



Annual Report
and Financial Statements
for the year ended 31 March 2020

Contents

Overview of the year	2
Origins of the charity	4
Trustee's Annual Report.....	6
Trustee Responsibilities	33
Independent Auditor's Report.....	34
Report of the Audit Review Panel	37
Statement of Financial Activities	38
Balance Sheet.....	39
Statement of Cash Flows	40
Notes to the Financial Statements.....	41
Reference and Administration Details	70

Overview of the Year

For more than 900 years Bridge House Estates (BHE) has been proudly safeguarding and maintaining the City of London's iconic bridges; there are now five bridges supported and maintained by the charity. Over the centuries, the city has experienced life changing plagues, wars, fires and acts of terrorism. History proves that following these tragedies, communities came together to support those affected, helping to rebuild lives and produce a sense of renewal and hope amongst the despair. The courage and resilience of Londoners has once again been highly visible during the global Coronavirus crisis which sadly has claimed thousands of lives and plunged the city into lockdown in March 2020. It is reassuring how quickly the funding and voluntary landscape was able to collaborate, establish new systems and react to a fast-changing situation.

BHE's charitable funding arm, City Bridge Trust (CBT) moved swiftly to respond to the pandemic's impact on civil society in London. Working collaboratively with other funders operating in London and London Funders (an umbrella charity), the London Community Response (the LCR programme) was launched as a collective response to support London's civil society organisations by providing a single portal for organisations to apply for support from all participating funders. As part of BHE's support for the collective response, the London Community Response Fund (LCRF) was established as a separate fund within the charity by its Trustee, the City of London Corporation, to allow donors to support the LCR programme, where they did not wish to directly fund themselves. BHE, from its existing CBT grant-making budget, allocated £1m to the LCRF, and early donations into the LCRF were also received from the Mayor of London, Bloomberg L.P., Paul Hamlyn Foundation and the Clothworkers' Foundation, with a view to encouraging further donations. In addition, under the CBT grants programme existing recipients of CBT grants with an income of up to £500,000 received additional one-off unrestricted funding in early 2020/21, to support increased service demands during a period of severely reduced income. This was all in addition to CBT's 'business as usual' delivering the second year of the charity's 'Bridging Divides' strategy. During the year CBT gave £30.7m across Greater London via, 277 grants, with the demand on funding far exceeding expectations.

Before the pandemic took its grip, a key activity for BHE during 2019/20 was the continuation of a strategic governance review started in 2017, aiming to enhance the impact and reach of the charity's activities for the public benefit and to model good practice. This included confirming the funding requirements for the maintenance and replacement of the five Thames bridges and work to develop an overarching charitable strategy and investment strategy. Once the funding requirements had been confirmed, and the amount of reserves determined, it was readily agreed by the Trustee to allocate an additional £200m of income, surplus to that required for the bridges, to apply under the 'Bridging Divides' strategy. The negative impact of the Coronavirus health pandemic will mean that in 2020/21, consideration will need to be given as to how these additional funds will be allocated, including to alleviate the pressure on the charity and voluntary sector so hard hit by the crisis. Undoubtedly, the pandemic's impact will also affect the future levels of funds held by BHE, with the loss of income from property rentals and from Tower Bridge as a visitor attraction. In the meantime, work to complete the overarching

BHE Strategy and Investment Strategy continues, and is expected to be completed by the end of 2020.

Prior to the Coronavirus lockdown, the maintenance and preservation of the charity's bridges, which are some of the capital's most iconic, continued. Over the year the appearance of London, Southwark and Millennium Bridges changed dramatically through the successful implementation of the first phase of the Illuminated River Project (see page 10). During the year, the bridges team have also continued to investigate the potential for creating a long-term replacement strategy for the bridges.

The visitor attraction at Tower Bridge (which celebrated its 125th Anniversary in 2019) experienced record performance in the first 11 months of 2019/20 prior to March 2020, when it closed due to the pandemic. Several accolades were maintained or achieved for the first time this year, reconfirming the Bridge as one of London's most popular attractions. The Sunday of the Anniversary weekend attracted 5,922 visitors, a record for a single day in the history of Tower Bridge as a visitor attraction.

The bridges team continue to work closely with the City of London Police, the Metropolitan Police and Transport for London to ensure they are meeting the requirements to keep the city safe. Tragically in November 2019, five people were stabbed, two fatally, in a terrorist attack at Fishmongers' Hall, which spilled out on to the adjacent London Bridge. BHE was an Interested Party for the Coroner's Inquest, providing documents and assisting colleagues who were called as witnesses.

BHE is one of London's oldest 'institutions'. Established to support the physical infrastructure of London Bridge, including the shops, houses and places of worship which were once perched upon it; the charity and its five bridges continue to have people very much as its focus to this day - from the tourists visiting these iconic structures, to the throngs of people crossing the bridges during their daily commute, and the very many Londoners who have been supported through CBT. Coronavirus has had an unimaginable impact on the lives of all Londoners. It is hoped that the energy and cooperation across the funding and voluntary landscape stays strong, in what will undoubtedly be a challenging year for everyone. The charity remains committed to its ethos of collaboration in achieving maximum impact for the beneficiaries it serves.

The staff working on behalf of BHE, employed by the City Corporation, must be recognised and praised for their swiftness to adjust to working from home, whilst maintaining professionalism and meeting deadlines. Their willingness to adapt to the ever-changing landscape meant that BHE could meet the emerging and changing needs of the sector.

Origins of the charity

The origins of Bridge House Estates can be traced back to 1097 when William II, successor as King to 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 the whole of London in many important and diverse ways:

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, archaded 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 OM CBE 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 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 as Trustee 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 Activities 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 Commission in 1995. This scheme enables the charity to work through its charitable funding arm, City Bridge Trust (CBT), 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 Document

Reflecting its ancient nature, complex history and long connection to the City Corporation, Bridge House Estates' (BHE) "governing document" is made up of a number of different sources or instruments, which are referenced below. In March 1994 the charity was registered with the Charity Commission.

Founders	By various gifts and bequests over the centuries
Governing Instruments	Historic trust documents governing the gifts and bequests including, a Royal Charter of 24 May 1282 A supplemental Royal Charter of 26 November 1957 Acts of Parliament including: - 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 - 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 Various Schemes and Orders made by the Charity Commission: - The Charities (Bridge House Estates) Order 1995 (S.I.1995/1047) and the Charity Commission Scheme which took effect by that Order - 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) Ancient custom and practice.

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 BHE. The City Corporation is trustee acting by the Court of Common Council of the City of London and that executive assembly 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 together with 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. External appointments are made after a skills audit. 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 2019/20 were as follows:

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

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.

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

Audit and Risk Management Committee – responsible for overseeing systems of internal control, risk management and making recommendations to the Finance Committee relating to the approval of the Annual Report and Financial Statements of the charity.

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. Meetings are held at the Trustee's discretion in public (except where it is considered not in the charity's best interests to do so), enabling the decision-making process to be clear, transparent and publicly accountable.

Details of the current membership of Committees of the City Corporation is available at www.cityoflondon.gov.uk

The Trustee believes that good governance is fundamental to the success of the charity. A comprehensive review of governance, which commenced in 2017/18, continues with its aim of enhancing the impact and reach of the charity's activities for the public benefit.

During the year, being a key outcome from its governance review, the Trustee approved a revision to its reserves policy in recommending that free reserves of £35m be held as at 31 March 2020 – an amount to be subject to at least annual review. A designated fund entitled ‘Income Generation’, that enables BHE to set-aside funds in any year where it is considered that the endowment fund does not hold sufficient funds to generate income to meet agreed objectives both now and in the future was also approved.

Due to the manner in which the charity is governed, further changes to governance arrangements are being sought by way of a supplemental Royal Charter through the Privy Council. Additional powers sought will enable the charity to modernise its operations whilst demonstrating good practice. Appropriate reference is being made to the practices recommended within the Charity Governance Code throughout this review.

Organisational structure and decision-making process

The charity is administered in accordance with its governing instruments and the City Corporation’s own corporate governance and administration framework, including Standing Orders, Committee Terms of Reference, Financial Regulations and Officer Scheme of Delegations. These governance documents can be obtained via a request to the email address stated on page 70.

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 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 Corporation’s agreed corporate governance framework as noted above, backed up by its standards regime.

Induction and Training of Members

The City 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. Induction meetings are provided on specific aspects of the work of BHE. If suitable seminars or other training options are identified that are relevant to the charity, Members are advised of these opportunities. The City 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. After these responsibilities are met, any income surplus to that which can be usefully applied in accordance with the subsisting trusts in any given year is applied for the provision of transport for elderly and disabled people in Greater London and/or 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 through thoughtful analysis and collaboration with other partners in the sector regarding the needs of marginalised communities in Greater London. 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 BHE 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 70.

Achievements and Performance

The Bridges

Over 2019/20 the night-time appearance of three of the bridges changed dramatically through the successful implementation of the first phase of the *Illuminated River Project*, a long-term art installation managed by the Illuminated River Foundation (charity registration 1168375). London, Southwark and Millennium Bridges have been lit up with a unified light installation. The bridges team in conjunction with lighting colleagues within the City Corporation, have been working closely with the project to provide technical approval and ensure that BHE's assets are protected throughout the design, installation and operation of the artwork.

The other major project impacting the bridges over the year has been the Tideway Tunnel project, with a particular focus on the works being carried out in the foreshore adjacent to Blackfriars Bridge. The bridges team have been embedded in the Tideway Tunnel project team, to ensure there are no adverse effects on the bridges from both the construction works in the river and the tunnelling beneath them due to start in the coming year. Significant monitoring regimes have been agreed with the contractor and installed on the bridges to ensure there is a high level of understanding of how the structures move during normal operation and how the effects of tunnelling can be minimised. Monitoring of works in the foreshore has also been extensive and is being used alongside innovative construction techniques to minimise any impacts on the adjacent Blackfriars Bridge. Although there are still several years of construction left on the Tideway Tunnel project, the new foreshore site at Blackfriars will eventually offer up untapped views of the bridge for the future newly created 'Bazalgette Embankment'.

The planned refurbishment of Blackfriars Bridge has progressed but access restrictions due to adjacent projects have limited opportunities to get the construction phase of the refurbishment started. The bridges team continue to work with nearby construction projects to push the refurbishment scheme forward and continue to protect the bridge in the long term. Innovative paint technologies are being explored to minimise aesthetic degradation in the future.

Work to re-waterproof and replace key bearings on London Bridge started in March 2020. This was previously postponed twice having waited for availability of road space following Network Rail's refurbishment of London Bridge station and by essential gas works planned in the City of London. Close collaboration has been required with Transport for London to ensure that these works can proceed to protect the structure as one of London's most important river crossings.

BHE was also an 'Interested Party' for the Coroner's Inquest following the terrorist attack at Fishmongers' Hall (which spilled out on to the adjacent London Bridge), providing documents and assisting colleagues who were called as witnesses. BHE has been working with stakeholders to address the relevant recommendations and with the input and assistance of the City Surveyor of the City Corporation the charity's Risk Register has been updated.

During the year, the bridges team have continued to explore the potential for creating a long-term replacement strategy for the bridges. An initial study carried out by specialist consultants investigated the expected life span of each of the structures, the form of the replacement and maintenance liabilities. The study's findings have been reviewed in detail to determine an order for substitution and a strategy for how the replacement of any of the bridges would be delivered. This exercise highlighted the importance of having a long-term strategy and how the timing of each replacement was crucial to minimising unnecessary costs.

The previous six-year inspection and maintenance contract for all five bridges completed at the end of March 2020. Following an extensive competitive tendering process, the contract (again a six-year commission to reflect the inspection cycle of the bridges) was re-awarded to the existing incumbent, AECOM, bringing continuity and comprehensive experience to the service provided.

Tourism at Tower Bridge

The iconic architecture and engineering of Tower Bridge are showcased to the public in the form of a paid visitor attraction within the historic structure, offering panoramic views from the high-level walkways of Wapping, Canary Wharf and Greenwich to the east, of the City of London and the central London skyline to the west. Steam machinery which originally powered the Bridge is preserved, curated and on display as a key element of the attraction, and in addition, glass flooring panels installed in 2014 continue to attract visitors, providing a unique aspect of the roadway, the river and the Bridge raising to allow the movement of river traffic directly beneath. Additional income generating activities for the charity include on site and online retail sales, venue hire charges, cultural public events, catering commissions and filming activities.

