

THE HOUSE OF INDUSTRY ESTATE

TRUSTEE'S ANNUAL REPORT FOR THE YEAR TO 31 MARCH 2023

REGISTERED CHARITY NO. 257079

Introduction

The scheme for the administration of the House of Industry Estate was agreed with the Charity Commissioners under seal on 13 April 1988.

Under this document, North Bedfordshire Borough Council was appointed the Trustee of the Charity. The management and administration of the Charity was carried out in the manner and subject to the rules prescribed by the Development Committee. In October 1992 North Bedfordshire Borough Council changed its name to Bedford Borough Council. The Trustees of the Charity were the members of the Executive Committee appointed by the Council to serve on that Committee. Under the current Council's Constitution, the Council's decision making as the Trustee is delegated to the members of the Council's General Purposes Committee who act of the Trustees of the House of Industry Estate Management Committee and are, for the purpose of convenience, generally referred to as the Trustees.

The members of the House of Industry Estate Management Committee at the time of preparing this report (July 2023), who were also members during the year 2022/2023 were:

Councillors' Colleen Atkins, Charles Royden, Henry Vann, Carl Meader, Graeme Coombes (May 2023).

The day-to-day administration of the Charity was undertaken by Officers of Bedford Borough Council as follows:

Grant applications:	Lee Phanco	Chief Officer for Assessment, Application & Business Support
Property matters:	Paul Smith	Chief Officer for Commercial Services and Business Transformation
Financial matters:	Rhiain Bevan	Chief Officer for Finance (Previously Jill Evans for the reported period)
Legal matters:	Margaret Martinus	Chief Officer for Legal, Perf & Democratic Services (Monitoring)

Registered Address

Borough Hall
 Cauldwell Street
 BEDFORD
 MK42 8NZ

Bankers

NatWest Bank plc
 81 High Street
 BEDFORD
 MK40 1YN

Auditor

Ellacotts Audit Services Limited
 Vantage House
 2700 Kettering Parkway
 Kettering Venture Park
 Kettering
 Northamptonshire
 NN15 6XR

2. Structure, Governance and Management

The Charity is believed to date back to the early 1800's and was regulated by the Charity Commission on 13 April 1988 with the objectives of the relief of those in need, hardship and distress in the Borough of Bedford. The Charity is governed by a Trust Deed, which is summarised in **Appendix D**.

The Charity secures its income from two main sources – rents and investment income. The Estate owns almost all of the land at the junction of Goldington Road and Kimbolton Road in Bedford, from the Rugby Club in the east to the car park at the junction and the Hospital to the north.

The Charity holds investments in Government Stocks with the Charities Investment Fund (a common investment fund for charities administered by CCLA Investment Management Limited) and M&Gs Equities Investment for Charities. Monies held for day-to-day management are held at the NatWest Bank or on temporary loan to Bedford Borough Council.

Bedford Borough Council is the sole Trustee and has delegated its' decision making as Trustee to the current Members of the Councils' General Purposes Committee. The Committee members receive no remuneration from the Charity, usually meeting six

times per year and for convenience, are generally referred to as the “Trustees”. Meetings are scheduled in the Council’s annual calendar of meetings.

The Trustees determine applications received for grant assistance from organisations as well as dealing with property and major investment decisions. The Trust no longer considers applications for assistance directly from individuals. Instead grants are made to a number of charitable organisations, that work actively in the Borough, for the express purpose of making awards to residents of the Borough who are in need, hardship or distress.

In accordance with the Council’s Constitution, the Members of the Council’s General Purposes Committee are designated as the Trustees of the House of Industry Estate. Legal, financial and property advice is provided by Bedford Borough Council Officers and where there is possible conflict of interest external independent advice is obtained.

The Trust does not employ any person directly. Work is undertaken on behalf of the Trust by officers employed by Bedford Borough Council and the costs, charges and expenses of and incidental to the management of the Charity and its property are defrayed from the income of the Trust in accordance with the Trust Deed.

Risk

It is recognised to be good practice for charities to maintain sufficient financial reserves to enable their activities to be reduced in a controlled manner in the event the charity’s income unexpectedly declines. However, since the Trust does not directly employ any staff, its charitable activities are exclusively the awarding of grants, and day-to-day administration is provided by the Council, the level of risk in this area is considered very low.

The Trust’s income is predominantly derived from rents on the land that the Trust owns. The Council’s Property Services Department manages land and property issues for the Trust and provides professional expertise in this area to minimise the risk of loss or reduction in the income derived from leases.

There does remain a risk that expenditure may exceed income and to manage this risk the Trustees have agreed a reserves policy and set an annual budget each year. In making grants through the course of the year, the Trustees are required to take into account the expenditure incurred against the agreed budget.

There are also risks associated with investment of the Trust’s assets and the Trustees have established a policy for investment with the Charities Investment Fund (COIF) (a common investment fund for charities administered by CCLA Investment Management Limited) and M&G’s Equities Investment Fund for Charities. The COIF investment policy is not to invest in companies or bonds

issued by companies whose main business relates to gambling, tobacco or armaments. The COIF only invests in property after it has been subject to an environmental risk report. Some operational funds are also held by Bedford Borough Council.

The Trust's accounts are subject to an annual audit by an independent external auditor to provide independent assurance regarding the Trust's financial position.

The Trust awards grants to charitable organisations for the purposes of relieving hardship, need or distress and there is a small risk that grants may be used other than as intended. In order to manage this risk, recipients of grants are required to report to the Trust regularly providing details of the funds they have expended.

