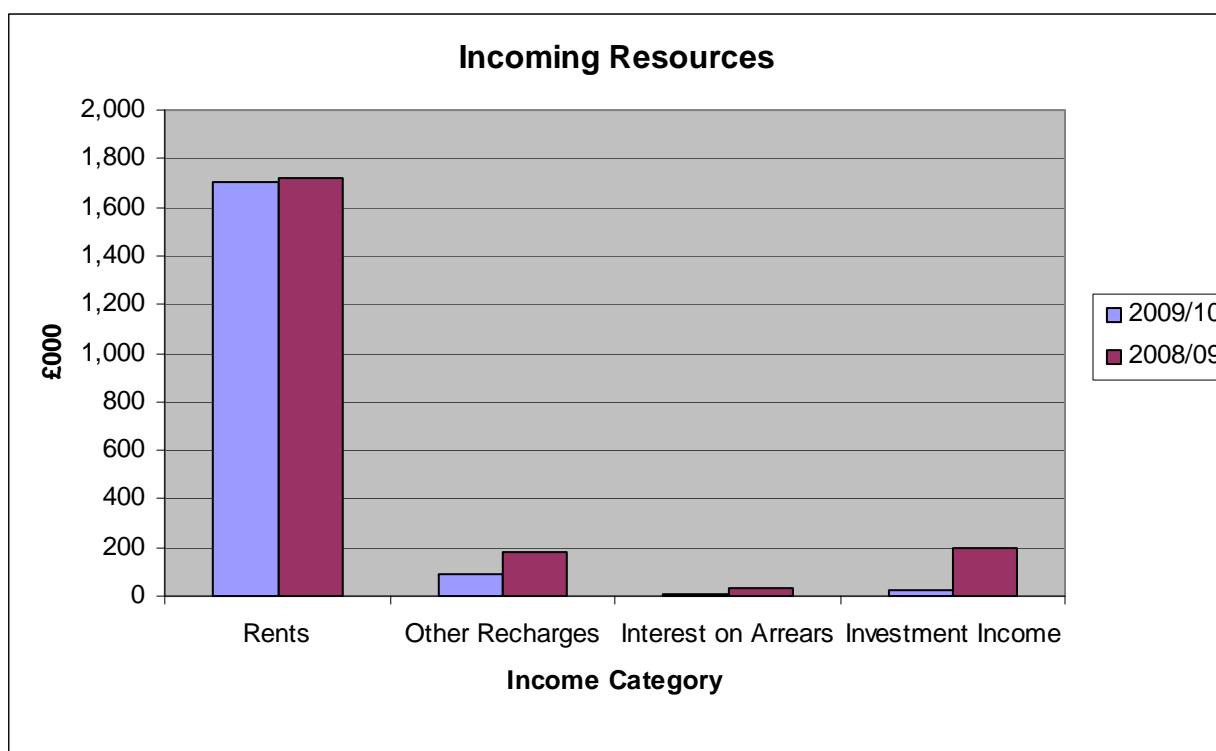
The Original Estimated Surplus to be transferred to the Council's General Fund for the benefit of the citizens of Nottingham was £1,598,675. The actual Surplus transferred was **£1,294,101** for 2009/10 (£1,590,404 2008/09).

Review of financial position

Below is a summary of the income generated and resources expended for 2009/10:

	2008/09 £	2009/10 £
INCOMING RESOURCES	(2,134,509)	(1,819,505)
RESOURCES EXPENDED		
Cost of Generating Funds	2,087,177	1,764,464
Governance Costs	15,792	21,736
Other resources expended	31,540	33,305
	2,134,509	1,819,505

Incoming Resources



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

This includes an annual installment (£13,480) in respect of the Glaisdale 2 Recoupment Order. 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. Other expenditure includes an annual contribution to the Renewal and Repairs Fund (£18,330) and expenses incurred relating to the sale of an investment property.