The visitor attraction at the bridge experienced record performance in the first 11 months of 2019/20, with numbers of visitors and turnover both representing 3% increases on the previous year from April 2019 to the end of February 2020. In March 2020, the effect of the pandemic saw visitors to the bridge decrease in line with other major London attractions, and a full closure to the public from the middle of the month. Despite the severe impact this made on visitor numbers and income in the last month of the financial year, overall the bridge still welcomed 97% of visitors and generated 98% of the total income achieved across the previous year. In terms of profile, awareness growth and perceptions within the highly competitive London tourism sector, the bridge received excellent feedback, achieving consistently positive reviews from visitors. Current Trip Advisor ratings average Tower Bridge 4.5 out of 5 stars and rank it 4th amongst all London attractions.

This positive year was assisted by the celebration of Tower Bridge's 125th anniversary, which saw a year-long programme of activities and events including a series of special talks and tours. For the first time ever, an outdoor exhibition entitled 'Tower Bridge – What If' installed across the bridge's pavements for all to enjoy as part of the City's Fantastic Feats festival offered pedestrians a glimpse at some of the alternative river crossing designs, which were presented for consideration to the City's special committee in 1877.

Over the anniversary weekend of 29 & 30 June, all visitors to Tower Bridge gained entry for the special price of £1.25, which included exciting activities and Victorian costumed actors throughout the visitor journey, resulting in just under 5,000 visitors on the Saturday and 5,922 on Sunday: the latter being a record for a single day in the history of the bridge as a visitor attraction.

As part of their quality assurance scheme, Visit England rated Tower Bridge as Excellent (89%). In addition, the experience of viewing a bridge lift through the Glass Floor feature received 'Best for Bucket List' at the 2019 TripSavvy Editor's Choice awards. A number of accolades were maintained or achieved for the first time also with specific reference to the bridge's growing learning offer, including the Sandford Award for Heritage Education, the quality marque for Learning Outside the Classroom and the Family Arts Standard.

Tower Bridge's long-term interpretation plan, commemorating and celebrating the human stories and social heritage of the bridge, saw the overhaul of all content within the high-level west walkway, following the redevelopment of permanent content over the last few years in the bridge's towers and Engine Rooms. Visitor feedback has been overwhelmingly positive as a result, testament to the success of telling these personal stories of the bridge's local community to a global audience.

The Tower Bridge formal learning programme continued to attract new and repeat school visits in 2019. May 2019 saw the new accessible learning space in use for school and other groups for the first time, enabling the expansion of the education programme. In terms of numbers, the team is now able to welcome 60 pupils per day, doubling capacity. In addition, the learning team has been able to broaden its audience reach, providing Key Stage 1 workshops for the first time, along with onsite Special Education Needs and Disabilities workshops.

Participation in national and local initiatives continues to be an important strand of the learning team's engagement work, increasing general awareness of Tower Bridge's informal learning offer and specific activities such as autism friendly mornings, and offering new ways for families to engage with the bridge's stories. Getting out into the community is key to increasing local awareness of and participation in the bridge's vibrant family offer, as such the team attended the Barbican Fun Day and Queen Mary University of London's Festival of Communities, amongst other events. A new relationship with Tower Hamlets Idea Stores has opened access to fresh audiences and engagement opportunities, with the team delivering after-school and family activities within the community.

In terms of cultural development, the operational Bascule Chamber was again utilised as a cultural venue for the Thames Festival. A special series of projection shows focusing on the bridge's rich heritage took place in December 2019 for the 125th anniversary in association with the Guildhall School of Music and Drama.

The bridge's Artist in Residence programme was reconfigured in 2019 to enable an opportunity to explore the potential of a commission-led approach. In recognition of the bridge's 125th anniversary, and the opportunity this presented for creative exploration of its structure and history, artist Di Mainstone was commissioned to create a film, which was displayed for visitors alongside an accompanying exhibition from January. This

artwork reimagined the bridge as a giant musical instrument to retell the story of one of the Bridge's first female workers, Hannah Griggs. Through the use of technology such as accelerometers, Di revealed the underlying sounds of the Bridge itself, such as the 'scale' produced by its famous suspension rods.

Tower Bridge was raised across 2019/20 almost 600 times to allow Thames river vessels safe access to and egress from the Pool of London. The bridge's security planning, protocols and facilities were further developed throughout the year, achieving an NSI Gold accreditation and commendations from the City of London Police and the National Counter Terrorism Security Office in the context of best practice and exemplary standards.

Performance indicators for 2019/20

	Target 2019/20	Actual 2019/20	Actual 2018/19
Visitor numbers to Tower Bridge	820,000	835,821	862,696
Visitors to second part of the Exhibition: Engine Room	80%	78%	72%
No. of pupils participating in Education Programme	4,000	4,344	3,975
Visit England VAQAS Score	90%	89%	93%
	£	£	£
Admissions income	4,054,000	4,033,965	4,367,647
Retail income	1,668,000	1,698,765	1,498,267
Venue hire	895,000	931,116	916,478

Bridge House Estates' Funding and Philanthropic Activities

BHE and the City Corporation share a joint Philanthropy Strategy. Millions of pounds are raised and distributed each year by City businesses, the City Livery Companies and the City of London's Mayoralty and their associated charities, alongside significant volunteering efforts. However, there is huge potential for additional giving, whether through the donation of money, time, skills or assets. A copy of the Philanthropy Strategy can be obtained from the City Bridge Trust (CBT) website – www.citybridgetrust.org.uk

This year has seen a key focus on delivering an implementation plan under the joint Philanthropy Strategy for BHE and the City Corporation, looking at analysing 'giving practice' across the City Corporation activities as a whole, including reviewing the many grant-making charities for which the City Corporation is also the charity Trustee. This is to establish potential operating synergies and to enhance the effectiveness of these charities to generate greater impact from those charitable funds. CBT funded a range of different initiatives geared towards increasing the engagement with and impact of different types of giving (such as the highly localised place-based giving championed by London's Giving and projects delivered by the Beacon Collaborative to drive up the value

and impact of giving undertaken by high net worth individuals). In addition, CBT continues to scope the potential of developing a physical space in which to co-locate organisations specialising in philanthropy and social investment ('Philanthropy House').

The delivery of the City Corporation's Corporate Volunteering Strategy (2018-2023) continues, with much work undertaken in preparation for the launch of an exciting new Employee Volunteering Programme in the coming year which will complement the philanthropic aims and objectives of BHE.

City Bridge Trust

BHE income funds that fall surplus to the requirements of the five bridges, as noted above, are used to benefit the most marginalised people in London. Grants are made and other activities funded through BHE's charitable funding arm, CBT – London's largest independent funder. Operational for almost 25 years, CBT is able to offer constancy and continued commitment to communities and organisations across Greater London, whatever challenges arise.

CBT Activities

In its second year, the 'Bridging Divides' five year strategy (operating from 2018 to 2023) continues to support CBT's work with partners from across society and the sourcing of other non-monetary resources to bridge the inequality gaps that exist within London. Bridging Divides originally set out a commitment to use £100 million of charitable funding over five years. As announced at the CBT Committee's Annual Dinner held at the Barbican in March 2020, an additional £25m has now been allocated to this programme, giving £125m to be committed across the five-year period. Further, as part of the BHE governance review, it was agreed by the Trustee to allocate an additional £200m of income funds, surplus to that required for the bridges, to apply under the 'Bridging Divides' strategy. Over the coming year, the Trustee will consider and determine how these funds might be allocated, taking into account the devastating impact the Coronavirus pandemic has had on many of London's communities, charities and civil society coupled with the pre-existing charitable need and deprivation in Greater London.

In March 2020, the pandemic led to a lockdown across the UK, with London being initially the most impacted area. David Farnsworth (CBT Director & Chief Grants Officer), also acting in his capacity as Chair of London Funders, worked closely with the funding and voluntary sector and London Plus (London's civil society charity, previously known as Greater London Volunteering) to assess the priority needs of London's community and voluntary sector, and to set up a speedy response in relation to the impact of Covid-19. This resulted in various initiatives, including the London Community Response (the LCR programme), launched as a collective response to support London's civil society organisations by providing a single portal for organisations to apply for support from all participating funders. As part of BHE's support for the collective response, the London Community Response Fund (LCRF) was established within the charity by its Trustee, the City of London Corporation, to allow donors to support the LCR programme where they

did not wish to directly fund themselves. BHE, from its existing CBT grant-making budget, initially allocated £1m to the LCRF, and early donations into the LCRF were also received from the Mayor of London, Bloomberg L.P., Paul Hamlyn Foundation and the Clothworkers' Foundation, with a view to encouraging further donations. In addition, under the CBT grants programme, the CBT Committee agreed that current recipients of CBT grants with an income of up to £500,000, will receive additional one-off unrestricted funding in 2020/21 to help them through the initial difficult phase, as many immediately had their demands increased at the same time they had their income reduced.

Since its inception in 1995, CBT has awarded over 8,000 grants, totalling more than £400m. Thanks to the additional £25m funding allocated to the Bridging Divides programme, the five-year spending target increased to £125m. During the 2019/20 financial year, in response to the needs of London's communities and an augmented team, CBT distributed £30.7m across Greater London via 277 grants. CBT is confident that due to the extraordinary charities it is privileged to support, this additional funding will make a positive difference to Londoners impacted by disadvantage and inequality.

'Bridging Divides' is a vision and values led strategy and all CBT's work links to their vision for a London where individuals and communities can thrive, especially those experiencing disadvantage and marginalisation. Throughout 2019/20 much work was undertaken to embed and implement new values within CBT. (CBT aims to be Progressive; Adaptive; Collaborative; Inclusive; Environmentally Responsible and Representative.)

CBT appointed two co-opted (external and independent) members to its Committee during the year, ensuring that it has the broad range of skills and experience necessary to deliver its strategy. An open recruitment process was undertaken through a variety of outlets and networks, resulting in nearly 50 applications. Following a rigorous long-listing, short-listing and interview process, two candidates were appointed: Jannat Hossain, with a background in the charitable sector and campaigning; and William Hoyle, with a digital and social enterprise background. Both took up their voluntary positions in May 2019.

CBT is unique in the breadth and diversity of support and input it can provide. It has exceptionally strong connections to civil society, the voluntary sector, their funded organisations and the communities they represent, yet also has long-established links to local, national and regional Government and the business sector through the charity's Trustee, the City of London Corporation. CBT uses this point of advantage to work together with this unique set of partners to innovate and convene. It is rightly proud of its collaborative work to deliver specific initiatives such as: the 'Strengthening Voices, Realising Rights' programme with Trust for London which invests in and encourages collaborative approaches to advancing equal rights for Deaf and Disabled Londoners (CBT provided a £400,000 grant in January 2020 towards the £1m project); its continuing partnership with Trust for London on the Moving on Up project to increase the employment rates for young black men (CBT provided a £300,000 grant in March 2018

towards the £1m project); or on broader issues, such as CBT's work with London Funders to encourage more funders to give multi-year grants to small organisations.

Bridging Divides committed CBT to becoming a learning team; to understand what works, how best to contribute to societal needs and the optimum way to adapt and respond to the changing needs of London. The CBT team is therefore reflecting on and improving how it supports organisations and refines processes (such as grant monitoring; statistical reporting; data sharing and external evaluations), and will continually seek to deliver these in a more joined-up way, which will be a priority during 2020/21.

During 2019/20 significant research was undertaken with internal and external stakeholders to understand and measure the status and future progress of the learning strategy. Happily, funded organisations generally fed back a positive picture but there is always room for improvement, and CBT is very keen to do things better. Encouragingly, grantees found CBT open to having honest, two-way conversations. Feedback from the trial version of the online review service Grant Advisor UK suggests that CBT are getting many things right, with reviewers describing them as 'responsive', 'approachable' and 'an incredible convenor'. The new 'impact and learning strategy and implementation plan' focuses on delivering several 'organisational' changes, including becoming more evidence and data driven and improving on its own internal learning culture.