All decisions of the Trustees are made through the Council's formal decision making protocol which requires consideration of risk as an integral part of the decision making process. Formal reports are prepared in accordance with the Council's decision making protocol setting out relevant considerations including the risk associated with the decision, options where appropriate and recommendations to assist Trustees in reaching decisions.

The Council's Monitoring Officer provides guidance to the Trustees on the exercise of their responsibilities. Where any matters for consideration arise in which the Council's interest may conflict with the interests of the Trust, the Trustees engage an independent expert to advise them on the matter.

Insurance

The Trust is not an incorporated body and, therefore, there is the potential for any liabilities arising from its actions as the Trustee to rest with the Council. The Council maintains appropriate levels of insurance cover for its activities and the policies extend to providing insurance cover in respect of the Council's actions as Trustee of the charitable trust.

3. Objectives and Activities for Public Benefit

- (i) In applying the income of the Charity, subject to the payment of expenses, the Trustees apply the income in relieving either generally or individually persons' resident in the Borough who are in conditions of need, hardship or distress, by making grants of money or providing or paying for items, services or facilities for such persons.
- (ii) The Trustees may pay for such items, services or facilities by way of donations or subscriptions to institutions or organisations which provide, or which undertake, in return, to provide such items, services or facilities for such persons.

- (iii) In exceptional circumstances, the Trustees may grant relief to persons who are resident immediately outside the Borough if the Council considers there is sufficient reason to treat them as if they were resident in the Borough.

In applying the income of the Charity, the Trustees shall observe the following restrictions:

- (i) They shall not apply any part of the income directly in relief on rates, taxes or other public funds, but may apply income in supplementing relief or assistance provided out of public funds.
- (ii) They shall not commit themselves to repeat or renew the relief granted on any occasion in any case.

4. Achievements and Performance

The main purpose of the Trust is to award grants to those in need, hardship and distress. The Trustees currently achieve this purpose in two ways. Firstly, by providing financial support, in the form of grants, to third sector organisations that provide services to assist persons in hardship need or distress and, secondly, by providing grants to third sector organisation for the specific purpose of making awards directly to residents in hardship need or distress either as payments or in the form of essential goods.

A total of £303,138 (2021/2022: £329,917) was committed in grants during the year.

The Trustees set an annual budget for grant awards for 2022/2023 with the intention that the budget should be fully utilised over the course of the year to assist residents in need, hardship or distress. During 2022/2023, the Trustees approved an additional £250 of grants; this was above the set grant budget for the year.

5. Financial Review

The policy adopted by the Trustees when setting their 2022/2023 budget was, as in previous years, to fund grant applications from the investment income and the rental payments received during the year, and should it be determined that additional funding was required to draw from the grant reserve. The policy of the Charity is to make long-term investment and to utilise those returns to carry out its day-to-day activities. The Charity currently holds investments with Charities Investment Fund (COIF) (a common investment fund for charities administered by CCLA Investment Management Limited) and M&G Equities Investment Fund for Charities. Most of the land investments are let on long leases, but these are reviewed to maximise the income to the Charity; further details of the property arrangements are set out under item 6. The day-to-day financial administration of the Charity is undertaken by Council Officers under the direction of the Council's Assistant Chief Executive (Finance) & Chief Finance Officer.

Reserves Policy

The Trustees at the meeting of 13 June 2023 agreed as part of the process of setting the annual budget to continue the existing practice of releasing £91,200 from the grant reserve to supplement the funds available for the award of grants.

The policy for the use of reserves is, therefore, as follows:

1. The Trust retains £273,362 in a General Reserve (fixed) which, in accordance with the Trust Deed, cannot be spent;
2. The Trust retains £550,144 from the LIFT development at the North Wing Hospital site in a General Reserve. In accordance with the Trust Deed, this sum cannot currently be spent;
3. The release, if any, of reserves to supplement the funds available for awarding grants is considered as part of the process of setting the budget each year;
4. Any underspend from the Income and Expenditure Account is paid into the Grant Reserve;
5. The level of annual contribution from the Earmarked Grant Reserve outlined in point 3 above, is subject to annual review when the budget is set;
6. If extra funding for grants is required during the year, the Trustees can provide funding from the Grant Reserve.

Investment Policy

The Trustees recognised the need to ensure that the Trust investment policy remains appropriate to the prevailing economic environment. Therefore, a review of the policy on investments was undertaken during 2020/2021 to ensure that investments continue to realise the best possible return for the Trust whilst properly safeguarding the Trust's assets and maintaining the level of financial risk considered by the Trustees to be appropriate. Meetings with an independent investment advisor, Arlingclose, were held during 2020/2021 to discuss the Trust's options for future investments.

Following those meetings, the Trustees agreed to invest in M&G UK Equities Investment Fund for Charities (ChariFund) as well spread the risk of the CCLA Fixed Investment Fund by reallocating a proportion of the holdings in CCLA's COIF Charities Global Equities Investment Fund.

Income

The income for the year was £249,480 (2021/2022: £251,182) (Rents & Wayleaves, Lease and Investment Income) against the original budgeted income of £239,630 (2021/2022 £229,397). The main variances were due to an increased dividend payment for the year (6,300) and an increase of (2,900) in the rental income from Bedford Borough Council for the rental of St Peter's car park.