6. PLANS FOR 2010/11 AND BEYOND

- A major revaluation of the property portfolio will be undertaken to provide a stable basis for future decisions on the management and structure of the portfolio. Part of this process will be to release value from capital rich /income poor properties such as long leaseholds with a view to reinvesting the capital into properties with a higher return.
- The Bridge Estate holdings are currently being reviewed as follows:-
 1. Each individual property is being analysed to establish its current income 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 there are other circumstances for potential financial gain such as potential ransom value through providing access for a larger development, property has a higher value for alternative use or redevelopment, possibly for high significant capital growth on highly reversionary ground lease. The minimum yield currently being used is 6% given the current economic climate we are assessing whether this is still appropriate.
 3. Based on this analysis further properties will be offered 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.

The aim of the review will be to identify properties to retain and invest in or dispose of by sale.

In addition to the above process we are carrying out analysis on potential properties that could be purchased for inclusion in the portfolio.

Receipts from disposals will be used to purchase replacement properties to improve yield and spread the investment risk. Accordingly the trustees do not intend to hold any free reserves [from capital receipts](#), 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

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

- **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 Charity Commission: Statement of Recommended Practice Accounting and Reporting by Charities (Revised 2005). The trustees confirm that the Trust's assets are available and adequate to fulfill the obligations of the Trust.

BRIDGE ESTATE

Trustees Annual Report and Statement of Accounts for the Year Ended 31 March 2010

8. RESPONSIBILITIES OF THE TRUSTEES

The Trustees 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 a revised Statement of Recommended Practice: Accounting by Charities (the Charities SORP) revised in March 2005 to consolidate all amendments and recommendations made since SORP 2000.

The trustees are 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 to present fairly the charity's state of affairs as at the end of the financial year and of its incoming resources and its application of resources in that year.

In preparing these statements the trustees have 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 trustees are 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 trustees are 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 trustees 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 auditor **is** aware of any such information.

As far as the trustees are aware there is no relevant audit information about which the Bridge Estate auditor **is** unaware

BRIDGE ESTATE

Trustees' Annual Report and Statement of Accounts for the Year Ended 31 March 2010

9. ADOPTION OF THE ANNUAL REPORT AND FINANCIAL STATEMENTS

Approved by the Audit Committee and signed on behalf of [the trustees](#) by:

_____ Date:
K. Williams, Signed for the Trustees

[The financial statements and notes on pages 15-24 form part of the this annual report.](#)

BRIDGE ESTATE**Trustees' Annual Report and Statement of Accounts for the Year Ended 31 March 2010****Statement of financial activities for the year ended 31 March 2010**

	2009/10			2008/09
	Unrestricted Funds	Endowment Funds	Total Funds	Total Funds
	£	£	£	£
<u>INCOMING RESOURCES</u>				
Incoming Resources from Generated Funds				
<u>Investment Income</u>				
Rents	(1,700,404)		(1,700,404)	(1,724,271)
Other Recharges	(88,047)		(88,047)	(181,130)
Interest on Arrears	(6,773)		(6,773)	(33,986)
Interest Receivable	(24,281)		(24,281)	(195,122)
Total Incoming Resources	(1,819,505)	0	(1,819,505)	(2,134,509)
<u>RESOURCES EXPENDED</u>				
<u>Costs of Generating Funds</u>				
Investment Management Costs				
Premises Costs	327,196		327,196	352,066
Supplies and Services	21,944		21,944	44,327
Agency And Contracted Services	2,763		2,763	4,863
Management & Administration	118,460		118,460	95,517
Charitable Activities				
Surplus transferred to NCC	1,294,101		1,294,101	1,590,404
Total Cost of Generating Funds	1,764,464	0	1,764,464	2,087,177
Governance Costs				
Audit Fees	13,280		13,280	8,020
Management Costs	8,456		8,456	7,772
Total Governance Costs	21,736	0	21,736	15,792
Other Resources Expended	14,975		14,975	13,480
Total Resources Expended	1,801,175	0	1,801,175	2,116,449
Net (incoming)/outgoing resources before transfers	(18,330)	0	(18,330)	(18,060)
Gross Transfers Between Funds		(13,480)	(13,480)	(13,480)
Net (incoming)/outgoing resources before other recognised gains and losses	(18,330)	(13,480)	(31,810)	(31,540)