Bridging Divides

Given the increasing inequality, cost of living, poverty and growing needs faced by Londoners, it is vitally important to offer funding that can enable a positive impact. Grants activity covers four priority funding programmes to support individuals and communities to move from surviving to thriving.

Importantly, Bridging Divides outlines an ambition to have a 'total assets' approach, taking advantage of the collective non-financial resources of Bridge House Estates and the City Corporation, including expertise, networks, venues and training. Such an approach is a significant step change, requiring asset mapping and establishing a diverse and dynamic way to work collaboratively with its Trustee, the City Corporation. The development and implementation of this work will remain on-going in 2020/21.

Bridging Divides sets out the ambition for CBT to further embed learning and impact in its working practices. To meet this ambition, the learning and impact team was established and a learning partner, Renaisi, was engaged to support this work. After completing year one of the new strategy, research was carried out with Renaisi to assess the impact and effectiveness of the CBT Team's performance in delivering the charity's objectives. Their report published in April 2019 maps out the progress made towards reaching organisational goals and identifies areas where there is still work to be done. During 2019/20 four grants totalling £390,300 were awarded under CBT's previous grants strategy, Investing in Londoners and its various grants programmes. 251 Bridging Divides grants were awarded, totalling £26.4m (including seven grants totalling £278,990 under the 'Ideas Please' initiative) including:

Connecting the Capital – CBT remains committed to ensuring that Londoners experiencing inequality or disadvantage are better heard and represented. It is a high priority to empower individuals and communities to come together to create the differences they want to see and to provide them with the tools to do this. As 'Environmental responsibility' is an organisational value, funding was provided to organisations tackling issues such as environmental inequalities and air pollution, especially in areas of deprivation. During 2019/20, 130 grants were awarded totalling £13.1m including:

- *Stepney City Farm* - £191,800 (over four years) to provide strategic leadership and successful expansion of this working farm, supporting its sustainability.
- *CREATE London* - £58,000 (over three years) towards costs of running a community garden.
- 21 eco-audit grants (totalling £48,400) to organisations including the *Anna Freud National Centre for Children and Families* providing training and support for child mental health services and the *Furzedown Project* activity centre for older people located in the borough of Wandsworth.

Positive transitions – A clear focus is to support Londoners experiencing inequality to make important transitions to change their lives for the better. This could be a young person wanting to break out of the cycle of being in and out of education or employment, to support for a survivor of domestic abuse to leave their relationship and begin the journey of re-building their life. This year 78 grants were awarded totalling £9.5m including:

- *Human Trafficking Foundation* - £123,000 (over two years) to transform London's response to identifying survivors of human trafficking and modern slavery.
- *Auditory Verbal Centre* - £135,000 (over three years) to provide auditory verbal therapy to deaf children and their families.

Advice and support – Another priority focus for support are organisations delivering advice and advocacy services supporting individuals and communities experiencing/at risk of - severe debt; in-work poverty; homelessness; suicide; mental health difficulties; food poverty; violent crimes; sexual assault and difficulties in relation to refugee, asylum seeker, immigrant or economic migrant status. During 2019/20, 29 grants were awarded totalling £3.8m including:

- *Bail for Immigration Detainees* - £150,000 (over five years) towards the costs of legal advice and representation to Londoners in immigration detention.
- *Trussell Trust* - £317,700 (over five years) to support the capital's foodbank demands and provide clients with access to help and advice.

Small grants - most voluntary organisations in London have an income below £100,000, so it is key to support them to be as impactful and sustainable as possible. A commitment to being responsive and adaptive led the CBT Committee to agree to extend the programme period from one year up to three years, relieving small organisations from having to apply frequently. 11 grants (of between £1,000 and £10,000 per year) were awarded this year totalling £100,500 included:

- *Sport4Health Community Interest Company* - £9,920 (for one year) to provide weekly badminton sessions for older people at the Battersea Sports Centre.
- *Hawa Trust Ltd* - £9,000 (for one year) towards monthly yoga sessions for women living with female genital mutilation to improve their physical and mental wellbeing.

Bridge Programme - this year CBT piloted their new 'funder plus' model, the 'Bridge Programme', to help its funded organisations become stronger and more sustainable, against a backdrop of shrinking resources and increased challenges. Working with partners – *Cranfield Trust*, *Locality* and *Rocket Science* – alongside a wider pool of support, it is hoped the programme will help all stakeholders understand what support works best for the organisations they fund.

Strategic Initiatives

Up to 20% of the annual CBT funding budget is set aside for Strategic Initiatives instigated by CBT (organisations are not able to apply) which extend beyond traditional grant making to include research, feasibility studies, one-off programmes and conferences, often undertaken in partnership with other bodies.

During 2019/20, 16 strategic grants were awarded by CBT totalling £2.8m, covering a broad range of projects including:

Responding to resilience risk – this initiative was developed to directly support the growing need to strengthen the resilience of frontline workers in the voluntary sector. An open call for applications was launched at an event at Guildhall during Mental Health Awareness Week in May 2019, inviting organisations to design and deliver six-month long pilot interventions between October 2019 and March 2020. The impact of these projects has been independently evaluated by Renaisi using a recognised resilience measurement tool and a report of the findings will be published in Autumn 2020. CBT and the sector at large have a lot more to learn about this subject, and the need to work closely together to draw on common knowledge and experience to develop CBT's thinking in this area is acknowledged.

During 2019/20 a total of six grants were awarded totalling £1.1m from the historic CBT Anniversary Programme, covering a number of projects including:

Bridge to Work – in line with CBT's aim of reducing inequality, this five-year programme focuses on a range of projects delivered by six partners to tackle the disproportionately high level of unemployment amongst young disabled Londoners. An external evaluation of year one delivery undertaken by *Disability Rights UK* and the *Learning & Work Institute* showed 82% of participants had a positive outcome, with 28% progressing into paid employment. The findings also demonstrated two key growth areas - partners leveraged relationships with existing companies, rather than making connections with new employers and uptake of bursary funding has been limited. In response, Year Two will see bursary funding utilised to support other activities, such as establishing whether this can help partners to broaden engagement to new employers. CBT is delighted to have provided input into the design of the *DWP Intensive Personalised Employment Support* programme aimed at people living with a disability who are unlikely to move into work within the next year or longer – it is rewarding to see Bridge to Work already informing policy making.

Cornerstone Fund - an alliance between CBT, *National Lottery Community Fund*, *Trust for London*, *John Lyon's Charity* and the GLA, this Fund aims to understand and develop new and more effective ways of working to support civil society in the future. Other partners contributing valuable expertise and advice include *London Plus*, *London Funders*, *the Mercers Company* and *London Councils*. CBT has been working with the Fund's learning partner *Collaborate CIC* to review the progress of the first year. During 2019/20 a second round of grants were awarded including:

- *Kingston Voluntary Action: Superhighways* - £303,600 (over two years) towards a project increasing and embedding digital skills amongst small voluntary organisations across London.
- *Community Links Bromley* - £191,630 (over three years) to cover a range of activities including project delivery for five Volunteering Matters (formerly CVS) projects.

The following project is a ten-year strategic partnership, funded outside of the Strategic Initiatives allocation:

The Prince's Trust - A partnership with *The Prince's Trust* entered its fifth year. To date, just under 9,000 hard-to-reach, young Londoners have been supported through CBT funding. Services range from in-school support to developing employment opportunities across a range of industries. Key partnerships have also been developed with police forces and local community and voluntary sector organisations with a focus on preventative work to tackle youth violence.

Social Investment

The voluntary, community and social enterprise sector is going through significant change in the way it secures funding and organisations now need to consider new or extended ways of generating income. Social investment can be an appropriate financing route for those able to generate sufficient revenue. However, there are many issues to consider before taking on any form of repayable finance – and the social investment team offer several innovative routes to tackle these barriers.

CBT manages the BHE Social Investment Fund, a £21.4m income fund invested for positive financial return with demonstrable social benefit. Since its inception in 2012, the Fund has committed a total of £19.3m and achieved a return of 2.80% (gross) on invested funds, a fall on the previous year due to provisions made against two portfolio investments. During the financial year, the Fund committed and deployed £2m in funds to the Social and Sustainable Housing Fund to provide loans to small and medium sized charities providing accommodation and support to vulnerable people. By the end of 2019/20, a total of £12.6m was invested within the Fund, with a further £2.0m either committed but not yet placed or awaiting agreement of terms.

In April 2019, the CBT Team decided to re-open the “Stepping Stones Fund”, an award-winning social investment facility delivered in partnership with UBS. This unique initiative supports charitable organisations looking to access social investments as a funding source in the future, giving grants that increase their financial sustainability. Grants of up to £50,000 are available to provide charities with a “safe space” to road-test an idea, encouraging innovation and sustainable growth. During the financial year there were no

grants awarded under this Fund. Further promotional work is ongoing to increase the number of applications, as well as recognising other market initiatives such as the work of Access – The Foundation for Social Investment, to inform future development of the Stepping Stones Fund.

The “Stepping Stones Finance Facility” is a follow-on loan scheme for Stepping Stones programme alumni. A partnership programme between The Clothworkers’ Foundation, UBS and CBT, this facility provides repayable loans of up to £50,000 at affordable rates designed to help borrowers build their organisations before they approach the main social investment market. During the financial year there were no grants awarded under this programme, although CBT is fortunate to have additional pro bono support from UBS corporate volunteers to assist organisations considering taking on their first loans.

Property Investments

BHE has an income driven investment property fund comprising of assets located primarily in the City of London and the London Borough of Southwark, with one building in the West End and a small estate in Lewisham. The fund 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 fund of which around 45% by value 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 29, 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 fund outperformed the relevant benchmarks on an annual basis (11.6% versus MSCI benchmark of 2.2% and MSCI universe of -1.1%) and on an annualised 5-year basis as detailed below. The underlying value of the property portfolio increased by £115.6m (15.6%) to £854.9m, including the value of net acquisitions in the year. The income return as measured by MSCI increased from 2.9% to 3.2%. The performance of the fund is depicted in the table below:

	31 March 2020	31 March 2019
Capital Value*	£854.9m	£739.3m
Gross Rental Income**	£34.6m	£31.5m
5-year annualised Total Return	13.3%	14.7%
Benchmark 5-year annualised Total Return	7.4%	11.4%
MSCI Universe (All UK Property) 5-year annualised Total Return	5.4%	9.1%

* Inclusive of lease smoothing adjustment

**inclusive of service charge income

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

- Maximised the price achieved from the sale of a long lease of Colechurch House SE1: agreement for lease and development agreement exchanged with the developer, CIT, in October 2019 which will provide an estimated premium of £31m subject to planning permission;
- Completed the acquisition of head leaseholds and any new investments where opportunities arose, with a view to increasing income across the portfolio: exchanged on the purchase of 30 Engate Street for £2.75m in March 2020 (with completion due by August 2020 following dilapidations works) to increase exposure to industrial assets and purchased 4 Chiswell Street in July 2019 for £36.4m with a passing rent of £1.8m per annum;
- Progressed the refurbishment of 120 Cannon Street following planning permission: started on site in May 2019 with completion due in mid-2021;
- Sold 185 Tower Bridge Road (vacant building) and adjacent cleared site in September 2019 for £5.6m, £1.1m above the March 2019 portfolio valuation of £4.5m with proceeds reinvested in the portfolio; and
- 39,600 sq. ft of lettings were completed at a total rent of £1.3m per annum.

In late March the charity made the decision to move to monthly payments and rent deferrals for 'at-risk' tenants for the March quarter day rent demands. The aim is to support BHE to emerge from the Covid-19 pandemic with a portfolio that retains as many tenants as possible, whilst simultaneously ensuring it generates the maximum income. The portfolio remains well placed due to quality and location together with the diversity both in use and lease type. However, values are subject to market conditions and if vacancy rates rise it is likely that rental values will reduce and therefore capital values will follow. As at the financial year-end, the absence of sufficient transactional evidence within the property markets led to our valuers placing a "material valuation uncertainty" caveat to their valuations which has led to the inclusion of an emphasis of matter paragraph within the report from the auditors.

Financial Investments

The BHE financial investment portfolio primarily represents the unrestricted income funds of the charity, although currently around a fifth of the portfolio forms part of the permanent endowment fund. The aim of the portfolio, as set out in the Investment Policy on page 28, is to seek an absolute return over the long term to provide for real increases in annual expenditure whilst preserving its capital base in real terms, which is currently set at CPI + 4%.

