

REPORT OF DEPUTY CHIEF EXECUTIVE/CORPORATE
DIRECTOR FOR RESOURCES

CHARITIES UPDATE – BRIDGE ESTATE

1 PURPOSE

This report provides an update on the progress made against the issues raised by the Audit Commission in their 2009/10 Annual Governance Report for Bridge Estate together with a set of Charity Commission compliant accounting policies for the 2010/11 Bridge financial statements.

2 RECOMMENDATIONS

It is recommended that this Committee, acting as Trustees:

- 2.1 Note the progress against the recommendations raised in the Annual Governance Report
- 2.3 Approve the Accounting Policies for Bridge Estate (**Appendix A**)

3 REASONS FOR CONSIDERATION

An action plan, which addresses the issues raised by the Audit Commission in their Annual Governance Report, was approved by this Committee on 17 December. The following points provide an update of progress against the action plan.

- 3.1 **Recommendation 1** – *Trustees should meet regularly throughout the year to monitor the activities of the charity.*

This update is the first in a series of five which are scheduled throughout the year.

- 3.2 **Recommendation 2** - *Set a diary of regular agenda items for discussion by the Trustees and also table briefing notes on wider issues relevant to the Charity*

- Update on Bridge Estate Portfolio Performance

Head of Estates Property will provide a briefing and update on Bridge Estate investment portfolio at this meeting.

- Bridge Estate Accounting Policies

Bridge Estate accounting policies have been fully reviewed for 2010/11 and the following amendments made:

- Accounting policies for income, expenditure and gains and losses on assets have been expanded to give detailed information specific to Bridge Estate in accordance with the Charities Statement of Recommended Practice.
- The 2010/11 accounting policies for estimating techniques used in compiling the financial statements and the bad debt provision incorporate the recommendations of the 2009/10 Annual Governance Report and provide full explanations of the

methodology.

- 3.4 Recommendation 3 - *Carry out a formal review of the aims and objectives of the Charity to demonstrate that the charitable purposes are for the public benefit*

This item will be considered at future meetings.

- 3.3 **Recommendation 4 – Provide guidance and training for Trustees**

Following the issues raised in the 2009/10 Annual Governance Report concerning the need to meet Charity Commission requirements for Public Benefit, an intranet website for Trustees has been created. The purpose of this is to enable trustees to access Charity Commission guidance, financial reports and resource information to assist them in their roles and responsibilities. There is a latest news section which will be kept fully updated with relevant information.

4 BACKGROUND INFORMATION

Action Plan as approved at Audit Committee 17 December 2010
Bridge Estate Statement of Accounts 2009/10

5 FINANCIAL IMPLICATIONS

None

6 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

Author

Theresa Channell
Senior Finance Manager
Telephone: 0115 8763649
Email: theresa.channell@nottinghamcity.gov.uk

CAROLE MILLS-EVANS
DEPUTY CHIEF EXECUTIVE AND CORPORATE DIRECTOR FOR RESOURCES

APPENDIX A

BRIDGE ESTATE ACCOUNTING POLICIES 2010/11

(Changes are shown in blue)

ACCOUNTING POLICIES

General Principles

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

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

Basis of preparation

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

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

Incoming Resources

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

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

Resources Expended

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

Fixed Assets

Investment properties

Bridge Estate investment properties are non-operational assets that are valued at market value, where the valuation is in excess of £10,000. 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.

Other investments

Other 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.

Other recognised Gains/(losses)

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

Debtors and Creditors

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

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

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

Funds of the Charity

Endowment fund

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

Unrestricted income fund

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

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

Going concern

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

Bridge Estates
 Presentation to Audit Committee
 25 February 2011

John Sadler

Head of Estates and Asset
 Management

Aim

- Provide an Overview of the Portfolio.
- Future Management Arrangements

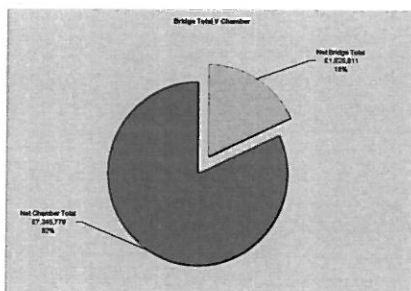
Overview

- Number of Properties - 140
- Number of Lettings - 154
- Gross Annual Rental Income - £2m
- Capital Value - £24 M

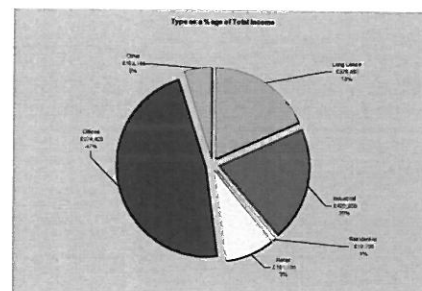
Investment Criteria

The Lord Mayor, Aldermen and Citizens of the City of Nottingham, the Trustees of the above-mentioned Charity, may invest capital moneys of the Charity in the purchase of freehold property in England and Wales or Northern Ireland and leasehold property in those countries of which the unexpired term at the time of investment is not less than sixty years.