Grants not claimed which have therefore expired totalled £0 (2021/2022: £5,883)

Expenditure

Expenditure is predominantly on the award of grants and expenditure in any year is dependent upon the merits of applications received, the expenditure in 2022/2023 was £339,586 (2021/2022: £357,857), this is a 3% increase on the agreed budget of £330,830.

Outturn

The overall outturn at the end of the accounting period was a shortfall of £90,107 (2021/2022: £106,675), this was £1,093 under the pre-approved reserve contribution of £91,200 and before taking into account the gains and losses on revaluation of property and investments.

In 2022/23 Investments had a loss on revaluation of £119,014 (2021/22 gain £127,301) and property had a revaluation gain of £90,173 (2021/22: £47,000). The overall impact of Investments and property was a net loss of £28,841; (2021/22: £174,301 net gain).

Pay and Remuneration

The Trust does not employ any staff. The Council is the trustee and its expenses incurred as trustee were defrayed against the income from the Trust. The members of the Committee who act as Trustees and the Council Officers advising the committee or carrying out the Council's responsibilities as trustee did not receive any payment or remuneration from the Trust.

6. Plans for Future Periods

The current process of providing grants to organisations so that they can provide direct financial assistance to individuals in need, hardship or distress, was introduced of September 2011 and is considered to be operating effectively. Therefore, the Trust will

continue to distribute grants in this form during 2023/2024. The Trust will also continue to provide financial support to other charitable organisations that assist residents in need hardship, or distress in the form of grants subject to the usual application process.

It is not proposed to make any change to the Trust's governance or administration processes, or the procedure for applying to the Trust for a grant.

Welfare Reform

The Government's on-going programme of welfare reform is continuing with the Universal Credit full service in Bedford implemented during May 2018 as well as other national changes. The Trustees remain aware that the welfare reform programme may affect the Trust in two ways:

1. Continuing high levels of demand for assistance from residents experiencing need, hardship or distress arising from reductions in benefit entitlement or delays in payments;
2. Increased pressure on other third sector organisations, such as advice agencies, that may seek funding from the Trust to supplement their resources in order to meet the demand.

During 2023/2024, the Trust will continue to provide funding to selected Third Sector organisations to enable them to make grants to individuals experiencing hardship, need or distress including those adversely affected by welfare reform. The amount of grants made will continue to be monitored during the course of the year so that the Trustees can evaluate the level of need and consider requests for funds as appropriate.

Impact of Austerity Measures

It is widely recognised that the Third Sector has faced challenging times over the last few years due to reductions in sources and levels of funding because of austerity measures, and increasing demand for their services from the public. During 2023/2024, the Trust will continue to provide grants to other Third Sector organisations in accordance with the agreed criteria and application process.

Grant Applications

During the forthcoming year the Trust will continue to publicise the availability of grants, and the criteria for their award, amongst local third sector organisations with the aim of providing assistance to a wider range of persons in need, hardship or distress.

Property Portfolio

The Trust derives income from leases on an estate of land that is held under a freehold. Currently, the majority of the estate is leased to third parties. Approximately 57% of current rental income is secured on risk-averse long leases with terms expiring after 2030.

The estate is managed to maximise rental income with minimal risk. A large proportion of the estate is held under existing and dated agreements offering little scope for positive estate action. In managing the estate due regard must be made to the terms of reference of the Trust, which specify, amongst other matters that:

1. Tenancies must not be granted for a term exceeding 25 years or for less than best rent obtainable unless the Charity Commissioners or The Courts give permission;
2. Sale of all or part of the Charity's estate is only permitted subject to an Order of the Charity Commissioners. The net proceeds of any sale must be invested in trust for the Charity;
3. Trustees must defray from income the cost of maintenance of the estate (including repairs and insurances).

In addition to providing day-to-day management of the portfolio, the Council will also consider the long-term strategic asset prospects of the estate and will, within the framework of the terms of reference of the Trust:

1. Review long term re-development prospects in light of current planning statements;
2. Benchmark rates of return with other similar property investments having a similar risk profile;
3. Consider new property investment avenues for existing capital and proposed capital receipts.

Review of Reserves Policy and Financial Investments

During 2018/2019, the Trust sought advice from the Charity Commission regarding whether it would be permissible under the Trust Deed to invest the accumulated surplus to generate income as an alternative to using the funds to supplement the amount available for grant distribution through annual income. The advice received indicates that the Trustees are able to invest the surplus should this be considered beneficial to the Trust. Therefore, professional investment advice has been sought to determine the ongoing investment strategy for the Trust's funds.

In setting the budget for 2023/2024, the Trustees agreed to the release of £91,200 from reserves to supplement the funds available for awarding grants.

7. **Statement of Trustees' Responsibilities**

The Trustees are aware of their responsibilities to prepare accounts for each financial year that give a true and fair view of the state of affairs of the Charity and of its financial activities for that period. In preparing the accounts, the Trustees have accepted the requirements to,

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that charity will continue in business.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charity and that the financial statements comply with the Charities Act 2011. They accept responsibility for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.