To achieve its objective, the portfolio is invested across a diverse array of asset classes, on a global basis, which includes exposure to publicly listed equities, fixed income, multi-asset funds, infrastructure and private equity. The charity primarily accesses these asset classes through pooled fund vehicles, managed by specialist appointed fund managers in each case. 20% of the portfolio is managed on a segregated account basis by Ruffer LLP.

The year to 31 March 2020 began with steadily increasing gains in financial markets. Softer economic growth and trade tensions remained a focal point throughout much of 2019, but progress in negotiations between China and the US together with increasing monetary support from central banks led to sustained increases in stock markets over the course of the calendar year.

By the start of 2020 awareness of Covid-19 began to emerge and within a matter of weeks it became apparent that this new virus marked not just a local or regional threat, but rather a global pandemic on a scale without precedent in living memory. Financial markets experienced sudden and significant losses as fears over the economic impact of Covid-19, and the extraordinary levels of societal intervention warranted by it, came to the fore.

Under these conditions, the charity's financial investments generated an annual return of -2.8% in the year to 31 March 2020 (by comparison the FTSE All Share recorded losses of -18.5%). Events such as the market downturn in early 2020 are a reminder of the risks inherent in investing, and as an informed investor BHE is aware that such risks do materialise from time to time. This is one of the reasons why the charity sets a diversified asset allocation strategy, to alleviate the volatile episodes in financial markets.

Plans for future periods

As the charity moves into 2020/21, it will face similar uncertainties as with other organisations in how to ensure that key activities are undertaken and achieved in light of the Covid-19 pandemic. The charity will aim to learn and adapt as the year unfolds. Key to future success will be the continued work on the governance review, with the intention to gain approval for a new over-arching strategy for the charity, alongside changes to governance arrangements which are being sought by way of a supplemental Royal Charter. Implementation plans for these important changes will be developed during the year.

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

The Bridges - essential maintenance work on London Bridge will continue, requiring significant traffic and pedestrian restrictions. However, this work will help to protect the bridge and allow it to articulate correctly as a structure, preserving its expected life.

Phase two of the Illuminated River Project is expected to start, meaning that Blackfriars Bridge will join London, Southwark and Millennium to be lit in the coordinated, London-wide artwork. The bridges team will continue to work closely with this project to ensure BHE's assets are protected.

The refurbishment of Blackfriars Bridge will continue, with the intention that work can begin on site around the existing restrictions of other construction projects, to allow the historic metalwork to be preserved both aesthetically and structurally.

During 2020/21, the bridges team will continue to work closely with the Tideway Tunnel project to provide technical approval and ensure that the bridges are protected whilst tunnelling takes place under each of the five bridges and significant work is completed in the foreshore adjacent to Blackfriars Bridge.

We will assist the City's Highway team to install permanent Security Measures to replace the Metropolitan Police's temporary barriers and amend the containment kerbs, after the London Bridge works have been completed.

It is worth noting that Coronavirus lockdown restrictions put in place in March 2020, may impact planned projects such as replacing the duct covers on Tower Bridge shore spans. Whilst the effect of these restrictions is yet unknown, the bridges team will continue to ensure that the structures are maintained and protected to act as key arteries for London.

Tower Bridge Tourism - plans for the coming year for the tourism activities at Tower Bridge will of course mainly focus on safe operation and business recovery following the impact of Covid-19:

- Work towards achieving revised visitor figure and income targets, adapting the recently implemented attraction reopening operational model according to any future changes in central Government advice, internal financial planning or wider UK/London visitor economy trends and developments.
- Further develop and execute the Bridge's new domestic marketing strategy at three specific levels: UK visitors, Londoners and 'hyper-local'.
- Work closely with Tower Bridge's events management partner towards the safe reinstatement and recovery of its venue hire business.
- Strive towards better and more efficient ways of working, including the continuation of 'taking our services online'.
- Implement the new strategy and operational model for learning (resources, workshops, partnerships and collaboration) and redevelop the offer for families and community engagement.
- Mitigate the effects of the substantial upcoming high voltage overhaul project on operations, visitors to the exhibition, event clients and other stakeholders.

Funding and Philanthropic Activities – key activities planned for 20/21 include:

- Coronavirus: the administration of the London Community Response Fund will continue into the coming year. Undoubtedly, the challenges and longstanding changes to society caused by the pandemic will cause many funders to re-prioritise and adapt their strategies over the coming year. It is yet to be seen what this will mean. However, it is encouraging how quickly the funding and voluntary landscape was able to work together, establish new systems and react to a fast-changing situation - it is hoped this drive and cooperation continues during the coming year.
- Bridging Divides: it will be a priority to embed and further develop the 'total assets' approach, and to continue to externally evaluate the Bridging Divides strategy to understand how year two has performed.
- Philanthropy: 2020 will see the launch of the new volunteering programme, linking up the City Corporation's employees for the benefit of funded and non-funded organisations.

- **Bridge to Work:** CBT will continue to evaluate the ways partners are using broadening employer engagement and how bursary funding can be used to support this. The Government's 'National Strategy for Disabled People' is being developed and CBT's Disability consultant has been asked to input, influencing its work with the disabled community.
- **Responding to Resilience Risk:** The results of the external evaluation of the six pilot intervention projects will be launched in Autumn 2020, with findings informing the next phase of the programme.
- **Learning organisation:** CBT will continue to invest and develop their impact and learning plan and will introduce a new internal data function with the recruitment of a Data Analyst.

Property investments - key activities planned within the investment property fund for 2020/21 include:

- Progress the refurbishments of 120 Cannon Street; 30 New Bridge Street; 84 Moorgate (Electra House) and 74 Moorgate (Tower Chambers) which are all targeting BREEAM Excellent (a third party certificate assessed on environmental, social and economic sustainability performance, with Excellent recognising best practice) and EPC B ratings;
- Complete the acquisition of head leaseholds and any new investments where opportunities arise, with a view to increasing income across the portfolio, with a particular focus on industrial assets;
- Progress the sale of the Tower Bridge Road parade to reduce exposure to sub-prime retail assets; and
- Progress Joint Ventures on development opportunities at the Ministry of Sound site, 32/34 Southwark Bridge Road and 23 Finsbury Circus.

Financial Investments - looking ahead, the Financial Investment Board will continue to manage the charity's financial investment portfolio in line with the overall objectives. Throughout 2020/21 it will monitor the performance of the financial investments, ensuring that asset allocation remains appropriate and interrogating the performance of appointed investment managers.

Financial Review

Overview of financial performance

Income

The total income for the year was £46.6m, an increase of £3.5m when compared to the previous year (£43.1m).

Restricted grant income of £1.8m was received in the final month of the year (2018/19: £0.2m). This was donated by various funders towards the London Community Response Fund, a restricted trust that was swiftly established within BHE to support the response to the Coronavirus pandemic.

Income from charitable activities consists of the combined income derived from visitor admissions, retail and events at Tower Bridge. With 2019 being the 125th Anniversary of Tower Bridge, the first 11 months of the year produced record levels of income. However, the visitor attraction had to close as a result of the pandemic in March 2020, which impacted on the full year results. Total income across the year was £6.7m (2018/19: £6.8m).

Investment income is principally driven by the rental income earned from the property portfolio held by the charity, which is currently all held within the endowment fund. Property income totalled £34.6m, an increase of £3.1m against the previous year (2018/19: £31.5m). This included a surrender payment of £3.1m following a tenant exiting their lease 2 years ahead of the lease end date which will allow the opportunity for a major refurbishment of the buildings. The majority of the charity's financial investments are held on a pooled basis, the income equivalent of which 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, at £2.5m (2018/19: £2.8m). Interest earned from social investments and treasury deposits held makes up the balance of investment income, at £0.8m (2018/19: £0.8m).

Other income of £0.2m includes fees received by CBT to undertake grant administrative services on behalf of other organisations, with the prior year amount of £1.0m being higher due to a one-off receipt relating to access to land.

Expenditure

Total expenditure for the year amounted to £62.8m, an increase of £9.7m on the prior year (£53.1m), driven by increased grant-making activities. The majority of expenditure was unrestricted with the exception of £0.2m (2018/19: nil) of grants against a funded programme and £0.6m (2018/19: £0.6m) costs attributable to the maintenance of the capital value of the endowment.

Expenditure on raising funds increased slightly to £15.3m (2018/19: £15.1m). There were minor changes in the amounts expended on some of the activities relating to raising income, which comprise the costs of managing the charity's investment portfolio and fees attributable to financial investments held. Expenditure relating to the Tower Bridge tourism operations is now reported within charitable activities, matching the disclosure of income earned.

Spend on charitable activities increased by £9.3m in the year, to £46.4m (2018/19: £37.1m). Spend on maintaining the five Thames bridges totalled £6.5m, against £6.6m in the previous year. Work on several major refurbishments has progressed, notably that of Blackfriars Bridge and London Bridge, however delays were experienced in the year in being able to gain access as a result of other projects taking place in the vicinity of both bridges. Planned expenditure will now take place in the coming months. Expenditure on the tourism activities at Tower Bridge reduced slightly against the previous year to £6.2m (2018/19: £6.4m). Grant-making activities and related spend achieved a record high for the charity at £33.7m (2018/19: £24.1m), with £30.7m of this amount being new grant commitments (2018/19: £21.9m). Additional funds were allocated by the charity to grant-making activities in the year, enabling this increased level of support in response to the needs of London's Communities.

Other expenditure covers the net costs of the pension scheme for the staff of the City Corporation that work on behalf of the charity.

Overall Performance

An overall deficit of £16.2m resulted for the year (2018/19: deficit £10.0m), prior to movements on investments held. The charity has delivered an overall increase in the value of investments as at 31 March 2020 of £63.3m (2018/19: £108.6m), with varying performances on asset types held.

Property investments held reported gains of £80.2m (2018/19: £69.6m). During the year, the charity re-invested £41m within the property portfolio utilising disposal proceeds from previous transactions that had been held in the meantime as short-term financial investments. Over the past one, three, five and ten years respectively, property investments achieved an annualised total return (including income return in brackets) of 11.6% (3.2%), 12.0% (3.1%), 13.3% (3.2%) and 13.8% (3.9%).

An unrealised loss of £16.0m (2018/19: gains of £39.1m) resulted within financial investments held, due largely to the impacts of Covid-19 as at the year-end. Values have recovered post this date. An absolute return target of CPI (Consumer Prices Index) plus 4% was set for the non-property investments, being 5.5% as at 31 March 2020 (31 March 2019: 6.0%). The fund achieved an overall return of -2.8% in the year (2018/19: +5.6%), due to the impact of Covid-19 on the economy. Over the past three years and five years respectively, the fund has achieved an overall return of 1.5% and 3.6% per annum. This performance consists of both capital gains and in-year earnings retained across the various holdings, resulting in the overall loss in the year reported above. During the year, the charity decided to add an additional £17m to the multi-asset allocation within the portfolio from cash holdings.

The social investment fund delivered an unrealised loss of £0.9m (2018/19: £0.1m).

Funds held

The charity's total funds held increased by £41.7m or 2.8% to £1,536.4m as at 31 March 2020 (2018/19: £1,494.7m). Within total funds held, £984.2m (2018/19: £907.5m) represent permanent endowment funds which are held in perpetuity as a capital fund to generate income for the future activities of the charity. All income arising from this capital

fund is accounted for within unrestricted funds. Such income enables the charity 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.

Restricted funds of £2.8m (2019: £0.2m) were held at year-end. In response to the Coronavirus pandemic, BHE established the London Community Response Fund (LCRF) in March 2020, a restricted fund within its ancillary object that established a collective response with other funders to support London's civil society. Of the £2.8m held at year-end, £1.8m represented income from donors alongside a transfer of £1.0m from the BHE grant-making designated fund.

Unrestricted income funds held include the general fund and a number of designated funds. The total unrestricted income fund was £549.4m as at 31 March 2020 (2019: £587.0m), net of £18.9m held to cover the pension deficit (2019: £12.4m).

