

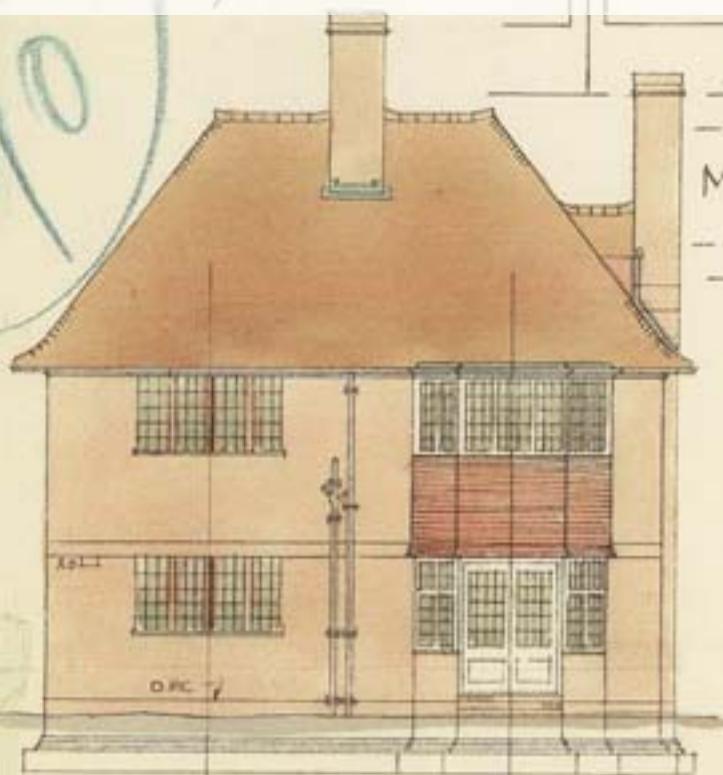
# HAMPSTEAD - GARDEN - SUBURB - TRUST

THE HAMPSTEAD GARDEN SUBURB TRUST LIMITED

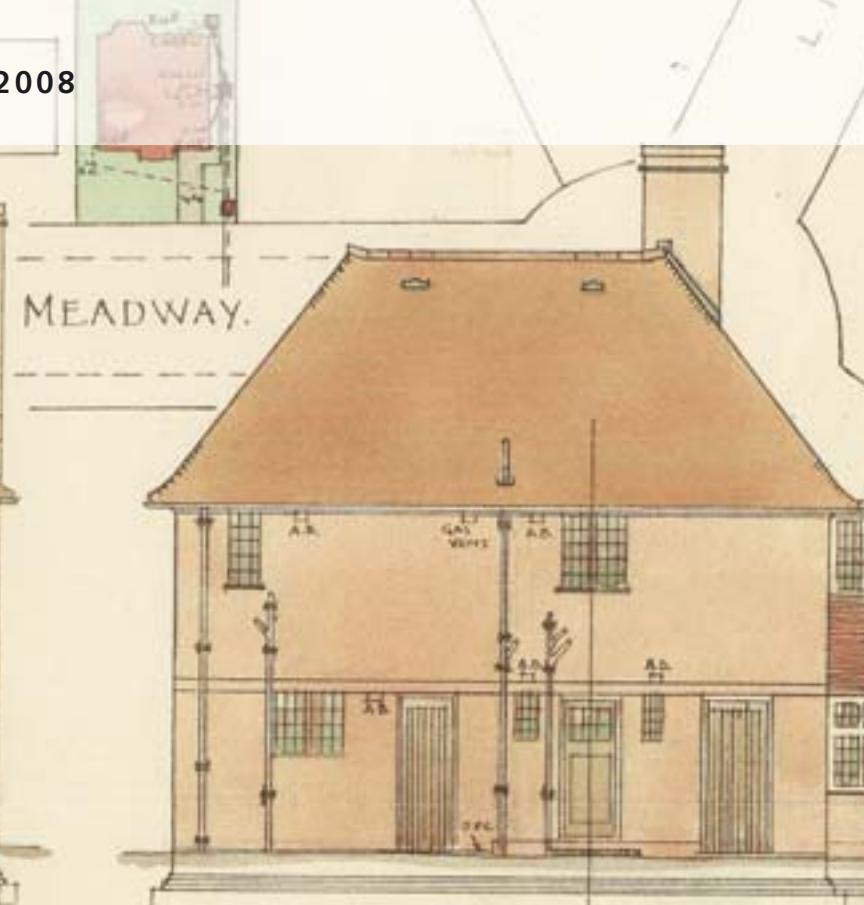
Formerly *The New Hampstead Garden Suburb Trust Limited*

(a company limited by guarantee and not having a share capital)

