

BRIDGE ESTATE



ANNUAL REPORT for the year ended 31 March 2018

Registered Charity Number: 220716

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REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31ST MARCH 2018

The trustees present their annual report and financial statements of the charity for the year ended 31st March 2018. 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 Trustees' Annual Report for the year ending 31 March 2018 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 Nottingham City Council's (NCC) 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 £24.88 (£24.88 2016/17).

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 trustees think best for the improvement of the City of Nottingham and the public benefit of its inhabitants.

Main objectives for the financial year 2018/19 -

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 to maintain Trent Bridge and for the benefit of the citizens of Nottingham. The property portfolio is managed on behalf of Bridge Estate by Strategic Assets and 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 – fire damaged units (nos. 22, 23 & 24) have been re-let on short-term basis pending completion of lease expected to take place 2018/2019.
- Woolsthorpe Close – Homeserve Membership Ltd vacated the site with the premises on the market available to let.
- Ground Floor Castle Bridge – terms have been agreed for a lease renewal with completion to take place early 2018/2019.
- Castle Gate – terms have been agreed with the existing tenant for the grant of a new short-term lease, with the property to remain on the market whilst a new tenant occupier is sought.
- Century House – a new lease the First Floor has completed with terms agreed for lease renewals in respect of the Second and Third Floors with completion to take place early 2018/2019.
- Ground Floor, Century House, 8 -16 Chapel Bar – terms for lease have been agreed with a prospective tenant following the repossession of this property, with completion expected to take place early 2018/2019.
- 140 Vernon Road – the property has been let on a new short-term lease serving to provide an income from this property whilst an option review is carried for this asset.
- Part of the Abattoir & Buildings at the Cattle Market – A new lease has completed securing a continued income from this asset, providing an opportunity for the Charity to review the future options for both this property and adjoining land held within the portfolio.
- Trent Bridge – Consultations remain on-going and will continue to be progressed with further focus on conservation management practice to be incorporated within existing management practice for this asset to be on the behalf of the Charity.
- Property Acquisitions – suitable commercial property investment opportunities continue to be reviewed and pursued where such opportunities would serve to further improve the existing portfolio.

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 Trustees confirm 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 actual Surplus transferred was £1,545,000 for 2017/18 (£1,545,000 2016/17). 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 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 Trusts and Charities Committee as and when required.

Review of financial position

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

	2017/18	2016/17
	£	£
INCOMING RESOURCES	(2,361,875)	(2,218,334)
Other (gains)/losses	-	(242,612)
Total	(2,361,875)	(2,460,946)
RESOURCES EXPENDED		
Surplus transferred to NCC General Fund	1,545,000	1,545,000
Raising Funds	286,918	165,913
Charitable Activities	130,561	159,850
Other	75,448	80,316
Net Contribution to reserves	323,948	509,867
	2,361,875	2,460,946

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 elected members are the sole trustees.

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 elected members as Trustees, 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

Trustees' selection methods

Nottingham City Council (NCC) elected members are the sole Trustees. 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 2017 to 31 March 2018 and also includes any post year trustee movements:

Councillor Adele Williams	Councillor John Hartshorne
Councillor Andrew Rule	Councillor Jon Collins
Councillor Anne Peach	Councillor Joshua Cook
Councillor Azad Choudhry	Councillor Leslie Ayoola
Councillor Brian Grocock	Councillor Liaqat Ali
Councillor Brian Parbutt	Councillor Linda Woodings
Councillor Carole Jones	Councillor Malcolm Wood
Councillor Carole McCulloch	Councillor Marcia Watson
Councillor Cat Arnold	Councillor Merlita Bryan
Councillor Cate Woodward	Councillor Michael Edwards
Councillor Cheryl Barnard	Councillor Mohammed Ibrahim
Councillor Chris Gibson	Councillor Mohammed Saghir
Councillor Chris Tansley	Councillor Neghat Nawaz Khan
Councillor Corall Jenkins	Councillor Nick McDonald
Councillor Dave Liversidge	Councillor Nick Raine
Councillor David Mellen	Councillor Nicola Heaton
Councillor David Smith	Councillor Pat Ferguson
Councillor David Trimble	Councillor Patience Ifediora
Councillor Eunice Campbell	Councillor Rosemary Healy
Councillor Georgia Power	Councillor Sally Longford
Councillor Ginny Klein	Councillor Sam Webster
Councillor Glyn Jenkins	Councillor Sarah Piper
Councillor Graham Chapman	Councillor Steve Battlemuch
Councillor Gul Nawaz Khan	Councillor Steve Young
Councillor Ilyas Aziz	Councillor Sue Johnson
Councillor Jackie Morris	Councillor Toby Neal
Councillor Jane Urquhart	Councillor Wendy Smith
Councillor Jim Armstrong	

