

**BRIDGE
HOUSE
ESTATES**

Charity registration
number 1035628

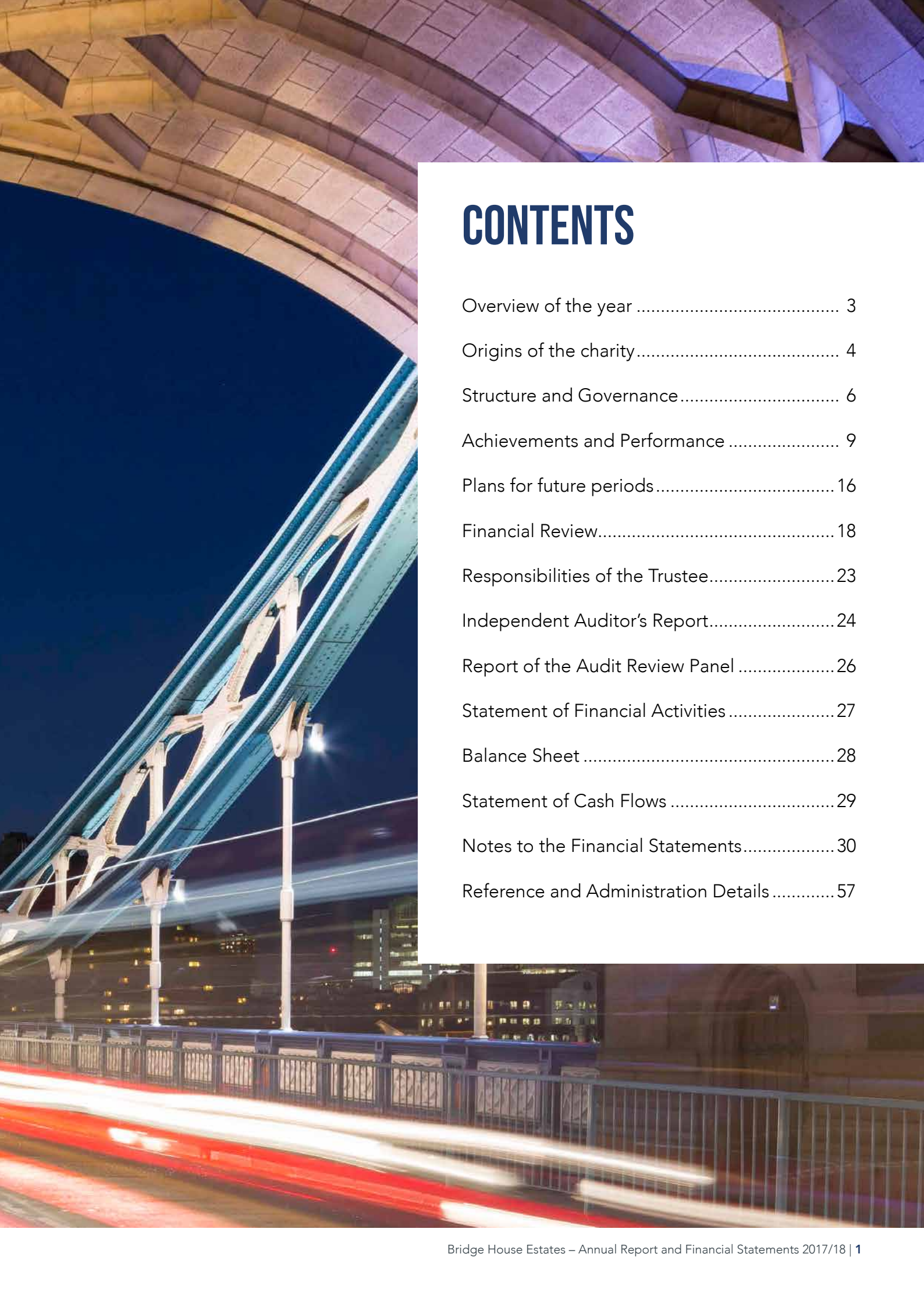


ANNUAL REPORT & FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018







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OVERVIEW OF THE YEAR

Over the many centuries that the Bridge House Estates (BHE) charity has been in existence, London has experienced numerous events of huge significance: wars, plagues, fires, attacks and riots. However, all of these tragedies have seen London's communities come together in response, supporting those affected, helping to rebuild lives and produce a sense of renewal and hope amongst the despair. The last 12 months have been no different with the terrorist attacks on London Bridge, in Westminster and Finsbury Park and the Grenfell fire, all showing the great resilience of London and its communities. As London's largest independent grant-maker, and in conjunction with its corporate trustee the City of London Corporation, Bridge House Estates' charitable funding arm City Bridge Trust (CBT) was able to respond to the challenges of the attacks, providing financial support and expertise to the relief efforts and the organisations working to rebuild communities.

Following the terrorist attacks security of the charity's bridges was given the utmost priority with protective barriers installed on those which provide river crossings for vehicles. Tower Bridge, as a globally recognised symbol of London and a key part of the capital's infrastructure, was given particular attention. The National Counter Terrorism Security Office commended the bridge for demonstrating best practice and exemplary standards in its operational security planning, protocols and facilities. Throughout this, Tower Bridge, London Bridge, Southwark, Blackfriars and Millennium bridges continued to allow thousands of people to cross the River Thames every day, providing a vital sense of continuity as Londoners went about their daily lives. Tower Bridge also remains one of London's primary visitor attractions which, despite a knock-on effect on visitor numbers following the attacks, has seen an improved retail offer and uplift in related revenue during the year.

CBT continued to provide significant funding to tackle disadvantage throughout Greater

London: utilising the charity's resources surplus to the requirements of the bridges, CBT awarded £24.4m in funding through 227 different projects. Significant areas of work have included support for the LGBTQI sector; work to tackle the barriers to employment faced by disabled people; and projects to improve London's civil society infrastructure support. During the year two social investments totalling £0.9m were agreed, taking the total amount invested to £8.5m, whilst a Philanthropy Director was appointed to work in partnership to achieve higher value and higher impact philanthropy. CBT also completed the consultation and review of its charitable funding, agreed a new strategy, Bridging Divides, and prepared for the launch of new funding programmes in 2018/19.

Alongside the strategic review of CBT's charitable funding, a comprehensive review of BHE's governance and administration was initiated. The work is ongoing. An early outcome is to confirm that a substantial portion of the charity's assets are held as permanent endowment. The financial statements have been reconstituted to reflect this position, with further detail of this review stated on page 7.

Underpinning the core business of the charity is the successful management of its investments. During the year, the charity's investment portfolios have performed well, enabling its underlying assets to increase by £55m to £1,396m.

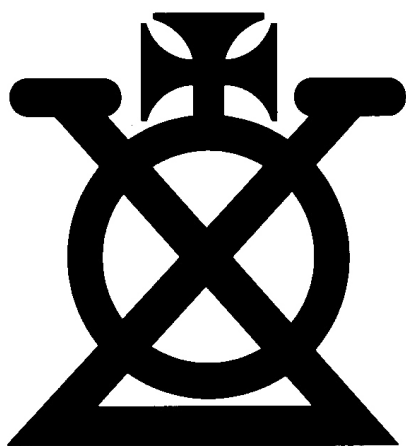
BHE is one of London's oldest institutions. Although on the surface it is about physical infrastructure in the shape of the five bridges, in reality it is about people: those who cross the bridges during their daily commute; visitors and tourists who enjoy the bridges and the history; and the thousands of Londoners who have been supported through CBT. The events of the past year have been a vivid reminder of this, and the importance of the charity to London and its communities both in good times and bad.

ORIGINS OF THE CHARITY

The origins of Bridge House Estates can be traced back to 1097 when William II, second son of William the Conqueror, raised a special tax to help repair London Bridge. By the end of the twelfth century, the shops and houses adorning Peter de Colechurch's new stone London Bridge were beginning to generate not only increased cross-river trade, but also increased taxes, rents and bequests. A significant fund began to accumulate, administered from a building on the south side of the bridge called Bridge House. Over succeeding centuries this fund has been administered by the City of London Corporation ('the City Corporation') as Trustee.

The Bridge House Estates mark has been the identifying emblem of the charity for many centuries. It is likely that the 'bridge mark' as we know it today was designed by William Leybourn, a famous seventeenth century surveyor. Leybourn is thought to have adapted a similar mark drawn against plots owned by Bridge House Estates on an earlier plan of St George's Fields, London.

The work of Bridge House Estates now reaches out across London in many important and diverse ways.



The Bridge Mark, the identifying emblem of the Bridge House Estates

THE RIVER BRIDGES

The maintenance and support of five of the bridges that cross the Thames into or by the City of London – Tower Bridge, London Bridge, Southwark Bridge, Blackfriars Bridge and Millennium Bridge is the primary objective of the charity. They are gateways to the City of London and require sustained investment and expert care.

Blackfriars Bridge – Blackfriars Bridge was originally built between 1760-1769 and was known as 'Pitt Bridge' after William Pitt the Elder. This structure was replaced between 1860-1869 with a design by Joseph Cubitt of five wrought iron arches faced with cast-iron, on granite piers. The decorations include ornithological sculptures surmounting the granite columns on each cutwater, arched cast iron parapets and enormous attached columns in red granite with Portland stone capitals. The sculptures depict land birds on the landward side of the bridge and sea birds on the side facing the sea. Queen Victoria opened the bridge in 1869.

Millennium Bridge – As the first new pedestrian bridge to be built across the Thames for over a century, Millennium Bridge links the City of London at St Paul's Cathedral with the Tate Modern Gallery at Bankside. Funded by the charity and the Millennium Commission, the 'Blade of Light' is a 325 metre steel pedestrian bridge, conceived by Sir Anthony Caro and built by Ove Arup and Foster Associates under the project management of the London Borough of Southwark and subsequently transferred to the charity to own and maintain.

Southwark Bridge – Originally built between 1814-1819, Southwark Bridge was purchased by the charity in 1868. The City of London had been trying to obtain control since 1827 to catch criminals escaping to Southwark, outside its jurisdiction! It was replaced between 1912-1921 with a design by Sir Ernest George and Basil Mott and comprises five steel arches with granite cutwaters and piers.

London Bridge – The first stone bridge across the Thames was built between 1176-1209 and replaced between 1823-1831. The current bridge was built between 1967-1972 and designed by the City Engineer, Harold Knox King with architects Mott, Hay & Anderson and William Holford & Partners. Made of concrete with polished granite, the Bridge has three spans founded on concrete piers fixed deep into the river clay. It was opened by Her Majesty The Queen in 1973.

Tower Bridge – Designed by the Victorian architect Sir Horace Jones, the City Architect, in collaboration with Sir John Wolfe Barry, Tower Bridge was opened in June 1894 after eight years of construction. It is a working bascule suspension and girder bridge, constructed as a steel frame clad in stone and granite in Gothic style to complement the neighbouring Tower of London. Under the Corporation of London (Tower Bridge) Act 1885, the City of London Corporation is required to raise the Bridge to provide access to and egress from the Upper Pool of London for registered vessels with a mast or superstructure of 30 feet or more. The service is provided free of charge subject to 24 hours' notice and is available any time, day or night, 365 days per year. The City Corporation ensures that the Bridge, a designated Grade 1 listed building, is properly maintained and protected as part of the nation's heritage.

As a world-famous icon of London, Tower Bridge enables tourists to have access to the internal areas of the Bridge, with a public exhibition having been in place since 1982. The exhibition showcases the Victorian architecture, engineering and also the original Victorian Engines used to power the lifting of the Bridge. The operational and tourism activities at Tower Bridge are managed by the Trustee on behalf of the charity.

THE GRANT-MAKING AND OTHER CHARITABLE ACTIVITY OF CITY BRIDGE TRUST

After the responsibilities relating to the bridges have been met, the charity can use any surplus income for the provision of transport for elderly and disabled people in Greater London and for other charitable purposes for the general benefit of the inhabitants of Greater London, further to a scheme agreed with the Charity Commissioners in 1995. This scheme enables the charity to work through its charitable funding arm, City Bridge Trust, for a fairer London through tackling disadvantage. CBT works collaboratively to meet the charity's ancillary objectives through three key areas of activity, namely:

- Grant-making;
- Social investment; and
- Encouraging philanthropy.

Further information on the activities of CBT is available at www.citybridgetrust.org.uk

TRUSTEE'S ANNUAL REPORT

STRUCTURE AND GOVERNANCE

GOVERNING INSTRUMENTS

Bridge House Estates is a charity governed by various instruments which are listed below. In March 1994 it was registered with the Charity Commission.

Founders

By various bequests over the centuries

Governing Instruments

A Royal Charter of 24 May 1282

The Blackfriars Bridge Act 1863

The Blackfriars and Southwark Bridges Act 1867

The Corporation of London (Tower Bridge) Act 1885

The Corporation of London (Bridges) Act 1911

The City of London (Various Powers) Act 1926, section 11

The City of London (Various Powers) Act 1949, section 13

A supplemental Royal Charter of 26 November 1957

The City of London (Various Powers) Act 1963, section 32

The London Bridge Act 1967

The City of London (Various Powers) Act 1979, section 19

The Charities (Bridge House Estates) Order 1995 (S.I.1995/1047)

An Order of the Charity Commission sealed 10 July 1997 (350.97)

An Order of the Charity Commission sealed 20 July 1998 (251.98)

The Charities (Bridge House Estates) Order 2001 (S.I.2001/4017)

The Charity Commission Scheme dated 26 August 2005

The Charities (Bridge House Estates) Order 2007 (S.I. 2007/550)

GOVERNANCE ARRANGEMENTS

The Mayor and Commonalty and Citizens of the City of London (also referred to as 'the City Corporation' or 'the City of London Corporation'), a body corporate and politic, is the trustee of Bridge House Estates. The City of London Corporation is trustee acting by the Court of Common Council of the City of London in its general corporate capacity and that executive body has delegated responsibility in respect of the administration and management of this charity to

various committees and sub-committees of the Common Council, membership of which is drawn from the 125 elected Members of the Common Council and external appointees to those committees. In making appointments to committees, the Court of Common Council will take into consideration any particular expertise and knowledge of the elected Members, and where relevant, external appointees. Members of the Court of Common Council are unpaid and are elected by the electorate of the City of London. The key committees which had responsibility for directly managing matters related to the charity during 2017/18 were as follows:

Investment Committee - responsible for the strategic oversight and monitoring of the performance of the charity's investments which are managed by three separate sub-committees, namely the Financial Investment Board, the Property Investment Board and the Social Investment Board.

Policy and Resources Committee - responsible for allocating resources, administering the charity, and for determining the investment strategy between property and non-property investments.

Finance Committee - responsible for controlling budgets, support costs and other central charges that affect the charity as a whole.

Planning and Transportation Committee - responsible for the maintenance and upkeep of the bridges with the exception of the tourism operation at Tower Bridge.