The charity's designated funds consist of unrestricted income funds which the Trustee has chosen to set aside 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 2020 totalled £440.7m (2019: £183.5m). During the year, £200m was transferred from unrestricted income funds to the grant-making designated fund for application under the agreed funding policy of the charity 'Bridging Divides'. Plans for the commitment of these funds will be developed by CBT during the coming months.

£13.4m was transferred to the bridges repair fund in the year to meet the future maintenance costs of its five bridges, with £41.7m now set aside to cover costs planned over the next 5 years (2018/19: £34.0m). The increase provides for higher expenditure planned over the next few years as a result of delays in the commencement of projects on both Blackfriars and London Bridges. The balance held within the bridges replacement fund has increased by £53.9m to £158.5m (2018/19: £104.6m) following a review in-year of expected replacement dates of each bridge.

Detail of all funds held, including their purpose, is set out within Note 23 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 free reserves of the charity are held to cover working capital needs and a provision for unplanned urgent activities. The Trustee believes that an amount of £35m should be held at present, which will be subject to at least annual review.

The charity is considering, within its governance review, 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 2020 are set out in Note 23. The charity holds free reserves of £108.7m (2019: £403.5m). Amounts held are £73.7m above the stated policy, with the Trustee being sensitive to the as yet unknown long-term impacts of the Covid-19 pandemic on investments held. During the year the Trustee approved the creation of an income generation designated fund, as a mitigation against ensuring that the charity holds sufficient funds to enable it to undertake future activities at levels determined to meet its objectives. Further work will be undertaken during 2020/21 to consider if funds should be set aside within this designated fund.

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, via its fund managers, 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. The City Corporation is committed to being a responsible investor and the long-term steward of the assets in which it invests. The City Corporation is a signatory to both the UK Stewardship Code (2012) and the Principles for Responsible Investment. The City Corporation has also developed a Responsible Investment Policy which applies to the charity.

Full details of the charity's Investment Policy are set out in the City Corporation's Investment Strategy Statement which is available from the Chamberlain of London, at the email address on page 70.

The performance of the charity's financial investments during the year is discussed on page 21 and set out in Note 15.

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

- Maintain and maximise rental income; and
- 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 2019/20 is set out on page 20 and within Note 14.

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 charitable funding 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 2–5 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 CBT website – www.citybridgetrust.org.uk

Remuneration Policy

The charity's senior staff are employees of the City Corporation and, alongside all staff, pay is reviewed annually. The City 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 12 to the financial statements.

Senior staff posts of the charity are individually evaluated and assessed independently against the external market allowing each post to be allocated an individual salary range within the relevant grade, which incorporates market factors as well as corporate importance.

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. This also includes addressing the City Corporation's gender pay gap.

Fundraising

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. The legislation defines fundraising as “soliciting or otherwise procuring money or other property for charitable purposes”. Although the charity does not undertake widespread fundraising activities, any such amounts receivable are presented in the financial statements as “voluntary income” including grants.

In relation to the above we confirm that all solicitations are managed internally, without involvement of commercial participators or professional fund-raisers, or third parties. The day to day management of all income generation is delegated to City Bridge Trust, who are accountable to the trustee. The charity is not bound by any regulatory scheme and does not consider it necessary to comply with any voluntary code of practice.

The charity has received no complaints in relation to fundraising activities in the current year (2018/19: nil). Individuals are not approached for funds, hence the charity does not consider it necessary to design specific procedures to monitor such activities.

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 the senior leadership team ensures that risk management policies are applied, that there is an on-going 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. This 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, and actions taken to manage them are as follows:

Risk	Actions to manage risks
Appropriate returns from investment activities are not achieved to enable the charity to maintain its asset value and support its charitable activities, notably as a result of the impacts of Covid-19.	Property investments The property portfolio is managed within an approved Estates’ strategy, including diversification between ground lease and directly managed properties and property asset classes, which is reviewed on an annual basis by the Property Investment Board. KPIs are in place to monitor rental income, with a working group in place to review cyclical maintenance costs to ensure effectiveness. A programme of major refurbishments is in place to maximise income and value over the next 5 years. Rental income is being monitored weekly during Covid-19 and short-term assistance in the form of deferrals and rent frees has been provided to some tenants for March and June quarters to maintain both income and value over the next 5 years. It is likely that both income and value will fall in 2020/21 due to Covid-19. Financial investments Risk is reduced through the use of a range of fund managers implementing different investment mandates.

Risk	Actions to manage risks
	There is notable uncertainty about the long-term impact of Covid-19 on the global economy and, by extension, financial asset values. Given these conditions the likelihood of this risk materialising has now increased. The Financial Investment Board will manage this risk through the careful and regular monitoring of the investment portfolio to ensure that it remains appropriate.
The outcome of Brexit negotiations has an adverse impact on the charity's income streams, on charitable funding demand, on procurement and supply chains and on the recruitment and retention of staff.	A close watching brief continues to be kept on the implications of events following the departure of the UK from the EU on 31 January 2020. As we move to the end of the transition period on 31 December 2020, risks are being identified, assessed, mitigated and recorded. The risk of a reduction to property income is considered to be low in the short term as a result of Brexit, with tenants tied to rental values in long lease agreements. Financial investments are mainly invested in pooled global securities and therefore have limited exposure to any potential deterioration or volatility in the FTSE Index. The charitable funding strategy is regularly reviewed to ensure it satisfies the needs of Londoners.
Structural damage to one of the bridges may cause it to become non-operational.	The City Surveyor's Department and Department of the Built Environment within the City Corporation work together, alongside other statutory bodies, to manage ongoing actions associated with this risk which includes 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 continue to be monitored, with tunnelling work underway in 2020/21. A 50-year maintenance plan is in place to manage on-going works.
Grant funding not used for its intended purpose.	Robust grants monitoring and evaluation systems are in place which would pick up if a grant were being used for a different purpose. Funding managers maintain strong and effective relationships with grantees which helps to flag early any potential for change and encourages grantees to seek advance permission for a change of use if relevant. Grantees may also receive an unannounced visit during the life of their grant, although such visits have been suspended for a period as a result of Covid-19.

Going Concern

The financial statements of BHE 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. In making this assessment, the Trustee has considered the potential impact of the Covid-19 pandemic on the value of investment assets held, future income levels and the liquidity of the charity over the next 12-month period. The restrictions put in place in response to Covid-19 has disrupted the property market, which

has made the valuation process more challenging. To reflect these circumstances our valuers have placed a “material valuation uncertainty” caveat to their valuations, which states that their valuation carries a greater degree of judgement than would previously be the case due to the unprecedented circumstances being faced.

Financial projections have been considered over the short-term with the assumption that income levels will be below former expectations and that investments held are unlikely to generate a similar level of gains in line with previous financial years. The primary objective of the charity is to meet the needs of the five Thames bridges, ensuring that adequate funds have been set aside to cover both the short and long-term. The Trustee is satisfied that it will have the necessary resources to meet these needs. The ancillary objective of BHE is undertaken only where surplus income is available after responsibilities relating to the Bridges have been met, as stated on page 5. This method of operation provides flexibility to the charity when approving future plans. For this reason, the Trustee continues to adopt a going concern basis for the preparation of the financial statements.

Trustee responsibilities

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

Charity law requires the Trustee to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under charity law the Trustee must not approve the financial statements unless the Trustee is satisfied that they give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources, including the income and expenditure, 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;
- make judgements and accounting 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 business.

The Trustee is responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable the Trustee to ensure that the financial statements comply with the Charities Act 2011. 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.

In so far as the Trustee is aware:

- there is no relevant audit information of which the charity's auditors are unaware; and
- the Trustee has taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Financial statements are published on the Trustee's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Trustee's website is the responsibility of the Trustee. The Trustee's responsibility also extends to the ongoing integrity of the financial statements contained therein.

Adopted and signed for on behalf of the Trustee.

Jeremy Paul Mayhew MA MBA

Jamie Ingham Clark FCA, Deputy

Chairman of Finance Committee

Deputy Chairman of Finance Committee

Guildhall, London

October 2020

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 2020 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 Financial Reporting Standard 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 2020 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 relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other 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 opinion.

Emphasis of matter: Property valuations

We draw attention to note 1.c.i, which explains that as a result of the impact of the outbreak of the Novel Coronavirus (COVID-19) on the market, the Charity's property valuers have advised that less certainty, and a higher degree of caution, should be attached to their valuations than would normally be the case. Our opinion is not modified in respect of this matter.

Conclusions related to going concern

We have nothing to report in respect of the following matters in relation to 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 other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The Trustee is responsible for the other information.

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 in relation to which the Charities Act 2011 requires us to report to you if, in our opinion:

- the information contained in the financial statements is inconsistent in any material respect with the Trustee's Annual Report; or
- adequate 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 Responsibilities statement, 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

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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 at the Financial Reporting Council's ("FRC's") website at: <https://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 the Charities Act 2011. Our audit work has been undertaken so that we might state to the Charity's trustee those matters we are required to state to them 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 the Charity's trustee as a body, for our audit work, for this report, or for the opinions we have formed.

Fiona Condron (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

London

October 2020

BDO LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

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 26 June 2017, 25 June 2018 and 24 June 2019 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 BDO LLP for the audit of the Bridge House Estates for the period from 1 April 2019 to 31 March 2020.

In our view the audit of the Financial Statements has been conducted in accordance with auditing procedures as stated on pages 34 to 36.

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

P. Watts

Dated: October 2020

The BDO City Corporation Engagement Lead, Leigh Lloyd-Thomas, 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 BDO LLP have been conducted in accordance with auditing procedures, it is not appropriate for Leigh Lloyd-Thomas to sign the report.

Statement of Financial Activities

For the year ended 31 March 2020

	Note:	Unrestricted Funds £m	Restricted Funds £m	Endowment Funds £m	2019/20 Funds £m	Total 2018/19 Total Funds £m
Income and Endowments from:						
Voluntary income	2	-	1.8	-	1.8	0.2
Charitable activities	3	6.7	-	-	6.7	6.8
Investments	4	37.9	-	-	37.9	35.1
Other income	5	0.2	-	-	0.2	1.0
Total Income		44.8	1.8	-	46.6	43.1
Expenditure on:						
Raising funds	6	14.7	-	0.6	15.3	15.1
Charitable activities						
Repair and maintenance of bridges		6.5	-	-	6.5	6.6
Tower Bridge tourism		6.2	-	-	6.2	6.4
Grants to voluntary organisations		33.5	0.2	-	33.7	24.1
Total charitable activities	7	46.2	0.2	-	46.4	37.1
Other						
Net pension scheme costs	9	1.1	-	-	1.1	0.9
Total Expenditure		62.0	0.2	0.6	62.8	53.1
Net (expenditure)/income		(17.2)	1.6	(0.6)	(16.2)	(10.0)
Net gains on property investments						
Net gains on property investments	14	-	-	80.2	80.2	69.6
Net (losses)/gains on financial investments	15	(13.1)	-	(2.9)	(16.0)	39.1
Net (losses) on social investments	16	(0.9)	-	-	(0.9)	(0.1)
Total (Losses)/Gains on Investments		(14.0)	-	77.3	63.3	108.6
Net (expenditure)/income after gains/(losses) on investments						
		(31.2)	1.6	76.7	47.1	98.6
Transfers between funds						
		(1.0)	1.0	-	-	-
Other recognised gains/(losses):						
Actuarial (losses)/gains on defined benefit pension scheme	9	(5.4)	-	-	(5.4)	0.3
Net movement in funds		(37.6)	2.6	76.7	41.7	98.9
Reconciliation of funds:						
Fund balances brought forward at 1 April 2019		587.0	0.2	907.5	1,494.7	1,395.8
Total funds carried forward	23	549.4	2.8	984.2	1,536.4	1,494.7

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 41 to 69 form part of these financial statements.