BRIDGE ESTATE**Trustees' Annual Report and Statement of Accounts for the Year Ended 31 March 2010****Statement of financial activities for the year ended 31 March 2010**

	2009/10		2008/09
	Unrestricted Funds	Endowment Funds	Total Funds
	£	£	£
Net (incoming)/outgoing resources before other recognised gains and losses	(18,330)	(13,480)	(31,810)
Other Recognised (Gains)/Losses			
(Gains)/Losses on Investment Assets		(23,691)	(23,691)
(Gains)/Losses on Revaluation of Investment Assets		(30,588)	(30,588)
Impairment of Assets		0	0
Net Movement in Funds	(18,330)	(67,759)	(86,089)
<u>Reconciliation of Funds</u>			
Total Funds Brought Forward	(224,120)	(29,477,319)	(29,701,439)
Total Funds Carried Forward	(242,450)	(29,545,078)	(29,787,528)

BRIDGE ESTATE

Trustees' Annual Report and Statement of Accounts for the Year Ended 31 March 2010

Balance sheet as at 31 March 2010

	Note	2009/10	2008/09
		£	£
<u>FIXED ASSETS</u>			
Investments			
Investment Property	10. a)	24,779,166	24,855,406
Other Investments	10. b)	4,794,255	4,660,392
Total Fixed Assets		29,573,421	29,515,798
<u>CURRENT ASSETS</u>			
Debtors (net of Bad Debt Provision)	10. c)	173,497	218,375
Cash at Bank	10. c)	434,692	438,070
Total Current Assets		608,189	656,445
<u>LIABILITIES</u>			
Creditors - Amounts falling due within one year	10. d)	(349,732)	(433,709)
Net Current Assets		258,457	222,737
Total Assets Less Current Liabilities		29,831,878	29,738,534
Creditors - Amounts falling due after one year	10. e)	(44,350)	(37,095)
NET ASSETS		29,787,528	29,701,439
<u>FUNDS OF THE CHARITY</u>			
Endowment Fund	4	(29,545,078)	(29,477,319)
Unrestricted income funds	4	(242,450)	(224,120)
TOTAL CHARITY FUNDS		(29,787,528)	(29,701,439)

BRIDGE ESTATE

Trustees' Annual Report and Statement of Accounts for the Year Ended 31 March 2010

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 2009/10 financial year together with its financial position at 31 March 2010.

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.

Going concern

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

Fixed Assets

Investment assets

Bridge Estate assets are non-operational assets that are valued at Market Value, where the valuation is in excess of £10,000. This valuation includes a "hope value" arising from any expectation that circumstances affecting the property may change in the future, e.g. the prospect of development where there is no current permission for that development.

The valuation policy of Bridge Estate Assets, have been valued as part the Council's Asset Valuation Program with a full valuation to be undertaken to market value at the end of financial year 2010/11.

BRIDGE ESTATE

Trustees' Annual Report and Statement of Accounts for the Year Ended 31 March 2010

NOTES TO THE ACCOUNTS

Debtors and Creditors

The accounts of Bridge Estate are maintained on an accruals basis in accordance with the 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.

Provisions are also set up for bad and doubtful debts and these amounts are 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.

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. DESCRIPTION OF FUNDS

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.

BRIDGE ESTATE

Trustees' Annual Report and Statement of Accounts for the Year Ended 31 March 2010

NOTES TO THE ACCOUNTS

4. MOVEMENT OF FUNDS

Endowment fund

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

	2009/10	2008/09
	£	£
Opening Balance	(29,477,319)	(33,187,900)
(Gain)/Loss on disposal of investment assets	(23,691)	110,381
(Gain)/Loss on revaluation of assets	(30,588)	56,090
Impairment of assets	0	3,557,590
Transfer of funds	(13,480)	(13,480)
Closing Balance	(29,545,078)	(29,477,319)

Unrestricted income fund

An annual contribution of £18,330 (£18,060 2008/09) was made to the Renewal and Repairs Fund, bringing the cumulative balance to £242,450.