Culture, Heritage and Libraries Committee - responsible for the tourism operation at Tower Bridge.

The City Bridge Trust Committee - responsible for reviewing and approving individual grants to voluntary organisations up to the value of £500,000 and otherwise for other charitable expenditure under the Bridging Divides Strategy. Funding commitments above £500,000 are agreed by the Court of Common Council, on recommendation of this committee.

All of the above committees are ultimately responsible to the Court of Common Council of the City of London. Committee meetings are held in public, enabling the decision making process to be clear, transparent and publicly accountable.

Details of the membership of Committees of the City of London Corporation are available at www.cityoflondon.gov.uk

The Charity Governance Code was published in July 2017. The charity is supportive of the Code and its aim to assist in the development of high standards of governance throughout the sector. At this early point after the release of the Code, the Trustee is currently considering application of the recommended practice to the work of Bridge House Estates.

REVIEW OF FUNDS HELD BY THE CHARITY

Consistent with the City of London Corporation's obligations as trustee of Bridge House Estates to keep the governance of the charity under review, to ensure the charity remains well run and is effectively fulfilling its objects, the City is currently undertaking a comprehensive review of BHE's governance and administration. This has been undertaken also in recognition of changes to charity law and practice over the last 10 years or so, in the context of increasing inequality and social need and, through ongoing prudent financial management, the growth in the value of the charity's funds.

The review is at an early stage and has so far involved identifying and collating relevant background information from the voluminous historical records (the charity being ancient in origin); and the evaluation and analysis of that information, both internally and by external professional advisors.

In undertaking the analysis of historic documentation, it has been concluded that a substantial portion of the charity's assets are held as permanent endowment. In reaching that view it has been considered amongst other things that many of the ancient gifts of BHE properties reflect that the underlying intention of the donor was that such properties would be held in perpetuity for the maintenance of London Bridge. Such properties would therefore have been given on the basis that they would be retained and let to produce an income to be used towards the upkeep of London Bridge (and subsequently all the bridges). The analysis takes account of the fact that the modern concept of permanent endowment, noting the ancient origin of the charity, is relatively new but concludes that similar concepts could be applied historically. It is further considered that other documents relating to the charity's governance also support the conclusion that the charity is permanently endowed.

Having confirmed that BHE holds endowment funds, this fund has now been reconstituted within the financial statements. As it is not possible to reach an exact identification of the permanent endowment capital of the charity, a reasonable and proportionate approach to this exercise was taken, working alongside

our legal advisors and the charity's auditors. The charity assessed historic accounting records and other related documents to come to a view and decide on the most appropriate methodology to determine the value of this fund. It was concluded, based on evidence, that the whole of the current investment property portfolio forms part of the permanent endowment fund, together with a proportion of financial investments held, representing those now held as a result of diversification decisions to dispose of properties and reinvest the proceeds in non-property investments. The fund totals £831.6m as at 31 March 2018.

The trustee is confident that the funds held by the charity have been held on a prudent basis with a focus on preserving capital to generate future income to meet the objectives of the charity. As such, the capital of the endowment fund has been retained.

ORGANISATIONAL STRUCTURE AND DECISION MAKING PROCESS

The charity is administered in accordance with its governing instruments and the City of London Corporation's own corporate governance and administration framework, including Committee Terms of Reference, Standing Orders, Financial Regulations and Officer Scheme of Delegations. These governance documents can be obtained via a request to the email address stated on page 57.

Each Member by virtue of their membership of the Court of Common Council, its relevant committees and sub-committees, has a duty to support the City of London Corporation in the proper exercise of its functions and in meeting its duties as trustee of the charity by faithfully acting in accordance with charity law, the Terms of Reference of the relevant committee or sub-committee, and the City of London Corporation's agreed corporate governance framework as noted above backed up by its standards regime.

INDUCTION AND TRAINING OF MEMBERS

The City of London Corporation makes available to its Members, seminars and briefings on various aspects of its activities, including those concerning the charity, to enable Members to carry out their duties efficiently and effectively. The City of London Corporation has the Investor in People accreditation which is an external validation of the approach to valuing and developing the skills of both Members and staff who may be involved in administering and managing the charity.

OBJECTIVES AND ACTIVITIES

The objectives of the charity are the support and maintenance of Tower Bridge, London Bridge, Southwark Bridge, Blackfriars Bridge and Millennium Bridge, with income surplus to that which can be usefully applied in accordance with the subsisting trusts in any given year being applied for the provision of transport for elderly and disabled people in Greater London and for other charitable purposes for the general benefit of the inhabitants of Greater London, in accordance with a policy settled by the Trustee following consultation.

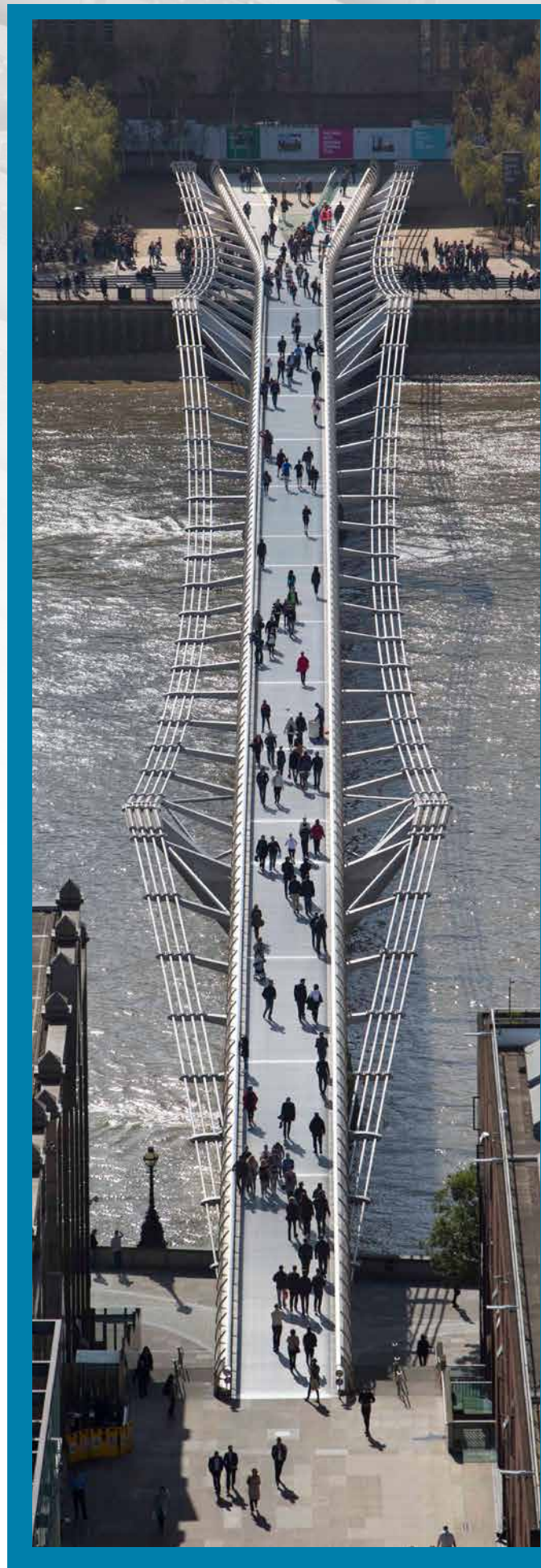
PUBLIC BENEFIT STATEMENT

The Trustee confirms that it has referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing Bridge House Estates' aims and objectives and in planning future activities. The five river bridges maintained and supported by the charity are available to the general public on an open access basis. Regarding grant-making activities of the charity and other support for the charitable sector undertaken under the name 'City Bridge Trust', the Trustee awards grants at its discretion to address disadvantage across London's diverse communities and provides more general support to the charitable sector through various strategic initiatives. This process is based upon published criteria, and an analysis of need in consultation. The charity utilises a transparent and fair assessment process and ensures that a robust monitoring system is in place to establish the public benefit derived from each grant approved alongside the other activities of the charity.

Consequently, the Trustee considers that Bridge House Estates operates to benefit the general public and satisfies the public benefit test.

REFERENCE AND ADMINISTRATIVE DETAILS

The administrative details of the charity are stated on page 57.



ACHIEVEMENTS AND PERFORMANCE

THE BRIDGES

With the successful completion of the re-decking of Tower Bridge in 2016/17, this year has focussed more on further developing future bridge maintenance schemes. With other major projects such as the redevelopment of London Bridge Station and the Thames Tideway Tunnel in progress, the team has had to focus on developing collaborative relationships with those delivering these major schemes to ensure that the bridges are protected and ensuring that any maintenance required can still be carried out.

The work on the Thames Tideway Tunnel at Blackfriars Bridge has started this year in earnest and now significant structures have been constructed in the foreshore, adjacent to the bridge. This work is in preparation for a large tunnel shaft being constructed next to the river wall and the main tunnel driven directly underneath all five of the Bridge House Estates' Thames river crossings in the coming years. The team has been working very closely with the project to ensure that the construction activities do not have any detrimental impact on the bridges from structural, functional and heritage perspectives. Following the relocation of the Blackfriars Pier to enable the Thames Tideway Tunnel works, a new stairway and lift are now operational at the northeast corner of the bridge, connecting the bridge to the river walkway below. This required significant investigation and reconstruction work to be completed on the adjacent listed parapet. The lessons learnt, and technical knowledge gained from this has now fed into a larger, future project to refurbish the parapets and repaint the whole bridge. In addition to this, the bridge team carried out a specialist load test at different points on the parapet of Blackfriars Bridge to establish the historic structure's capacity and inform options going forward for the wider refurbishment project. A bridge refurbishment project is now underway with work expected to start on site next year. However, this will depend heavily on the ability to work collaboratively with the Thames Tideway Tunnel, the Port of London Authority, Transport for London and Historic England to allow safe access to all areas of what is now a very dynamic location.

Work continues to develop a scheme to re-waterproof London Bridge and replacement of the end bearings, two of which have cracked. These works cannot commence until Network Rail have completed their works at London Bridge Station, but need to be ready to start as soon as there is access to the highway. This year, detailed bearing inspections have been carried out to establish how the work will be accessed and completed. Some of these inspections have been challenging as the bearings can only be accessed from within the tightest sections of the structural box sections.

The Illuminated River Project has further developed this year and the bridge team has been working closely with the project to provide technical and practical advice and enable lighting trials to take place. A number of lighting trials were held this year on three of the bridges as Millennium Bridge, Southwark Bridge and London Bridge are expected to be in the first phase of bridges to be enhanced as part of the project.

The other significant impact following the terrorist attacks in 2017 has been the Metropolitan Police's installation of barriers on the four vehicular river crossings in part. The team worked proactively to ensure the installation was not detrimental to the bridge structures, they continue to assist the Metropolitan Police with maintenance and are working with all the various agencies and stakeholders in the deliberations for permanent solutions.



Southwark Bridge

ACHIEVEMENTS AND PERFORMANCE CONTINUED

TOURISM AT TOWER BRIDGE



Educational activities for families on the Tower Bridge Walkways

The main income generating activity for the tourism business at Tower Bridge is the public Exhibition which showcases the architecture and engineering of the Bridge and the Victorian Engine Rooms. It offers visitors panoramic views from the high-level walkways of Wapping, Canary Wharf and Greenwich to the east, and of the City and central London skyline to the west. In addition, glass flooring panels installed in 2014 continue to attract visitors, providing them a unique aspect of the roadway, the river and the Bridge raising to allow the movement of river traffic directly beneath their feet. Complementing the admissions income generated both onsite and online, retail sales, venue hire charges, catering commissions and filming also generate a growing income source for the charity.

Tower Bridge Exhibition generated record levels of income in 2017/18. This positive financial performance was achieved in the face of a significant downturn in the London visitor economy following the Westminster, Manchester and London Bridge attacks in March, May and June 2017 respectively. The resulting decrease in visitors to Tower Bridge (8% compared with 2016/17) has not been as substantial as that experienced at other major London attractions.

It should be noted that the overall record income achieved for 2017/18 was bolstered by excellent retail performance, this being a result of the new retail structure and strategy implemented in mid-2017. This income stream alone exceeded £1.3m, and efforts were focused on reviewing arrangements and implementing a new Commercial Plan, including a new direction for visual merchandising and new product ranges.

Tower Bridge Exhibition achieved a rating of Excellent (91%) in the annual assessment by Visit England as part of their Visitor Attraction Quality Assurance Scheme.

Following this achievement, the Bridge was awarded a Visit England Gold Accolade which 'recognises attractions where the visitor experience is of the highest quality'. Of 1,000 UK attractions participating in the assessment scheme, 15 received Gold Accolades in 2017.

January 2018 saw the launch of a special exhibition produced and hosted by Tower Bridge, telling the story of Bridge House Estates across eight panels in the Engine Rooms. Information and images were carefully selected to communicate the history of the charity and its modern context of the positive work of the City Bridge Trust as effectively as possible to visitors without impacting significantly on dwell time. Visitors to the exhibition can discover where the distinctive BHE 'bridge mark' can be found across the globe through an interactive digital display. This unique feature was bolstered by printed maps encouraging visitors to search for BHE bridge marks in the City's architecture and share their discoveries and experiences using social media channels.

After receiving the Sandford Award for Heritage Education in 2016, the Tower Bridge formal learning programme has continued to attract new and repeat school visits. Feedback continues to be positive and a substantial level of publicity within the education industry has been achieved. Rescheduled to directly follow the installation of a major heating upgrade for the entire Bridge, work has commenced at the Bridge for a new fully accessible Education Centre in the form of a mezzanine floor in the South Tower, due for launch after schools return from the Easter Break in 2019.



A school visit to the Tower Bridge Education Centre

The Bridge's profile as a cultural venue was developed further throughout 2017/18, with the launch of Tower Bridge's inaugural 'Artist in Residence', with meaningful and measured outcomes achieved in

terms of engaging with the learning offer. The pilot scheme saw the appointed artist creating contour drawings, digital printmaking and etchings onto Portland stone (one of the original materials used in the construction of the Bridge) which focused on re-imagining the architecture of the Bridge in abstract form. This became an exhibition on display to all visitors. A central component of the residency was the artist's engagement with families, schools and the local community. The artist worked closely with the in-house Education team to lead a series of workshops with children aged 7 to 10 years old from the Boutcher Primary School, Southwark. The children's artwork produced as part of these workshops was on display in the Bridge's Walkways for visitors to view and enjoy. Moving forward, this will become a competitive annual artist placement with the aim of garnering further positive publicity and meeting the Trustee's aims for education and cultural engagement.



