



ADDITIONAL / TO FOLLOW AGENDA ITEMS

This is a supplement to the original agenda and includes reports that are additional to the original agenda or which were marked 'to follow'.

NOTTINGHAM CITY COUNCIL **TRUSTS AND CHARITIES COMMITTEE**

Date: Wednesday, 17 September 2014

Time: 12.00 pm

Place: LB31 - Loxley House, Station Street, Nottingham, NG2 3NG

Constitutional Services Officer: Noel McMenamin **Direct Dial:**

AGENDA

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MEMORANDUM |
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Bridge Estate

Audit Highlights Memorandum

Year ended 31 March 2014



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Executive Summary

Audit Conclusions

- Unqualified audit opinion proposed on financial statements.

Accounting Matters

- No significant accounting issues arose during the course of our audit.
- Accounting policies appropriate for the annual report and the financial statements are in accordance with disclosure requirements of relevant charities legislation, UK GAAP and the Statement of Recommended Practice.

Auditing Matters

- We have completed the audit subject to:
 - Agreement of the final approved set of accounts
 - Receipt of the signed management representations letter
- No significant audit issues arose during the course of our audit of the Charity.

Systems and Controls

- No major weaknesses in the financial systems were identified during the course of the audit.

Regulatory and Tax Matters

- No significant regulatory or tax matters came to our attention during the course of our normal audit work.

Audit Approach

Our audit planning identified two key risk areas which we have addressed through our audit.

<u>Issue</u>	<u>How addressed during the audit</u>
Investments	
Highly material area, the majority of assets consist of investment properties, however other investments are also held.	<p>Investment properties and other investments held by the charity were reviewed during the audit.</p> <p>Specific audit work performed included:</p> <ul style="list-style-type: none"> • Agreeing the property valuation disclosed in the financial statements to the valuation report and certificate issued at the year end. • Agreement of a sample of property valuations to the valuations provided by Nottingham City Council. • Confirmation of ownership of a sample of properties to title deeds documentation. • Other investments were verified to third party confirmations.
Related Parties	
Possible non-identification or incorrect disclosure of related parties and transactions in the financial statements	<p>Nottingham City council represents the only related party of the charity. Significant balances exist at the year end in the balance sheet and a substantial payment of £1,439,734 is disclosed in the statement of financial activities.</p> <p>Specific audit work performed included:</p> <ul style="list-style-type: none"> • Confirmation of the year end balances disclosed in the balance sheet and the income and expenditure transactions disclosed in the statement of financial activities to the Nottingham City Council working papers for the year ending 31st March 2014. • In respect of the above mentioned payment, verification that the payment is consistent with the objectives of the charity and in accordance with public benefit requirements.

Other matters

Fraud

Auditing standards require us to explicitly consider fraud as part of our audit procedures.

We planned our audit so that we had a reasonable expectation of detecting material misstatements in the financial statements or accounting error (including any material misstatements resulting from fraud, error or non-compliance with law or regulations). Our examination should not be relied upon to disclose all such material misstatements or frauds, errors or instances of non-compliance as may exist.

The responsibility for safeguarding the assets of the charity and for the prevention and detection of fraud, error and non-compliance with laws or regulations rests with management and the trustees.

We have discussed fraud and fraud risk with management and the controls surrounding the detection and prevention of fraud.

We have not identified any material frauds during our audit procedures.

Independence

In accordance with the requirements of ISA 260, we confirm that, in our view, there are no matters that would impact our independence and objectivity as auditors to the charity.

We confirm that appropriate safeguards remain in place in respect of all non-audit work and that in our professional judgement, as at the date of this report, we are independent accountants with respect to the charity, within the meaning of UK regulatory and professional requirements and that the objectivity of the audit engagement partner and the audit staff is not impaired in any way.

Summary of misstatements

Auditing standards require us to prepare a summary of uncorrected items that are not considered to be “clearly trivial” for the Audit Committee’s consideration.

The summary includes adjustments that we have noted during the course of our audit which have been adjusted so that the balance sheet and statement of financial activities conform fully to accounting standards and are free from factual error.

Nature of misstatement		Factual	Surplus	Balance Sheet	Unadjusted
Brought forward per draft accounts			417,506	27,057,474	
Provision for after date invoices identified during the audit		3,650			3,650
Total errors	adjusted	-	-	-	-
	unadjusted	-	-	-	3,650
Final accounts			417,506	27,057,474	

Uncorrected misstatements total £3,650. These misstatements are not considered to be material either individually or in total.

Appendix I : Letter of representation

Rogers Spencer
Chartered Certified Accountants
Newstead House
Pelham Road
Nottingham
NG5 1AP

Dear Sirs

We confirm to the best of our knowledge and belief that we have made the appropriate enquiries of management and staff with relevant knowledge and experience and, where necessary, have inspected supporting documentation sufficient to satisfy ourselves that we can properly make each of the following representations to you in connection with your audit of the charity's financial statements for the year ended 31 March 2014.

GENERAL

- We have fulfilled our responsibilities as trustees as set out in terms of your engagement letter, under the Charities Act 2011 for preparing financial statements in accordance with applicable law and United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice), for being satisfied that they give a true and fair view and for making accurate representations to you. All the accounting records have been made available to you for the purpose of your audit and all the transactions undertaken by the company have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of all management meetings, have been made available to you.
- The financial statements are free of material misstatements, including omissions.
- We believe that the effects of uncorrected misstatements are immaterial both individually and in total.