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 Trustees. 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 2017 to 31 March 2018:

Councillor John Hartshorne (Chair)
Councillor Liaqat Ali (Vice Chair)
Councillor Pat Ferguson
Councillor Carole-Ann Jones
Councillor Anne Peach
Councillor Andrew Rule
Councillor Mohammed Saghir
Councillor David Smith
Councillor Steve Young

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 Trustees, 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

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 Strategic Asset and Property Management Loxley House Station Street Nottingham NG2 3NG
Auditors	Rogers Spencer Newstead House Pelham Road Nottingham NG5 1AP
Financial Advisor	Strategic Director of Finance Nottingham City Council Loxley House Station Street Nottingham NG2 3NG
Bankers	Lloyds Bank Parliament Street Nottingham 12-16 Lower Parliament Street Nottingham NG1 3DA

RESPONSIBILITIES OF THE TRUSTEES**The Trustees' Responsibilities**

The trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England & Wales requires the trustees to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2015 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charities (Accounts and Reports) Regulations 2008 and the provisions of the governing document. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The trustees confirm, so far as they are aware, that:

- there is no relevant audit information of which the charity's auditors are unaware; and
- we have taken all the steps that we ought to have taken as trustees in order to make ourselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

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

Laura Pattman - Strategic Director of Finance

Date:

J Hartshorne, Signed for the Trustees

Date:

The notes form part of these accounts.

Statement of Financial Activities for the year ending 31 March 2018

	2017/18			2016/17
	Unrestricted Funds £	Endowment Funds £	Total Funds £	Total Funds £
Income and endowments from:				
Other Trading Activities	(2,153,948)	-	(2,153,948)	(2,203,220)
Investments	(20,179)	-	(20,179)	(15,114)
Other	(187,748)	-	(187,748)	(59,582)
Total	(2,361,875)	-	(2,361,875)	(2,277,916)
Expenditure on:				
Raising Funds	8,613	278,305	286,918	165,913
Charitable Activities	34,419	96,142	130,561	159,850
Charitable Activities - Transfer to NCC	1,545,000	-	1,545,000	1,545,000
Other	-	75,448	75,448	80,316
Total	1,588,032	449,895	2,037,927	1,951,079
Net (gains)/losses on investments	-	-	-	5,070
Net (income)/expenditure	(773,843)	449,895	(323,948)	(321,767)
Transfer between Funds	89,330	(89,330)	-	-
Other Recognised (Gains)/Losses (Gains)/losses on Revaluation of Investment Assets		(786,799)	(786,799)	1,378,036
Net Movement in Funds	(684,513)	(426,234)	(1,110,747)	(1,056,269)
Reconciliation of Funds				
Total Funds Brought Forward	(827,375)	(25,874,746)	(26,702,121)	(27,758,390)
Total Funds Carried Forward	(1,511,888)	(26,300,980)	(27,812,868)	(26,702,121)