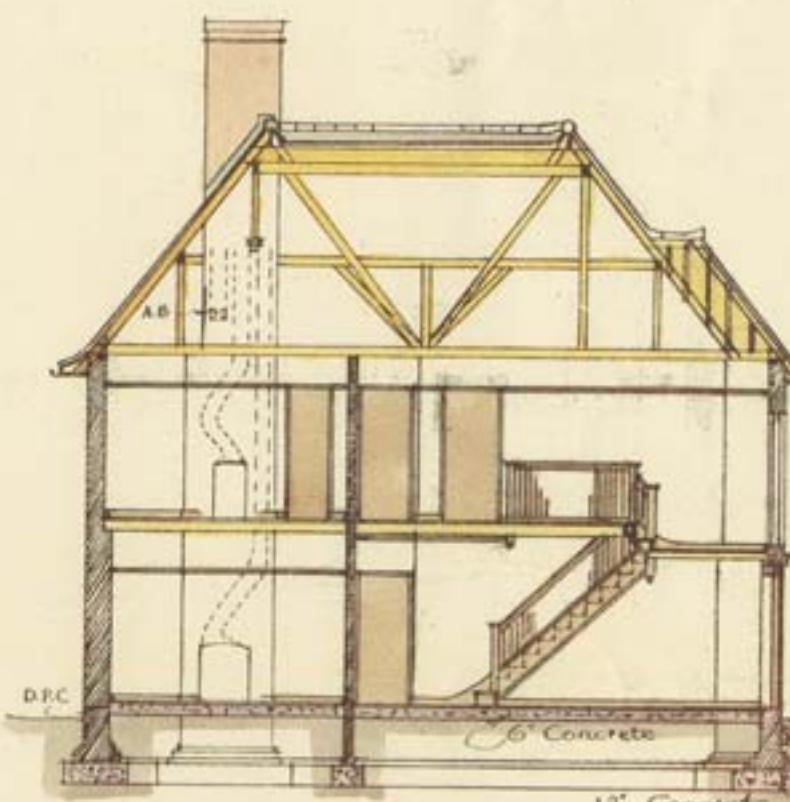
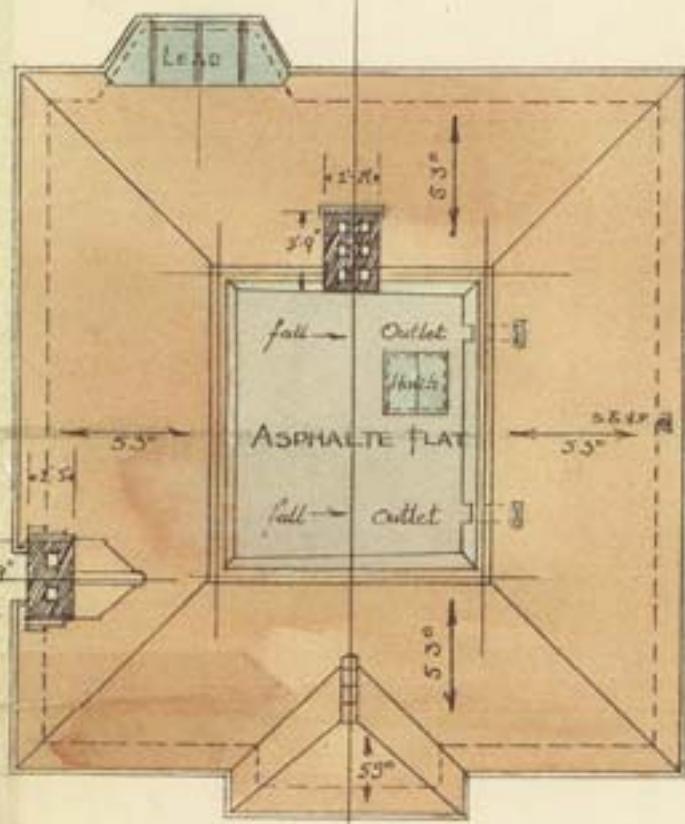
## REPORT AND ACCOUNTS FOR THE YEAR ENDED 5 APRIL 2008



GARDEN ELEVATION.



EAST ELEVATION.





## CHAIRMAN'S INTRODUCTION 2007/2008

The composition of the Trust Council changed radically half way through the year; one elected Trustee resigned in May and the three remaining elected Trustees either resigned or came to the end of their term in September and decided not to stand for re-election. Nonetheless continuity was provided by the continuance in office of the four existing appointed Trustees and by the fact that one of the four newly elected Trustees was the Trustee who had resigned earlier in the year.

These changes in personnel have produced no fundamental changes in policy and the Council has continued to pursue the path of review and reform on which the Trust Council under the chairmanship of Mervyn Mandell set out in 2005. The Trust has continued to take a considered and firm view of its rights and obligations under the legislation and the terms of its agreements with leaseholders and freeholders. The Trust Council believes that this has helped to clarify a number of questions relating to property rights and will help to make its approval and management processes more efficient and effective.

The Trust Council elected Wilfred Court, an appointed Trustee, as its Vice-Chairman.

We are very pleased to welcome Robin Marks as our honorary treasurer. His experience with charity accounts is of great value to us and he has already been of great help in the continuing improvement of our accounting arrangements.

The decision taken two years ago to appoint an estate manager in the wake of the pioneering and practical work of a Trust volunteer has more than met the Council's expectations. Among other improvements two roads owned by the Trust have been reconstructed or undergone major repairs. A long-term programme is being developed for the systematic maintenance and repair of the infrastructure for which the Trust is responsible. The appointment has also made it possible to improve the recovery of estate charges and this has made an important contribution to the Trust's finances.

Litigation, some of it started three years ago, continued to increase the pressure on senior staff while applications to the Trust increased substantially over the year. In spite of an increase in staff productivity these factors, together with the demand generated by the success of the estate manager, increased the general work load to the point at which it cannot be long sustained without an increase in capacity.

The financial position of the Trust has continued to strengthen with an appreciable improvement in the value of its cash reserves.

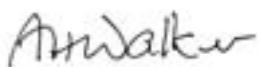
In the course of the year the Trust Council decided that it should not take sides in the application to the Leasehold Valuation Tribunal about whether the Management Charge should be charged progressively, or as now, regressively at a uniform rate. The Lands Tribunal subsequently accepted an appeal against the LVT's earlier ruling that it did not have jurisdiction and referred the application back to the LVT. The Tribunal then ruled that the present arrangement is reasonable and rejected the application that it should be changed. This decision is now the subject of a further appeal to the Lands Tribunal by Suburb residents.

Most of the key decisions taken by the Council relate to the character and amenities of the Suburb and these require a great deal of technical expertise. As an elected Trustee, and speaking for my elected colleagues, I would like to emphasise that the thanks due to the appointed Trustees, one of whom is the Chairman of the Property and Plans Committee – the key operational body of the Trust – are far from routine. The quality of what we do is critically determined by their efforts and their unstinting commitment to the objectives of the Trust.

Of equal importance are the skill, enthusiasm and devotion of Jane Blackburn, the Trust Manager; David Davidson, the Architectural Adviser; John Haywood, the Estate Manager and the rest of our full and part-time staff.

We are equally indebted to all our volunteers who support all aspects of the Trust's work and who, unsung, are critical to the success of what we do.

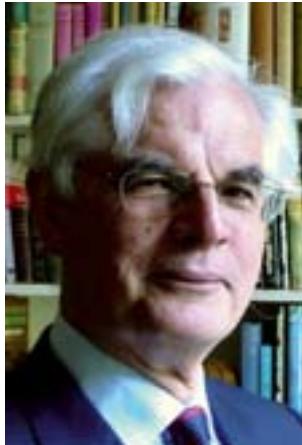
Finally, as will be apparent from what has been said above, Mervyn Mandell's efforts as Chairman to reinvigorate the Trust have provided an impetus to the Trust that we are determined to maintain.



