

GARDEN BRIDGE TRUST TRUSTEES' REPORT FOR THE PERIOD ENDED 31 MARCH 2016

Overview from the Chairman

The Garden Bridge is a unique and visionary project. It will be a world-class landmark, reinforcing London's status as an ambitious world city and showcasing the UK's expertise in design, engineering, landscaping and as a leading centre for the creative industries. Over the past three years the Garden Bridge Trust has worked tirelessly to deliver what will be an incredibly special project, one that will bring with it strong economic, social and transport benefits.

The Bridge will connect London's South Bank with the Northbank, Covent Garden, the City and beyond. It is a pedestrian walkway across the River Thames, through a garden of 270 trees, hedges, shrubs and plants that is free to use and open to the public 365 days a year. It will help stitch the city together, connecting two very different sides of the river, creating a new place for people to enjoy at their own pace, and a new walking route for commuters.

The Garden Bridge Trust was set up to deliver the Bridge, assuming responsibility from Transport for London (TfL) who established the project and was responsible for the initial phase of investment incurring £9.4m of cost. The Trustees give their time and vast depth of experience for free.

We have continued support from our donors, the government, the Mayor of London and members of the public. We thank them all for their on-going commitment to the project. We have £69m of private funding secured (even without a brick in place) and our fundraising pipeline is strong. We have £60m of public funding from the Department for Transport (DfT) and TfL, £20m of which is being treated as a loan repayable to TfL.

The public investment has been spent, as was always intended, on pre-construction work. We have completed detailed designs for the Bridge, secured planning approvals, and undertaken work to obtain the necessary licences and permits required to do work in the River Thames. Alongside this necessary expenditure, the public investment has also helped kick-start our private fundraising drive.

We have made enormous progress and cleared a great many hurdles, but there remain challenges that must be resolved before construction of the Garden Bridge can start. We must secure rights to the necessary land on both sides of the River and complete the associated planning requirements. Whilst the previous Mayor committed to providing a guarantee for the future maintenance and operations of the Garden Bridge, we are awaiting confirmation from the current Mayor to ensure he will honour this commitment. Finally, we need to increase the unrestricted funding and underwriting available to the project and secure the remaining private sector funding.

Due to the material uncertainties in existence ahead of finalising these Accounts, Trustees are unable to conclude that the Trust is a going concern and feel it only appropriate to flag these risks in this report. It is hoped that these will be resolved over the months ahead but since a number of these matters are outside the control of the Trustees, they recognise that if this is not possible, they will need to consider the further delay to the project, and in a worst case scenario, whether the project remains viable.

The project has been subject to a number of delays at various points throughout its development, resulting from activities outside the control of Trustees. This includes judicial reviews of local council decisions relating to the project, protracted negotiations with third parties and a changing political climate including a new Mayor of London, the EU Referendum and the subsequent change in Government. These delays have led to an increase in total project cost.

However, we are working closely with stakeholders on land matters and following recent progress we anticipate securing agreement on the south side land in the near future. Westminster Council are advancing the necessary process in order for the Trust to secure land rights on the north side. In addition, we have received assurances from the Mayor that he has no objection to providing the guarantee following an assessment of our Operations and Maintenance Business Plan. Finally, given the success we have had so far, we are confident that we will meet our funding targets.

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privately. Approximately £69 million has been received or pledged from other sources, for example: trusts, philanthropic institutions, corporate organisations, individuals and the wider community.

The Trust is leading the fundraising and is committed to raising the monies needed to deliver the Bridge. The remaining funding required will be raised through private sources. In addition, the Trust will launch a major public appeal in 2017. This will offer an opportunity for local communities and the wider public to help deliver an exciting new garden for the UK. Fundraising has been impacted by the uncertainty of the delays arising from the various hurdles as outlined within the table above.

In addition, the Trust is also committed to delivering the funds required to maintain the Bridge to a high standard for at least 125 years after opening. Operating and maintenance costs are predicted at approximately £3 million per annum, which includes both garden and infrastructure maintenance, provision of security, cleaning and rubbish collection, as well as repairs and renewals. This does not include operations of the Trust. The Trust will continue to revise this figure as operational plans are developed and refined through to opening.

This estimate will be confirmed between now and opening as the Trust engages with the contractors and organisations that will assist the Trust in managing the Bridge. A close working relationship with neighbouring institutions and both boroughs will ensure any collaborative opportunities and integration into existing activities are maximised.