5. 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.

6. TRUSTEE BENEFITS AND TRANSACTIONS

None

BRIDGE ESTATE

Trustees' Annual Report and Statement of Accounts for the Year Ended 31 March 2010

NOTES TO THE ACCOUNTS

7. TRUSTEE INDEMNITY INSURANCE COSTS

None

8. SUBSIDIARY OR ASSOCIATED UNDERTAKINGS

None

9. GRANTS TO INSTITUTIONS

None

10. ANALYSIS OF FIGURES IN THE MAIN STATEMENTS

(a) Investment Property

Investment property represents assets owned by Bridge Estate, primarily property and buildings and 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 that Institute's Appraisal and Valuation Manual. 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 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.

BRIDGE ESTATE

Trustees' Annual Report and Statement of Accounts for the Year Ended 31 March 2010

NOTES TO THE ACCOUNTS

(b) **Other Investments**

Investments are shown in the Balance Sheet at cost with the exception of investments in the Charities Official Investments Fund (COIF). These are revalued at the end of each financial year and 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:

	2009/10	2008/09
	£	£
Capital monies invested with NCC	4,511,960	4,444,480
Rent Bonds	44,350	37,094
Government Stocks	1,385	1,385
COIF Accumulation Units	236,560	177,433
	4,794,255	4,660,392

(c) **Current Assets**

	2009/10	2008/09
	£	£
Debtors	240,675	316,752
Less Bad Debt Provision	(67,178)	(98,377)
	173,497	218,375
Cash at bank and in hand	434,692	438,070
	608,189	656,445

BRIDGE ESTATE

Trustees' Annual Report and Statement of Accounts for the Year Ended 31 March 2010

NOTES TO THE ACCOUNTS

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

	2009/10	2008/09
	£	£
Creditors	207,983	350,449
Receipts in Advance	141,749	83,260
	349,732	433,709

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

	2009/10	2008/09
	£	£
Rent Bonds	44,350	37,095

11. CONTINGENT LIABILITIES, CHARITABLE AND OTHER COMMITMENTS

None

12. AUDIT FEES

A sum of £10,000 has been accrued in respect of the cost of the auditing the accounts for the year ended 31 March 2010. This is included in the £13,280 included in the Statement of Financial Activities for audit fees.

13. GAINS AND LOSSES ON THE SALE OF FIXED ASSETS

Receipts from the sale of fixed assets amounted to £23,691 in 2009/10. This is made up of £6,300 from the sale of 43 Watkin Street and £17,391 from the sale of Woolpack Lane parking spaces.

Valuations have been made in accordance with the Royal Institute of Chartered Surveyors Appraisal and Valuation Standards Manual (the Red Book). Properties held by Bridge Estate are non operational properties and as such the valuation is on the basis of open market value.

BRIDGE ESTATE

Trustees' Annual Report and Statement of Accounts for the Year Ended 31 March 2010

NOTES TO THE ACCOUNTS

14. 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 2010 the sum invested was £4,269,320 and the interest received for the year was £22,562. 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 2010 the fund stood at £242,640.

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. £2,513 was paid in 2009/10 (£30,466 2008/09) 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 2010 various City Council departments paid a sum of £421,176 (£422,440 2008/09) 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".

The City charged the Charity £126,916 in the year to 31 March 2010 (£103,289 2008/09) 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 £8,456 (£7,772 2008/09) 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 £2,762 respectively for refuse collection at Century House. The payments are shown in Agency and Contracted Services in the "Statement of Financial Activities".