## LEGAL, ADMINISTRATIVE AND OTHER INFORMATION ABOUT THE TRUST

### MEMBERS OF THE COUNCIL

The members of the Council on 22 July 2008 were as follows:



*Angus Walker*



*Pia Duran*



*Geoffrey Marriott*



*Richard Wakefield*

*Elected members:*

**Angus Walker (Chairman). Elected September 2007.**

Angus has been a Suburb resident for twenty-five years. Until his election to the Trust Council he was the lead applicant in an approach to the Leasehold Valuation Tribunal seeking to relate the Management Charge to the value of property. He previously undertook voluntary work for the Trust on strategy and finance. Angus's administrative, academic and commercial experience includes appointments in HM Diplomatic Service and HM Treasury; as Lecturer in Modern History at Balliol College, Oxford; and as a senior executive of BP and BT. He is an economics consultant and a Fellow of the Institution of Engineering and Technology.

**Pia Duran. Elected September 2007.**

Pia has lived on the Suburb for over sixty years. She was a Trustee of Royal Mencap for twelve years and a Non-Executive Director in the National Health Service for most of 1990-2007. Pia was previously an elected member of the HGS Trust from 1992-1998. Since December 2006 she has been Chairman of the Allotments Committee; she is also a co-opted member of Fellowship House Committee.

**Geoffrey Marriott FRICS. Elected September 2007.**

Geoffrey has been a Suburb resident for thirty years. He is a Chartered Surveyor specialising in Estate Management. Geoffrey is also Chairman of Frays; a Director of Paradigm Homes, a Charitable Housing Association; and a Director of the Management Company for Belvedere Court

**Richard Wakefield MCIM. Elected September 2005, resigned 17 May 2007. Re elected September 2007.**

Richard has been a Suburb resident, on and off, for nearly fifty years. He has been a Residents Association Council member since 1978 and was RA chairman 1997-2002. He was editor, and is now publisher, of Suburb News since 1983; he has managed the Garden Suburb Gallery for the RA since 1995; he is a marketing consultant to Hampstead Garden Suburb Institute. Richard's working life was spent running an advertising agency and associated communications companies.



Wilfred Court



Simon Hurst



Wendy Miller



Phillipa Aitken

*Appointed members:*

**Wilfred Court MA (Cantab), RIBA (Vice Chairman). Appointed by the Victorian Society on 6 June 2003.**

**Re appointed 2007.**

Wilfred served as the Trust's Architect from 1984 to 1996 and has a deep knowledge of and concern for the architecture of the Suburb. He has also worked in private and public practice in Italy, India, Bangladesh, Pakistan, Ghana and Nigeria.

**Simon Hurst MA, Dip Arch, BSc (Hons), RIBA. Appointed by the Royal Institute of British Architects on 20 May 2003.**

**Re appointed 2007.**

Simon is an architect in private practice specialising in works to listed buildings and is a member of the Traditional Architecture Group. He has substantial professional and academic experience, including a scholarship from the Society for the Protection of Ancient Buildings.

**Wendy Miller. Appointed by the Law Society on 22 September 2004. Re appointed 2008.**

Wendy is a solicitor and is a partner in the legal firm of Berwin Leighton Paisner LLP. She is a property litigation specialist.

**Phillipa Aitken BA (Hons), Dip TP, MRTPI. Appointed by the Royal Town Planning Institute on 12 April 2005.**

**Re appointed 2008.**

Phillipa is an executive director with the international property consultancy CB Richard Ellis. She has previously worked for a local authority. Phillipa brings extensive knowledge of planning and development issues to the Trust.

*Elected members who also served in the course of the year were:*

**David Bogush BPharm, MRPharmS. (April 2006 – September 2007 (resigned)).**

**Mervyn Mandell BSc, FRICS, JP. (September 2004 – September 2007 (retired)).**

**Charles Zelooft BSc (Hons). (September 2003 – September 2007 (resigned)).**

*Elections to the Council:*

There were four nominations for the four vacancies for elected members created by the retirement by rotation of Mervyn Mandell and the resignations of Richard Wakefield in May 2007 and of David Bogush and Charles Zelooft, effective from the AGM in September 2007. Pia Duran, Geoffrey Marriott, Richard Wakefield and Angus Walker were duly declared elected.

## LEGAL, ADMINISTRATIVE AND OTHER INFORMATION ABOUT THE TRUST *continued*

### **REGISTERED OFFICE**

The registered office of the Trust is 862 Finchley Road, London NW11 6AB, telephone numbers 020 8455 1066 and 020 8458 8085, facsimile 020 8455 3453, email [mail@hgstrust.org](mailto:mail@hgstrust.org), website [www.hgstrust.org](http://www.hgstrust.org). The office is normally open Monday to Friday 9am to 5pm, excluding public holidays.

### **TRUST COMPANY MEMBERSHIP**

At 5 April 2008 there were 1,058 members of the Trust Company. The maximum allowed under the Articles of Association is 1,250. A resolution to revise the limit is to be put to the Annual General Meeting. Membership of the Trust is open to people who have been continuously resident on the Suburb for over three years. Applications are welcome (there is no charge or subscription, and each member's liability is limited to a guarantee of £1) and the form can be obtained from the website ([www.hgstrust.org](http://www.hgstrust.org)) or from the Trust office at the address above.

### **TRUST COUNCIL'S RESPONSIBILITIES**

The Trust Council meets about ten times a year to direct and oversee the work of the Trust staff in safeguarding the character and amenities of the Suburb. The Trust Council comprises four members elected by residents who are members of the Trust and four members appointed individually by the Law Society, the Royal Institute of British Architects, the Royal Town Planning Institute and the Victorian Society. These positions are all unpaid and carry responsibilities and duties requiring considerable time, understanding and effort.

### **COUNCIL MEMBERS' INDUCTION AND TRAINING**

New Council members are given written information including the Scheme of Management, Articles of Association, Annual Report and Charity Commission publications including The Essential Trustee. Induction sessions with the Trust Manager are tailored to individual needs and concerns. New Council members are encouraged to tour the office and meet all the staff and to attend the Property and Plans Committee to gain insight into that aspect of the Trust's work.

### **HONORARY LIFE PRESIDENT**

The Trust's Honorary Life President is Dr Mervyn Miller PhD, BA, BArch (Hons), MUP, MArch, RIBA, FRTPI.

### **HONORARY TREASURER**

The Honorary Treasurer is Robin Marks BSc (Hons), AMIMA, AAT, STEP.