School pupils take part in a workshop in the Tower Bridge Engine Rooms

Also relevant to the bridge's cultural profile, public-ticketed performances of a set of original musical compositions took place over the penultimate weekend in September in the Bridge's unique Bascule Chamber space, for the Totally Thames Festival. Positive feedback was received from ticket holders and an excellent level of publicity was achieved in mainstream, national and specialist media. In March 2018, the Chamber hosted a joint project between Tower Bridge, Guildhall School of Music and Drama and the Police Museum to showcase photography of the aftermath of the WWII Blitz on London, projected on an enormous scale and weaved into a continuous narrative as part of a series of public performances.

The entire visitor experience in the Engine Rooms was overhauled following an extensive research exercise which uncovered the 'unsung heroes' of Tower Bridge across its lifespan. From previous Bridge Masters, to

Coal-Stokers, Cooks, Clerks and Engineers, the human stories of the people who once worked behind the scenes at Tower Bridge are now on display for visitors to learn and enjoy in the form of large scale printed and digital photographic, interactive and information displays. This project saw the Exhibition Development team engaging with the descendants of those who used to keep the Bridge running, and in doing so uncovered and attained a wealth of previously unseen photos, films and ephemera from the late 19th and early 20th Centuries. Complementing these personal histories on display for the first time in the Engine Rooms is the 'Walk of Fame' on the Bridge's east pavement. Linking Tower Bridge's South Tower to the Victorian Engine Rooms, a pathway of 50 plaques set into the Bridge's pavement celebrate workers from its history, each carefully selected to illustrate the diversity of roles behind Tower Bridge.

In its context as a globally recognised symbol of London and a key part of the capital's transport infrastructure, security was given the utmost priority at Tower Bridge in 2017/18. The City Corporation, City of London Police and the National Counter Terrorism Security Office have commended Tower Bridge for demonstrating best practice and exemplary standards in its operational security planning, protocols and facilities.

Performance indicators for 2017/18

	Target 2017/18	Actual 2017/18	Actual 2016/17
Visitor numbers to Tower Bridge Exhibition	800,000	785,315	834,130
Visitors to second part of the Exhibition: Engine rooms	80%	80%	82%
No. of pupils participating in Education Programme	2,800	3,023	2,932
Admissions income	100%	101%	112%
Retail income	100%	100%	127%
Venue hire	100%	109%	112%

ACHIEVEMENTS AND PERFORMANCE CONTINUED

ACTIVITIES OF CITY BRIDGE TRUST



Islington Boat Club, funded by City Bridge Trust, provides fully accessible and inclusive watersport activities for young people

Operating under the name of City Bridge Trust (CBT), the charity is London's largest independent grant-maker and funds a broad range of work to reduce inequality and grow more cohesive communities. The activities of CBT are committed to making the capital a city where all individuals and communities can thrive, and to develop London as a global hub for philanthropy and social investment.

Since the objects of the charity were widened in 1995 to permit this activity, around 7,800 grants totalling over £387 million have been awarded. CBT currently aims to award grants totalling around £20 million a year. CBT occupies a distinctive position, being at the heart of the private, governmental and voluntary sectors through its role as a lead funder in London and being able to draw on the broad expertise and reach of its trustee, the City of London Corporation. With that position is conferred much responsibility to try to better understand the needs of London's communities and how those needs can best be met.

During the year, CBT awarded £24.4m in funding across Greater London through 227 different projects. This is significantly greater than the spend during 2016/17 (£18.1m) largely due to several exceptional grants to Centre for Mental Health (£1.24m), The Prince's Trust (£3m), and those made as part of the Bridge to Work programme (totalling £2.62m).

Strategic Initiatives

These allow the charity to add value to its work, respond to emerging needs or contribute to the wider policy arena.

Following a collaborative event hosted at Mansion House, CBT responded to the enormous challenges faced by the LGBTQI sector as a result of reduced funding combined with an increased demand for their services through the award of three grants, each of which will run over the next three years:

- £281,000 to Positive East to enable the GMI Partnership to expand and diversify its work supporting the LGBTQI community in London providing rapid HIV testing, Sexual Health Screening and condom distribution for gay, bisexual and other men;
- £217,000 to the LGBT Consortium to create and manage an online directory/mapping tool of services in London and to provide general capacity building support to the LGBTQI voluntary sector in London; and
- £165,000 to Opening Doors London for a programme to develop the quality of services provided to older LGBTQI Londoners by voluntary and statutory agencies.

A grant of £337,000 was awarded to Age UK to design and deliver an evaluated model for the prevention of fraud and support for older people affected by fraud. This project is delivered in partnership with ActionFraud, an initiative of the City of London Police and the UK's national fraud and cyber-crime reporting centre.

A grant of £450,000 over two years was made to the Participatory City Foundation to develop and support widespread, effective and sustainable community participation and cohesion in Barking and Dagenham through the Every One Every Day neighbourhood project. Over the next 5 years, with local residents, organisations and the local authority, Participatory City will aim to work with over 25,000 people to grow a new network of around 250 projects and 100 businesses.

CBT continued the partnership with Trust for London with a grant of £300,000 towards Phase

2 of the Moving On Up initiative to improve employment outcomes for young black men in London, for whom the unemployment rate in England and Wales is more than double that of young white men. This followed a previous award of £400,000 in 2014 for Phase 1 of the project.

In 2014, CBT agreed a 10-year partnership with The Prince's Trust, with total funding of £10m over this period subject to break clauses at various points, towards their work with disadvantaged young people in London. A successful review in 2017/18 showed that over the first three years The Prince's Trust have worked with over 5,000 young people, of which 75% moved into education, training or employment. As a result of this effective service delivery, their next grant instalment of £3m to cover the next three years' activity was agreed.

ANNIVERSARY PROGRAMMES

Employability – Bridge to Work

CBT's Bridge to Work programme aims to tackle the disproportionately high level of unemployment amongst young disabled Londoners. The agreed grants total £2.2m between 2018 and 2023 to support a range of activities to break down the barriers to employment. Charity partners helping to deliver this programme are Mencap, Inclusion London, Action for Kids, National Autistic Society, Muscular Dystrophy UK and Whizz-Kidz.

In addition, Leonard Cheshire Disability is operating ChangeLondon, a £350,000 bursary scheme to provide paid work experience to young disabled Londoners. This will award bursaries of up to £4,000 per person on behalf of CBT to London's small and medium sized companies and charities.

Finally, to complement the Bridge to Work programme, and in recognition of the unique barriers to employment that people experiencing mental health issues face, a grant of £1.24m was awarded to the Centre for Mental Health. Working initially in the boroughs of Newham and Bromley, this award will implement Individual Placement Support plans for people with mental health needs to help them find long-term sustainable employment.

Infrastructure Support & The Way Ahead

CBT continued its involvement with The Way Ahead implementation which is seeking to improve and develop infrastructure support for London's civil society organisations in a context of scarce resources.

CBT established two additional funds to underpin this work. The £1m Bridge Fund supported 15 organisations, previously funded by London Councils, to engage with The Way Ahead's implementation during 2016-17. A second round of these grants was approved in January 2018 to enable this engagement to continue.

A sum of £3m was allocated to The Cornerstone Fund to enable CBT to work with other funders and key stakeholders, to support the infrastructure underpinning London's civil society. A cross-sectoral reference group worked during 2017/18 to determine the parameters and governance of this fund, the first round of which was launched in April 2018, alongside the Bridging Divides programmes.

During the year, London Voluntary Services Council (LVSC: the umbrella body for the councils of voluntary service network) and Greater London Volunteering (GLV: which co-ordinates local volunteer centres) worked together to establish the Hub for London to replace the functions of these two organisations, as well as taking forward the wider ambitions of The Way Ahead report, with GLV widening its objectives in order to be the vehicle for the new body. In September 2017, CBT approved a grant of £350,000 to secure the first year of its operations.



City Bridge Trust is funding Mencap to support young disabled Londoners into employment as part of its Bridge to Work programme

ACHIEVEMENTS AND PERFORMANCE CONTINUED

Responsive grant making

Whilst up to 20% of the grant-making budget is used for Strategic Initiatives as outlined above, most of the funds allocated are used for responsive grant making to charitable organisations tackling disadvantage. The majority has been through the 'Investing in Londoners' grants programme with the following priority areas:

- English for Speakers of Other Languages (ESOL)
- Improving Londoners' Mental Health
- Improving London's Environment
- Making London More Inclusive
- Making London Safer
- Older Londoners
- Reducing Poverty
- Resettlement and Rehabilitation of Offenders
- Strengthening London's Voluntary Sector

Grants awarded during the year included:

- High Trees Community Development Trust were awarded a grant of £133,300 towards an ESOL project supporting people of all ages living in Lambeth, Southwark and Croydon.
- BANG Edutainment were awarded £120,000 towards the costs of their NoLimitz project, a community based early intervention programme that works with young people and their families to tackle offending or anti-social behaviour.
- Hubbub Foundation UK received £77,250 towards the Plastic Fishing project in the Docklands Basin, which helps clean London's waterways whilst also educating participants on the issue of plastic in rivers and oceans.
- Royal Court Theatre was awarded a grant of £73,700 towards refurbishment work which will make their building fully accessible for people with disabilities.
- Ashford Place received a grant of £99,900 towards their Dementia Café project which provides people who live with dementia, their carers and families an opportunity to gather in an informal, relaxed and friendly atmosphere and meet other people in similar circumstances.
- Working Chance received a grant of £117,000 towards a recruitment consultancy supporting women leaving the criminal justice and care systems into mainstream employment.
- Media Trust were awarded £148,700 towards the Stronger Voices Training Programme which will provide Advocacy Masterclasses, digital guides and volunteer brokerage for 30 equalities organisations, helping them to target their audiences more effectively.

Social Investment

The Social Investment Fund represents the designation of £20m from the charity's funds, which are to be invested for a financial return as part of the charity's balanced investment portfolio but is focussed on investments in the social investment market to also achieve social impact.

2017/18 marked the five-year anniversary of the Fund. Over this period, it has invested a total of £13m across a portfolio achieving a return of 4.7% (gross). During the year, the Fund bought retail charity bonds from Greensleeves (£0.5m), a charitable care home operator and invested in Commonweal Quaker Social Action Project (£0.4m) to provide supported accommodation for young adult carers. These brought the total funds invested at the end of 2017/18 to £8.5m with a further £3.3m committed but not yet placed.

During 2017/18, three investments were redeemed or matured. These were:

- A loan to South West London YMCA for the Y:Cube Housing Project, providing high-quality modular accommodation as move-on for people who had been living previously in homelessness shelters.
- A five-year fixed-rate bond to Golden Lane Housing to purchase, adapt and let properties across the UK, enabling people with learning disabilities to live independently.
- A five-year fixed-rate bond with Midlands Together to provide employment, training and mentoring to ex-offenders through a property refurbishment programme.

In addition, an investment offer to Framework Housing was cancelled with mutual consent from borrower and lender.

In 2017/18 CBT held a further round of its "Stepping Stones Fund". This programme is a unique social investment readiness facility for charitable organisations and is being delivered in partnership with UBS. Sixteen grants totalling £617,000 were awarded to organisations tackling a range of issues. This latest grant round brought the total awards on this programme to date to over £2.8 million over four rounds. A fifth round, run in partnership with UBS, was launched in March 2018.

Philanthropy

The City and London in general has a proud tradition of philanthropy dating back to the Middle Ages, led by Livery Companies and the Mayoralty. However, at a time of retrenchment of public sector funding and growing inequality, there is a need to do more to inspire, support and amplify great philanthropy i.e. the giving of money, time, skills or assets.

City Philanthropy: A Wealth of Opportunity, a project which aims to embed a culture of effective philanthropy in the City and promote London as a global centre for effective philanthropy, transferred in April 2017 from its previous host, the Association of Charitable Foundations, to be delivered in-house. This enabled its work to become more deeply embedded within CBT and wider City of London Corporation.

In September 2017, the City of London Corporation and CBT therefore appointed a Director of Philanthropy to scope and develop a philanthropy strategy to deepen the impact in this space and explore ways to support and amplify great giving more broadly in London, nationally and internationally. This aligns with CBT's focus on connecting the capital and on ensuring it is drawing on the City of London's networks, expertise and assets to enrich the support it offers to individuals and communities in London.

The philanthropy strategy is being developed and will be published later in 2018.

Strategic Review

Work on the five-year Strategic Review of CBT activities in respect of the application of surplus income under the charity's ancillary object, commenced during 2016/17 and continued during 2017/18. Following extensive consultation, both within the City of London Corporation and with London's voluntary sector, other funders, policy makers and key commentators, the strategy for 2018-23, Bridging Divides, was approved by the Court of Common Council on behalf of the City of London Corporation as Trustee of Bridge House Estates and then published in July 2017. It commits BHE to use all of its financial and non-financial assets (total assets approach) and those of its Trustee (that is, the funding, knowledge, networks and the expertise that can be accessed) to support Londoners and London's communities who are experiencing inequalities and marginalisation, to thrive.

Work to agree the funding priorities to support the delivery of the strategy continued prior to their launch in April 2018. The strategy places a greater emphasis on learning and CBT will be working alongside a learning partner throughout the five years of Bridging Divides.



The Garden Classroom provides school pupils with hands-on environmental activities funded by City Bridge Trust

ACHIEVEMENTS AND PERFORMANCE CONTINUED

PROPERTY INVESTMENT

Bridge House Estates has an income driven investment property portfolio which is held within its permanent endowment fund, comprising assets located primarily in the City of London and the London Borough of Southwark (LBS) with one building in the West End. The portfolio is predominately comprised of offices, with the majority of the remainder of the properties being a mix of office and retail uses within each building. There are 72 assets within the portfolio of which some 50% are ground leases. Due to their nature, 12 of these assets are not benchmarked alongside the rest of the portfolio, however these are externally valued annually.

The objectives, as stated within the Investment Policy on page 19, are to maximise rental income and to outperform the MSCI Benchmark (Greater London Properties including owner occupied) total return on an annualised 5-year basis. The rental income has been maximised in accordance with the business plans for each asset and the property portfolio outperformed the relevant benchmarks on an annual basis (11.1% versus MSCI benchmark of 9.9% and MSCI universe of 9.3%) and on an annualised 5-year basis as detailed below. Alongside this performance, the underlying value of the property portfolio increased by £64.1m (9.1%) to £766.3m. Performance is depicted in the table below:

	31 March 2018	31 March 2017
Capital Value	£766.3m	£702.2m
Gross Rental Income	£31.8m	£27.2m
5 year annualised Total Return	15.4%	15.8%
Benchmark 5 year annualised Total Return	13.9%	13.7%
MSCI Universe (All UK Property) 5 year annualised Total Return	11.1%	10.0%

Within the portfolio, the key achievements during the year were as follows:

- The completion of the redevelopment of the office building at 181 Queen Victoria Street EC3 (17,160 sq ft) which is fully let at a rent of £1.014m pa.
- The completion of the new office and retail development at 21 Lime Street EC4 (35,257 sq ft) which is fully let at a total rent of £2.39m pa.
- An approximate uplift of £880,000 from completed lease renewals and rent reviews.
- Disposal of Duke of York SE1 (public house) for £1.66m
- Disposal of 2 Kennington Road SE1 (restaurant) for £2.825m
- Progressing the refurbishment of Candlewick House EC4 by aligning the expiry of all the office leases and selected retail leases to April 2019 to provide the opportunity to add an office floor and improve accessibility and sustainability.