Balance Sheet

As at 31 March 2020

	Notes	2020 Total £m	2019 Total £m
Fixed assets:			
Tangible assets	13	3.4	3.7
Investment properties	14	854.9	739.3
Financial investments	15	687.2	687.6
Social Investment Fund	16	12.6	13.2
Total fixed assets		1,558.1	1,443.8
Current assets			
Stock		0.3	0.2
Debtors	18	11.6	12.0
Short term investments and deposits	15	49.4	104.3
Cash at bank and in hand		7.7	5.5
Total current assets		69.0	122.0
Creditors: Amounts falling due within one year	19	(37.9)	(34.6)
Net current assets		31.1	87.4
Total assets less current liabilities		1,589.2	1,531.2
Creditors: Amounts falling due after more than one year	20	(33.9)	(24.1)
Net assets excluding pension scheme liability		1,555.3	1,507.1
Defined benefit pension scheme liability	21	(18.9)	(12.4)
Total net assets		1,536.4	1,494.7
The Funds of the charity:			
Permanent endowment funds		984.2	907.5
Restricted funds		2.8	0.2
Unrestricted income funds		549.4	587.0
Total funds	23	1,536.4	1,494.7

The notes on pages 41 to 69 form part of these financial statements.

Approved and signed on behalf of the Trustee

Dr Peter Kane

Chamberlain of London

October 2020

Statement of Cash Flows

For the year ended 31 March 2020

	Notes	2019/20	2018/19
		Total £m	Total £m
Cash flows from operating activities:			
Net cash (used in) operating activities	24	<u>(4.0)</u>	<u>(8.2)</u>
Cash flows from investing activities:			
Interest and income from financial investments		2.6	3.5
Cash deducted/(added) to short term deposits		54.9	(78.9)
Purchase of tangible fixed assets		-	(0.3)
Sale of investment property		5.6	97.4
Purchase of property		(41.0)	(0.8)
(Proceeds) from social investments		(0.3)	(4.8)
Additions to financial investments		(119.0)	(194.2)
Proceeds from sale of financial investments		103.4	191.1
Net cash provided by investing activities		<u>6.2</u>	<u>13.0</u>
Increase in cash in the year		<u>2.2</u>	<u>4.8</u>
Change in cash and cash equivalents in the reporting period		2.2	4.8
Cash and cash equivalents at the beginning of the reporting period		5.5	0.7
Cash and cash equivalents at the end of the year	25	<u>7.7</u>	<u>5.5</u>

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 FRS102, 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.

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 any available surplus funds allocated to charitable funding.

In making this assessment, the Trustee has considered the potential impact of the Covid-19 pandemic on the value of investment assets held, future income levels and the liquidity of the charity over the next 12-month period. Financial projections have been considered over the short-term assuming that income levels will be below former expectations, with investments unlikely to generate gains in line with previous financial years results. The primary objective of the charity is to meet the needs of the bridges, ensuring that adequate funds have been set aside to cover both the short and long-term. The Trustee is satisfied that it will have the necessary resources to meet these needs. For this reason, the Trustee continues to adopt a going concern basis for the preparation of the financial statements.

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. Where lease

premiums or costs relating to rent free periods are recognised in advance of the related cash flows, an adjustment is made to ensure that the carrying value of the relevant property, including accrued or deferred income, does not exceed the fair value as assessed by the external valuers.

The outbreak of Covid-19, declared by the World Health Organisation as a global pandemic on 11 March 2020, has impacted global financial markets. Whilst real estate markets have continued to function, activity levels have been reduced. Less weight can therefore be attached to previous market evidence for comparison purposes to inform opinions of the value of our property portfolio. Valuers are required to take into account the conditions that existed as at the balance sheet date, and therefore valuations have been reported on the basis of 'material valuation uncertainty' as per the RICS Red Book Global, which contains mandatory rules, best practice guidance and related commentary for all RICS members undertaking asset valuations.

In considering the specific portfolio of 72 assets which the charity holds, the valuers have not identified any assumptions impacting on a single or sub-group of those assets which were specifically sensitive to the impacts of the pandemic and which were relevant to the judgments applied as at 31 March 2020. However the absence of sufficient transactional evidence and the macro-economic effect of the Covid-19 at that time was a cause for uncertainty. Since a 0.4% decrease in the valuations of the assets in the charity's portfolio would have given rise to a material change in the valuations presented on the balance sheet as at 31 March 2020 the Trustee considers that this matter should be drawn to the attention of the users of the financial statements.

It is however noted that, subsequent to the valuation date transactional evidence did become available in respect of Central London properties (which make up the majority of the charity's investment property portfolio). Accordingly, on 10 July 2020 RICS encouraged its members to relax the use of a material uncertainty clause in respect of this sector.

Unquoted social investments are in some cases internally valued, and management is required to make certain judgemental assumptions.

ii. Investment property disposals

When accounting for the disposal of long leaseholds of investment properties, the charity utilises the methodology as set out within the RICS Professional Standards ("the Red Book") in apportioning values between land and buildings. This includes a number of factors such as insurance values and future construction costs, which are subject to judgement.

iii. 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 21 for the disclosures relating to the defined benefit pension scheme, alongside further detail on the sensitivity of assumptions made.

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, grants voluntary income, income from property and financial investments and income on money market deposits 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 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, those related to the operation of the Tower Bridge tourist attraction, alongside grant-making, including apportioned support costs. Grants are recognised as expenditure at the point at which an unconditional commitment is made, with notification made in writing to the grantee, and where 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 2019/20 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 11.

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 BHE, 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 BHE activities is not separately identifiable, a share of the total Pension Fund has been allocated to BHE based on employer's pension contributions paid into the Fund by BHE 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 LLP, an independent actuary, carried out the latest triennial actuarial assessment of the scheme as at 31 March 2019, using the projected unit method. The actuary will carry out the next triennial actuarial assessment of the scheme as at 31 March 2022 during 2022/23, which will set contributions for the period from 1 April 2023 to 31 March 2026.

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. Rent-free periods 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 FRS 102. 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, with cover being for all risks, of the five bridges at 31 March 2020 was £939m (2019: £929m).

Investment properties

Investment properties for which fair value can be measured reliably without undue cost or effort on an on-going 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.

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

Since the charity only has financial instruments which qualify as basic financial instruments, it 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.

I. Funds structure

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

Permanent Endowment Fund – this fund consists of funds 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 the investments which represent these funds can be spent on the charitable purposes of the charity, hence is allocated to the unrestricted income fund. Gains/losses on the underlying assets 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 can be used in accordance with 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. Income from voluntary activities

	Restricted Income Funds	Total 2019/20	Restricted Income Funds	Total 2018/19
	£m	£m	£m	£m
Grant income	1.8	1.8	0.2	0.2
	1.8	1.8	0.2	0.2

3. Income from charitable activities

	Unrestricted Income Funds	Total 2019/20	Unrestricted Income Funds	Total 2018/19
	£m	£m	£m	£m
Tower Bridge tourism fees and charges	6.7	6.7	6.8	6.8
	6.7	6.7	6.8	6.8

4. Income from investments

	Unrestricted Income Funds £m	Total 2019/20 £m	Unrestricted Income Funds £m	Total 2018/19 £m
Investment property	34.6	34.6	31.5	31.5
Financial investments	2.5	2.5	2.8	2.8
Interest receivable	0.8	0.8	0.8	0.8
Total Investment income	37.9	37.9	35.1	35.1

All investments are held to provide an investment return to the charity.

5. Other income

	Unrestricted Income Funds £m	Total 2019/20 £m	Unrestricted Income Funds £m	Total 2018/19 £m
Other income	0.2	0.2	1.0	1.0
	0.2	0.2	1.0	1.0

6. Expenditure on raising funds

	Direct costs £m	Support costs £m	Total 2019/20 £m	Direct costs £m	Support costs £m	Total 2018/19 £m
Investment property expenses	7.2	3.0	10.2	6.7	3.5	10.2
Financial investment expenses	5.1	-	5.1	4.9	-	4.9
	12.3	3.0	15.3	11.6	3.5	15.1

Of the total expenditure on raising funds, £14.7m (2018/19: £14.5m) relates to the unrestricted income fund and £0.6m (2018/19: £0.6m) to the endowment fund.

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.

The expenditure relating to Tower Bridge tourism activities is now reported within Charitable activities, to reflect the analysis within income. These expenses were previously reported within Raising funds.

7. Expenditure on charitable activities

	Direct costs £m	Support costs £m	Total 2019/20 £m	Direct costs £m	Support costs £m	Total 2018/19 £m
Repair and maintenance of bridges	5.7	0.8	6.5	5.6	1.0	6.6
Tower Bridge tourism	5.2	1.0	6.2	5.5	0.9	6.4
Grants to voluntary organisations	33.0	0.7	33.7	23.4	0.7	24.1
	43.9	2.5	46.4	34.5	2.6	37.1

Within charitable expenditure, £0.2m is within restricted expenditure (2018/19: nil). All other expenditure is unrestricted.

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.

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

Grants to voluntary organisations - Grants awarded in the name of 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 £30.5m (2018/19: £21.3m) and costs of administering the grants process of £2.5m (2018/19: £2.1m).

8. Grants awarded

During the year ended 31 March 2020, grants were awarded to institutions under the following programmes:

	2019/20 £m	2018/19 £m
Investing in Londoners	0.4	8.2
Bridging Divides	26.4	9.2
Strategic Initiatives	2.8	3.1
Stepping Stones Fund	-	0.4
CBT 20th Anniversary Grants	1.1	1.0
Grants awarded	30.7	21.9
Grant adjustments and cancellations	(0.2)	(0.6)
Net grants awarded	30.5	21.3
Other grant related activities	2.5	2.1
	33.0	23.4

Grants were made to 262 organisations in the year (2018/19: 200), supporting 277 projects (2018/19: 213). The average amount of a grant equalled £110,728 (2018/19: £102,962). 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 CBT website www.citybridgetrust.org.uk, within the News & events section, including organisation name, amount given and purpose of the award.

Reconciliation of grants payable:

	2019/20 £m	2018/19 £m
Commitments at 1 April	33.9	31.9
Commitments made in the year	30.7	21.9
Grant adjustments and cancellations	(0.2)	(0.6)
Grants paid during the year	(21.1)	(19.3)
Commitments at 31 March	43.3	33.9

Outstanding grant commitments at 31 March 2020 are payable as follows:

	2019/20 £m	2018/19 £m
Within one year (note 19)	23.1	20.1
After more than one year (note 20)	20.2	13.8
Commitments at 31 March	43.3	33.9

The split of future payment dates is based upon contractual terms, which may relate to multi-year commitments.

9. Other costs: net total pension scheme costs

	2019/20 £m	2018/19 £m
Deficit at 1 April	(12.4)	(11.8)
Current service cost	(1.6)	(1.2)
Net interest	(0.4)	(0.3)
Employer contributions	0.9	0.6
Net total charge for the year	(1.1)	(0.9)
Actuarial gains	0.8	0.3
Other (losses)/gains	(6.2)	-
	(5.4)	0.3
Deficit at 31 March	(18.9)	(12.4)

The net total pension costs charged in the Statement of Financial Activities represents 3% (2018/19: 2%) of the total charge in the City Corporation Pension Fund financial statements. This allocation is based on the split of the employee pension contribution across the funds managed by the City Corporation and is reviewed annually.

During the year, the proportion of the pension costs allocated to the charity was increased to 3%, which has resulted in an additional actuarial loss of £6.2m being charged.

10. Net (expenditure)/income for the year

Net (expenditure)/income is stated after charging:

	2019/20 £	2018/19 £
Auditors' remuneration for the audit of the financial statements	70,000	37,280
Additional fees incurred in 18/19 for the audit of the 17/18 financial statements	-	17,000
Depreciation	328,479	281,303

11. 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	2019/20 £m	2018/19 £m
Department:							
Chamberlain	-	0.3	0.1	-	-	0.4	0.4
Comptroller & City Solicitor	-	0.1	-	-	-	0.1	0.7
Town Clerk	-	-	-	0.1	0.3	0.4	0.4
City Surveyor	-	2.3	0.2	-	-	2.5	2.6
Built Environment	-	-	0.1	-	-	0.1	0.1
Culture, Heritage & Libraries	0.3	-	-	-	-	0.3	0.2
Digital Services	0.2	0.1	0.1	0.2	-	0.6	0.6
Premises costs	0.1	-	0.1	0.1	-	0.3	0.3
Other	0.1	0.1	-	0.2	0.4	0.8	0.8
Sub-total	0.7	2.9	0.6	0.6	0.7	5.5	6.1
Reallocation of governance costs	0.3	0.1	0.2	0.1	(0.7)	-	-
Total Support costs	1.0	3.0	0.8	0.7	-	5.5	6.1

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

12. 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:

	2019/20	2018/19
	Number	Number
Investment properties	12	16
Tower Bridge tourism	54	54
Repair & maintenance of bridges	32	30
Grants team	27	22
	125	122

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

	2019/20	2018/19
	£m	£m
Salaries and wages	5.0	4.5
National Insurance costs	0.5	0.4
Employer's pension contributions	0.8	0.8
Total emoluments of employees	6.3	5.7

	2019/20	2018/19
£60,000 - £69,999	5.0	5.0
£70,000 - £79,999	3.0	1.0
£80,000 - £89,999	1.0	2.0
£90,000 - £99,999	1.0	-
£110,000 - £119,999	1.0	1.0
	11.0	9.0

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 11. The full-time equivalent number of support service staff charged is 69.0 (2018/19: 72.0).