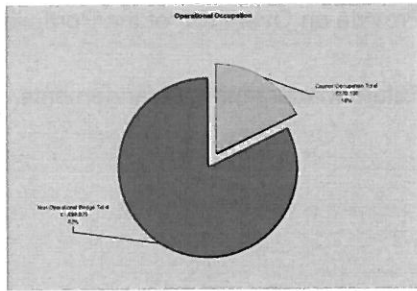
Contribution to Council



Breakdown Of Portfolio



Council as Tenant



Day to Day Management

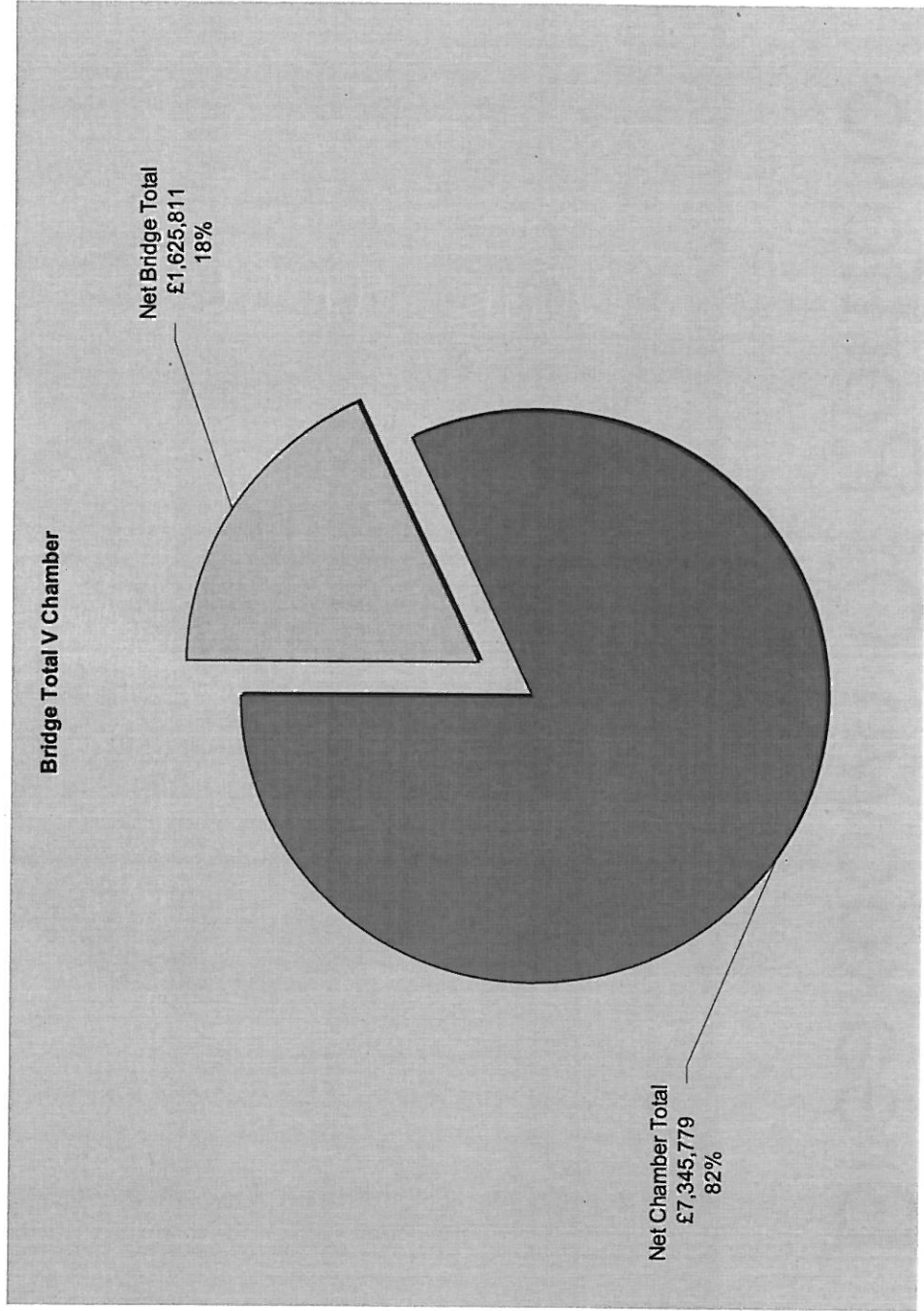
- Day to day Management
 - In House
 - Valuations undertaken on all transactions
 - Delegated Authority for Lettings and Day to day management Decision.
 - PHD/Executive Board – High value Transactions
- Asset valuations – Council Program
- Transactions with Council