Colechurch House was due to be marketed in 2017/18. This has been delayed due to an ongoing legal dispute, but progress on a way forward has been made and marketing is now anticipated later in 2018. In addition, the long leasehold of 1-5 London Wall Buildings is being marketed for sale at £90m (see Note 23 Subsequent events).

The vacancy rate for the portfolio has increased slightly from 4.32% to 5.04% (by floor area) over the past 12 months with economic uncertainty and the growth of serviced offices making letting vacant space challenging. An additional asset manager has been recruited to assist with letting vacant space, progressing key projects and completing historic lease events (1954 Act renewals, rent reviews and rent certificates).

PLANS FOR FUTURE PERIODS

The vision of the next year across the activities of the charity includes:

The Bridges

Having carried out further investigations to Park Street Bridge, south of the Southwark Bridge southern approach, work will start on re-waterproofing the bridge next year. Following this, a wider project to re-waterproof the whole southern approach of Southwark Bridge is being developed.

Access permitting, both the re-waterproofing of London Bridge and refurbishment of Blackfriars Bridge will commence on site next year. The team will be working closely with all stakeholders to ensure that any disruption is minimised throughout. Neither project is expected to require significant periods of road closures.

Work on the Thames Tideway Tunnel will be ongoing for several years and the bridges team will continue to work closely with the project to provide technical approval and advice. As the project progresses, the team will ensure that the bridges are protected from any potential impact of movement or damage caused by the construction of the tunnel and its associated structures.

The Illuminated River Project extending along the Thames from Albert Bridge to Tower Bridge will continue to be a focus, with representatives of the charity sitting on the Bridge Owners Group, which will assess technical requirements for each bridge alongside how the lighting system is controlled at both a local and London-wide level. The team will be focussing on how the project will deliver the first phase of the project and continue to advise on the remaining bridges.

A strategic review of the management of the bridges will be undertaken in 2018/19. This will include the consideration of potential long-term replacement plans, alongside the best use of the charity's funds in maintaining the bridges over the coming years.

Tower Bridge Tourism

Plans for the coming year for the tourism activities at Tower Bridge include those to:

- Launch and evaluate the Bridge's new Education Centre and conduct a full accommodation and storage review;
- Enhance the visitor experience by implementing and evaluating a full upgrade of all content and interpretation within the towers;
- Design and deliver a programme of aesthetic and operational improvements for the main ticket office;
- Revisit the potential for a secure entrance/exit facility at the South Tower;
- Continue to develop the Bridge's growing cultural programme, including Artist in Residence, Bascule Chamber events and engagement activities with community organisations in the neighbouring boroughs; and

- Evaluate and improve the retail structure and strategy embedded in 2017/18, to maximise opportunities for the gift shop and continuously develop online and onsite retail.

Activities of City Bridge Trust

Following the Strategic Review of CBT's activities and approval of the Bridging Divides strategy and programmes, the charity will launch three new grant priorities during 2018/19 - Connecting the Capital, Positive Transitions, and Advice & Support. Alongside these, CBT will look to develop its 'Funder Plus' offer making best use of all of its assets as a funder, including networks, knowledge and links to public and private sectors.

CBT will look to develop a small loan service to organisations who have previously received funding on the Stepping Stones social investment readiness programme. This is in recognition that a gap currently exists between this programme and the size of investments available from the charity's Social Investment Fund and will form part of the more diverse funding offer available through the charity's Bridging Divides programmes.

Following the appointment of the Director of Philanthropy, a new Philanthropy Strategy will be launched during the year. This will build on BHE's and its Trustee, the City of London Corporation's, significant and longstanding track record of philanthropy. It will ensure that BHE and its Trustee are playing leadership roles in ensuring both their own philanthropy and that which they support and inspire achieve a greater impact in enabling individuals and communities, especially those experiencing disadvantage and marginalisation, to thrive.

Property investments

Key activities planned within the investment property fund for 2018/19 include:

- Maximise the price achieved from the sale of 1-5 London Wall Buildings, which will provide essential funding for future development and refurbishment projects (see Note 23 Subsequent events);
- Re-gear the head lease of 160 Blackfriars Road SE1 to allow for an office and hotel development that will increase income; and
- Progressing the refurbishment of Candlewick House EC4 by appointing contractors to start on site in 2019.

FINANCIAL REVIEW

OVERVIEW OF FINANCIAL PERFORMANCE

Income

Total income for the year was £42.6m, an increase of £6.1m in comparison to the previous year (£36.5m). All income is unrestricted.

The Tower Bridge Exhibition generated record levels of income in the year, despite a reduction in visitor numbers. Combining income from visitor admissions, retail and events, the charity's total income from charitable activities increased by 4.8% to £6.5m (2016/17: £6.2m).

Investment income principally comprises the rental income earned from the property portfolio. For 2017/18, such income totalled £31.8m being a 16.9% increase against the previous year (£27.2m). This increase is principally driven by the inclusion of backdated rent collected from outstanding rent reviews on several properties, together with additional income from ground lease rent certificates. The level of backdated rent is likely to reduce next year, as there are fewer outstanding lease events. With the majority of the financial investments holdings of the charity being held on a pooled basis, the income equivalent forms part of the movement in the value of assets within the balance sheet. Income arising from financial investments held on a non-pooled basis is reported within the statement of financial activities.

Other income includes funds received by City Bridge Trust to support the Stepping Stones programme for social investment readiness, income received under the contract held to administer the Wembley National Stadium Trust, alongside fees charged to administer grant-making activities on behalf of a number of charities of which the City Corporation is trustee.

Expenditure

For 2017/18, the charity's total expenditure was £53.3m (2016/17: £50.0m), an increase of 6.6%. All expenditure is unrestricted with the exception of £0.3m (2016/17: £0.3m) costs specifically attributable to the maintenance of the capital value of the endowment.

Within this, expenditure on raising funds increased by 8.9% to £20.9m (2016/17: £19.2m). This covers the costs of managing the charity's investment property portfolio plus the fees attributable to the financial investments held, alongside expenditure relating to the Tower Bridge tourism operations.

Spend on charitable activities in the year totalled £31.7m (2016/17: £30.3m). Expenditure on maintaining the five Thames Bridges totalled £5.6m in the year, a reduction of £6m compared to the previous year.

Whereas 2016/17 included the major project of redecking works on Tower Bridge, this year the focus was on the development of future maintenance schemes leading to lower levels of spend taking place. Against this, grant-making and related spend reached a record high for the charity totalling £26.1m (2016/17: £18.7m). This includes £24.4m of new grant commitments, alongside an increase in the costs of administering these grants with the use of specialist services to support activities undertaken.

Other expenditure covers the net costs of the pension scheme.



London Bridge

Overall Performance

The above activity levels in the year resulted in an overall deficit of £10.7m (2016/17: £13.5m), prior to gains made on investments. The gains on both property and investment portfolios were lower than in the previous year, however these have still contributed to an increase in the assets of the charity.

Property investments held achieved a gain of £53.6m (2016/17: £74.7m), with financial investments resulting in an uplift to the value held of £10.8m (2016/17: £98.2m). Gains on social investments held remained consistent across both years at £0.1m.

Under its delegated responsibility from the City Corporation as Trustee, the Financial Investment Board, as a sub-committee of the Investment Committee, set an absolute return target of RPI (Retail Prices Index) plus 4% for the non-property investments, being 7.3% for 2017/18 (2016/17: 7.1%). The fund has under-performed this return by 5.5% (2016/17: out-performed the target by 8.9%). This performance consists of capital gains made on investments held, alongside in-year earnings retained within the various holdings, resulting in the overall gain in fair value of £10.8m stated above.

Following an investment strategy review in 2017/18 the Financial Investment Board agreed to adjust the absolute return target to CPI (Consumer Prices Index) plus 4% from 1 April 2018 owing to the Bank of England's move to replace RPI with CPI as their primary inflation measure and therefore it was considered more appropriate to set targets relative to CPI going forward.

Funds held

As at 31 March 2018, the total funds available stood at £1,395.8m (2016/17: £1,341.2m), an increase over the year of £54.6m. Of these, £831.6m represent permanent endowment funds which are held in perpetuity as a capital fund to generate income for the activities of the charity. Any income arising from this capital is accounted for as unrestricted funds. The permanent endowment is held to enable the charity to generate income to meet its primary objective of maintaining and supporting the five river bridges across the Thames, with the remaining surplus income available to undertake the activities of City Bridge Trust.

Unrestricted income funds held include the general fund and a number of designated funds. The total unrestricted income fund was £564.2m as at 31 March 2018 (2016/17: £561.8m), net of £11.8m held to cover the pension deficit (2016/17: £11.9m).

The charity's designated funds consist of unrestricted income funds which the Trustee has chosen to earmark for specific purposes. Such designations are not legally binding and the Trustee can decide to "undesignate" these funds at any time. Designations as at 31 March 2018 totalled £189.8m (2016/17: £157.7m). The Trustee created a new designated fund during the year for grant-making, ring-fencing funds available to commit in each following year. £23.7m was transferred from the unrestricted income fund into the grant-making designated fund in 2017/18. The Trustee further agreed to designate income earned and net gains/losses attributable to social investments to this named fund, alongside the original allocation of £20m. Detail of all designated funds, including their purpose, is set out within Note 19 to the financial statements.

Reserves Policy

The permanent endowment funds are held in perpetuity. It is the Trustee's policy to invest the assets of the charity held within this fund to retain the real value of the endowment while also generating sufficient returns to fund the charity's primary objectives of maintaining and supporting the five river bridges, whilst preserving both the 'real' value of the asset base and the purchasing power of the sums available for annual expenditure over the long term.

Any income surplus to that required to be applied to the charity's principal object is predominantly used to provide assistance in the form of grants to charitable organisations across Greater London. The level of funds available for grant awards is monitored and adjusted to ensure compliance with the policy to preserve the 'real' value of the asset base.

The charity is considering adopting a total return basis for its permanent endowment fund. With this approach, the Trustee decides each year how much of the total return within the endowment fund can be released to income for spending against the objectives and how much is retained for investment. Prior to adopting this approach, the charity will be maintaining a designated fund for bridge replacement out of its unrestricted income funds.

Reserve levels held as at 31 March 2018 are set out in Note 19. Following the reconstitution of the endowment fund, the charity holds free reserves of £374.4m (2016/17: £404.1m). The Trustee is currently considering an appropriate level of free reserves to maintain as a result of this change.

Investment Policy

The charity's financial investments are invested in accordance with the powers set out in an Order of the Charity Commission dated 20 July 1998, the Trustee Act 1925, the Trustee Act 2000 and within its investment policy. The Order enables the charity to invest the property of the charity either:

- in the acquisition of any securities or property (real or personal) of any sort: or
- on deposit or loan whether in the UK or elsewhere.

The policy is to seek an absolute return over the long term in order to provide for real increases in annual expenditure, whilst preserving the charity's capital base in real terms. Investments are made by the charity's appointed fund managers in accordance with the above policy. The charity considers proactive engagement with the companies in which it invests to be the most effective means of understanding and influencing the social, environmental and governance policies of those companies. It expects investment managers to take steps to ensure that these factors are adequately addressed in the selection, retention and realisation of investments as far as such factors may affect investment performance. In 2017/18 the City Corporation developed a Responsible Investment Policy and a Statement of Commitment to the Stewardship Code which was finalised in 2018/19. Consideration will be given as to how the Trustee's general investment policies might have application to the charity.

Full details of the charity's Investment Policy are set out in the City of London Corporation's Investment Strategy Statement, which is available from the Chamberlain of London, at the email address on page 57.

The performance of the charity's financial investments during the year is discussed on page 18 and set out in Note 12.

The property investments of the charity are managed within an approved Estates' strategy, which is reviewed in depth on a three-yearly basis. The strategic objectives of the property fund are to:

- Maintain and maximise rental income;
- To outperform the MSCI Benchmark (Greater London properties including owner occupied) total return on an annualised 5-year basis.

The performance of the fund during 2017/18 is set out on page 16 and within Note 12.

Grant-making Policy

The charity has established its grant-making policy to achieve its ancillary objects, as laid out on page 5, for the public benefit. In the name of City Bridge Trust, its grant-making arm, BHE considers and funds a large number of grantees and makes awards through a wide programme of funding schemes. The majority of grants are for revenue expenditure, awarded over 2-3 years.

All applications are assessed via a robust process to ensure that proposed activities for funding will be supported by adequate and appropriate resources and will be used only for activities that match the charity's criteria. Approved grantees are required to report annually on the impact of their work.

Information is collected in a uniform and systematic way, enabling analysis and feedback to take place. The results of monitoring reports are used to assess the overall effectiveness of grant-making, along with a commissioned grantee perception survey providing benchmarking and performance data.

Details of how to apply for grants are available on the City Bridge Trust website at www.citybridgetrust.org.uk

Remuneration Policy

The charity's senior staff are employees of the City of London Corporation and alongside all staff, pay is reviewed annually. The City of London Corporation is committed to attracting, recruiting and retaining skilled people and rewarding employees fairly for their contribution. As part of this commitment, staff are regularly appraised and, subject to performance, eligible for the payment of bonuses and recognition awards.

The above policy applies to staff within the charity's key management personnel, as defined within Note 10 to the financial statements.

Principal Risks and Uncertainties

The charity is committed to a programme of risk management as an element of its strategy to preserve the charity's assets. In order to embed sound practice a Strategic Risk Management Group is in place to ensure that risk management policies are applied, that there is an ongoing review of activity and that appropriate advice and support is provided. A key risk register has been prepared for the charity, which has been reviewed by the Trustee. It identifies the potential impact of key risks and the measures which are in place to mitigate such risks.