### **PROFESSIONAL ADVISERS**

#### *Solicitors*

Lee, Bolton, Monier-Williams  
1 The Sanctuary  
London SW1P 3JT

#### *Auditors*

haysmacintyre  
Fairfax House  
15 Fulwood Place  
London WC1V 6AY

#### *Bankers*

HSBC Bank plc  
Temple Fortune  
40 Temple Fortune Parade  
Golders Green  
London NW11 0QU

#### *Arboriculturalist*

Anthony George Dip LA, MLI, FRSA  
The Old Brick House  
Village Road  
Dorney  
Windsor SL4 6QJ

**STAFF**

The following people are currently employed by the Trust:



Jane Blackburn



Michael Tutton



John Haywood

*Full-time:*

**Jane Blackburn BA(Arch), Dip Arch, RIBA.** Trust Manager and Company Secretary

**David Davidson BA (Arch), MA (Arch Cons), IHBC.** Architectural Adviser

**Michael Tutton Dip Cons, PgDip (Bldg Cons), IHBC.** Assistant Architectural Adviser

**John Haywood BA (Hons) Town & Country Planning.** Estate Manager

**Naomi Robinson BA (Hons) History of Art.** Trust Manager's Assistant

**Georgina Malcolm.** Planning Assistant



David Davidson

*Part-time:*

**Marjorie Galbinski.** Planning Assistant

*Part-time consultants:*

**Gwen Kipenakis** Book-keeper

**Ann Marsh BA Dip Arch, RIBA** Architectural Consultant



Naomi Robinson



Georgina Malcolm



Marjorie Galbinski



Gwen Kipenakis



Ann Marsh

## REPORT OF THE COUNCIL

The Council members, who act in the role of directors and trustees, present their fortieth annual report, together with the audited accounts of the Trust for the year ended 5 April 2008.

### OBJECT AND PRINCIPAL ACTIVITY

The object and principal activity of the Trust is to maintain and preserve the present character and amenities of Hampstead Garden Suburb. The Trust was created in its current form principally to control alterations to properties once they became freehold under the Leasehold Reform Act 1967. It is 34 years since the High Court approved the Scheme of Management for the Suburb under the Act. Since then the great majority of the houses and many of the flats on the Suburb have enfranchised and fall within the Scheme of Management, the numbers increasing year by year. In 1988 the Trust acquired the freeholds of all the long leasehold properties on the Suburb (including most of the blocks of flats) from Ashdale Land and Property Company Ltd. Through these leases, the freehold ownership of 11 allotment sites, 27 unadopted roads, some 50 other communal open spaces and the Scheme of Management itself, the Trust can maintain a unified control over nearly all Suburb properties and the trees, hedges and many of the communal areas around them. Control of the public highways and the larger open spaces rests with the London Borough of Barnet and Transport for London.

### STATUS

The Trust is a company limited by guarantee (registered in England number 928520) and not having a share capital and is registered as a charity (Number 1050098). It is governed by its Memorandum and Articles of Association dated 8 March 1968 and most recently amended on 13 September 2007. Until 15 January 2008 it was known as The New Hampstead Garden Suburb Trust.

The Trust's charitable purposes cover the advancement of the arts, culture and heritage, environmental protection and improvement. Hampstead Garden Suburb is internationally recognised as the finest and best realised example of English twentieth century domestic architecture and planning. The public benefit extends far beyond the 16,000 or so residents of the Suburb to the international community – lay and professional – with an interest in architecture, planning and social history. The lessons to be learnt from the ethos, history, landscape and architecture of the Suburb will benefit both present and future generations.

### MAIN DEVELOPMENTS IN 2007/2008

#### *Aims for the year*

The Trust Council's focus in 2008-2009 has remained to:

- resist the continuing pressures to over develop the Suburb
- communicate better with residents
- complete modernisation of the operation and practices of the Trust
- manage better the private roads and open spaces in the Trust's ownership
- strengthen the Trust's financial reserves

### REGULATION: DEFENDING THE SUBURB

#### *Applications*

In 2007/2008 the Trust has received 297 applications (2006/2007 256 applications) to change the external appearance, use or structure of property. There were 8 applications for demolition of which 6 were given consent, 1 refused and 1 was not resolved in the course of the year. 13 applications involved the addition of or extension to a basement in an existing property and of these 6 were approved, 3 refused and 4 were not resolved in the course of the year. 5 applications involved creating a new hard standing and of these 3 were approved and 2 refused.

#### *Advice and Enforcement*

The Trust's staff gave guidance to residents, potential residents and their professional advisers on matters including preliminary advice regarding applications, routine maintenance work, legal matters and the pruning and felling of trees. The Trust has worked to correct infringements of the Scheme of Management and leases and restore sympathetic features. Enforcement action has included the involvement of solicitors in several matters, including one High Court action, which have subsequently been satisfactorily resolved. The Trust is strongly refuting two challenges to the Scheme of Management at the Lands Tribunal.

### Awareness

Guided tours, lectures and general information about the Suburb were given to local school groups, British and foreign architecture students and interested professionals and other adults. Dr Mervyn Miller gave a very well attended lecture on the history of the Suburb. The Trust contributed three speakers to the Town and Country Planning Association conference held to mark the Centenary of the Suburb. Relevant articles and advertisements were placed in the Trust Gazette and Suburb News.

The Trust has continued to work closely with a large number of local volunteers and in collaboration with the London Borough of Barnet and English Heritage to undertake Area Character Studies of the Suburb. All fifteen of the areas for which the Trust is responsible have been completed and two further exhibitions of the work in progress have been held to get comments and feedback from other residents. The work will support decision making which takes account of the different architectural character of the various parts of the Suburb in a demonstrably consistent manner. Once these studies have been developed they will amplify the Design Guidance for the Suburb and the Conservation Area. An additional benefit of this project has been to increase residents' awareness of the qualities of the Suburb and the value of the Trust's work.

## MAINTAINING THE FABRIC OF THE SUBURB

### *Estate Management*

The Trust has, in consultation with residents, completed the reconstruction of Linnell Drive, the repair of Farm Walk and substantial repairs to other areas of communal space. The gardening contract was put out to competitive tender at the end of the year and a new contractor appointed. The programme of work to maintain and improve the allotments continues.

### *Central Square improvement proposals*

The Trust, on behalf of a consortium including the Residents Association and Barnet Council, successfully bid for a grant from the Heritage Lottery Fund to draw up plans for the restoration of Central Square. The design work was tendered and the successful consultants, Land Use Consultants, are working with residents on proposals.

## GRANTS

The Grants Committee has continued to explore the role of the Trust in supporting the social fabric of the Suburb. During the year the Trust made donations of £2,659.35 (2006/2007 £2,876). Donations include £115 to the Suburb Junior School, £250 to Henrietta Barnett School, £687.50 in support of the Garden Suburb Gallery, £650 (as rent free accommodation) in support of the Garden Suburb Theatre, £1,000 to Fellowship for adaptation of the building and a small grant to a management charge payer on grounds of hardship. The Trust also supported the Proms at St Jude's.