Chief Officer for Finance (Bedford Borough Council)
[on behalf of the Trustees]

31/1/2024 | 12:44 GMT

THE HOUSE OF INDUSTRY ESTATE – Charity No 257079**APPENDIX B****STATEMENT OF FINANCIAL ACTIVITIES FOR YEAR ENDED 31 MARCH 2023****INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR 31 MARCH 2023**

		Unrestricted Funds 2022/2023 £	Restricted Funds 2022/2023 £	Total Funds 2022/2023 £	<i>Total Funds 2021/2022 £</i>
	Notes				
Income from:					
Income from generated funds:					
Grants not Claimed	2	-	-	-	5,883
Activities for generating funds :					
Rents & Wayleaves	3	145,199	-	145,199	141,233
Charter House Finance Lease	4	17,952	-	17,952	16,352
Investment Income	5	86,329	-	86,329	87,714
Total income		249,480	-	249,480	251,181
Expenditure on:					
Other Direct Charitable Expenditure	7	15,800	-	15,800	8,000
Direct Charitable Expenditure					
Grants		303,138	-	303,138	329,917
Admin & Audit Expenses	7	20,648	-	20,648	19,940
Total Expenditure		339,586	-	339,586	357,857
Net income/(expenditure) before other recognised gains and losses		(90,107)	-	(90,107)	(106,675)

		Unrestricted Funds 2022/2023 £	Restricted Funds 2022/2023 £	Total Funds 2022/2023 £	Total Funds 2021/2022 £
	Notes				
Net income/(expenditure) before other recognised gains and losses (from above)		(90,107)	-	(90,107)	(106,675)
Contribution From Earmarked Grant Reserve		91,200		91,200	91,200
Contribution To Grant Reserve		(91,200)	-	(91,200)	(91,200)
Other recognised gains and losses					
Deed of Easement @ Freemens Common	6	-	-	-	110,000
Gain on revaluation of property and investments	11 & 12	(28,841)	-	(28,841)	174,301
Net Movement in funds		(118,948)	-	(118,948)	177,626
Reconciliation of Funds					
Total Funds Brought Forward		2,782,454	2,402,335	5,303,737	5,126,111
Total Funds Carried Forward		2,663,507	2,402,335	5,184,789	5,303,737

BALANCE SHEET AS AT 31 MARCH 2023

	Notes	31-Mar-23 Total (£)	31-Mar-22 Total (£)
Non-Current Assets			
Investment (Properties)	11	1,784,373	1,694,200
Investment (Government Stock, COIF)	12	2,115,035	2,207,517
Investment (Equities ChariFund)	12	407,621	434,153
Short term deposits	12	218,504	213,562
L/T Lease Debtor - Charter House	4	814,617	796,665
		5,340,150	5,346,097
Current Assets			
Debtors		25,613	21,895
Imprest Bank		115,518	203,774
Current Liabilities			
Creditors	13	(28,294)	(5,940)
Grants Approved - not yet paid	13	(268,197)	(256,149)
Trade Creditors		-	(5,940)
Net Current Assets/(Liabilities)		(155,361)	(42,360)
Net Assets		5,184,789	5,303,737
Represented by:			
Unrestricted Funds			
Property Revaluation Reserve	15	1,675,798	1,585,625
Investment Revaluation Reserve	15	543,184	662,198
Grant Reserve	15	563,473	653,579
		2,782,454	2,901,402
Restricted Funds			
General Reserve Property (Fixed)	15	108,575	108,575
General Reserve Cash (Fixed)	15	273,362	273,362
North Wing Lease Variation (Fixed)	15	550,144	550,144
Property Disposals (Fixed)	15	1,470,254	1,470,254
		2,402,335	2,402,335
Total Funds		5,184,789	5,303,737

The notes on pages 6(22) to 6(33) form part of these financial statements.

Approved by the Trustees of the House of Industry Estate Management Committee on and authorised for issue on **12 September 2023**

And signed on its behalf by:


Chief Officer for Finance (Bedford Borough Council)
(on behalf of the Trustees)

Trustee

31/1/2024 | 12:44 GMT

STATEMENT OF CASH FLOWS FOR THE YEAR TO 31 MARCH 2023

		2022/2023	2021/2022
Net (loss) / surplus for the year		(118,948)	177,626
<u>Adjustments for:</u>			
(Increase)/decrease in debtors		(3,717)	11,411
Increase/(decrease) in creditors	13	28,462	79,060
Trf to Current account from ST Deposit	12	-	100,000
Gain/ (Loss) on revaluation of property and investments	11 & 12	28,841	(174,301)
Charter House lease	4	(17,952)	(16,352)
Investment income		(82,108)	(87,302)
Deed of Easement @ Freemens Common	6	-	110,000
Investment income on deposits/gilts		(4,942)	(413)
Net cash provided / (used in) operating activities		(170,364)	199,730
Investment income		82,108	87,302
Deed of Easement @ Freemens Common	6	-	(110,000)
Net cash provided by investing activities		82,108	(22,699)
Cash and cash equivalents during the reporting period		(88,256)	177,032
Cash and cash equivalents at the beginning of the reporting period		203,774	26,743
Cash and cash equivalents at the end of the reporting period		115,518	203,774

House of Industry Estate – Charity No 257079

Notes forming part of the Financial Statements for the year ended 31 March 2023

1. Accounting Policies

The principal accounting policies are summarised below. The accounting policies have been applied consistently throughout the year and in the preceding year.

(a). Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the inclusion of non-current assets at market value and in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) – (Charities SORP (FRS102)) and the Companies Act 2006.

House of industry Estate is a charity limited by guarantee, incorporated in England and Wales. The address of its registered office and principle place of business is disclosed in the introduction page.

The principle activities are to provide relief generally or individually to persons' resident in Bedford Borough who are in conditions of need, hardship or distress.

The financial statements are presented in Sterling and this is the functional currency of the charity.

(b) Funding accounting

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the charity

Grant Reserve Earmarked funds are funds earmarked by the Trustees for particular purposes.