The principal risks faced by the charity during the year, and actions taken to manage them are as follows:

RISK	MITIGATING ACTION
<p>Appropriate returns from investment activities are not achieved to enable the charity to maintain its asset value and support its charitable activities.</p>	<p>Property Investments The property portfolio is managed within an approved Estates' strategy, which is reviewed on a three-yearly basis. KPIs are in place to monitor and drive rental income, with a working group in place to review cyclical maintenance costs to ensure effectiveness.</p> <p>Financial Investments The investment strategy was reviewed during the year, within a 3-year review cycle, with the target for returns being amended. The performance of fund managers is reviewed against target on a regular basis. Risk is reduced through the use of a range of fund managers implementing different investment mandates.</p>
<p>The outcome of Brexit negotiations has an adverse impact on the charity's income streams, on procurement and supply chains and on the recruitment and retention of staff.</p>	<p>A close watching brief continues to be kept on the implications of events as they unfold, with risks being identified, assessed, mitigated and recorded.</p>
<p>Structural damage to one of the bridges may cause it to become non-operational.</p>	<p>The City Surveyor's Department and Department of the Built Environment within the City Corporation work together to manage ongoing actions associated with this risk which include potential structural damage as a result of issues such as a substantial vessel strike or through acts of terrorism. Possible impacts from the Thames Tideway tunnelling are being monitored. A 50-year maintenance plan is in place to manage ongoing works.</p>
<p>Grant funding not used for its intended purpose.</p>	<p>Rigorous grants management and monitoring systems are in place which would pick up if a grant was being used for a different purpose. Grantees may also receive an unannounced visit during the life of their grant.</p>
<p>A major systems outage could cause disruption and, potentially, operations could be compromised.</p>	<p>Information systems are subject to ongoing monitoring and renewal to ensure resilience, with a disaster recovery plan in place. A transformation programme was implemented over the year, leading towards a more robust approach to configuration and change management.</p>



RESPONSIBILITIES OF THE TRUSTEE

The Trustee is responsible for preparing the Trustee's Annual Report and the financial statements in accordance with applicable law and regulations.

The law applicable to charities in England and Wales requires the Trustee to prepare financial statements for each financial year, which 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 Trustee is required to:

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

The Trustee is responsible for keeping adequate accounting records that discloses with reasonable accuracy at any time the financial position of the charity and enable it to ensure that the financial statements comply with the Charities Act 2011, the applicable Charities (Accounts and Reports) Regulations, and the provisions of the charity's governing documents. The Trustee is 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.

Adopted and signed for on behalf of the Trustee.

Jeremy Paul Mayhew MA MBA
Chairman of Finance Committee

Jamie Ingham Clark FCA, Deputy
Deputy Chairman of Finance Committee

Guildhall, London
January 2019

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF BRIDGE HOUSE ESTATES

OPINION

We have audited the financial statements of Bridge House Estates (the 'charity') for the year ended 31 March 2018 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2018 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in which the ISAs (UK) require us to report to you where:

- the trustee's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate, or
- the trustee has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charity's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

OTHER INFORMATION

The trustee is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustee's Annual Report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF THE TRUSTEE

As explained more fully in the Trustee's Responsibilities Statement set out on page 23, the trustee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustee is responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustee either intends to liquidate the charity or to cease operations, or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is

a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Councils website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

USE OF OUR REPORT

This report is made solely to the charity's trustee, as a body, in accordance with Chapter 3 of Part 8 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustee those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its trustee as a body, for our audit work, for this report, or for the opinions we have formed.

Moore Stephens LLP

Statutory Auditor

150 Aldersgate Street
London
EC1A 4AB

January 2019

Moore Stephens LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

REPORT OF THE AUDIT REVIEW PANEL

TO THE RIGHT HONOURABLE THE LORD MAYOR, ALDERMEN AND LIVERY OF THE SEVERAL COMPANIES OF THE CITY OF LONDON IN COMMON HALL ASSEMBLED

We, whose names are hereunto subscribed, the Audit Review Panel of the Chamberlain's and Bridgemasters' Accounts, elected by the Livery of London in Common Hall assembled on 25 June 2015, 24 June 2016, 26 June 2017 and 25 June 2018 pursuant to Act 11, George 1, Cap. 18, an Act for regulating elections within the City of London, etc., do report as follows:-

We have reviewed the processes adopted by Moore Stephens LLP for the audit of the Bridge House Estates for the period from 1 April 2017 to 31 March 2018.

In our view the audit of the Financial Statements has been conducted in accordance with auditing procedures as stated on pages 24 to 25.

This report is made solely to the above named addressees. Our work has been undertaken to enable us to make this report and for no other purpose.

P. Dossett

A. Francis

L. Lloyd-Thomas

P. Watts

January 2019

The Moore Stephens Engagement Lead, Nick Bennett, is also a member of the Audit Review Panel. However, as the role of the Panel is to provide independent confirmation that the processes adopted by Moore Stephens LLP have been conducted in accordance with auditing procedures, it is not appropriate for Nick Bennett to sign the report.

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	Unrestricted Funds	Endowment Funds	2017/18 Total	2016/17 Total Restated
		£m	£m	£m	£m
Income and Endowments from:					
Charitable activities					
Tourism fees and charges	3	6.5	-	6.5	6.2
Investments					
Investment property income		31.8	-	31.8	27.2
Financial investment income		3.9	-	3.9	2.4
Interest receivable		0.2	-	0.2	0.3
Total investments	3	35.9	-	35.9	29.9
Other	3	0.2	-	0.2	0.4
Total Income		42.6	-	42.6	36.5
Expenditure on:					
Raising funds					
Tourism expenses		5.5	-	5.5	5.3
Investment property expenses		9.7	0.1	9.8	9.1
Financial investment expenses		5.4	0.2	5.6	4.8
Total raising funds	4	20.6	0.3	20.9	19.2
Charitable activities					
Repair and maintenance of bridges		5.6	-	5.6	11.6
Grants to voluntary organisations		26.1	-	26.1	18.7
Total charitable activities	5	31.7	-	31.7	30.3
Other					
Net pension scheme costs	7	0.7	-	0.7	0.5
Total Expenditure		53.0	0.3	53.3	50.0
Net gains/(losses) on financial investments	12	11.9	(1.1)	10.8	98.2
Net gains on social investments	12	0.1	-	0.1	0.1
Net gains on property investments	12	-	53.6	53.6	74.7
Net income		1.6	52.2	53.8	159.5
Other recognised gains/(losses):					
Actuarial gains/(losses) on defined benefit pension scheme	7	0.8	-	0.8	(1.8)
Net movement in funds		2.4	52.2	54.6	157.7
Reconciliation of funds:					
Fund balances brought forward at 1 April 2017 as restated	2	561.8	779.4	1,341.2	1,183.5
Total funds carried forward	19	564.2	831.6	1,395.8	1,341.2

All of the above results are derived from continuing activities.

There were no other recognised gains and losses other than those shown above.

The notes on pages 30 to 56 form part of these financial statements.

BALANCE SHEET

AS AT 31 MARCH 2018

	Notes	2018 Total £m	2017 Total Restated £m
Fixed assets:			
Tangible assets	11	3.7	3.7
Investment properties	12	766.3	702.2
Financial investments	12	645.4	667.3
Social Investment Fund	12	8.5	8.7
Total fixed assets		1,423.9	1,381.9
Current assets:			
Stock		0.2	0.2
Debtors	14	15.1	11.3
Short term investments and deposits	12	25.4	12.2
Cash at bank and in hand		0.7	0.8
Total current assets		41.4	24.5
Creditors: Amounts falling due within one year	15	(33.7)	(39.0)
Net current assets/(liabilities)		7.7	(14.5)
Total assets less current liabilities		1,431.6	1,367.4
Creditors: Amounts falling due after more than one year	16	(24.0)	(14.3)
Net assets excluding pension scheme liability		1,407.6	1,353.1
Defined benefit pension scheme liability	17	(11.8)	(11.9)
Total net assets		1,395.8	1,341.2
The Funds of the charity:			
Permanent Endowment Funds		831.6	779.4
Unrestricted income funds		564.2	561.8
Total funds	19	1,395.8	1,341.2

Approved and signed on behalf of the Trustee.

Dr Peter Kane
Chamberlain of London
January 2019

The notes on pages 30 to 56 form part of these financial statements

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2017/18 Total £m	2016/17 Total Restated £m
Cash flows from operating activities:			
Net cash used in operating activities	20	(13.0)	(10.1)
Cash flows from investing activities:			
Interest and income from financial investments		4.1	2.7
Cash (added to)/taken from short term deposits		(13.2)	3.0
Purchase of tangible fixed assets		(0.2)	(0.4)
Sale of net investment property		4.4	-
Purchase of property		(14.9)	(16.6)
Proceeds from sale of financial investments		32.7	20.6
Net cash provided by investing activities		12.9	9.3
Cash flows from financing activities:			
Decrease in cash in the year		(0.1)	(0.8)
Change in cash and cash equivalents in the reporting period		(0.1)	(0.8)
Cash and cash equivalents at the beginning of the reporting period		0.8	1.6
Change in cash and cash equivalents due to exchange rate movements		-	-
Cash and cash equivalents at the end of the year		0.7	0.8

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items that are considered material in relation to the financial statements of the charity.

(a) Basis of preparation

The financial statements of the charity, which is a public benefit entity under FRS 102, have been prepared under the historical cost convention, as modified for the revaluation of investment property and financial investments measured at fair value, and in accordance with the Statement of Recommended Practice (SORP) Accounting and Reporting by Charities, published in 2015, Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102) and the Charities Act 2011.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair' view. This departure has involved following Accounting and Reporting by Charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005, which has since been withdrawn.

(b) Going concern

The financial statements have been prepared on a going concern basis as the Trustee considers that there are no material uncertainties about the charity's ability to continue as a going concern. A rolling annual review of the charity's forecast financial position over a five-year period is carried out to confirm that sufficient income funds will be generated to finance required expenditure on the bridges with surplus funds allocated to charitable funding.

(c) Critical accounting judgements and assumptions

Key accounting judgements and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The following are the significant judgements that have been made in the process of applying the charity's accounting policies and that have the most significant effect on the amounts recognised in the Financial Statements:

(i) Valuation processes

Some of the charity's investment assets are measured at market value for financial reporting purposes. The charity applies judgement in approving the appropriate values for inclusion, using qualified professionals in such decisions. Unquoted social investments are in some cases internally valued, and management is required to make certain judgemental assumptions.

(ii) Defined benefit pension scheme

The charity has an obligation to pay pension benefits to those working for it. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. See Note 17 for the disclosures relating to the defined benefit pension scheme.

(iii) Prior year adjustment

As explained in Note 2 (a) the reconstitution of the permanent endowment fund involved judgement in the selection of an appropriate rate of return to uplift financial investments to current day values.

(d) Income and expenditure

All income is included in the Statement of Financial Activities (SOFA) when the charity is legally entitled to the income; it is more likely than not that the economic benefit associated with the transaction will come to the charity and the amount can be quantified with reasonable certainty. Income consists of fees and charges from the tourism operation at Tower Bridge, income from property and financial investments and income on cash balances held.

Expenditure is accounted for on an accruals basis and has been classified under the principal categories of 'expenditure on raising funds', 'expenditure on charitable activities' and 'other expenditure'. Expenditure on raising funds comprises those related to the operation of the Tower Bridge tourist attraction, alongside those related to management of the investment property portfolio and financial investments, including apportioned support costs. The element of costs relating to property and financial investments that are attributable to maintaining the capital value of the endowment are charged to that fund, with the balance of these costs coming from the unrestricted income fund. Expenditure on charitable activities comprises repair and maintenance of the bridges alongside grant-making, including apportioned support costs. Grants are recognised as expenditure at the point at which an

unconditional commitment is made, and the liability can be quantified with reasonable certainty. Where the payment is planned to be more than 12 months after the reporting date of the charity's Accounts, the charity reviews the present value of future payments and considers whether the effective financing cost is material to the charity's reporting. If so, the financing charge is disclosed in the SOFA. Otherwise the unadjusted value of the grant awarded is shown within creditors. In 2017/18 the charity does not consider the effective financing cost of future payments as material, and no adjustment has been made.

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 the activities undertaken. These include external audit, internal audit and costs associated with constitutional and statutory requirements such as the cost of Trustee meetings.

Support costs (including governance costs) include activities undertaken by the City Corporation on behalf of the charity, such as human resources, technology, legal support, accounting services, committee administration, public relations and premises costs. The basis of the cost allocation is set out in Note 9.

The Trustee, the City Corporation, accounts centrally for all payroll related deductions. As a result, the charity accounts for all such sums due as having been paid.

(e) Foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are valued at the year-end rate of exchange. All gains or losses on translation are taken to the Statement of Financial Activities in the year in which they occur.

(f) Pension costs

Defined benefit scheme

The Trustee operates a funded defined benefit pension scheme for its staff employed on its activities, which includes staff acting for the Trustee on behalf of Bridge House Estates. The original scheme is based on final salary and length of service on retirement. Changes to the Scheme came into effect from 1 April 2014 and any benefits accrued from this date are based on career average revalued salary, with various protections in place for those members in the Scheme before the changes took effect.

The Pension Fund is the responsibility of the City Corporation as a corporate body exercising its functions including as Trustee of Bridge House Estates, and the charity does not have an exclusive relationship with the City of London Pension Fund. Although the

proportion of the Pension Fund that relates to City Corporation employee members engaged on Bridge House Estates activities is not separately identifiable, a share of the total Pension Fund has been allocated to Bridge House Estates based on employer's pension contributions paid into the Fund by Bridge House Estates as a proportion of total employer's contributions paid.

For the defined benefit scheme the amounts charged within expenditure are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and expected return on the assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other recognised gains and losses.

The assets of the scheme are held separately from those in the charity, and are invested by independent fund managers appointed by the Trustee. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis by a qualified actuary using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The resulting defined benefit asset or liability is presented separately after net assets on the face of the balance sheet.

Barnett Waddingham, an independent actuary, carried out the latest triennial actuarial assessment of the scheme as at 31 March 2016, using the projected unit method. The next actuarial valuation of the Fund will be carried out as at 31 March 2019 and will set contributions for the period from 1 April 2019 to 31 March 2022.

(g) Operating leases – Bridge House Estates as the lessor

Assets subject to operating leases are included in the Balance Sheet according to the nature of the assets. Rental income from operating leases, excluding charges for services such as insurance and maintenance, are recognised on a straight-line basis until the next rent review, even if the payments are not received on this basis, unless another basis is more representative of the time pattern in which the benefits derived from the leased asset are diminished. Lease incentives are allocated over the term of the lease.

(h) Taxation

The charity meets the definition of a charitable trust for UK income tax purposes, as set out in Paragraph 1 Schedule 6 of the Finance Act 2010. Accordingly, the

charity is exempt from UK taxation in respect of income or capital gains under part 10 of the Income Tax Act 2007 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

(i) Fixed assets

Tangible fixed assets

Assets that are capable of being used for more than one year and have a cost greater than £50,000 are capitalised. Such assets are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is charged from the year following that of acquisition, on a straight line basis, in order to write off each asset over its estimated useful life as follows:

Computer Software	3 years
Computer and other equipment	5 years
Fixtures and fittings	8-20 years
Operational assets	10-30 years

Land is not depreciated.

Where a fixed asset (other than freehold land) is not depreciated or has a life of more than 50 years, an annual impairment review is carried out.