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, Comptroller and City Solicitor, City Surveyor 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 11.

The proportion of senior officer employment benefits, including employer pension contributions and employer national insurance contributions, allocated to the charity

amounted to £255,000 in 2019/20 (2018/19: £253,000). No Members received any remuneration, with directly incurred expenses reimbursed, if claimed. No expenses were claimed in 2019/20 from the charity (2018/19: £119).

13. Tangible fixed assets

	Computers & other equipment £m	Fixtures & fittings £m	Leasehold Improvements £m	Total £m
Cost				
At 1 April 2019	0.6	2.4	4.2	7.2
Additions	-	-	-	-
Disposals	-	-	-	-
At 31 March 2020	0.6	2.4	4.2	7.2
Depreciation				
At 1 April 2019	0.2	1.1	2.2	3.5
Charge for the year	0.1	0.1	0.1	0.3
Disposals	-	-	-	-
At 31 March 2020	0.3	1.2	2.3	3.8
Net book value				
At 31 March 2020	0.3	1.2	1.9	3.4
At 31 March 2019	0.4	1.3	2.0	3.7

14. Investment Properties

	2020 £m	2019 £m
Market value at 1 April	739.3	766.3
Purchases	41.0	0.8
Book value of disposed assets	(4.5)	(83.7)
Total unrealised gains*	79.1	55.9
Market value at 31 March	854.9	739.3

* Includes rent free adjustment of £3.9m (2018/19: £3.9m).

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

	2020 £m	2019 £m
Total unrealised gains	79.1	55.9
Realised gain on disposal	1.1	13.7
	80.2	69.6

A full valuation was performed as at 31 March at market values determined in accordance with the RICS Valuation – Professional Standards (“the Red Book”). This was undertaken by C&W(UK) LLP and Savills(UK) Ltd, chartered surveyors, acting as independent valuers. The carrying values of investment properties are primarily dependent on judgements of such variables as the state of the markets, location, condition of the properties and various indices. Reference to the uncertainty relating to the year-end valuations is stated on pages 31 and 42 of this Report.

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.

15. Financial Investments

Total financial investments as at 31 March are split as follows:

	2020 £m	2019 £m
Long term investments	687.2	687.6
Short term investments:		
- short term deposits and money market funds	45.3	95.0
- short term investments in hands of fund managers	4.1	9.3
	49.4	104.3
Total market value at 31 March	736.6	791.9

Analysis of movement in financial investments

	2020 £m	2019 £m
Investments held by fund managers		
Market value 1 April	687.6	645.4
Additions to investments at cost	119.0	194.2
Disposals at market value	(103.4)	(191.1)
(Loss)/gain from change in fair value	(16.0)	39.1
Investments at 31 March	687.2	687.6
Cash investments		
Investments at 1 April	104.3	25.4
Movement in cash investments	(54.9)	78.9
Investments at 31 March	49.4	104.3
Total investments at 31 March	736.6	791.9

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

	Held in the UK £m	Held outside the UK £m	Total at 31 March 2020 £m	Total at 31 March 2019 £m
Fixed Interest	45.3	29.0	74.3	135.9
Index Linked	19.9	27.9	47.8	36.0
Pooled units	106.6	403.1	509.7	493.9
Listed equities	9.8	17.0	26.8	44.7
Managed funds	4.0	-	4.0	9.3
Private equity	2.9	23.2	26.1	26.2
Infrastructure	-	47.9	47.9	45.9
	188.5	548.1	736.6	791.9

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.

16. Social Investment Fund

	Value as at 1 April 2019 £m	Drawn down £m	Repaid £m	Investment gain/(loss) £m	Value as at 31 March 2020 £m
Investment Fund	2.8	-	-	-	2.8
Loan	6.5	-	(0.5)	(0.5)	5.5
Bond	1.9	0.5	-	(0.4)	2.0
Property Fund	2.0	0.3	-	-	2.3
	13.2	0.8	(0.5)	(0.9)	12.6

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

	Held in the UK £m	Held outside the UK £m	Total at 31 March 2020 £m	Total at 31 March 2019 £m
Investment Fund	2.5	0.3	2.8	2.8
Loan	5.5	-	5.5	6.5
Bond	2.0	-	2.0	1.9
Property Fund	2.3	-	2.3	2.0
	12.3	0.3	12.6	13.2

At the year-end £0.7m (2018/19: £0.1m) had been committed but remained undrawn, with £1.3m (2018/19: £2.0m) approved but subject to agreement of terms, making a total promised of £14.6m (2018/19: £15.3m). Details of all investments placed are shown on the City Bridge Trust website www.citybridgetrust.org.uk.

17. Nature and extent of risks arising from Financial Instruments

In accordance with FRS102 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	31 March 2020
Asset type	% Change
Global Equities - Developed Markets (incl UK)	17.4%
Global Equities - Emerging Markets	29.1%
Global Bonds	4.0%
Multi-Asset	7.3%
Private Equity	25.8%
Infrastructure	15.0%

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	Change	Value on increase	Value on decrease
	£m	%	£m	£m
Global Equities - Developed Markets (incl UK)	276.3	17.4%	324.4	228.2
Global Equities - Emerging Markets	12.2	29.1%	15.8	8.6
Global Bonds	29.0	4.0%	30.2	27.8
Multi-Asset	299.8	7.3%	321.7	277.9
Private Equity	26.1	25.8%	32.8	19.4
Infrastructure	47.9	15.0%	55.1	40.7
Total	691.3		780.0	602.6
UK Cash	45.3	0.0%	45.3	45.3
Total financial investments	736.6		825.3	647.9

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	Change	Value on increase	Value on decrease
	£m	%	£m	£m
GBP	362.4	0.00%	362.4	362.4
EUR	212.8	2.67%	218.5	207.1
USD	64.0	2.65%	65.7	62.3
Other	97.4	3.47%	100.8	94.0
Total financial investments	736.6		747.4	725.8

18. Debtors

	2020	2019
	£m	£m
Trade debtors	2.3	1.6
Rental debtors	2.9	4.0
Prepayments & accrued income	6.4	6.4
	11.6	12.0

Debtors include £3.9m balances which are due after more than one year (2018/19: £3.7m)

19. Creditors – amounts falling due within one year

	2020	2019
	£m	£m
Grants payable (note 8)	23.1	20.1
Trade creditors	1.9	2.0
Accruals	1.6	1.1
Deferred income	6.3	5.8
Rent deposits	4.9	5.2
Other creditors	0.1	0.4
	37.9	34.6

Deferred income relates to property rental income and lease premiums received in advance.

	2020	2019
	£m	£m
Deferred income analysis within creditors:		
Balance at 1 April	5.8	5.7
Amounts released to income	(5.8)	(5.7)
Amounts deferred in the year	6.3	5.8
Balance at 31 March	6.3	5.8

20. Creditors – amounts due after more than one year

	2020	2019
	£m	£m
Grants payable (note 8)	20.2	13.8
Deferred income	11.9	10.3
Other creditors	1.8	-
	33.9	24.1

	2020	2019
	£m	£m
Deferred income - due after more than one year:		
Balance at 1 April	10.3	10.4
Amounts transferred to less than one year	(0.1)	(0.1)
Amounts deferred in the year	1.7	-
Balance at 31 March	11.9	10.3

Deferred income includes lease premiums that will be released over periods of up to 165 years.

21. 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 2019 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 FRS102, with no material differences between the two accounting standards identified.

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 2020/21 is £914,000 (2019/20 actual: £567,000). 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 FRS102 calculations are as follows:

Assumptions as at:	2020 % p.a.	2019 % p.a.	2018 % p.a.
RPI increases	2.7	3.4	3.3
CPI increases	1.9	2.4	2.3
Salary increases	2.9	3.9	3.8
Pension increases	1.9	2.4	2.3
Discount rate	2.35	2.4	2.6

Life expectancy

The assumed life expectations from age 65 are:

Life expectancy from age 65 (years)		2020	2019
Age 65 retiring today	Males	21.8	23.2
	Females	24.4	24.6
Retiring in 20 years	Males	23.2	24.5
	Females	25.8	26.1

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.

Sensitivity analysis

The sensitivity of the liabilities to changes in the key assumptions used to measure the Pension Scheme's liabilities is shown in the table below:

Sensitivity analysis	Change to assumptions %	Impact on liabilities	
		Increase £m	Decrease £m
Salary increases	+/- 0.1	0.1	(0.1)
Life expectancy	+/- 0.1	1.9	(1.8)
Discount rate	+/- 0.1	(0.9)	1.0

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:

	2020 £m	2019 £m	2018 £m
Fair value of assets (bid value)	28.3	19.4	18.0
Fair value of liabilities	47.2	31.8	29.8
Net liability in balance sheet	18.9	12.4	11.8

The net pension fund liability represents 3% (2018/19: 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 expenditure in relation to the defined benefit scheme are as follows:

	2020 £m	2019 £m
Current service cost	1.6	0.9
Past service cost	-	0.3
Interest cost	0.4	0.3
Contributions	(0.9)	(0.6)
Total expense	1.1	0.9

The total pension costs charged in the Statement of Financial Activities (as adjusted for current service cost and employer's contributions) represents 3% (2018/19: 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	2020		2019	
	£m	% p.a.	£m	% p.a.
Equity Investments	16.8	60	13.0	67
Cash	0.5	2	0.2	1
Infrastructure	3.5	12	1.1	6
Absolute Return Portfolio	7.5	26	5.1	26
Total assets	28.3	100	19.4	100

The charity's share of pension scheme assets at 31 March 2020 represents 3% (2018/19: 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:

	2020 £m	2019 £m	2018 £m
(Deficit) at beginning of the year	(31.8)	(29.8)	(29.5)
Current service cost	(1.6)	(0.9)	(0.9)
Interest Cost	(1.1)	(0.8)	(0.8)
Remeasurement gains/losses:			
Actuarial gains arising from changes in demographic assumptions	0.3	0.8	-
Actuarial gains/(losses) arising from changes in financial assumptions	4.5	(1.4)	0.9
Other actuarial (losses)/gains	(2.4)	-	-
Other (losses)/gains	(16.0)	-	-
Past service cost, including curtailments	-	(0.3)	-
Liabilities extinguished on settlements	0.1	-	-
Benefits paid	1.1	0.8	0.7
Contributions from scheme participants	(0.3)	(0.2)	(0.2)
Unfunded pension payments	-	-	-
(Deficit) at the end of the year	(47.2)	(31.8)	(29.8)

The charity's share of the closing value of the pension scheme liabilities represents 3% (2018/19: 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 are as follows:

	2020 £m	2019 £m
(Deficit) at beginning of the year	(12.4)	(11.8)
Current service cost	(1.6)	(0.9)
Net interest	(0.4)	(0.3)
Employer contributions	0.9	0.6
Past service cost	-	(0.3)
Actuarial gains	0.8	0.3
Other (losses)/gains	(6.2)	-
(Deficit) at the end of the year	(18.9)	(12.4)

g) Movement in the present value of scheme assets

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

	2020 £m	2019 £m
As at 1 April	19.4	18.0
Interest on assets	0.7	0.5
Remeasurement gains/losses:		
Return on assets less interest	(1.6)	0.9
Other gains/losses	9.7	-
Administration expenses	-	-
Contributions by employer including unfunded	0.9	0.6
Contributions by scheme participants	0.3	0.2
Estimated benefits paid net of transfers in and including unfunded	(1.1)	(0.8)
Closing value of scheme assets	28.3	19.4

h) Projected pension expense for the year to 31 March 2021

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 31/03/2021 £m	Year to 31/03/2020 £m
Service cost	1.5	1.0
Interest cost	0.4	0.3
Total expense	1.9	1.3
Employer contribution	0.9	0.5