INTERNAL CONTROL AND FRAUD

- We acknowledge our responsibility for the design and implementation of internal control systems to prevent and detect fraud and error. We have disclosed to you the results of our risk assessment that the financial statements may be misstated as a result of fraud. We have disclosed to you all instances of known or suspected fraud affecting the entity involving management, employees who have a significant role in internal control or others that could have a material effect on the financial statements. We have also disclosed to you all information in relation to allegations of fraud or suspected fraud affecting the entity's financial statements communicated by current or former employees, analysts, regulators or others..

ASSETS AND LIABILITIES

- The charity has satisfactory title to all assets and there are no liens or encumbrances on the company's assets, except for those that are disclosed in the notes to the financial statements.
- We have recorded or disclosed, as appropriate, all liabilities, both actual and contingent, and have disclosed in the notes to the financial statements all guarantees that we have given to third parties.
- We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- We confirm that the value of the investment properties as at 31 March 2014 is £28,303,669.

ACCOUNTING ESTIMATES

- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

LOANS AND ARRANGEMENTS

- The charity has not granted any advances or credits to, or made guarantees on behalf of trustees.

LEGAL CLAIMS

- We have disclosed to you all claims in connection with litigation that have been, or are expected to be, received and such matters, as appropriate, have been properly accounted for and disclosed in the financial statements.

Appendix I :Letter of representation (continued)

LAWS AND REGULATIONS

- We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.

RELATED PARTIES

- Related party relationships and transactions have been appropriately accounted for and disclosed in the financial statements. We have disclosed to you all relevant information concerning such relationships and transactions and are not aware of any other matters which require disclosure in order to comply with legislative and accounting standards requirements.

SUBSEQUENT EVENTS

- All events subsequent to the date of the financial statements which require adjustment or disclosure have been properly accounted for and disclosed.

GOING CONCERN

- We believe that the company's financial statements should be prepared on a going concern basis on the grounds that current and future sources of funding or support will be more than adequate for the company's needs. We have considered a period of twelve months from the date of approval of the financial statements. We believe that no further disclosures relating to the company's ability to continue as a going concern need to be made in the financial statements.

GRANTS AND DONATIONS

- All grants, donations and other income, the receipt of which is subject to specific terms or conditions, have been notified to you. There have been no breaches of terms or conditions in the application of such income.

TRANSACTIONS WITH NOTTINGHAM CITY COUNCIL

- At the year-end, 31 March 2014 the following balances were outstanding between Bridge Estate and Nottingham City Council:

○ Included in short term investments	£ 269,643
○ Included in debtors	£2,573,840
○ Included in creditors – amounts due within one year	£1,572,723
○ Included in creditors – amounts falling due after one year	£3,726,737
- Included in the statement of financial activities for the year ending 31 March 2014 is payment of £1,439,734 from Bridge Estate to Nottingham City Council. This payment is consistent with the objectives of the charity and in accordance with public benefit requirements.

We acknowledge our legal responsibilities regarding disclosure of information to you as auditor and confirm that so far as we are aware, there is no relevant audit information needed by you in connection with preparing your audit report of which you are unaware. Each trustee has taken all steps that they ought to have taken as a trustee in order to make themselves aware of any relevant audit information and to establish that you are aware of that information.

Yours faithfully

.....
Signed on behalf of the board of Bridge Estate

Dated

Appendix II : Management letter

Our Ref: MB / LB / B299 / 62229

melvin@rogers-spencer.co.uk

The Board of Trustees
Bridge Estate Charity
Nottingham City Council
Loxley House
Station Street
Nottingham
NG2 3NG

28 July 2014

Dear Sirs

Audit matters to be communicated / Findings from the audit

The following issues arose during the course of our audit for the year ended 31 March 2014: -

- (a) Five matters (mentioned below) came to light during the course of our normal audit tests which are designed to assist us in forming our opinion on the financial statements. Our tests may not necessarily disclose all errors or irregularities and should not be relied upon to do so. However, if any irregularity did come to our attention during our audit tests, we would, of course, inform you immediately.
 - 1. Title deeds in respect of two properties selected for testing could not be provided. This prevented us from obtaining confirmation of title of these properties from the Land Registry database.
 - 2. Of the sixteen title deeds tested it was identified that only five of the sample record the proprietor as Nottingham City Council as trustee to Bridge Estate. The eleven remaining titles document Nottingham City Council as proprietor in its own right.
 - 3. A property valuation report in respect of one property selected for testing could not be provided. This prevented us from confirming that the valuation of the investment property has been correctly stated in the property portfolio.
 - 4. It was not possible to verify the opening market value of two of the investment properties sold during the year.
 - 5. One rental lease selected for testing could not be located and provided for review.
- (b) A draft letter of representation is attached to this letter and we would be grateful if you could sign and approve the contents.
- (c) Uncorrected misstatements total £3,650. These misstatements are not considered to be material either individually or in total.
- (d) There are therefore no expected modifications to our audit report.
- (e) We have not identified any material weaknesses in internal control during the audit.

This report has been prepared for the sole use of the trustees of Bridge Estate and must not be shown to third parties without our prior consent. No responsibilities are accepted by Rogers Spencer towards any party acting or refraining from action as a result of this report.

Finally, we would like to express our thanks to all members of the charity's staff who assisted us in carrying out our work.

Yours faithfully

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