Restricted funds are subject to the original restrictions that were put in place on how the funding could be utilised. Restricted funds include a revaluation reserve representing the restatement of investment assets at market values.

(c) Incoming resources

All incoming resources are included in the statement of financial activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy.

- Rents and wayleaves is included when receivable and show an increase year on year due to rent reviews;
- Investment Income dividends and interest;
- Licence Fee

(d) Resources expended

Expenditure is recognised on an accrual basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered, and is reported as part of the expenditure to which it relates:

- Charitable expenditure comprises those costs incurred by the charity in the delivery of its activities and services for its beneficiaries. It includes both cost that can be allocated directly to such activities and those costs of an indirect nature necessary to support them;
- Other costs include those costs associated with meeting the constitutional and statutory requirements of the charity and include the audit fees and cost linked to the strategic management of the charity;
- All costs are allocated between the expenditure categories of the Statement of Financial Activities on a basis designed to reflect the use of the resources. Costs relating to a particular activity are allocated directly; others are apportioned on an appropriate basis e.g. estimated usage.

(e) Non-current assets

Properties and investments held as non-current assets are revalued at market value at the balance sheet date and the gain or loss taken to the Statement of Financial Activities.

(f) Going concern

These financial statements have been prepared on a going concern basis. There are no material uncertainties related to events or conditions that may cast significant doubts about the ability of the charity to continue as a going concern.

(g) Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

(h) Financial Instruments

Financial assets and liabilities are recognised on the Balance Sheet when the charity has become a party to the contractual provisions of the instrument. Financial assets at amortised cost are made up of debtors, balance at bank and a cash loan. Liabilities are made up of creditors and grants approved but not yet paid.

(i) Judgements in applying accounting policies and key sources of estimation uncertainty

In applying the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The trustees' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The key area of management judgement in these financial statements is the revaluation of the investment properties. Please refer to note 11.

2. Grants not claimed

There were £0 unclaimed grants in 22/23 (2021/2022: £5,883).

3. Rents and Wayleaves

Income from Rents and Wayleaves was £145,199 in 2022/23 (2021/2022: £141,233). Income is back to its pre-pandemic level as no Covid-19 discounts were extended.

4. Long Term Finance Lease Debtor

A 125-year lease was negotiated for Charter House from September 2013. The terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property from the Charity (the lessor) to Bedford Citizens Housing Association (the lessee), so it is accounted for as a finance lease. The asset is therefore not included in the balance sheet as an investment property. A long-term debtor (finance lease) is recognised being the investment in the lease, which is discounted using the interest rate implicit in the lease terms.

5. Investment Income

Investment	Total 2022/2023 £	Total 2021/2022 £
CCLA Investment Management and M&G Charity Funds	81,387	87,301
Bedford Borough Council	4,942	413
Total	86,329	87,714

6. Other recognised gains and losses

There were no other recognised gains and losses in 2022/23, (2021/2022: £110,000) gains from the easement of conduit for Freemen's Common.

7. Analysis of Support Costs

Support Cost	Main Charitable activity 2022/2023	Basis of Allocation	Main Charitable activity 2021/2022
	£		£
Property	15,800	All allocated to main activity	8,000
Administration & Audit	20,648	All allocated to main activity	19,940
Total	36,448		27,940

Support costs include the cost of providing the valuation report for Goldington Road and the payment for the appraisal and assessment of Freemen's Common.

8. Auditor's remuneration

The auditor's remuneration in 2022/2023 was £6,648 (2022: £6,240), there was an under accrued amount of £354 from 2021/22.

9. Transfer of Freemans Common

The assets of the Freemans Common charity were transferred to the Trust during 2016/2017. This comprised £61,929 cash and £200,000 property asset.

10. Staff costs, Trustee Remuneration and Related Party Transactions

No members of the Trustees received any remuneration during the year, no Trustee or other person related to the charity had any personal interest in any contract or transaction entered into by the charity during the year. No remuneration was paid to key management personnel during the year.

11. Non-Current Assets Properties

The Charity owns the following properties in Bedford, the original cost of which is not known. The properties are let out to other charitable trusts or for investment. The current valuation as at 31 March 2023 are shown below,

	Value 31/03/2023	Change in Valuation In Year	Value 31/03/2022
	£	£	£
Goldington Road Car Park	1,166,613	55,613	1,111,000
Bedford Rugby Club	338,000	27,000	311,000
Bedford Bowling Club	47,000	2,000	45,000
Bedford Hospital (North Wing)	6,200	-	6,200
Freemans Common	226,560	5,560	221,000
Total	1,784,373	90,173	1,694,200

The valuations were undertaken by appropriately qualified personnel employed by Bedford Borough Council Property Services.

The valuations have been carried out at market value.

12. Non-Current Assets Investments

The Trustees hold investments with COIF (Charities Investment Fund) Fixed Interest Fund, which give yields/security linked to Gilts/Eurosterling/High Grade Corporates and the COIF Equity Fund.

No funds were drawn down from deposits held with Bedford Borough Council to fund the distribution of grants during 2022/23 (2021/22: £100,000).