22. Analysis of net assets between funds

At 31 March 2020

	Unrestricted Income Funds		Restricted Funds	Endowment Funds	Total at 31 March 2020	Total at 31 March 2019
	General Funds	Designated Funds	Restricted Funds	Endowment Funds		
	£m	£m	£m	£m	£m	£m
Fixed Assets - Investment properties	-	-	-	854.9	854.9	739.3
Fixed Assets - Financial investments	171.9	428.1	-	87.2	687.2	687.6
Other fixed assets	3.4	12.6	-	-	16.0	16.9
Current assets & liabilities	(13.8)	-	2.8	42.1	31.1	87.4
Long-term liabilities	(33.9)	-	-	-	(33.9)	(24.1)
Pension liability	(18.9)	-	-	-	(18.9)	(12.4)
	108.7	440.7	2.8	984.2	1,536.4	1,494.7

At 31 March 2019

	Unrestricted Income Funds		Restricted Funds	Endowment Funds	Total at 31 March 2019	Total at 31 March 2018
	General Funds	Designated Funds	Restricted Funds	Endowment Funds		
	£m	£m	£m	£m	£m	£m
Fixed Assets - Investment properties	-	-	-	739.3	739.3	766.3
Fixed Assets - Financial investments	427.3	170.3	-	90.0	687.6	645.4
Other fixed assets	3.7	13.2	-	-	16.9	12.2
Current assets & liabilities	9.0	-	0.2	78.2	87.4	5.7
Long-term liabilities	(24.1)	-	-	-	(24.1)	(22.0)
Pension liability	(12.4)	-	-	-	(12.4)	(11.8)
	403.5	183.5	0.2	907.5	1,494.7	1,395.8

23. Movement in funds

At 31 March 2020	Total as at 1 April 2019 £m	Income £m	Expenditure £m	Gains & losses £m	Transfers £m	Total as at 31 March 2020 £m
Endowment Funds	907.5	-	(0.6)	77.3	-	984.2
Total Endowment Funds	907.5	-	(0.6)	77.3	-	984.2
Restricted Funds	0.2	1.8	(0.2)	-	1.0	2.8
Total Restricted Funds	0.2	1.8	(0.2)	-	1.0	2.8
General Funds	415.9	44.3	(23.9)	(13.1)	(295.6)	127.6
Pension Reserve	(12.4)	-	(1.1)	(5.4)	-	(18.9)
Total General Funds	403.5	44.3	(25.0)	(18.5)	(295.6)	108.7
Property Dilapidations	0.6	0.1	(0.3)	-	-	0.4
Service Charges	0.5	-	(0.5)	-	-	-
Bridges Repairs	34.0	-	(5.7)	-	13.4	41.7
Bridges Replacement	104.6	-	-	-	53.9	158.5
Grant-making	22.4	-	(30.5)	-	227.3	219.2
Social Investment Fund	21.4	0.4	-	(0.9)	-	20.9
Total Designated Funds	183.5	0.5	(37.0)	(0.9)	294.6	440.7
Total Unrestricted Income Funds	587.0	44.8	(62.0)	(19.4)	(1.0)	549.4
Total Funds	1,494.7	46.6	(62.8)	57.9	-	1,536.4

At 31 March 2019	Total as at 1 April 2018 £m	Income £m	Expenditure £m	Gains & losses £m	Transfers £m	Total as at 31 March 2019 £m
Endowment Funds	831.6	-	(0.6)	76.5	-	907.5
Total Endowment Funds	831.6	-	(0.6)	76.5	-	907.5
Restricted Funds	-	0.2	-	-	-	0.2
Total Restricted Funds	-	0.2	-	-	-	0.2
General Funds	386.2	42.2	(23.9)	32.2	(20.8)	415.9
Pension Reserve	(11.8)	-	(0.9)	0.3	-	(12.4)
Total General Funds	374.4	42.2	(24.8)	32.5	(20.8)	403.5
Property Dilapidations	1.1	0.3	(0.8)	-	-	0.6
Service Charges	0.5	-	-	-	-	0.5
Bridges Repairs	19.9	-	(5.6)	-	19.7	34.0
Bridges Replacement	123.5	-	-	-	(18.9)	104.6
Grant-making	23.7	-	(21.3)	-	20.0	22.4
Social Investment Fund	21.1	0.4	-	(0.1)	-	21.4
Total Designated Funds	189.8	0.7	(27.7)	(0.1)	20.8	183.5
Total Unrestricted Income Funds	564.2	42.9	(52.5)	32.4	-	587.0
Total Funds	1,395.8	43.1	(53.1)	108.9	-	1,494.7

Purpose of the endowment fund

The permanent endowment fund is 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 within unrestricted funds. Further detail of the origins of this fund is stated on page 4.

Purposes of restricted funds

London Community Response Fund (LCRF) – established in response to the Covid-19 health pandemic to establish a collective response with other funders to support London's civil society in furtherance of the Bridge House Estates funding policy, 'Bridging Divides'.

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 between funds

A transfer of £1m was made in the year from the grant-making designated fund to the LCRF restricted fund to support the response to the Covid-19 pandemic.

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

24. Note to the statement of cash flows

Reconciliation of net income to net cash outflow from operating activities.

	2019/20	2018/19
	£m	£m
Net income for the reporting period (as per the statement of financial activities)	47.1	98.6
Adjustments for:		
Interest and income from investments	(2.6)	(3.5)
Depreciation charges	0.3	0.3
Losses/(gains) on financial investments	16.0	(39.1)
(Gains) on property investments	(80.2)	(69.6)
Losses on social investments	0.9	0.1
(Increase) in stock	(0.1)	-
Decrease in debtors	0.4	3.1
Increase/(decrease) in creditors falling due within one year	3.3	(1.1)
Increase in long term creditors	9.8	2.1
Net pension scheme costs	1.1	0.9
Net cash (used in) operating activities	(4.0)	(8.2)

25. Analysis of changes in net debt/cash and cash equivalents

	Total as at 1 April 2019	Cash flows	Other non- cash changes	Total as at 31 March 2020
	£m	£m	£m	£m
Cash and cash equivalents				
Cash	5.5	6.2	(4.0)	7.7
Total	5.5	6.2	(4.0)	7.7

26. Commitments

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

	2020 £m	2019 £m
Capital works authorised	10.2	-
Investment properties	2.8	-
	13.0	-

The capital works relate to a refurbishment of an investment property which is expected to be completed in 2020. The property purchase is for a long leasehold interest in an existing investment property, with completion taking place in August 2020.

27. 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 11.

The charity is required to disclose information on related party transactions with bodies or individuals that control or have significant influence over 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 all related party transactions, including instances where their close family has made such transactions. The charity has decided to disclose all instances whereby a Member or officer has a connection with a charity which is a grantee of BHE to provide full transparency.

Figures in brackets represent the amounts due at the balance sheet date. Other figures represent the value of the transactions during the year.

Related party	Connected party	2019/20 £000	2018/19 £000	Detail of transaction
London Funders (LF)	An Officer of CoL is a Trustee of LF	300 (338)	- (213)	LF received grant funding from CBT
		3 (-)	2 (-)	The charity paid a membership fee to LF
Age UK London (AUL)	A Member represents the City Corporation on AUL	- (-)	- (24)	AUL received grant funding from CBT
Trust for London (TL)	The City Corporation nominates 4 Members to TL	400 (770)	300 (370)	TL received grant funding from CBT
		294 (12)	-	TL paid rent, service charges & insurance
Blind in Business (BiB)	A Member of CoL is a Trustee of BiB	- (32)	84 (63)	BiB received grant funding from CBT
		- (-)	13 (-)	BiB paid rent & service charges to the Charity
Partnership for Young London (PYL)	A Member of CoL is a Trustee of PYL	138 (203)	305 (247)	PYL received grant funding from CBT
Cripplegate Foundation,	Two Members of CoL are	95 (95)	25 (48)	CF received grant funding from CBT

incorporating Islington Giving (CF)	Trustees of CF, alongside the husband of a Member			
UBS	A Member of CoL is an employee of UBS	- (-)	40 (-)	CBT received funding from UBS
Heart of the City (HoTC)	An Officer of CoL was a Trustee of HoTC during the year. Three Members of CoL are Council Members of HoTC	- (309)	- (404)	HoTC received grant funding from CBT
Michael Hudson (MH)	A Member held a lease at a property of the charity	- (-)	6 (-)	MH paid rent & service charges to the Charity
London & Partners Ltd (L&P)	A Member is a Director of L&P	- (-)	1 (-)	The charity paid for a membership fee to L&P
Thames Festival Trust (TFT)	A Member represents CoL on TFT	32 (-)	5 (-)	TFT paid for services provided at Tower Bridge
Guild of Freemen of the City of London (GF)	A Member is a Trustee of GF	22 (-)	9 (-)	GF paid rent, service charges & insurance to the Charity
The Court of the City University (CCU)	Four Members represent CoL on CCU	2 (-)	- (-)	The Charity paid a membership fee to CCU
Museum of London Archaeology (MOLA)	Two Members are Directors/Trustees of MOLA	82 (51)	- (-)	MOLA received grant funding from CBT
Lord Mayor's Show Ltd (LM)	A Member is a Director of LM	7 (-)	- -	The Charity paid an entrance fee

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

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

During 2019/20 there were no significant transactions between BHE and City Fund (2018/19: BHE contributed £114k to the 'Ring of Steel' security infrastructure project).

Related Party Transactions with City's Cash (City's Cash is held by the City Corporation and finances activities mainly for the benefit of London as a whole but also of relevance nationwide):

City's Cash holds a lease with BHE for the rental of a property. Rental income of £23.6k was received in the year (2018/19: £26.5k). The balance owed to BHE at year-end was £2.8k (18/19: £16.4k).

28. Subsequent events

There are risks to Bridge House Estates following the departure of the UK from the EU on 31 January 2020 and as we now move through the transition period which ceases on 31 December 2020. In particular, the future levels of demand for office accommodation in the City and surrounding areas and the consequential impacts on rental incomes are being considered. A close watching brief continues to be kept on this and other implications that may arise during the transition period. Financial forecasts will be refreshed once the new rules which will come into place from 1 January 2021 are known.

In August 2020, the charity completed the purchase of the long leasehold interest of a property on Engate Street, SE13 for which it already held the freehold. The amount paid was £2.75m. In October 2020, the charity completed the purchase of the freehold interest of industrial units in Ashton Road, Romford, RM3. The amount paid was £12.0m. These purchases were in line with the future plans for the property investment portfolio, as stated on page 24.

Within the investment portfolios held by BHE, post year-end impacts have been as follows:

Investment Properties - The Covid-19 lockdown has impacted certain tenants' ability to pay their rental commitments due to a lack of trade (specifically retail, food & beverage, leisure and serviced office operators). The charity is working with its tenants to ensure it comes out of the pandemic with a strong tenanted and income producing portfolio as possible through a combination of rent deferrals and rent-free periods. Rental income is expected to fall in the short term but the charity is confident that given the underlying quality and location of the portfolio, together with the diversity both in use and lease type, that it is well placed and protected to deal with the economic consequences of the pandemic.

Financial investments – Since the year-end, financial markets have rallied, erasing much of the damage inflicted on the values of financial assets in the first three months of 2020. So far in 2020/21, the charity's financial investment portfolio has recovered substantially in value and external financial investments (excluding short term cash held internally) are estimated to be worth £770m as at 30 June 2020. Volatility measures remain elevated and the uncertainty surrounding the ultimate impact of the pandemic on the global and domestic economy means that valuations could be subject to further fluctuations in the near and medium term. The charity will manage this risk environment by continuing to employ an investment strategy that targets returns from a diverse array of asset classes and investment management styles.

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

BDO LLP, 55 Baker Street, London, W1U 7EU

Bankers

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

Financial investment advisors

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

Contact for The Chamberlain, to request copies of governance documents - PA-DeputyChamberlain@cityoflondon.gov.uk