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

Trustees Action Plan 2010/11 – Recommendation For the Audit Committee

APPENDIX B

Ref	Finding/ Recommendation	Priority	Action	Responsibility
R1	<p>Finding Trustees should meet regularly during the year to monitor the activities of the Charity.</p> <p>Risk Weakness in internal control of the Charity.</p> <p>Recommendation Audit Committee meetings to be closed and reconvened as Trustee meeting and held regularly throughout the year</p>	<p>High</p> <p>High</p>	<p>Meetings of Trustees to be arranged for 25 February 2011 29 April 2011</p> <p>And to follow Audit Committee meetings in: June 2011 August 2011 November 2011</p>	<p>Committee Section to arrange meetings</p>
R2	<p>Finding Trustees have limited involvement with the Charity.</p> <p>Risk Risk that Trustees do not fulfil their responsibilities</p> <p>Recommendation Set a diary of regular agenda items for discussion by the Trustees and also table briefing notes on wider issues relevant to the Charity.</p>	<p>Medium</p> <p>Medium</p> <p>Medium</p> <p>Medium</p>	<p>Regular Agenda items to be tabled:</p> <ul style="list-style-type: none"> • Updates to charity legislation • Review the strategy for risk management and the existing processes and procedures in place to embed risk management. • Annual approval of the risk register • Bi-annual review of the performance of the Charity's property portfolio, in particular addressing the key risk relating to the current economic climate, in support of both strategic and operational planning 	<p>Legal Services Manager</p> <p>Head of Estate Property/Senior Finance Manager - Reporting</p> <p>Head of Estate Property/Senior Finance Manager - Reporting</p> <p>Head of Estate Property</p>

Trustees Action Plan 2010/11 – Recommendation For the Audit Committee

APPENDIX B

Ref	Finding/ Recommendation	Priority	Action	Responsibility
		High	<ul style="list-style-type: none"> Review draft Bridge Annual Report and Statement of Accounts and provide input/ comments. 	Senior Finance Manager - Reporting
		High	<ul style="list-style-type: none"> Provide regular updates on progress of the planned activities for the year as detailed in the Annual Report 	Head of Estate Property
		Medium/ High	<ul style="list-style-type: none"> Review Accounting Policies to be applied to the Charity 	Senior Finance Manager – Reporting
		Medium	<ul style="list-style-type: none"> Bi-annual updates on any work carried out on the Bridge 	Head of Estate Property
R3	<p>Finding</p> <p>Trustees must confirm that they have referred to Charity Commission guidance on public benefit when reviewing aims and objectives and when setting plans for the future.</p> <p>Risk</p> <p>Risk that the Charity does not meet Charity Commission requirements in relation to Public Benefit Statement.</p> <p>Recommendation</p> <p>Carry out a formal review of the aims and objectives of the Charity to demonstrate that the charitable purposes are for the public benefit</p>	High	<ul style="list-style-type: none"> Carry out a formal review of existing aims and objectives of the Charity to ensure that the charitable purposes are for the public benefit Ensure that all future plans and policy setting deliver a public benefit 	Trustees
		High		Trustees

Trustees Action Plan 2010/11 – Recommendation For the Audit Committee

APPENDIX B

Ref	Finding/ Recommendation	Priority	Action	Responsibility
R4	<p>Finding</p> <p>In support of the public benefit requirement, Trustees are responsible for the strategic direction and policy of the charity</p> <p>Risk</p> <p>Risk that the Charity does not meet Charity Commission requirements in relation to Public Benefit Statement.</p> <p>Recommendation</p> <p>Provide guidance and training for Trustees</p>	<p>High</p> <p>Medium</p> <p>Medium</p> <p>Medium</p>	<p>Provide information and guidance to support Trustees in their duties:</p> <ul style="list-style-type: none"> • Provide Charity Commission guidance for Trustees • Ensure that the induction process for new Trustees is regularly reviewed and updated • A question and answer pack to be prepared drawing information from the Charity Commission's guide 'The Essential Trustee' to inform Trustees of their duties and obligations. • Consider setting up a website on the Intranet to which relevant guidance, useful articles, news, updates etc. can be posted. 	<p>Legal Services Manager</p> <p>Legal Services Manager</p> <p>Senior Finance Manager - Reporting</p> <p>Senior Finance Manager – Reporting to arrange set up of website, Legal Services Manager/Head of Estate Property to provide information to be posted.</p>