Future Arrangements

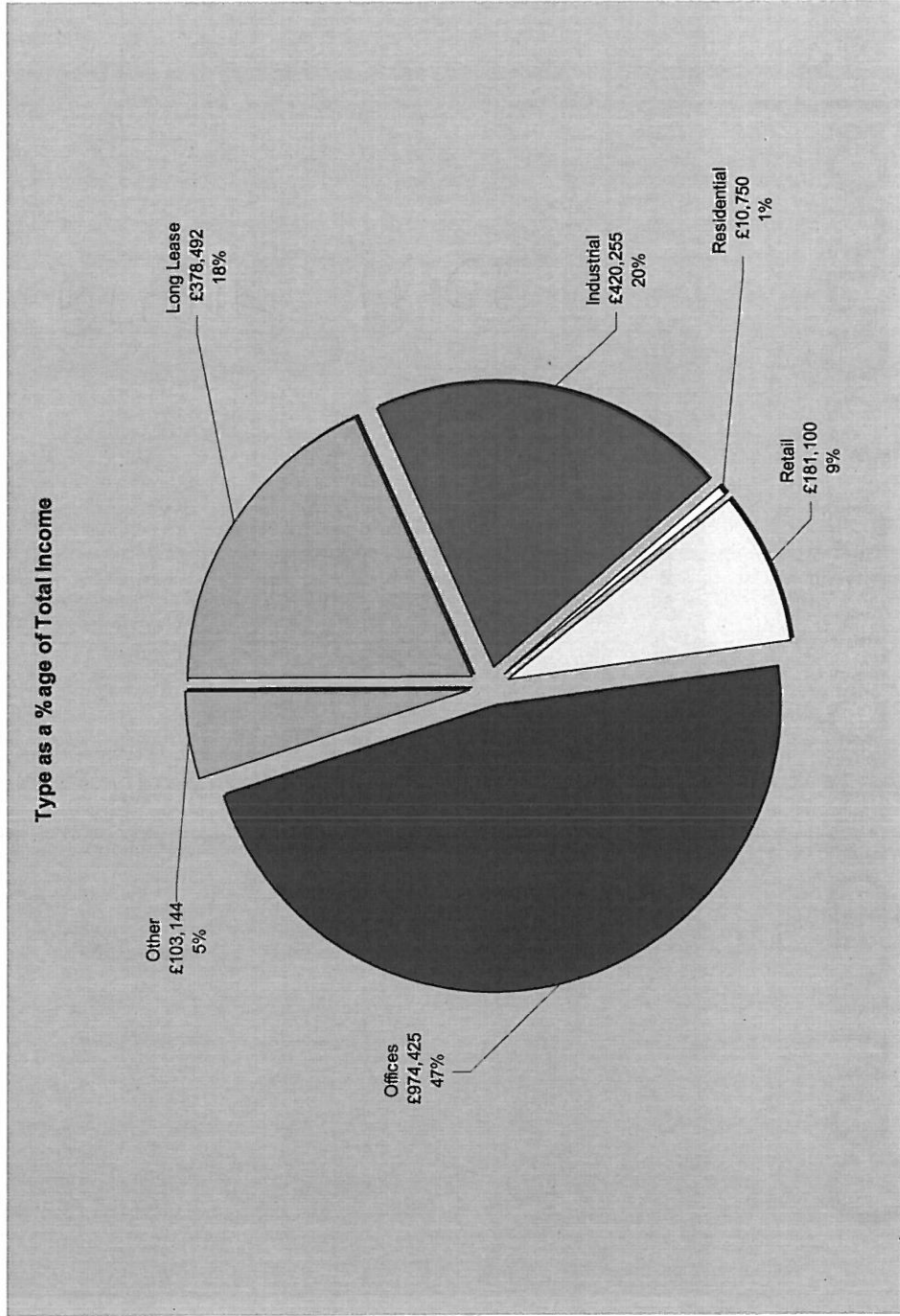
- Dedicated Investment Team
 - One Surveyor dedicated to Management of Bridge Properties
 - Management Resilience
 - New Structure in Place March 2011
- Identification of Future Investments