The value of the investments is given below:

	2022/2023	Change in Valuation in year	Investment / (Redemption)	2021/2022
	£	£	£	£
COIF Fixed Interest Fund	459,852	(28,936)	-	488,788
COIF Investment Fund	1,046,553	(41,160)	-	1,087,713
COIF Equities Fund	608,630	(22,386)	-	631,016
Total COIF Investments	2,115,035	(92,482)		2,207,517
M & G Equities Investment Fund	407,621	(26,532)	-	434,153
Sub-Total	2,522,656	(119,014)	-	2,641,670
Investments with Bedford Borough Council	218,504		-	213,562
Total	2,741,160	(119,014)	-	2,855,232

Investment valuations for the COIF funds are sourced from the CCLA on-line valuation tool and are at market value. M&G valuations are based on the valuation reports received monthly.

The 2021 /2022 investment with Bedford Borough Council has been corrected to reconcile with the balance sheet.

13. Current Liabilities

Creditors	Total 2022/2023	Total 2021/2022
Creditor - Accruals	28,294	5,940
Grants Approved Not Yet Paid	268,197	256,149
Trade Creditors	-	5,940
	296,491	268,029

14. Analysis of Net Assets between Funds

	Unrestricted Funds £	Restricted funds £	Total £
Non-current assets	2,937,815	2,402,335	5,340,150
Current Assets	141,131		141,131
Current Liabilities	(296,491)		(296,491)
Total	2,782,455	2,402,335	5,184,789

15. Movement on funds

	Fund balance at 31 March 2022	Net movement in the year	Transfer	Revaluation	Fund balance at 31 March 2023
	£	£	£	£	£
Unrestricted Funds					
Property Revaluation Reserve	1,585,625	-	-	90,173	1,675,798
Investment Revaluation Reserve	662,198	-	-	(119,014)	543,184
Grant Reserve	653,579	(90,107)	-	-	563,473
	2,901,402				2,782,454
Restricted Funds					
General Reserve Property (Fixed)	108,575	-	-	-	108,575
General Reserve Cash (Fixed)	273,362	-	-	-	273,362
North Wing Lease Variation	550,144	-	-	-	550,144
Property Disposals (Fixed)	1,470,254	-	-	-	1,470,254
	2,402,335				2,402,335

16. Grant Reserve

The Grant Reserve includes the accumulated surpluses of income over expenditure year on year. It has been the Trust's practice for a number of years to release £91,200 per year from the reserve to supplement the funds available for grant awards. This practice is currently reviewed annually at the time of setting the budget for the forthcoming year.

17. Revaluation Reserves

The Property Revaluation Reserve reflects the increased value of the Trust's property assets over that paid to acquire them. The Investment revaluation reserve reflects the increase in value of the Trust's investments.

18. General Reserve

The General Reserve represents the original cash held by the Estate. As such, it cannot be spent. Any surplus on a land disposal would fall into the same category and would therefore, be added to this reserve. The monies received for the variation to the North Wing Lease forms part of this reserve.

19. Contingent Assets

A grant of £20,000 was made to BeCHaR in 1994 to assist with the purchase of 14 Prebend Street, Bedford, for the purpose of a centre for the relief of homelessness. The grant is subject to a Deed of Covenant dated 15 August 1994 which secures a charge against the property and requires the grant to be repaid in the event that the property is used for another purpose, the organisation ceases to exist or becomes insolvent, or fails to comply with the terms of the Deed. The trustees were informed at the meeting of 17 January 2017 of a proposal to transfer operation of the day centre to a different charity - SMART. The new charity indicated it had fully considered the terms associated with the grant and was willing to accept the terms of the deed. The Trustees agreed to a transfer of the grant to the new charity subject to the same terms and conditions as the existing deed.

20. Post balance sheet events

There were no post balance sheet events.

21. Related party transactions

Cllr Moon, a Council appointed representative of Bedford and District Citizens Advice Bureau Limited, to whom a grant of £132,267 was made in 2022/23.

There were no related party transactions in 2021/22.

22. The Charity as a Lessor

The charity leases land and buildings to third parties. The future minimum lease payments receivable under those non-cancellable leases (including Charter House lease) are as follows:

	2022/2023	2021/2022
	£	£
Not later than one year	141,342	138,453
Later than one year not later than five years	556,526	544,970
Later than five years	8,708,814	8,795,896
Total future minimum lease payments	9,406,682	9,479,319

APPENDIX C**INCOME AND EXPENDITURE**
2023/2024 BUDGET

House of Industry	2023/2024
	Estimate
<u>INCOME</u>	£
Rents and Wayleaves	
Bedford Citizens' Housing Association-Elderly Persons Home	60,000
Bedford Borough Council-St Peters Car Park	57,781
Bedford General Hospital	309
Bedford Rugby	15,000
Bedford Rugby - Car Park Income	3,225
Bedford Borough Bowling Club	2,560
Wayleave-Eastern Electricity	593
Charter House Lease	17,952
Freemans Common	2,210
Profit on Disposal - Land	
Investment Interest	80,000
Total Income	330,830
<u>EXPENDITURE</u>	
Charitable Activities	
Land, Property & Other Expenses	8,000
Grant Distribution	302,890

Cost of Administering Grants	4,000
Total Charitable Activities	314,890
Governance Cost	
Administration Expenses	10,000
Audit Fees & Prof Fees	5,940
Total Governance Costs	15,940
Expired Grant (Not Claimed)	0
Total Expenditure	330,830
(Surplus) / Deficit	0

Notes

- (1) The Land and Property expenses are the fee for the yearly property valuation report that is a legal requirement for audit purposes.

