

## TRUSTS AND CHARITIES COMMITTEE – 17 September 2014

<b>Title of paper:</b>	<b>BRIDGE ESTATE Annual Report and Statement of Accounts 2013/14</b>		
<b>Director(s)/ Corporate Director(s):</b>	Glen O'Connell Acting Corporate Director for Resources	<b>Wards affected:</b> All	
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<b>Other colleagues who have provided input:</b>	Tracy White, Senior Finance Assistant		
<b>Date of consultation with Portfolio Holder(s) (if relevant)</b>			
<b>Relevant Council Plan Strategic Priority:</b>			
Cutting unemployment by a quarter			<input type="checkbox"/>
Cut crime and anti-social behaviour			<input type="checkbox"/>
Ensure more school leavers get a job, training or further education than any other City			<input type="checkbox"/>
Your neighbourhood as clean as the City Centre			<input type="checkbox"/>
Help keep your energy bills down			<input type="checkbox"/>
Good access to public transport			<input type="checkbox"/>
Nottingham has a good mix of housing			<input type="checkbox"/>
Nottingham is a good place to do business, invest and create jobs			<input type="checkbox"/>
Nottingham offers a wide range of leisure activities, parks and sporting events			<input type="checkbox"/>
Support early intervention activities			<input type="checkbox"/>
Deliver effective, value for money services to our citizens			<input checked="" type="checkbox"/>
<b>Summary of issues (including benefits to citizens/service users):</b>			
<p>An Annual Report and Statement of Accounts is required for the Bridge Estate Charity, for which the City Council (NCC) is the sole trustee.</p> <p>This report sets out the 2013/14 accounts for the Bridge Estate, which have been audited by Rogers Spencer, for approval by the Trustees. Following approval, the Chair of the Trustees and the Acting Corporate Director for Resources are then required to sign the Statements to confirm that the Annual Report has been adopted.</p>			
<b>Recommendation(s):</b>			
<b>1</b>	That the Bridge Estate Annual Report and Statement of Accounts for the financial year 2013/14 at <b>Appendix 1</b> be approved.		
<b>2</b>	That the Bridge Estate transfers £1,439,734 to the City Council General Fund.		
<b>3</b>	That the Letter of Representation included within the Audit Highlights Memorandum at <b>Appendix 2</b> be approved.		

## **1. BACKGROUND**

There is a statutory requirement for charities to produce an Annual Report and Statement of Accounts (the Statements) and for those Statements to be audited or independently examined as appropriate, and submitted to the Charity Commission following approval by the Trustees. The Statements for 2013/14 are provided at Appendix 1.

The Bridge Estate's Auditors, Rogers Spencer, have now audited the Statements and have produced an audit report (Appendix 2).

The Charities Act 2011 requires Trustees to provide a detailed explanation within the Statements of the significant activities undertaken in providing a public benefit, in accordance with the charity's aims for the public benefit. They are also required to explain the charity's achievements during the year in question.

The Statements include a public benefit statement and accounting policies which have already been approved by this Committee on the 26 April 2013.

## **2. REASONS FOR RECOMMENDATIONS**

One of the responsibilities of the Trustees is to prepare the 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.

Colleagues from NCC have produced the audited statements on behalf of the Trustees. Therefore, the Trustees need to review and approve the Statements provided at Appendix 1. To help the Trustees fulfil this requirement, in addition to the Audit Highlights Memorandum in Appendix 2, a financial analysis is provided in section 3.

The Statements include a contribution of £1,439,734 to NCC. In previous years the contributions have been as follows:

<b>Year</b>	<b>Contribution £m</b>
2008/09	1.590
2009/10	1.294
2010/11	1.237
2011/12	1.275
2012/13	1.484

The surplus income generated by the Bridge Estate has assisted the Council in their key priorities identified in the Council Plan. This contribution to NCC has contributed towards the Trust's objective of applying the residue of any income for the improvement of the City of Nottingham and the public benefit of its

inhabitants. Therefore, the Trustees are requested to confirm the contribution to NCC.

Appendix I of the Audit Highlights Memorandum includes a draft Letter of Representation detailing certain information that the auditors require the Trustees to confirm. Any information relevant to the Letter of Representation has already been identified by colleagues when constructing the Statements and where necessary communicated to the auditors during the course of the audit.

### **3. FINANCIAL ANALYSIS**

#### **Statement of Financial Activities**

In 2013/14 the Bridge Estate decreased its contribution to NCC by £44,581 to £1,439,734.

This decrease was a result of a number of factors:

- A decrease in 'Other Incoming Resources' (£104,711). In the previous year (2012/13) the Trust had received some additional income in the form of compensation for unsatisfactory work on Woolsthorpe Depot.
- A decrease in 'Investment Income' (£7,954) as a result of the lower levels of cash available for investment during the year, following the acquisition of the Lister Gate property.
- First repayment of interest on long term borrowing (£103,270).
- An increase in 'Management Costs' (£16,239), due to a more active involvement from Property Services.

Offset by:

- An increase in rental income (£123,733), primarily at Listergate and Woolsthorpe Close premises.
- A decrease in premises costs, supplies and services and agency and contracted services (£55,037), of which £41,961 related to a rebate on void rates at Mansfield Road.

#### **Balance Sheet**

Overall the net assets of the charity increased by £417,506, due to the following movements on the balance sheet:

- A net decrease in the value of Investment Property (£1,321,181) as a result of the following:

Details	Amount (£)
Purchase of Bull Close	900,000
Woolsthorpe Close capital works	378,569
Disposals at carrying value	(2,202,500)
Loss on valuation of investment assets	(397,250)
<b>Net Movement 13/14</b>	<b>(1,321,181)</b>

- A corresponding increase in net current assets (£1,529,284), resulting primarily from net sale proceeds from Investment Property.
- Net current assets include an increase in debtors (£2,516,861) which mainly relates to cash collected by Nottingham City Council but not yet transferred into the Bridge Estate bank account at 31<sup>st</sup> March.
- A decrease in long term borrowing (£196,144), as a result of the first repayment of principal in 2013/14 of the sum borrowed to help purchase Lister Gate.

#### **4. FINANCIAL IMPLICATIONS (INCLUDING VALUE FOR MONEY/VAT)**

The financial implications have been considered in the body of the report.

#### **5. RISK MANAGEMENT ISSUES (INCLUDING LEGAL IMPLICATIONS AND CRIME AND DISORDER ACT IMPLICATIONS)**

None

#### **6. EQUALITY IMPACT ASSESSMENT**

Has the equality impact been assessed?

Not needed (report does not contain proposals or financial decisions) ☒

No ☐

Yes – Equality Impact Assessment attached ☐

Due regard should be given to the equality implications identified in the EIA.

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

Financial accounts working papers

#### **8. PUBLISHED DOCUMENTS REFERRED TO IN COMPILING THIS REPORT**

- Charities Act 2011
- The Charities (Accounts and Reports) Regulations 2008
- Statement of Recommended Practice: Accounting by Charities (the Charities SORP) issued in 1995 and revised October 2005