Balance Sheet as at 31st March 2018

	Note	2017/18 £	2016/17 £
Fixed Assets			
Investments	6/7	28,672,376	27,885,577
Total Fixed Assets		28,672,376	27,885,577
Current Assets			
Debtors (net of Bad Debt Provision)	8	1,025,593	993,950
Cash at Bank	8	1,491,048	3,267,610
Total Current Assets		2,516,641	4,261,560
Liabilities			
Creditors - Amounts falling due within one year	9	(811,312)	(2,699,896)
Net Current Assets		1,705,329	1,561,664
Total Assets Less Current Liabilities		30,377,705	29,447,241
Creditors - Amounts falling due after one year	9	(40,879)	(40,879)
Long Term Borrowing		(2,523,958)	(2,704,241)
NET ASSETS		27,812,868	26,702,121
The Funds of the Charity			
Endowment Fund		(26,300,980)	(25,874,746)
Unrestricted Funds		(1,511,888)	(827,375)
TOTAL CHARITY FUNDS		(27,812,868)	(26,702,121)

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

 Laura Pattman - Strategic Director of Finance

Date:

 J Hartshorne, Signed for the Trustees

Date:

The notes form part of these accounts.

NOTES TO THE FINANCIAL STATEMENTS

1. Accounting Policies

General Principals

The Annual Report summarises the Bridge Estate transactions for 2017/18 financial year together with its financial position at 31 March 2018.

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

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

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

The financial statements are prepared in sterling which is the functional currency of the charity and rounded to the nearest £1.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

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, insurance and external audit fees. 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 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.

Charitable Activities – Transfer to NCC

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

Expenditure which does not fall into any of the above categories, such as interest and principal loan repayments.

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 CharityEndowment 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 elected members are the sole trustees 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	Balances B/Fwd	Incoming Resources	Outgoing Resources	Transfers	Gains and Losses	Balances C/Fwd
	£	£	£	£	£	£
Endowment	(25,874,746)	-	449,895	(89,330)	(786,799)	(26,300,980)
Unrestricted	(827,375)	(2,361,875)	1,588,032	89,330	-	(1,511,888)
Total	(26,702,121)	(2,361,875)	2,037,927	-	(786,799)	(27,812,868)

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 2017/18 resulting in a gain on revaluation of assets of £786,799.

Unrestricted income fund

A contribution of £72,000 (£72,731 2016/17) was made to the Repairs Fund and a further contribution of £251,947 (254,106 2016/17) was made to the unrestricted funds, bringing the cumulative balance to £1,511,888.

	2017/18 £	2016/17 £
<u>INCOME</u>		
Rent	(2,166,618)	(2,144,238)
Service Charges	12,670	(58,982)
<u>Investments</u>		
Interest Received	(20,179)	(15,114)
<u>Other</u>	(187,748)	(59,582)
	(2,361,875)	(2,277,916)
<u>EXPENDITURE</u>		
<u>Raising Funds</u>		
<i>Agency and Contracted Services</i>		
Cleaning	352	6,625
Grounds Maintenance	12,059	(8,000)
<i>Investment Management Costs</i>		
Audit Costs	8,613	8,020
Business Rates	(7,248)	(18,433)
Council Tax	-	(874)
Energy Costs	13,912	56,084
Energy Performance Certificate	2,166	(12,883)
Insurance	24,880	23,359
Management Fees	5,175	-
Property Maintenance	13,005	(35,873)
Property Repairs	128,043	28,140
Rent Collection	22,534	64,552
Supplies and Services	56,437	58,596
Water Charges	6,991	(3,400)
<u>Charitable Activities</u>		
Surplus transferred to NCC General Fund	1,545,000	1,545,000
<i>Support Costs</i>		
Management and Administration	130,561	159,850
<u>Other</u>		
Interest Payable	75,448	80,316
<u>Movement to Funds</u>		
Contribution from Capital Receipt Reserve	(360,565)	-
Contribution to Repairs Fund	72,000	72,731
Contribution to Unrestricted Fund	612,512	254,106
	2,361,875	2,277,916

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	8,613	8,613	-	Raising Funds	External Provider's Annual Fee
Computer Costs	17,100	-	17,100	Charitable Activities	Software Usage
Staff Costs	55,140	23,338	31,802	Charitable Activities	Staff Time
Valuation Fees	58,321	11,081	47,240	Charitable Activities	Asset Valuation Costs/Staff Time
	139,174	43,032	96,142		

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.