Heritage assets

In recognition of the historical and cultural nature of the five bridges maintained by the charity, these are considered to be heritage assets in line with the definition within SORP 2015. The bridges are also considered to be inalienable (i.e. they may not be replaced or disposed of without specific statutory powers). A valuation of the bridges, and certain strategic properties integral to the operation of Tower Bridge, is not included in these accounts as the Trustee does not consider that relevant cost or valuation information can be obtained at a cost commensurate with the benefit to readers of the financial statements. This is because of the unique nature of the assets held, the lack of reliable cost information held and the lack of comparable market values. The insured value of the five bridges at 31 March 2018 was £857m (31 March 2017: £836m).

Investment properties

Investment properties for which fair value can be measured reliably without undue cost or effort on an ongoing basis are measured at fair value annually with any change recognised in the Statement of Financial Activities. The valuations are estimated by appropriately qualified professional valuers.

No depreciation or amortisation is provided in respect of freehold or leasehold investment properties with over 20 years to run.

Financial Investments

(i) Quoted investments

Quoted investments comprise publicly quoted, listed securities including shares, bonds and units. Quoted investments are stated at fair value at the balance sheet date. The basis of fair value for quoted investments is equivalent to the market value, using the mid-price. Asset sales and purchases are recognised at the date of trade.

(ii) Unquoted investments

Unquoted investments are valued at a valuation advised by the fund managers.

Social investments

Social investments that are loans are accounted for at the outstanding amount of the loan less any provision for unrecoverable amounts. Unquoted equity, social investment funds and partnerships, and similar social investments are held at cost, less any provision for diminution in value, unless the charity is able to obtain a reliable estimate of fair value.

(j) Stocks

Stocks are valued at the lower of cost or net realisable value. All stocks are finished goods and are held for resale as part of the Tourism operation at Tower Bridge.

(k) Financial assets and liabilities

The charity has chosen to adopt Section 11 of FRS 102 in respect of financial instruments. Financial assets and liabilities, including debtors and creditors, are recognised when the charity becomes party to the contractual provisions of the instrument. Additionally all financial assets and liabilities are classified

according to the substance of the contractual arrangements entered into. Financial assets and liabilities are initially measured at transaction price (including transaction costs) and are subsequently re-measured where applicable at amortised cost.

Financial assets are derecognised when the contractual rights to the cash flows from the asset expire, or when the group has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

(l) Funds structure

Income, expenditure and gains/losses are allocated to particular funds according to their purpose:

Permanent Endowment Fund - this fund consists of investments which are held in perpetuity for the benefit of the charity as a result of conditions imposed by the original donors and trusts. Income generated from these investments can be spent on the charitable purposes of the charity, hence is allocated to the unrestricted income funds. Gains/losses on the underlying capital remain as part of the endowment.

Restricted funds - these include income that is subject to specific restrictions imposed by donors, with related expenditure deducted when incurred.

Unrestricted income funds - these funds which can be used in accordance within the charitable objects at the discretion of the Trustee, and include both income generated by assets held within the permanent endowment fund and from those representing unrestricted funds. Specifically, this represents the surplus of income over expenditure for the charity which is carried forward to meet the requirements of future years, known as free reserves.

Designated Funds - these are funds set aside by the Trustee out of unrestricted funds for a specific purpose.

2. PRIOR YEAR ADJUSTMENTS

Following a comprehensive review of the governance of the charity, it has been concluded that a substantial portion of the charity's assets are held as permanent endowment. The Trustee has taken the decision to reconstitute the funds of the charity to reflect this, establishing the value of the endowment fund as at 1 April 2016.

Further to this, the charity has established that income from some of its financial investments had been incorrectly reported within net gains, alongside the movements on the majority of financial investments which are held on a pooled basis. This income should have been reported within investment income in the SOFA.

The following note details the adjustments that have been made as a result.

Statement of Financial Activities 2016/17

	Notes	As previously stated Unrestricted Funds £m	Prior Year Adjustments Unrestricted Funds £m	Endowment Funds £m	Restated Unrestricted Funds £m	Restated Endowment Funds £m	Restated Total £m
Income from:							
Charitable activities		6.2	-	-	6.2	-	6.2
Investments	(b)	27.5	2.4	-	29.9	-	29.9
Other		0.4	-	-	0.4	-	0.4
Total Income		34.1	2.4	0.0	36.5	0.0	36.5
Expenditure on:							
Raising funds		19.2	(0.3)	0.3	18.9	0.3	19.2
Charitable activities		30.3	-	-	30.3	-	30.3
Other		0.5	-	-	0.5	-	0.5
Total Expenditure		50.0	(0.3)	0.3	49.7	0.3	50.0
Net gains/(losses) on financial investments		100.6	(14.3)	11.9	86.3	11.9	98.2
Net gains on social investments		0.1	-	-	0.1	-	0.1
Net gains on property investments		74.7	(74.7)	74.7	-	74.7	74.7
Net income		159.5	(86.3)	86.3	73.2	86.3	159.5
Other recognised gains/(losses):							
Actuarial gains/(losses) on defined benefit pension scheme		(1.8)	-	-	(1.8)	-	(1.8)
Net movement in funds		157.7	(86.3)	86.3	71.4	86.3	157.7
Reconciliation of funds:							
Fund balances brought forward at 1 April 2016	(a)	1,183.5	(693.1)	693.1	490.4	693.1	1,183.5
Total funds carried forward at 31 March 2017		1,341.2	(779.4)	779.4	561.8	779.4	1,341.2

Details of the analysis of unrestricted funds between designated and unrestricted income funds are shown in Note 19 to the accounts

The analysis of net assets between funds is at Note 18

(a) Permanent Endowment fund

The value of the permanent endowment has been calculated at 1 April 2016 as £693.1m. The underlying assets of the endowment are represented by:

(1) The value of all investment properties held. These represent either original gifts or grants to the charity, or have more recently been funded from disposals of original gifts and grants - £610.9m at 1 April 2016;

(2) Financial Investments held by the charity which were purchased from the disposal proceeds of investment properties following specific decisions made by the Trustee to diversify those assets held within the endowment between 1985 and 1999 - £72.2m at 1 April 2016.

Amounts released for diversification have been uplifted to current day capital values using appropriate indices, as follows:

- Where the actual capital return for the charity's financial investments was known, this rate was utilised within the uplift, available for 2001 – 2016.
- For years where the actual capital return was not available, being 1985 – 2000, a combined rate of return based on the split of the portfolio held was applied to each year utilising annual returns produced by the FTSE All Share Index for equities, alongside a nil capital return for fixed interest products held. This produced an average capital appreciation of 3.85% across this period. Sensitivity analysis of the calculation for variations of 1% to this average figure (i.e. between 2.85% and 4.85%) would lead to the endowment being valued at between £68.7m and £79.9m, a range from £3.5m (5%) below the value determined at 31 March 2016 to £7.7m (10%) above the value determined at that date.

(3) Financial assets held from capital receipts from recent disposals of investment properties, held awaiting reinvestment in additions to the property portfolio - £10.0m at 1 April 2016.

The total funds of the charity remain unchanged, with the prior year adjustment representing the reallocation of previously reported unrestricted funds to the permanent endowment as set out in the table above.

(b) Investment Income

Following a review of financial investment reporting, the charity noted that income received from some of its investment managers had been incorrectly reported within net gains on financial investments. Most financial investments held were transferred to pooled investment vehicles in 2013/14, with some holdings remaining within a segregated mandate with income received directly by the charity. This income should have been reported as investment income within the SOFA. Prior year comparatives have been restated to reflect this change within the SOFA and the relevant notes - £2.4m in 2016/17.

3. INCOME

Charitable activities

Fees and charges from the tourism operation at Tower Bridge amounted to £6.5m in 2017/18 (2016/17: £6.2m), all of which were unrestricted.

Income from fixed asset investments

All investments are held to provide an investment return to the charity. All income arising from these investments is unrestricted.

	Unrestricted Income Funds £m	Total 2017/18 £m	Total 2016/17 £m
Investment property	31.8	31.8	27.2
Financial investments	3.9	3.9	2.4
Interest receivable	0.2	0.2	0.3
Total Investment income	35.9	35.9	29.9

Other Income

Other income amounted to £0.2m in 2017/18 (2016/17: £0.4m), all of which is unrestricted.

4. EXPENDITURE ON RAISING FUNDS

	Direct costs £m	Support costs £m	Total 2017/18 £m	Total 2016/17 £m
Tourism expenses	4.6	0.9	5.5	5.3
Investment property expenses	6.8	3.0	9.8	9.1
Financial investment expenses	5.6	-	5.6	4.8
	17.0	3.9	20.9	19.2

All expenditure on charitable activities is unrestricted.

Of the total expenditure £20.6m (2016/17: £18.9m) relates to the unrestricted income fund and £0.3m (2016/17:£0.3m) to the endowment fund.

Tourism expenses

Staff costs and other expenses related to the management and operation of the Tower Bridge tourist attraction.

Investment property expenses

Staff costs, repairs and maintenance costs, and professional fees relating to the management of the investment property portfolio.

Financial investment expenses

Fees paid to fund managers.

5. EXPENDITURE ON CHARITABLE ACTIVITIES

	Direct costs	Support costs	Total 2017/18	Total 2016/17
	£m	£m	£m	£m
Repair and maintenance of bridges	4.8	0.8	5.6	11.6
Grants to voluntary organisations	25.6	0.5	26.1	18.7
	30.4	1.3	31.7	30.3

Repair and maintenance of bridges

Staff costs, repairs and maintenance, insurance, equipment and materials costs relating to the Thames river bridges maintained by the charity.

Grants to voluntary organisations

Grants awarded in the name of the City Bridge Trust, the grant-making arm of the charity, for purposes benefiting the inhabitants of Greater London. Direct costs include net grants awarded of £23.8m (2016/17: £16.9m) and costs of administering the grants process of £1.8m (2016/17: £1.3m).

6. GRANT-MAKING

During the year ended 31 March 2018, grants were awarded to institutions under the following programmes:

Grants awarded

	2017/18	2016/17
	£m	£m
Investing in Londoners	12.4	12.7
Strategic Initiatives	6.4	3.4
Stepping Stones Fund	0.6	0.7
CBT 20th Anniversary Grants	4.7	0.8
Partnership programmes	0.3	0.5
Grant commitments	24.4	18.1
Grant adjustments and cancellations	(0.6)	(1.2)
Other grant related activities	1.8	1.3
	25.6	18.2

Grants were made to 210 organisations in the year (2016/17: 209). The average amount of a grant equalled £107,807 (2016/17: £79,817). All grantees receiving funding must work for the benefit of inhabitants of Greater London and have to meet stated eligibility criteria. Grants are not given directly to individuals.

Details of all the grants approved are shown on the City Bridge Trust website www.citybridgetrust.org.uk, including organisation name, amount given and purpose of the award.

Reconciliation of grants payable:

	2017/18 £m	2016/17 £m
Commitments at 1 April	27.6	28.8
Commitments made in the year	24.4	18.1
Grant adjustments and cancellations	(0.6)	(1.2)
Grants paid during the year	(19.5)	(18.1)
Commitments at 31 March	31.9	27.6

Outstanding grant commitments at 31 March 2018 are payable as follows:

	2017/18 £m	2016/17 £m
Within one year (Note 15)	18.3	23.8
After more than one year (Note 16)	13.6	3.8
Commitments at 31 March	31.9	27.6

The split of future payment dates is based upon contractual terms.

7. OTHER COSTS: NET TOTAL PENSION SCHEME COSTS

	2017/18 £m	2016/17 £m
Deficit at 1 April	(11.9)	(9.6)
Current service cost	(0.9)	(0.6)
Net interest	(0.3)	(0.3)
Employer contributions	0.5	0.4
Net total charge for the year	(0.7)	(0.5)
Actuarial (losses)/gains	0.8	(1.8)
Deficit at 31 March	(11.8)	(11.9)

The net total pension costs charged in the Statement of Financial Activities represents 2% of the total charge in the City of London Corporation Pension Fund financial statements.

8. NET INCOME/EXPENDITURE FOR THE YEAR

Net income is stated after charging:

	2017/18 £	2016/17 £
Auditors' remuneration for the audit of the financial statements	38,240	39,285
Depreciation	302,956	255,245

9. SUPPORT COSTS

Support costs include activities undertaken by the City Corporation on behalf of the charity, such as human resources, digital services, legal support, accounting services, committee administration, public relations and premises costs. Such costs are determined on a departmental basis, and are allocated on a cost recovery basis to the charity on the basis of resources consumed by the respective activities as follows:

	Tourism £m	Investment Property £m	Bridges £m	Grants £m	Governance £m	2017/18 £m	2016/17 £m
Department:							
Chamberlain	-	0.3	0.1	-	-	0.4	0.3
Comptroller & City Solicitor	-	0.2	0.1	-	-	0.3	0.2
Town Clerk	-	-	-	0.1	0.3	0.4	0.4
City Surveyor	-	2.1	0.2	-	-	2.3	2.0
Built Environment	-	-	0.1	-	-	0.1	0.1
Open Spaces	0.3	-	-	-	-	0.3	0.3
Public Relations	-	-	-	-	-	0.0	0.0
Digital Services	0.2	0.2	0.2	0.1	-	0.7	0.5
Premises costs	0.1	-	-	0.1	-	0.2	0.3
Other	0.1	0.1	-	0.2	0.1	0.5	0.4
Sub-total	0.7	2.9	0.7	0.5	0.4	5.2	4.5
Reallocation of governance costs	0.2	0.1	0.1	-	(0.4)	-	-
Total Support costs	0.9	3.0	0.8	0.5	-	5.2	4.5

All support costs are undertaken from unrestricted funds. Governance costs are allocated on the basis of FTE staff within each activity.

10. DETAILS OF STAFF COSTS

All staff that work on behalf of the charity are employed by the City Corporation. The average full-time equivalent number of people directly undertaking activities on behalf of the charity during the year was:

	2017/18	2016/17
Investment properties	18	18
Tower Bridge tourism	53	47
Repair & maintenance of bridges	28	27
Grants team	20	16
	119	108

Amounts paid in respect of employees directly undertaking activities on behalf of the charity were as follows:

	2017/18	2016/17
	£m	£m
Salaries and wages	4.0	3.5
National Insurance costs	0.4	0.4
Employer's pension contributions	0.8	0.6
Total emoluments of employees	5.2	4.5
Agency staff	0.4	0.5
Total emoluments	5.6	5.0

The number of directly charged employees whose emoluments for the year were over £60,000 was:

	2017/18	2016/17
		Restated
£60,000 - £69,999	4.0	1.0
£70,000 - £79,999	1.0	-
£100,000 - £109,999	1.0	1.0
	6.0	2.0

The staff numbers disclosed for 2016/17 have been restated to include gross pay amounts only.

All employees paid over £60,000 have retirement benefits accruing under the defined benefit scheme.