RESERVES POLICY

During the Trust's pre-construction phase, its Group policy is to raise sufficient funds to enable the Bridge to be built and to fund the on-going maintenance while ensuring that sufficient funds exist to meet all existing and contingent liabilities. The Trust is working hard to make the Bridge a reality and details of progress to date on fundraising are provided in note 9. The Trust expects to achieve its remaining fundraising target in accordance with its fundraising forecasts. In addition, it aims to raise a further £15 million expendable endowment fund to secure funding towards the maintenance and repair of the Garden Bridge.

GOING CONCERN

The Trust, like many charities, is dependent on voluntary income to fund its charitable objects. In addition to the income pledged by the public sector, the Trust is committed to raising the remaining balance through private sources, for example, trusts, philanthropic institutions, corporate organisations, individuals and the wider community. The Trustees receive forecasts and financial projections which detail variations in the level and timing of future income and funding. As explained in note 9, income raised and pledged to date is £129m. This includes £60m of public funding from the Department for Transport (DfT) and TfL, £20m of which will be treated as a loan repayable to TfL.

The Trustees have considered both the short and longer term funding requirement and other risks that have been highlighted in the Risk Management section on page 9. They have considered the key risks that could negatively impact the going concern nature of the project many of which are outside the direct control of the Trustees. This makes the going concern assessment extremely difficult to conclude. There has been good progress with the land negotiations and we are working to conclude these in the near future. In addition, a recent letter from the Mayor of London, explains he has, in principle, no objection to providing the required Mayoral guarantee once he has reviewed our OMBP. However, there still remains uncertainty. In determining whether the Trust can technically be viewed as a going concern the Trustees have considered the cash flow projections, risks and hurdles to be cleared over the next 18 month period.

The key areas causing material uncertainty are outlined below:

1. Securing the land on the South Bank. While negotiations regarding this have recently progressed and both parties are working towards concluding an agreement, until such time as the agreement is reached there remains an uncertainty. Without the land deal on the South Bank, the Bridge cannot be built and Trustees recognise the significant risk that remains until such time as the outcome of negotiations become clearer.

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2. Receiving confirmation from the Mayors' office that the Mayoral guarantee committed by the previous Mayor will be honoured. The Trustees requested confirmation and have now received a response in which the Mayor confirms this is subject to a review of the Trust's OMBP. Until such time as this review has taken place and confirmation provided to Trustees, a significant risk remains to the project, as the guarantee is a condition of the planning approval.
3. To be able to continue to develop the project, following satisfaction of the aforementioned risks, the Trust will need additional cash funding that is not subject to repayment if the project is not able to proceed in the first two quarters of 2017. Trustees have engaged in active dialogue with a number of supporters. These discussions are continuing and subject to contractual agreements aimed at providing the Trustees with sufficient cash resource to enable the project to continue. The Trustees recognise that it is unlikely that the final outcome from these discussions will be finalised before the filing date of the accounts.
4. The Trust will need to raise sufficient additional funding in time for the trustees to be able to formally agree the contract with the Joint Venture and work to commence before current planning consents expire in December 2017.

Despite these uncertainties the Trustees have continued to prepare the financial statements on the going concern basis. They continue to seek to resolve outstanding issues and raise the necessary funding to construct the Bridge although they are aware that the outcome of one or more of the risks set out above could change their decision. The financial statements do not include any adjustments that would be necessary if the Trust is unable to continue as a going concern.

AUDITORS

Crowe Clark Whitehill LLP has expressed its willingness to continue as auditor for the next financial year.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees are responsible for preparing the Strategic Report, the Trustees' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. The trustees have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law.

Under company law, the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the incoming resources and application of resources, including the income and expenditure, of the company for that period.

In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and apply them consistently
- make judgments and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on a going-concern basis unless it is inappropriate to presume that the charity will continue to operate.

The Trustees are responsible for keeping proper accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the charity and taking reasonable steps for the prevention and detection of fraud and other irregularities. The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website.

Independent Auditor's Report to the Members of Garden Bridge Trust

We have audited the financial statements of Garden Bridge Trust for the period ended 31 March 2016 which comprise the Group Statement of Financial Activities, the Group and Charitable Company Balance Sheets, the Group Cash Flow Statement and the related notes numbered 1 to 14.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members 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 charitable company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities, the trustees (who are also the directors of the charitable company for the purpose of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Strategic report and the Trustees' Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group and the charitable company's affairs as at 31 March 2016 and of the group's incoming resources and application of resources, including its income and expenditure, for the period 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 Companies Act 2006.

Emphasis of matter – Going Concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures in note 1 in the financial statements concerning the Trust's ability to continue as a going concern.

The Trustees have identified that there are a number of key risks that could prevent the project from proceeding which would mean the Trust is unable to continue as a going concern. Many of these factors are outside the direct control of the Trustees.