## VOLUNTEERS

In 2007/2008 the Trust has again benefited from significant input to its work by volunteers (including Trust Council members and Property & Plans Committee, Finance Committee and Grants Committee members) operating at many levels. By April 2008 more than fifty residents had contributed over 1,500 hours to the Suburb Character Appraisal. Others have assisted with specialist tasks such as tender analysis, governance matters, finance and the website.

## FINANCIAL MATTERS

The Trust's two main income streams are charges to freeholders under the Scheme of Management, which are variable but applicable only to expenditure in connection with freehold properties (and land and facilities to which they have access), and the ground rents and other charges relating to leasehold properties, which flow into the general fund. The latter are limited and generally falling in real terms.

In the course of 2007/2008 the Trust's cash reserves in the general fund increased by £210,612 of which £190,193 was due to the conversion of real estate assets to liquid assets through the sales of freeholds and premiums for variations to leases and covenants. The balance, £20,419, represents the Trust's operating surplus for the year.

## REPORT OF THE COUNCIL *continued*

### **FINANCIAL MATTERS** *continued*

Despite a high level of legal fees, incurred mainly by the two Lands Tribunal actions where the Trust is defending the special covenants which enable it to safeguard the Suburb, the Scheme of Management is in surplus over the year. The surplus is returned to freeholders as a credit of £17 against the estimated Management Charge for 2008/2009.

The adjusted charge for 2007/2008 was £82 (£99 minus £17).

The form in which the accounts are set out complies with the Charity Commission requirements to relate expenditure to the Trust's objectives rather than under heads of expenditure. As a supplement to assist charge payers the Trust has again included in this year's report and accounts an analysis of the management charge which gives a breakdown under heads of expenditure (see final page).

In the opinion of the Council the market value of the Trust's land and buildings is considerably in excess of the value appearing in the accounts.

The Council considers that the overall state of the Trust's financial affairs is again strengthened, but still remains capable of further improvement. However the Trust's assets are available and adequate to fulfill its current obligations.

### **TRUST COUNCIL**

Information regarding the Trust Council, including details of those members in office during the year and at the date of approval of this report, is shown under Legal, Administrative and Other Information.

### **COUNCIL MEMBERS' RESPONSIBILITIES IN RESPECT OF THE PREPARATION OF ACCOUNTS**

The Council members, who act in the role of directors and trustees, are responsible for preparing the report of the Council and the accounts in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice. The Council members are required to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Trust and the incoming resources and application of resources, including its income and expenditure, for the year. In preparing those accounts, the Council members are required to:

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

The Council members are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Trust and which enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **AUDIT ENQUIRIES**

As far as the Council members are aware, there is no relevant audit information of which the Trust's auditors are unaware. Each of the Council members has taken all steps that he ought to as a director in order to make himself aware of any relevant audit information and to establish that the Trust's auditors are aware of that information.

## RESERVES

The Trust's reserves provide income to balance the reducing assets of the Trust.

Operational requirements mean that the Trust holds cash reserves sufficient to meet:

- the cash flow requirements for both the general fund and the Scheme of Management in any year
- contingent expenses required for litigation and uninsured risks
- general contingency fund equal to about six months expenditure

Any cash at the bank not required in the short term is placed on deposit.

## RISK MANAGEMENT

The Trust's Council members have reviewed the Trust's risk management strategy. This included examining the Trust's building, public liability and professional indemnity insurance, banking arrangements, health and safety issues, etc. The Council members consider that procedures are in place to mitigate any risks to which the Trust could be exposed.

## PLANS FOR FUTURE PERIODS

The long term financial objectives of the Trust are to control the freehold management charge while generating sufficient funds from this and other sources to enable the Trust to operate effectively to preserve the character and amenities of the Suburb.

## AUDITORS

haysmacintyre, chartered accountants and registered auditors experienced in the charity sector, were appointed in September 2006. haysmacintyre are willing to continue in office and a resolution will be proposed at the Annual General Meeting for their re-appointment and for their remuneration to be fixed by the Council.

By order of the Council



**Jane Blackburn**

Secretary

22 July 2008

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE HAMPSTEAD GARDEN SUBURB TRUST LIMITED

*Formerly The New Hampstead Garden Suburb Trust Limited*

We have audited the financial statements of The Hampstead Garden Suburb Trust Limited for the year ended 5 April 2008 which comprise the Statement of Financial Activities, Balance Sheet and the related notes on pages 12 to 21. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Trust's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **RESPECTIVE RESPONSIBILITIES OF COUNCIL MEMBERS AND AUDITORS**

As described in the Statement of Council Members' Responsibilities the charity's trustees are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The Trustees are also directors of The Hampstead Garden Suburb Trust Limited for the purposes of company law.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Trustees' Report is not consistent with the financial statements, if the charitable company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and other transactions is not disclosed.

We read the Council's Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **BASIS OF AUDIT OPINION**

We have conducted an audit of the financial statements of Hampstead Garden Suburb Trust in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

This work was not directed primarily towards discovering weaknesses other than those that would affect our audit opinion or towards the detection of fraud. We have issued a management letter to the Trustees indicating areas where they may look to improve certain systems and controls where appropriate but this does not affect the audit opinion which is unqualified for the year ended 5 April 2008, with respect to both the Trust's General Fund and the Scheme of Management.

Although our work was conducted so as to arrive at a conclusion regarding the truth and fairness of the financial statements, we also confirm, as required by clause 7(d) (i) of the Scheme, that during the course of our work, nothing came to our attention that would indicate that the Trust, or its operation of the Scheme of Management, has been run in anything other than an economical, efficient and consistent manner.

#### **OPINION**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Trust's affairs as at 5 April 2008 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985;
- the information given in the Council's Report is consistent with the financial statements.