In addition, support staff are charged to the charity on the basis described within Note 9. The full-time equivalent number of support service staff charged is 67.0 (2016/17: 63.7).

The charity is committed to equal opportunities for all employees. An Equality and Inclusion Board has been established to actively promote equality, diversity and inclusion in service delivery and employment practices. The Board is responsible for monitoring the delivery of the Equality and Inclusion Action Plan and progress against the Equality Objectives for 2016-20. This also includes addressing the City Corporation's gender pay gap.

Remuneration of Key Management Personnel

The charity considers its key management personnel to comprise the Members of the City of London Corporation, acting collectively for the City Corporation in its capacity as the Trustee, and senior officers employed by the City of London Corporation to manage the activities of the charity. These senior officers include the Town Clerk and Chief Executive, Chamberlain, Deputy Town Clerk (to 30/09/16), Comptroller and City Solicitor, City Surveyor, Director of Culture, Heritage and Libraries (up to 31/01/17) and the Chief Grants Officer. These officers work on a number of the City Corporation's activities and their salaries and associated costs are allocated to the activities under its control, including Bridge House Estates, on the basis of employee time spent on the respective services, as stated within Note 9.

The proportion of senior officer employment benefits, including employer pension contributions, allocated to the charity amounted to £200,000 in 2017/18 (2016/17: £239,000). No Members received any remuneration, with directly incurred expenses reimbursed, if claimed. No expenses were claimed in 2017/18 from the charity (2016/17: nil).

11. TANGIBLE FIXED ASSETS

	Computers & other equipment £m	Fixtures & fittings £m	Operational assets £m	Total £m
Cost				
At 1 April 2017	0.5	2.1	4.2	6.8
Additions	0.2	0.1	-	0.3
Disposals	-	-	-	-
At 31 March 2018	0.7	2.2	4.2	7.1
Depreciation				
At 1 April 2017	0.3	0.9	1.9	3.1
Charge for the year	-	0.1	0.2	0.3
Disposals	-	-	-	-
At 31 March 2018	0.3	1.0	2.1	3.4
Net book value				
At 31 March 2018	0.4	1.2	2.1	3.7
At 31 March 2017	0.2	1.2	2.3	3.7

12. FIXED ASSET INVESTMENTS

1) Investment properties

	2017/18 £m	2016/17 £m
Market value at 1 April	702.2	610.9
Purchases *	14.9	16.6
Book value of disposed assets	(2.0)	-
Total unrealised gains	51.2	74.7
Market value at 31 March	766.3	702.2

* Includes rent free adjustment of £2.1m (2016/17: £0.2m).

The net gain on property investments is arrived at as follows:

	2017/18 £m	2016/17 £m
Total unrealised gains	51.2	74.7
Realised gain on disposal	2.4	-
Market value at 31 March	53.6	74.7

External valuers value investment properties annually as at 31 March at market values determined in accordance with the RICS Valuation – Professional Standards (“the Red Book”). Previously the City Surveyor of the City of London Corporation, who is a member of the Royal Institution of Chartered Surveyors, valued properties representing 44.2% of the Estates’ value as at 31 March 2017, with the remainder provided by external valuers.

As many of the investment properties were gifted to the charity and others were acquired centuries ago, it is impracticable to provide historical cost information. It has therefore been assumed that the historical cost is nil.

The properties are all situated in Greater London.

2) Investments under Fund Management and Long / Short Term Deposits

Financial Investments

Total investments as at 31 March are split as follows:

	2017/18 £m	2016/17 £m
Long term investments	645.4	667.3
Short term investments:		
- short term deposits and money market funds	5.0	1.5
- short term investments in hands of fund managers	20.4	10.7
	25.4	12.2
Total market value at 31 March	670.8	679.5

Analysis of movement	2017/18 £m	2016/17 £m
Market value at 1 April	679.5	604.9
Realised investments	(32.7)	(20.6)
Unrealised gain from change in fair value	10.8	98.2
Movement on cash held as short-term deposits and as part of long-term portfolio	13.2	(3.0)
Market value at 31 March	670.8	679.5

The geographical spread of investments at 31 March was as follows:

	Held in the UK	Held outside the UK	Total at 31 March 2018	Total at 31 March 2017
	£m	£m	£m	£m
Fixed Interest	4.9	28.7	33.6	30.0
Index Linked	28.4	15.3	43.7	55.7
Pooled units	92.7	368.1	460.8	480.1
Listed equities	15.5	30.2	45.7	50.4
Managed funds	20.4	-	20.4	10.7
Private equity	4.0	18.0	22.0	15.4
Infrastructure	-	44.6	44.6	37.2
	165.9	504.9	670.8	679.5

Investment powers

The Charity Commission Order dated 20 July 1998, the Trustee Act 1925 and the Trustee Act 2000 enable the Trustee to invest the property of the charity either:

- in the acquisition of any securities or property (real or personal) of any sort; or
- on deposit or loan whether in the UK or elsewhere.

Social Investment Fund

	Value as at 01 April 2017	Drawn down	Repaid	Investment gain/(loss)	Value as at 31 March 2018
	£m	£m	£m	£m	£m
Investment Fund	2.8	-	-	-	2.8
Loan	1.9	0.4	(0.5)	-	1.8
Bond	2.0	0.5	(0.7)	0.1	1.9
Property Fund	2.0	-	-	-	2.0
	8.7	0.9	(1.2)	0.1	8.5

The geographical spread of social investments at 31 March was as follows:

	Held in the UK	Held outside the UK	Total at 31 March 2018	Total at 31 March 2017
	£m	£m	£m	£m
Investment Fund	2.5	0.3	2.8	2.8
Loan	1.8	-	1.8	1.9
Bond	1.9	-	1.9	2.0
Property Fund	2.0	-	2.0	2.0
	8.2	0.3	8.5	8.7

At the year-end £3.3m (2016/17: £3.4m) had been committed but remained undrawn, and no further amounts were approved subject to agreement of terms in either year, making a total promised of £11.8m (2016/17: £12.1m). Details of all investments placed are shown on the City Bridge Trust website www.citybridgetrust.org.uk.

13. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

In accordance with FRS 102 11.48A (f), the charity has disclosed the nature and extent of those risks relating to its financial investments. The charity's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund activities.

Credit Risk - this is the potential risk that a counterparty will fail to meet its obligations in accordance with agreed terms. This principally arises from cash and cash equivalents, deposits with banks and with financial institutions. Deposits are not made with banks and financial institutions unless they are rated independently with a minimum score of Long term A, Short term F1. The Trust also invests in Money Market Funds, which are subject to a minimum credit rating of AAA/mmf. The lending list is reviewed on a regular basis using advice from credit rating agencies, treasury advisors and in-house judgements based partially on credit default swap rates. The charity's maximum exposure to credit risk in relation to its investments in banks and money market funds cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution.

Liquidity risk - this is the risk that the charity may not have sufficient funds available to meet its payment obligations as they fall due. The charity has no borrowing exposure and has no plans to borrow to finance future expenditure. Operations are financed by realising investments as necessary to meet both current and future forecast cash requirements.

Market risk – this covers the possibility that financial loss might arise as a result of changes in such measures as interest rates and stock market movements. Price risk is the risk of a decline in the value of a security or a portfolio. The charity minimises price risk through a strategy of diversification by holding a geographical spread of investments in the UK and overseas markets.

Potential market movements

Asset type	% Change
Global Equities - Developed Markets (incl UK)	16.7%
Global Equities - Emerging Markets	28.5%
Global Bonds	4.4%
Multi-Asset	7.5%
Private Equity	24.2%
Infrastructure	14.8%

The potential percentage allowance for changes in asset values are within a one-standard deviation tolerance. Taking these changes, the potential increase/decrease in the market prices of the fund's assets have been derived, and provide a range of possible net asset values which would be available to meet the fund's liabilities.

Asset type	Value £m	Change %	Value on increase £m	Value on decrease £m
Global Equities - Developed Markets (incl UK)	261.2	16.7%	304.8	217.6
Global Equities - Emerging Markets	17.7	28.5%	22.7	12.7
Global Bonds	30.6	4.4%	31.9	29.3
Multi-Asset	289.7	7.5%	311.4	268.0
Private Equity	22.0	24.2%	27.3	16.7
Infrastructure	44.6	14.8%	51.2	38.0
UK Cash	5.0	0.0%	-	-
Total financial investments	670.8		749.3	582.3

The percentage change for equities includes a grouping of listed and private equities and the equity funds categorised elsewhere as pooled unit trusts. The percentage change for bonds includes a grouping of government and corporate fixed interest securities. Separate consideration of the individual asset types is not available.

Foreign Currency Risk – this risk exists when a financial transaction or asset/liability is denominated in a currency other than that of the base currency of the charity. The risk is that a movement in the exchange rate may cause a foreign currency investment value to either decrease or increase when the investment is sold and converted back into the base currency.

The following table shows the illustrative effect on the charity's asset values that would result from movements in exchange rates.

Currency Baskets	Value £m	Change %	Value on increase £m	Value on decrease £m
GBP	434.5	0.00%	434.5	434.5
EUR	21.7	2.66%	22.3	21.1
USD	140.7	2.69%	144.5	136.9
Other	73.9	3.40%	76.4	71.4
Total financial investments	670.8		677.7	663.9

14. DEBTORS

	2017/18 £m	2016/17 Restated £m
Trade debtors	3.5	0.9
Rental debtors	3.5	2.1
Prepayments & accrued income	8.1	8.2
Other debtors	-	0.1
	15.1	11.3

Accrued income as at 31/03/2017 has been restated to include a lease premium of £4m which had been incorrectly stated within long-term deferred income, an amount which remains outstanding as at 31/03/2018. As at 2017/18 this amount is all due within one year (2016/17: £4m due after one year).

15. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017/18 £m	2016/17 £m
Grants payable (Note 6)	18.3	23.8
Trade creditors	1.7	1.8
Accruals	1.3	3.2
Deferred income	5.7	5.1
Rent deposits	6.4	4.7
Other creditors	0.3	0.4
	33.7	39.0

Deferred income relates to property rental income and lease premiums received in advance for periods after the year end.

	2017/18 £m	2016/17 £m
Deferred income analysis within creditors:		
Balance at 1 April	5.1	5.0
Amounts released to income	(5.1)	(5.0)
Amounts deferred in the year	5.7	5.1
Balance at 31 March	5.7	5.1

16. CREDITORS – AMOUNTS DUE AFTER MORE THAN ONE YEAR

	2017/18 £m	2016/17 Restated £m
Grants payable (Note 6)	13.6	3.8
Deferred income	10.4	10.5
	24.0	14.3

	2017/18 £m	2016/17 Restated £m
Deferred income - due after more than one year:		
Balance at 1 April	10.5	-
Amounts released to income	(0.1)	-
Amounts deferred in the year	-	10.5
Balance at 31 March	10.4	10.5

Long-term deferred income as at 31/03/2017 has been restated by £4m, as explained in Note 14.

Deferred income includes lease premiums that will be released over periods of up to 167 years.

17. PENSIONS

City of London Corporation defined benefit pension scheme

The City Corporation operates a funded defined benefit pension scheme, The City of London Pension Fund, for its staff employed on activities relating predominantly to the three principal funds for which it is responsible (City Fund, City's Cash and Bridge House Estates).

The assets of the scheme are held in a specific trust separately from those of the Corporation and contributions are paid to the scheme as agreed with the scheme's Trustees. As the proportion of the Pension Fund that relates to Bridge House Estates is not separately identifiable, the share of pension contributions paid to the scheme by the charity is calculated pro-rata to employer's contributions paid by each of the City Corporation contributors to the scheme.

Accounting for the defined benefit scheme under IAS19

The full actuarial valuation of the defined benefit scheme was updated to 31 March 2018 by an independent qualified actuary in accordance with IAS19. As required by IAS19, the defined benefit liabilities have been measured using the projected unit method. The valuation has been completed under IFRS, in line with the City Fund requirements, rather than under FRS 102, with the differences considered not to be materially incorrect.

The returns on gilts and other bonds are assumed to be the gilt yield and corporate bond yield respectively at the relevant date. The return on equities is then assumed to be a margin above gilt yields.

The estimated amount of total employer contributions expected to be paid to the scheme by the charity during 2018/19 is £535,000 (2017/18 actual: £550,000). This figure is calculated pro-rata to total contributions that will be payable by the City Corporation in accordance with the Schedule of Contributions towards the scheme's deficit.

(a) Major assumptions by the actuary

Financial

The financial assumptions used for the purposes of the FRS 102 calculations are as follows:

Assumptions as at:	2018 % p.a.	2017 % p.a.	2016 % p.a.
RPI increases	3.3	3.6	3.2
CPI increases	2.3	2.6	2.3
Salary increases	3.8	4.1	3.8
Pension increases	2.3	2.6	2.3
Discount rate	2.6	3.7	3.6

Life expectancy

The assumed life expectations from age 65 are:

Life expectancy from age 65 (years)		2018	2017
Age 65 retiring today	Males	23.9	23.8
	Females	25.2	25.2
Retiring in 20 years	Males	25.3	25.2
	Females	26.7	26.7

The table reflects the change in the mortality tables used for the 31 March 2018 valuation and allowance is made for future improvements in life expectancy.

(b) Amounts included in the balance sheet

The amounts included in the charity's balance sheet arising from the City Corporation pension scheme's liabilities in respect of the defined benefit scheme for the current and previous two periods are as follows:

	2018 £m	2017 £m	2016 £m
Fair value of assets (bid value)	18.0	17.6	14.6
Fair value of liabilities	29.8	29.5	24.2
Net liability	11.8	11.9	9.6
Present value of unfunded liabilities	-	-	-
Unrecognised past service cost	-	-	-
Net liability in balance sheet	11.8	11.9	9.6

The net pension fund liability of £11.8m in the Balance Sheet (2017: £11.9m) represents 2% of the total net balance sheet liability in the City Corporation Pension Fund financial statements.

(c) Amounts included in the Statement of Financial Activities

The amounts included within total resources expended in relation to the defined benefit scheme are as follows:

	2017/18 £m	2016/17 £m
Current service cost	0.9	0.6
Past service cost	-	-
Interest cost	0.3	0.3
Expected return on scheme assets	-	-
Contributions	(0.5)	(0.4)
Gains/(losses) on curtailments and settlements	-	-
Total expense	0.7	0.5

The total pension costs charged in the Statement of Financial Activities (as adjusted for current service cost and employer's contributions) represents 2% of the total charge in the City Corporation Pension Fund financial statements.