Analysis of the movement in Investment Property	2017/18	2016/17
	(£)	£
Carrying value (market value) at beginning of year	27,435,325	28,460,845
Add: Additions to investments at cost	-	529,609
Less: Disposals at carrying value	-	-
Add/deduct: Net gains/(losses) on revaluation	763,675	(1,555,129)
Carrying value (market value) at end of year	28,199,000	27,435,325

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

Property	2017/18 Value (£)	2016/17 Value (£)
Century House, 8-18 Chapel Bar	1,285,000	1,160,000
Woolsthorpe Close, Off Wigman Road, Bilborough	3,692,000	3,550,000
Eastcroft Depot, London Road	2,674,000	2,655,000
The Alexander Fleming Building, Nottingham Science and Technology Park, University Boulevard	1,347,000	1,490,000
34-38 Lister Gate	5,186,000	5,732,375
Units 21-29, Whitemoor Court, Nuthall Road	2,703,000	2,550,000
14-16 Wheeler Gate	1,029,000	1,013,000

7. Other Investments

	2017/18 £	2016/17 £
Government Stocks	1,385	1,385
COIF Accumulation Units	471,911	448,867
	473,376	450,252

Analysis of the movement in Other Investments	2017/18 £	2016/17 £
Carrying value (market value) at beginning of year	450,252	377,664
Add/deduct: Net gains/(losses) on revaluation	23,124	72,588
Carrying value (market value) at end of year	473,376	450,252

8. Analysis of current assets

Debtors	2017/18 £	2016/17 £
Trade	824,212	807,891
Amounts due from subsidiary and associated undertakings	201,381	186,059
	1,025,593	993,950

Cash	2017/18 £	2016/17 £
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Cash at bank	1,491,048	3,267,610
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9. Analysis of current liabilities and long term creditors

	2017/18 £	2016/17 £
Amounts due to subsidiary and associated undertakings	(396,688)	(2,173,382)
Other creditors	(182,969)	(103,559)
Accruals & Deferred Income	(231,654)	(422,915)
	(811,312)	(2,699,896)

	2017/18 £	2016/17 £
Rent Bonds	(40,879)	(40,879)

10. Analysis of net assets between funds

	2017/18	
	Endowment Fund	Unrestricted Funds £
Investment Properties	28,199,000	
Other investments		473,376
Debtors (net of Bad Debt Provision)		1,025,593
Cash at Bank	806,221	684,827
Creditors - Amounts falling due within one year	(180,283)	(631,029)
Creditors - Amounts falling due after one year		(40,879)
Long Term Borrowing	(2,523,958)	
	26,300,980	1,511,888

11. TRANSACTIONS WITH RELATED PARTIES

NCC elected members are the sole trustees 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 £180,283 principal and 2.70% pa interest on the average loan balance in the year. In 2017/18 the Bridge Estate paid £75,448 interest (£80,316 2016/17), which is shown within the SoFA under Other Expenditure and short term creditors, while the outstanding loan at the 31 March 2018 is £2,523,958 (£2,704,241 2016/17) which is shown in the balance sheet.

Monies due from NCC at the end of the financial year by the Bridge Estate was £201,380 (£186,059 2016/17) and monies owed to NCC was £180,283 (£1,985,882 2016/17).

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 2018 various City Council departments paid a sum of £471,392 (£410,392 2016/17) 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 £130,561 in the year to 31 March 2018 (£159,850 2016/17) in respect of officers' time and management and maintenance of properties. Of this total it is estimated that £34,419 (£42,088 2016/17) 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 had a debit of £12,411 (credit of (£1,375) 2016/17) for grounds maintenance and contract cleaning, while insurance costs of £24,880 (£23,359 2016/17) was paid to NCC. These transactions 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 £1,545,000 (£1,545,000 2016/17).

During the current financial year, trustees received remuneration of £nil (£nil 2016/17) and had expenses reimbursed of £nil (£nil 2016/17).

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