**haysmacintyre**  
Chartered Accountants  
Registered Auditors

Fairfax House  
15 Fulwood Place  
London, WC1V 6AY

**STATEMENT OF FINANCIAL ACTIVITIES**  
**INCLUDING THE INCOME AND EXPENDITURE ACCOUNT**  
for the year ended 5 April 2008

	Note	General fund £	Restricted funds (note 1(c)) £	Freehold Scheme of Management (see note 2) £	Total £	2006/2007 Total £
<b>Incoming resources</b>						
Incoming resources from generated funds:						
Voluntary income						
Leaseholders voluntary and other donations		8,209	21,000	–	29,209	6,021
Activities for generating funds:						
Commissions and fees	3	19,405	–	–	19,405	19,137
Sundry income		5,633	–	–	5,633	309
Rental/investment income	4	101,296	–	3,500	104,796	84,497
Incoming resources from charitable activities						
Application fees	5	19,532	–	118,140	137,672	172,345
Management charges payable by freeholders		–	–	350,631	350,631	373,336
Estate maintenance charges	1(e)	265,077	–	–	265,077	24,475
Other incoming resources						
Surplus on freehold sales, licences and variations		190,193	–	–	190,193	38,325
<b>Total incoming resources</b>		<b>609,345</b>	<b>21,000</b>	<b>472,271</b>	<b>1,102,616</b>	<b>718,445</b>
<b>Resources expended</b>						
6 & 7						
Costs of generating funds:						
Rental/investment management		11,054	–	–	11,054	15,460
Charitable activities						
Regulation: applications		31,469	–	114,786	146,255	174,840
Regulation: awareness/advice/enforcement		32,986	–	173,747	206,733	156,533
Maintaining the fabric of the Suburb		52,119	1,500	106,591	160,210	153,350
Rechargeable estate maintenance	1(e)	265,077	–	–	265,077	24,475
Governance costs						
Governance costs including audit fees	1(c)	6,028	–	17,374	23,402	25,637
<b>Total resources expended</b>		<b>398,733</b>	<b>1,500</b>	<b>412,498</b>	<b>812,731</b>	<b>550,295</b>
<b>Net incoming resources/(resources expended)</b>	8	<b>210,612</b>	<b>19,500</b>	<b>59,773</b>	<b>289,885</b>	<b>168,150</b>
<b>Net income/(expenditure) for the year before taxation</b>		<b>210,612</b>	<b>19,500</b>	<b>59,773</b>	<b>289,885</b>	<b>168,150</b>
Taxation		–	–	–	–	–
<b>Net income/(expenditure) for the year after taxation</b>		<b>210,612</b>	<b>19,500</b>	<b>59,773</b>	<b>289,885</b>	<b>168,150</b>
Balance of freeholders management charges		–	–	(59,773)	(59,773)	(113,678)
<b>Net movement in funds</b>	18 & 23	<b>210,612</b>	<b>19,500</b>	–	<b>230,112</b>	<b>54,472</b>
Funds brought forward at 5 April 2007		409,341	–	–	409,341	354,869
Funds carried forward at 5 April 2008		619,953	19,500	–	639,453	409,341

All of the above are continuing activities of the Trust.

The Trust had no recognised gains and losses other than those included above.

The attached notes on pages 14 to 21 form part of these accounts.

**BALANCE SHEET**

at 5 April 2008

	Note	2007/2008 £	2006/2007 £
<b>Fixed assets</b>			
Tangible assets			
Freehold and long leasehold estate, at cost	11	55,641	57,531
Freehold property	12	34,800	34,800
Office equipment and furniture	13	6,253	4,132
		96,694	96,463
<b>Current assets</b>			
Debtors	14	88,336	104,296
Cash at bank and in hand		673,178	457,331
		761,514	561,627
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	15	(123,761)	(151,901)
<b>Net current assets</b>		<b>637,753</b>	<b>409,726</b>
<b>Total assets less current liabilities</b>		<b>734,447</b>	<b>506,189</b>
Creditors: amounts falling due in more than one year	16	(94,994)	(96,848)
<b>Net assets</b>		<b>639,453</b>	<b>409,341</b>
<b>Representing:</b>			
General fund		619,953	409,341
Restricted fund		19,500	–
Freehold Scheme of Management	18	–	–
		<b>639,453</b>	<b>409,341</b>

Approved and authorised for issue on behalf of the Council on 22 July 2008 and signed on its behalf by

Angus Walker

Wilfred Court

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 5 April 2007

### 1 ACCOUNTING POLICIES

The following are the accounting policies adopted by the Trust:

#### a) Basis of accounting

The financial statements are prepared under the historical cost convention, as modified by the valuation of the Trust's freehold land and building, and on the going concern basis. In order to present a true and fair view, because of the special circumstances in which the Trust is operating, the Statement of Financial Activities is drawn up in a form which differs from that provided for by the Statement of Recommended Practice – Accounting and Reporting by Charities (SORP) issued in March 2005. With this exception the accounts have been prepared in accordance with the provisions of the SORP, the Companies Act 1985 and applicable United Kingdom Accounting Standards.

In accordance with Financial Reporting Standard No. 1, the Trust is exempt from the requirement to prepare a cash flow statement as it is a small company.

#### b) Fixed assets and depreciation

*Freehold and long leasehold estate:* This is stated at cost and is not being depreciated, but the book value is reduced on the sale of each freehold and lease extension.

*Freehold land and building:* Freehold land is not being depreciated. Depreciation was provided on the freehold building at £500 per annum from 6 April 1978 to 5 April 1984. This policy was changed from that date so that no further depreciation is provided as the property is maintained to a sufficiently high standard to extend its useful life indefinitely. The freehold building has been reviewed for impairment in accordance with Financial Reporting Standard No. 11 and any depreciation charge would be immaterial. The book value of the Trust's freehold land and building is based on a professional valuation carried out as at 12 December 1968. The Trust is adopting the transitional provisions of Financial Reporting Standard No. 15 in that it has not updated this valuation.

*Office equipment and furniture:* The charity currently has a capitalisation policy, whereby only items over £5,000 will be capitalised and included within the assets of the charity, all costs below this threshold are written off in the year of purchase. The depreciation rate provided on office equipment and furniture is 3 years so as to write off the cost of the office furniture and equipment over its expected useful working life.

#### c) Incoming resources and resources expended

All incoming resources and all resources expended, including rents paid under an operating lease, are accounted for in the period to which they relate.

Restricted funds comprise monies raised for, and their use restricted to, a specific purpose; or donations subject to donor imposed conditions.

Directly attributable expenditure is charged to charitable activities or governance costs as appropriate. Support costs, which are defined as those costs necessary to delivery an activity but which do not contribute to its output, are allocated on the basis of estimated staff time.

Governance costs are those which relate to the general running of the charity, rather than charitable activity. These include audit fees, legal advice for trustees and costs associated with constitutional and statutory requirements together with the appropriate allocation of support costs.

#### d) Taxation

As a registered charity the Trust is generally not liable to taxation on its surplus or capital gains. It is not however, exempt from value added tax. Irrecoverable value added tax is included in the cost of those items to which it relates.