Any Questions

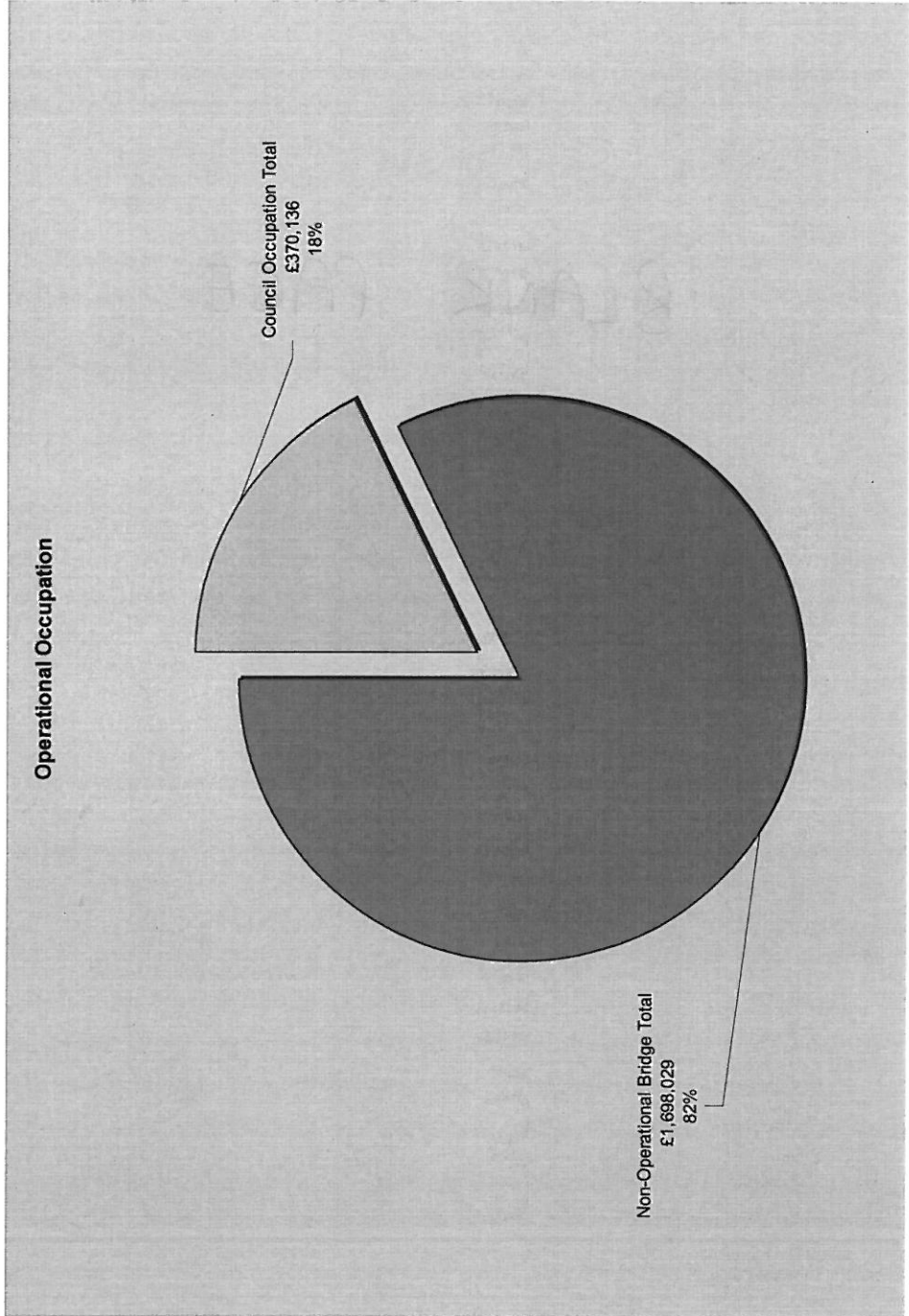
Contribution to Council



Breakdown Of Portfolio



Council as Tenant



BLANK PAGE