APPENDIX D

HOUSE OF INDUSTRY ESTATE APPLICATIONS
CRITERIA FOR THE AWARD OF GRANTS WITHIN THE TRUST DEED

The Criteria upon which assistance can be awarded is detailed below:

The income of the Charity may be applied as follows:

- (a) Subject to payment of expenses the Council shall apply the income of the Charity in relieving either generally or individually persons resident in the Borough of North Bedfordshire who are in conditions of need, hardship or distress by making grants of money or providing or paying for items, services or facilities calculated to reduce the need, hardship or distress of such persons.
- (b) The Council may pay for such items, services or facilities by way of donations or subscriptions to institutions or organisations which provide or which undertake in return to provide such items, services or facilities for such persons.
- (c) In exceptional cases the Council may grant relief to persons otherwise eligible who are resident immediately outside the Borough but in the opinion of the Council ought nevertheless for sufficient reason to be treated as if resident, or who are located for the time being within the Borough.

The income shall not, however, be applied as follows:

- (a) In relief of rates, taxes or other public funds but may apply income in supplementing relief or assistance provided out of public funds.
- (b) To commit the Charity to repeat or renew the relief granted on any occasion in any case.

GUIDELINES FOR THE AWARD OF GRANTS ESTABLISHED BY THE TRUSTEES
(other than grants made for the purposes of direct awards to individuals)

1. Whilst each application for financial assistance will be considered on its own merits, provided it falls within the criteria of the Charity, generally, applications should be for one-off non-recurrent funding for specific projects or equipment and normally the Trustees would only provide grant assistance for:
 - (a) Capital items up to **£25,000** which do **NOT** involve works to land or property (with any larger requests only being considered by the Trustees in exceptional circumstances). Applications including expenditure on goods or services in excess of £1,000 should have three independent quotations provided for each such item of expenditure;
 - (b) Revenue funding for one-off emergency purposes of up to **£20,000** provided that, where applicants receive such assistance, they be advised that the Trustees will not normally renew revenue assistance in future years. The applicant should demonstrate that the organisation cannot otherwise meet the expenditure (for example it would reduce reserves below a reasonable level or present an imminent risk of insolvency). In determining the application, therefore, due regard would be given not only to an organisation's projected local budget deficit but also to the organisation's financial reserves and its reserves policy. Where such funding is granted, the Trustees may impose certain conditions, e.g. performance monitoring;
 - (c) Revenue funding for specific projects, including additional salary costs, for up to two years from organisations wishing to provide enhanced or additional services for service users who meet the Charity's key criterion of being in need, hardship or distress, subject to the organisation providing annual reports on the outcome to the Trustees. Such funding, where granted, may include the provision of marginal costs specific to the project (i.e. *additional* costs incurred directly as a result of the project) but the Charity will not normally make a contribution to the organisation's existing general overheads or management costs through project funding;
 - (d) The Trustees may consider applications for renewal of funding for the same project upon expiry of funding. Each application for renewal of project funding will be considered on its individual merit at the time of application and taking account of the funding available to the Trust at that time;

- (e) For applications for assistance in excess of £10,000, or where further clarity is considered necessary, the Council Officers responsible for the administration of grant applications on behalf of the Trust may invite applicant organisations to meet with officers to discuss the scoping of their request before submission to the Trustees.
2. The Trustees may consider an application for assistance from an organisation in meeting its ordinary operating costs where emergency funding is not required but where the activities of the organisation are considered to be of exceptional benefit to residents in need, hardship or distress and where the award will better enable provision of those service. Only one award would normally be made to the same organisation on this basis within any four year period.
3. Where requests are made for contribution to salary costs awards will normally only be made towards the costs of employees whose role is predominantly the direct provision of services to residents in need, hardship or distress (i.e. managerial or administrative salary costs will not normally be considered to be eligible for an award).
4. The Trustees will particularly welcome applications where an award will enable the applicant to leverage additional grant funding from other grant giving bodies (e.g. matched funding awards).

TERMS

1. Sums awarded should be spent within two years of the date of the meeting the award was made. If the organisation fails to spend the award by the deadline, the full grant or any part remaining will be returned to the Trustees for redistribution;
2. Organizations and charities applying for funding should provide financial information and other information regarding the organisation's activities in the local area in addition to any more general financial information. Normally it is expected that the following information should be provided by applicants;
 - a statement of their policy on reserves
 - the level of reserves held and an explanation of why they are held
 - where material funds have been designated, the amount and the purpose of the designation should be explained
 - where designated funds are set aside for future expenditure, the likely timing of that expenditure
 - financial information at the local Bedford Borough level where national/regional accounts are being submitted
 - the number of Bedford Borough residents assisted, or expected to be assisted, by the organisation

3. Bedford Borough Council's Chief Officer for Customer Experience and Digital Services has delegated authority to decline applications from organisations not meeting the criteria and guidelines established by the Trustees for the award;
4. Applications for retrospective funding (i.e. requests for reimbursement for capital items/services or facilities for which the organisation had already paid) will not be considered;
5. Any award granted to an organisation is for the specific approved purpose rather than simply a cash grant and if, for whatever reason, after the actual drawing down of the award for the original purpose a balance sum remains, that the sum must be returned to the Trustees for redistribution or a requested submitted for a change of use (see below);
6. Where an organisation is awarded a grant by the Trustees, the amount granted will be limited to the sum requested in the final written application from the organisation;
7. Awards are made specifically for the items requested in the original application. No changes to the items/amount agreed for purchases can be made without the express permission of the Trustees through a change of use request;
8. Organisations are normally required to pay for goods/services and then be reimbursed by the Charity on production of suppliers' copy invoices. The Charity is unable to make payment to an organisation on a pro forma invoice. Where the organisation has insufficient funds to pay for the goods or services prior to receipt of the grant, the Council's Chief Officer for Customer Experience and Digital Services may approve payment subject to being satisfied that the funding will be used for the purpose for which the award was made;
9. Organisations requesting funding/or a change of use of funding already agreed by the Charity for any purpose, may be invited to send their Chief Executive or fundraiser to the Trustees' meeting to answer questions on both the work of the organisation and the application (if called upon to do so by the Chair of the Trustees);
10. The awarding of initial or renewal funding for a project must not be construed as implying in any way that funding will be provided for any longer than the period specified in the award.