#### **e) Rechargeable Estate Maintenance**

The Trust carries out numerous works on behalf of the residents in the year. This work relates directly to specific areas for items such as gardening and road works. This is recharged only to those residents affected by the works.

#### **f) Pensions**

The Trust has designated a stakeholder pension provider.

### **2 SCHEME OF MANAGEMENT**

The Trust administers a Scheme of Management under the 1967 Leasehold Reform Act. This was passed by the High Court in 1974 and amended in 1983. The purpose of the Scheme is to preserve and conserve the Hampstead Garden Suburb and applies to all freehold properties enfranchised since the Act came into force.

Items of income and expenditure are allocated to either the Scheme of Management or the general fund, or shared between both, as appropriate and the Trust's auditors have reviewed the basis on which freeholders have been charged with a proportionate part of the expenses of the Trust in operating the Scheme. Items which are incurred in respect of both the Scheme of Management and the general fund are apportioned according to the proportion of enfranchised (ie freehold) properties to all properties in respect of which the management charge or lease rents are payable to the Trust. Within this calculation flats are weighted against houses in the proportion 1:10. The weighting has been determined by an analysis of staff time which showed that more than ten times as much time, weighted for salary, was spent on houses as on flats. This calculation results for 2007/2008 in an apportionment of 80%:20% or 4:1 between the Scheme of Management and the general fund. The Trust's auditors are satisfied that this apportionment is an appropriate basis on which to allocate expenditure to the activities of the Trust and the Scheme of Management.

The accounting systems used by the Trust ensure that all items of income and expenditure attributable to the Scheme of Management are separately accounted for. Given the separate accounting records, the Trustees do not consider that the Scheme of Management would be any more effectively operated with a separate bank account, and the auditors concur with this decision.

A summary of the resources expended by the Trust, allocated between the general fund and the Scheme of Management and related to an individual management charge, is set out on the final page. The net income of £59,773 attributable to the Scheme will be refunded by a balancing payment to each freeholder in accordance with clause 8 (b) (ii) of the Scheme of Management.

### **3 COMMISSIONS AND FEES**

This amount is made up of commission received from Brownhill, Morris & West (insurance agents) £15,677 (2007: £11,629), for the inclusion of material on their services in Trust mailings, Royal & Sun Alliance (insurers) £3,559 (2007: £2,487), for an original requirement (now lapsed) in some Trust leases that insurance was to be provided by them, and Ashdale Land & Property (freehold owner of 5 tenanted (now sold) and 9 short leasehold houses on the Suburb) £169 (2007: £5,021), for estate management services.

With the exception of the fees received from Ashdale Land and Property none of this income involved the Trust in expenditure on additional administrative resources and therefore it reduces the Trust's costs to the advantage of Suburb residents. Ashdale Land and Property sold their tenanted properties in April 2008 and so the commission has reduced.

The arrangement between the Trust and Brownhill, Morris & West does not represent an endorsement by the Trust, and residents are free to insure with any company via any broker. However, the Trust receives commission in respect of any resident choosing to insure via Brownhill, Morris & West.

**NOTES TO THE FINANCIAL STATEMENTS *continued***

**4 INVESTMENT INCOME**

	2007/2008 £	2006/2007 £
Rental income	80,097	74,613
Bank interest	24,699	9,884
	<b>104,796</b>	<b>84,497</b>
Allocated to:		
Trust and estate management (general fund)	101,296	84,497
Freehold Scheme of Management (interest)	3,500	–
	<b>104,796</b>	<b>84,497</b>

**5 BUILDING APPLICATION FEES**

	2007/2008 £	2006/2007 £
Leasehold	19,532	33,747
Freehold	118,140	138,598
	<b>137,672</b>	<b>172,345</b>

**6 RESOURCES EXPENDED**

	Direct £	Support £	2007/2008 £	2006/2007 £
<b>Costs of generating funds</b>				
Rental/investment management	575	10,479	11,054	15,460
<b>Charitable activities</b>				
Regulation: applications	98,768	47,487	146,255	174,839
Regulation: awareness/advice/enforcement	168,389	38,344	206,733	156,533
Maintaining the fabric of the Suburb	140,014	20,196	160,210	153,349
Rechargeable estate maintenance	265,077	–	265,077	24,475
<b>Governance costs</b>	21,927	1,475	23,402	25,638
	<b>694,750</b>	<b>117,981</b>	<b>812,731</b>	<b>550,294</b>

## 7 DIRECT AND SUPPORT COSTS

	Staff costs £	Support costs £	Amenities & project costs £	Legal/professional costs £	Total 2007/2008 £	Total 2006/2007 £
<b>Costs of generating funds</b>						
Rental/investment management	575	10,479	–	–	11,054	15,460
<b>Charitable activities</b>						
Regulation: applications	98,768	47,487	–	–	146,255	174,839
Regulation: awareness/advice/enforcement	73,603	38,344	3,950	90,836	206,733	156,533
Maintaining the fabric of the suburb	68,610	20,196	45,256	26,148	160,210	153,350
Rechargeable estate maintenance	–	–	265,077	–	265,077	24,475
<b>Governance costs</b> including audit fees	4,250	1,475	–	17,677	23,402	25,637
	245,806	117,981	314,283	134,661	812,731	550,294

Support costs include £32,917 of management and staff costs (see note 10).

## 8 NET INCOMING RESOURCES

	2007/2008 £	2006/2007 £
Net incoming resources for the year has been stated after charging:		
Depreciation	4,159	13,603
Auditors remuneration – audit (haysmacintyre)	7,873	7,028
Auditors remuneration – non audit (non-haysmacintyre)	687	5,389
Operating lease charges for land and buildings (note 19)	1,250	2,500

## 9 INTEREST PAYABLE

	2007/2008 £	2006/2007 £
Bank loan	5,888	4,367

**NOTES TO THE FINANCIAL STATEMENTS *continued***

**10 MANAGEMENT AND STAFF COSTS**

The average number of staff (employees and contracted staff) during the year was 9 (2007:9) of which 3 (2007:4) were part time and all of whom were involved in the delivery of the Trust's activities.

	2007/2008 £	2006/2007 £
<b>Management and staff costs during the year comprised:</b>		
Wages and salaries	206,876	206,549
Social security costs	22,756	22,086
Other management costs and expenses incurred	49,090	41,373
	<b>278,722</b>	<b>270,008</b>

For the year ended 5 April 2008 no employee received emoluments in excess of £60,000 (2007: nil).

No trustees received remuneration in either this or the previous year.