(d) Asset allocation

The current allocation of the scheme's assets is as follows:

Employer asset share - bid value	2018		2017	
	£m	% p.a.	£m	% p.a.
Equity Investments	11.8	66	11.5	66
Infrastructure	1.1	6	0.8	5
Absolute Return Portfolio	5.1	28	5.3	29
Total assets	18.0	100	17.6	100

The charity's share of pension scheme assets at 31 March 2018 of £18.0m (2017: £17.6m) represents 2% of the total pension scheme assets of the City Corporation Pension Fund

(e) Movement in the present value of scheme liabilities

Changes in the present value of the scheme liabilities over the year are as follows:

	2018 £m	2017 £m
Surplus/(deficit) at beginning of the year	(29.5)	(24.2)
Current service cost	(0.9)	(0.6)
Interest Cost	(0.8)	(0.9)
Remeasurement gains/losses:		
Actuarial gains/losses arising from changes in demographic assumptions	-	0.7
Actuarial gains/losses arising from changes in financial assumptions	0.9	(5.5)
Other actuarial gains/losses	-	0.5
Past service cost, including curtailments	-	-
Liabilities extinguished on settlements	-	-
Benefits paid	0.7	0.7
Contributions from scheme participants	(0.2)	(0.2)
Unfunded pension payments	-	-
Surplus/(deficit) at the end of the year	(29.8)	(29.5)

The charity's share of the closing value of the pension scheme liabilities of £29.8m (2017: £29.5m) represents 2% of the total closing value of the pension scheme liabilities of the City Corporation Pension Fund.

(f) Movement in the scheme net liability

The net movement in the scheme liabilities over the year is as follows:

	2018 £m	2017 £m
Surplus/(deficit) at beginning of the year	(11.9)	(9.6)
Current service cost	(0.9)	(0.6)
Net interest	(0.3)	(0.3)
Employer contributions	0.5	0.4
Unfunded pension payments	-	-
Past service cost	-	-
Other finance expense	-	-
Settlements and curtailments	-	-
Actuarial gains/(losses)	0.8	(1.8)
Surplus/(deficit) at the end of the year	(11.8)	(11.9)

(g) Movement in the present value of scheme assets

Changes in the fair value of the scheme assets over the year are as follows:

	2018 £m	2017 £m
1st April	17.6	14.6
Interest on assets	0.5	0.6
Remeasurement gains/losses:		
Return on assets less interest	(0.1)	2.4
Other actuarial gains/losses	-	0.1
Administration expenses	-	-
Contributions by employer including unfunded	0.5	0.4
Contributions by scheme participants	0.2	0.2
Estimated benefits paid net of transfers in and including unfunded	(0.7)	(0.7)
Settlement prices received/(paid)	-	-
Closing value of scheme assets	18.0	17.6

(h) Projected pension expense for the year to 31 March 2018

No allowance has been made for the costs of any early retirements or augmentations which may occur over the year and whose additional capitalised costs would be included in the liabilities. As it is only an estimate, actual experience over the year may differ. No balance sheet projections have been provided on the basis that they will depend upon market conditions and the asset value of the scheme at the end of the following year.

	Year to 31/03/2019 £m	Year to 31/03/2018 £m
Service cost	0.8	0.9
Interest cost	0.3	0.3
Return on Fund assets	-	-
Total expense	1.1	1.2
Employer contribution	0.5	0.5

18. ANALYSIS OF NET ASSETS BETWEEN FUNDS

At 31 March 2018	Unrestricted Income Funds		Endowment Funds	Total at 31 March 2018	Total at 31 March 2017 Restated
	General Funds	Designated Funds	Endowment Funds		
	£m	£m	£m	£m	£m
Fixed Assets- Investment properties	-	-	766.3	766.3	702.2
Fixed Assets- Financial investments	381.1	181.3	83.0	645.4	667.3
Other fixed assets	3.7	8.5	-	12.2	12.4
Current assets & liabilities	8.4	-	(0.7)	7.7	(14.5)
Long-term liabilities	(24.0)	-	-	(24.0)	(14.3)
Pension liability	(11.8)	-	-	(11.8)	(11.9)
Interfund account	17.0	-	(17.0)	-	-
	374.4	189.8	831.6	1,395.8	1,341.2

At 31 March 2017	Unrestricted Income Funds		Endowment Funds	Total at 31 March 2017 Restated	Total at 31 March 2016 Restated
	General Funds	Designated Funds	Endowment Funds		
	£m	£m	£m	£m	£m
Fixed Assets- Investment properties	-	-	702.2	702.2	610.9
Fixed Assets- Financial investments	434.2	149.0	84.1	667.3	589.7
Other fixed assets	3.7	8.7	-	12.4	11.9
Current assets & liabilities	(16.1)	-	1.6	(14.5)	(15.8)
Long-term liabilities	(14.3)	-	-	(14.3)	(3.6)
Pension liability	(11.9)	-	-	(11.9)	(9.6)
Interfund account	8.5	-	(8.5)	-	-
	404.1	157.7	779.4	1,341.2	1,183.5

The interfund account represents expenditure on the refurbishment of investment properties from unrestricted income funds. The unrestricted income fund will be reimbursed from the endowment fund on the receipt of sales proceeds from the disposal of the investment property referred to in Note 23.

19. MOVEMENT IN FUNDS

At 31 March 2018

	Total as at 1 April 2017 Restated £m	Income £m	Expenditure £m	Gains & losses £m	Transfers £m	Total as at 31 March 2018 £m
Endowment Funds	779.4	-	(0.3)	52.5	-	831.6
Total Endowment Funds	779.4	-	(0.3)	52.5	-	831.6
General Funds	416.0	42.5	(47.3)	12.0	(37.0)	386.2
Pension Reserve	(11.9)	-	(0.7)	0.8	-	(11.8)
Total General Funds	404.1	42.5	(48.0)	12.8	(37.0)	374.4
Property Dilapidations	1.5	0.1	(0.2)	-	(0.3)	1.1
Service Charges	0.2	-	-	-	0.3	0.5
Bridges Repairs	19.0	-	(4.8)	-	5.7	19.9
Bridges Replacement	117.0	-	-	-	6.5	123.5
Grant-making	0.0	-	-	-	23.7	23.7
Social Investment Fund	20.0	-	-	-	1.1	21.1
Total Designated Funds	157.7	0.1	(5.0)	-	37.0	189.8
Total Unrestricted Income Funds	561.8	42.6	(53.0)	12.8	-	564.2
Total Funds	1,341.2	42.6	(53.3)	65.3	-	1,395.8

At 31 March 2017

	Total as at 1 April 2016 original £m		Total as at 1 April 2016 restated £m	Income £m	Expenditure £m	Gains & losses £m	New transfers £m	Total as at 31 March 2017 restated £m
Endowment Funds	-	693.1	693.1	-	(0.3)	86.6	-	779.4
Total Endowment Funds	-	693.1	693.1	-	(0.3)	86.6	-	779.4
General Funds	530.2	(173.2)	357.0	36.5	(38.3)	86.4	(25.6)	416.0
Pension Reserve	(9.6)	-	(9.6)	-	(0.5)	(1.8)	-	(11.9)
Total General Funds	520.6	(173.2)	347.4	36.5	(38.8)	84.6	(25.6)	404.1
Property Sales Pool	7.7	(7.7)	-	-	-	-	-	-
Property Revaluation	497.9	(497.9)	-	-	-	-	-	-
Property Dilapidations	1.5	-	1.5	-	-	-	-	1.5
Service Charges	0.2	-	0.2	-	-	-	-	0.2
Bridges Repairs	142.8	(124.3)	18.5	-	(10.9)	-	11.4	19.0
Bridges Replacement	0.0	111.0	111.0	-	-	-	6.0	117.0
Tower Bridge Tourism	1.0	(1.0)	0.0	-	-	-	-	-
Social Investment Fund	11.8	-	11.8	-	-	-	8.2	20.0
Total Designated Funds	662.9	(519.9)	143.0	-	(10.9)	-	25.6	157.7
Total Unrestricted Income Funds	1,183.5	(693.1)	490.4	36.5	(49.7)	84.6	-	561.8
Total Funds	1,183.5	-	1,183.5	36.5	(50.0)	171.2	-	1,341.2

Purposes of designated funds

Designated funds have been set aside by the Trustee for the following purposes:

Property Dilapidations represents funds not yet utilised as received from tenants at the end of a lease to enable the property to be brought back to the required condition.

Service charges represents service charges received from tenants to enable major cyclical works to be financed.

Bridges Repairs represents funds required to maintain the bridges for the next 5 years.

Bridges Replacement represents funds set aside to fund the future rebuild of the bridges. This is based on the present value of estimated future costs, adjusted for increases in construction costs.

Grant-making represents surplus income which has been designated for future grant-making activities in the name of City Bridge Trust.

Social Investment Fund to finance investments that generate a financial return, alongside an associated social return, consistent with the agreed investment policy.

The charity also maintains a Pension Reserve Fund, representing the net liability owed.

Transfers are made to and from unrestricted income funds in order to maintain designated funds at the required levels.

The previously held Property Sales Pool and Property Revaluation designated funds now form part of the value of the permanent endowment fund. The Tower Bridge Tourism designated fund is no longer held, with future changes in net revenue now managed within the annual operating processes within the charity.

20. NOTE TO THE STATEMENT OF CASH FLOWS

Reconciliation of net income/(expenditure) to net cash inflow from operating activities.

	2017/18	2016/17
	£m	restated £m
Net income for the reporting period (as per the statement of financial activities)	53.8	159.5
Adjustments for:		
Interest and income from investments	(4.1)	(2.7)
Depreciation charges	0.3	0.4
(Gains)/losses on financial investments	(10.8)	(98.2)
Gains on property investments	(53.6)	(74.7)
Gains on social investments	(0.1)	(0.1)
Increase in debtors	(3.8)	(0.7)
Decrease/(increase) in social investments	0.2	(0.5)
Decrease in creditors falling due within one year	(5.3)	(0.3)
Increase in long term creditors	9.7	6.7
Net pension scheme costs	0.7	0.5
Net cash used in operating activities	(13.0)	(10.1)

21. COMMITMENTS

The following commitments exist as at 31 March in respect of future accounting periods:

	2018 £m	2017 £m
Capital works authorised	-	8.8

22. RELATED PARTIES

The City Corporation is the sole Trustee of the charity, as described on page 6. The City Corporation provides various services to the charity, the costs of which are recharged to the charity. This includes the provision of banking services, charging all transactions to the charity at cost and crediting or charging interest at a commercial rate. The cost of these services is included within expenditure, as set out in Note 9.

The charity is required to disclose information on related party transactions with bodies or individuals that have the potential to control or influence the charity. Members are required to disclose their interests, and these can be viewed online at www.cityoflondon.gov.uk

Members and Senior Staff are requested to disclose related party transactions of £10,000 or more, including instances where their close family has made such transactions.

All related party transactions are arm's length agreements.

Figures in brackets represent the amounts due at the balance sheet date.

Related Party	Connected party	2017/18 £'000	2016/17 £'000	Detail of transaction
Community Links (CL)	An Officer of CoL was a Trustee of CL (resigned 31/12/17)	159 (209)	100 (50)	CL received grant funding from CBT
London Funders (LF)	An Officer of CoL is a Trustee of LF	27 (363)	357 (514)	LF received grant funding from CBT
London Emergencies Trust (LET)	An Officer of CoL was a Trustee of LET (resigned 31/12/17)	50 (-)	75 (75)	LET received grant funding from CBT
Age UK London (AUL)	A Member represents the City Corporation on AUL	25 (85)	163 (153)	AUL received grant funding from CBT
Trust for London (TL)	The City Corporation nominates 3 Members to TL	400 (350)	62 (-)	TL received grant funding from CBT
Wembley National Stadium Trust (WNST)	A Member of CoL (retired 20/11/16) was a Trustee of WNST	117 (-)	107 (-)	CBT provides management services to WNST
Blind in Business (BiB)	A Member of CoL is a Trustee of BiB	- (16) 16 (-)	- (49) 16 (-)	BiB received grant funding from CBT BiB paid rent & service charges to the Trust
Partnership for Young London (PYL)	Two Members of CoL are Trustees of PYL, with one of these being the Chairman	23 (23)	49 (108)	PYL received grant funding from CBT
St Ethelburga's Centre for Reconciliation & Peace (SECRP)	The husband of a Member of CoL is a Trustee of SECRP	- (-)	10 (-)	SECRP received grant funding from CBT
Cripplegate Foundation, incorporating Islington Giving (CF)	Two Members of CoL are Trustees of CF, alongside the husband of a Member	- (95)	141 (130)	CF received grant funding from CBT
Museum of London Archaeology (MLA)	A Member of CoL is a Trustee of MLA	- (-)	- (59)	MLA received grant funding from CBT

The Members and Officers noted above did not participate in the discussions or decision making relating to the award of the grants.

Related Party Transaction with the City Fund (the City Fund is held by the City of London Corporation in respect of its activities as a local authority, police authority and port health authority):

During 2017/18 and 2016/17 there were no significant transactions between Bridge House Estates and the other principal funds of the City Corporation.

There were no outstanding balances at year end.

23. SUBSEQUENT EVENTS

There are risks to Bridge House Estates from the vote to leave the EU which took place on 23 June 2016. In particular, the future levels of demand for office accommodation in the City and surrounding areas and the consequential impacts on rent incomes. A close watching brief continues to be kept on this and other implications as events unfold with financial forecasts being refreshed if and when the picture becomes clearer.

On 10 December 2018, the charity completed the sale of one of the properties held within its investment portfolio, 1-5 London Wall Buildings, for £97.1m. The trustee is yet to approve how the funds from this disposal, which are represented within the endowment fund, are to be reinvested within the portfolio.

REFERENCE AND ADMINISTRATION DETAILS

BRIDGE HOUSE ESTATES

Registered charity number 1035628

The grant-making and other charitable activity of the charity operates under the name City Bridge Trust

PRINCIPAL OFFICE

Guildhall, London, EC2P 2EJ

TRUSTEE

The Mayor and Commonalty & Citizens of the City of London

SENIOR MANAGEMENT

Chief Executive

John Barradell OBE - The Town Clerk and Chief Executive of the City of London Corporation

Treasurer

Dr Peter Kane - The Chamberlain of the City of London Corporation

Solicitor

Michael Cogher - The Comptroller and City Solicitor of the City of London Corporation

Surveyor

Paul Wilkinson - City Surveyor

Grants

David Farnsworth - Chief Grants Officer and Director of City Bridge Trust

AUDITORS

Moore Stephens LLP, 150 Aldersgate Street, London, EC1A 4AB

BANKERS

Lloyds Bank Plc., P.O. Box 72, Bailey Drive, Gillingham Business Park, Kent, ME8 0LS

INVESTMENT ADVISORS

Mercer, Quatermile One, 15 Lauriston Place, Edinburgh, EH3 9EP

Contact for The Chamberlain, to request copies of governance documents:

PA-DeputyChamberlain@cityoflondon.gov.uk



Bridge House Estates
City of London
PO Box 270
Guildhall
London EC2P 2EJ

www.cityoflondon.gov.uk
Telephone: 020 7606 3030

Registered Charity 1035628