GUIDELINES FOR THE AWARD OF GRANTS MADE TO ORGANISATIONS FOR THE PURPOSES OF MAKING DIRECT AWARDS TO INDIVIDUALS.

In determining the amount of grants to be awarded to organisations for this purpose the Trustees will seek to ensure that the grants are distributed in such a way that needy individuals from all parts of the community have an equal opportunity to receive assistance from the funds made available by the Trust. This may be achieved by making grants to a number of organisations, or by making grants only to those organisations which are considered to be effective in assisting persons from all parts of the community.

Whilst each application for a grant will be considered on its own merits, normally the Trustees will only provide a grant for this purpose where the following criteria are met:

- (a) The applicant is a reputable charity that has been established for at least two years;
- (b) The applicant has been actively delivering charitable work in the Bedford Borough area for at least two years;
- (c) The organisation can demonstrate that it has sound governance arrangements in place, including effective financial controls, to ensure that grants made by the Trust are used only for the specific purpose set out under 'restrictions on the use of grants' below;
- (d) The organisation can demonstrate that it has appropriate controls in place to assure the Trustees that the best value for money will be achieved in purchasing goods or services on behalf of individuals from funds provided by the Trust;
- (e) The organisation is able to provide annual reports which separately identify the funds provided by the House of Industry for the Trustees information.
- (f) The organisation can demonstrate that either i) it will facilitate awards to qualifying individuals from all parts of the community or ii) it facilitates awards to qualifying individuals from a particular part of the community where there is a heightened need to provide assistance.

Grants will normally be paid on a quarterly basis in advance.

The following list sets out examples of the goods and services that may be provided to assist individuals, but is not intended to be exhaustive:

- Clothes
- Shoes
- Household items
- Household Repairs
- Utility Bills
- Water Bills
- Telephone installation/debts
- Funeral Expenses
- Medical Need including Child Care
- Care
- Transport Need
- Educational equipment

RESTRICTIONS ON THE USE OF GRANTS PROVIDED FOR THE PURPOSE OF MAKING AWARDS TO INDIVIDUALS

- (a) Funds given for the purpose of making awards to individuals may only be used strictly in accordance with the requirements and restrictions of the House of Industry Estate Trust Deed (see criteria below).
- (b) The proportion, if any, of the grant which may be used by the organisation to meet the cost of administering awards to individuals shall be as determined by the Trustees at the time of making the award;

CRITERIA FOR THE AWARD OF GRANTS WITHIN THE TRUST DEED

The Criteria upon which assistance can be awarded is detailed below:

The income of the Charity may be applied as follows:

- (a) Subject to payment of expenses the Council shall apply the income of the Charity in relieving either generally or individually persons resident in the Borough of North Bedfordshire who are in conditions of need, hardship or distress by making grants of money or providing or paying for items, services or facilities calculated to reduce the need, hardship or distress of such persons.
- (b) The Council may pay for such items, services or facilities by way of donations or subscriptions to institutions or organisations which provide or which undertake in return to provide such items, services or facilities for such persons.
- (c) In exceptional cases the Council may grant relief to persons otherwise eligible who are resident immediately outside the Borough but in the opinion of the Council ought nevertheless for sufficient reason to be treated as if resident, or who are located for the time being within the Borough.

The income shall not, however, be applied as follows:

- (a) In relief of rates, taxes or other public funds but may apply income in supplementing relief or assistance provided out of public funds.
- (b) To commit the Council to repeat or renew the relief granted on any occasion in any case.

APPENDIX E**INDEPENDENT AUDITOR'S REPORT****TO THE TRUSTEES OF THE HOUSE OF INDUSTRY ESTATE****Opinion**

We have audited the financial statements of The House of Industry Estate (the 'charity') for the year ended 31 March 2023 which comprise the Statement of Financial Activities including the Summary Income and Expenditure Account, the Balance Sheet, the Statement of Cash Flows and the 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) and Charities SORP.

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2023 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

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

Conclusions relating 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 trustees use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

- the trustees have 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 trustees are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the statement of trustees responsibilities, set out on page 16, the trustees are 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 trustees determine 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 trustees are 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 trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also perform the following procedures:

- Enquiry of management, those charged with governance around actual and potential litigation and claims.
- Enquiry of entity staff in tax and compliance functions to identify any instances of non-compliance with laws and regulations.
- Reviewing minutes of meetings of those charged with governance.
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business.

A further description of our responsibilities is available on the Financial Reporting Council'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 trustees, 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 trustees 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 trustees, as a body, for our audit work, for this report, or for the opinions we have formed.



David Stevens BA FCA (Senior Statutory Auditor)
for and on behalf of Ellacotts Audit Services Limited
Chartered Accountants & Statutory Auditor

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Date: 31/1/2024 | 12:54 GMT