**11 FREEHOLD AND LONG LEASEHOLD ESTATE, AT COST**

	£	£
At 5 April 2007	57,531	58,881
Disposals during the year	(1,890)	(1,350)
At 5 April 2008	55,641	57,531

The Trust has an interest in a number of freehold properties. On enfranchisement of the interest the Trust receives the proceeds and recognises this amount in full on the face of the SOFA under Surplus on Sales of Freeholds net of an allocation of the original cost.

**12 FREEHOLD PROPERTY**

	Land £	Building £	Total £
<b>Valuation on 12 December 1968</b>			
At 5 April 2007 and 2008	7,800	30,000	37,800
<b>Depreciation</b>			
At 5 April 2007	–	3,000	3,000
Charge for the year	–	–	–
At 5th April 2008	7,800	27,000	34,800
<b>Net book value</b>			
At 5 April 2007 and 2008	7,800	27,000	34,800

**13 OFFICE EQUIPMENT AND FURNITURE**

	£
<b>Cost</b>	
At 5 April 2007	4,132
Additions during year	6,280
At 5 April 2008	10,412
<b>Depreciation</b>	
Charge for year	(4,159)
At 5 April 2008	6,253
<b>Net book value</b>	
At 5 April 2008	6,253

**14 DEBTORS**

	2007/2008 £	Restated 2006/2007 £
Management income owed to the Trust	52,592	95,992
Other debtors	–	–
Prepayments and accrued income	35,744	8,304
	<b>88,336</b>	<b>104,296</b>

**15 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2007/2008 £	2006/2007 £
Bank Loan	1,854	1,854
Accruals and deferred income	60,967	35,140
Reimbursement of management charge	59,772	113,678
Other creditors	1,168	1,224
	<b>123,761</b>	<b>151,896</b>

**NOTES TO THE FINANCIAL STATEMENTS *continued***

**16 CREDITORS: AMOUNTS FALLING DUE IN MORE THAN ONE YEAR**

	2007/2008 £	2006/2007 £
Bank Loan	94,994	96,848
	94,994	96,848

The loan is secured by way of legal charge on 860-864 Finchley Road at an interest rate of 6% over a 25 year period.

**17 LOANS**

	2007/2008 £	2006/2007 £
<b>Amounts falling due:</b>		
In one year or less	1,854	1,854
Between two to five years	8,559	8,559
More than five years	86,435	88,289
	96,848	98,702

**18 FREEHOLD SCHEME OF MANAGEMENT**

	£
Funds brought forward as at 05/04/2007 as previously stated	(113,678)
Balancing charges 2007/08	113,678
Surplus for 2007/08	(59,773)
Balance repayable to freehold charge payers	59,773
Funds carried forward as at 05/04/2008	–

**19 OPERATING LEASE**

The lease on land and buildings (the Gallery, 16 Arcade House), which expired on 28 September 2008, has not been renewed.

**20 INDEMNITY INSURANCE**

During the year ended 5 April 2008 the Trust paid £3,826 (2007: £3,754) in respect of an insurance policy which indemnifies its trustees and officers against the consequences of any neglect or default on their part and protects the Trust from any loss arising from the neglect or defaults to its trustees or officers.

**21 REMUNERATION OF THE TRUSTEES**

No remuneration is paid to any of the Trust's trustees (2007: Nil). The trustees were reimbursed for travelling expenses totalling £1,416 (2007: £1,102).

**22 MEMBERS LIABILITY**

The liability of members is limited by guarantee up to a maximum of £1 per member.

## RESOURCES EXPENDED ALLOCATED TO FUNDS AND RELATED TO MANAGEMENT CHARGE

Expenditure items	Total £	General fund £	Scheme of management £	Cost per charge £
<b>1 Staff costs:</b> Staff salaries inc PAYE & NI, contract and temporary staff, employee and volunteer expenses, training costs	278,722.43	55,744.49	<b>222,977.94</b>	
Less income from fees on freehold applications			118,140.00	
Less bank interest received			3,500.00	
<b>Net staff costs</b>			<b>101,337.94</b>	<b>28.81</b>
<b>2 Premises costs:</b> Office rent, utilities, telephone, Council Tax repairs and renewals, cleaning etc	38,300.12	7,660.02	<b>30,640.10</b>	<b>8.71</b>
<b>3 Administrative costs:</b> Insurance (except for trustees), office equipment, printing, postage & stationery, public relations, bank charges, depreciation, loan costs	46,763.85	14,863.59	<b>31,900.26</b>	<b>9.07</b>
<b>4 Governance costs:</b> Trustee insurance, travelling expenses and meeting costs	7,437.81	1,487.56	<b>5,950.25</b>	<b>1.69</b>
<b>5 Projects and amenities costs:</b> Maintenance of amenity areas	49,207.16	30,617.18	<b>18,589.98</b>	<b>5.28</b>
<b>6 Legal costs:</b> Legal costs for general advice and litigation including LVT action	95,102.29	12,454.32	<b>82,647.97</b>	<b>23.49</b>
<b>7 Other professional costs:</b> Arboriculturalist, human resources advice etc	21,881.39	9,002.65	<b>12,878.74</b>	<b>3.66</b>
<b>8 Audit fees</b>	10,238.97	3,325.78	<b>6,913.19</b>	<b>1.96</b>
<b>Total expenditure</b>	<b>547,654.02</b>	<b>135,155.59</b>	<b>290,858.43</b>	<b>82.67</b>

At 6 April 2007 3,505 management charges payable. At 6 April 2008 3,530 management charges payable.

Average for year 3,517.

Income from fees on freehold applications and interest 121,640.00

Total management charges including in year enfranchisers 350,630.72

Total expenditure 412,498.43

**Balance of management charges to be credited to freeholders** 59,772.29

Approved by the Trust Council on 22 July 2008 and signed on its behalf by



Angus Walker



Wilfred Court



HOUSE ON PLOT x 729. MEADWAY. HGS  
W.S.GIBSON Esq<sup>RE</sup>  
Hampstead Garden Suburb Trust  
862 Finchley Road, Hampstead Garden Suburb, NW11 6AB

8 FEET TO ONE INCH

8 FEET TO ONE INCH  
5, Gt. College St., S.W. 5th October 1927

T: 3740.

Approved on behalf of the

Ecclesiastical Commissioners for England.

Subject to the rights and powers of all other Bodies, Authorities and Persons.

Hampstead Garden Suburb Trust

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Company registration number: 928520

Company registration number: 9263526  
Registered charity number: 1050098 Registered in England

