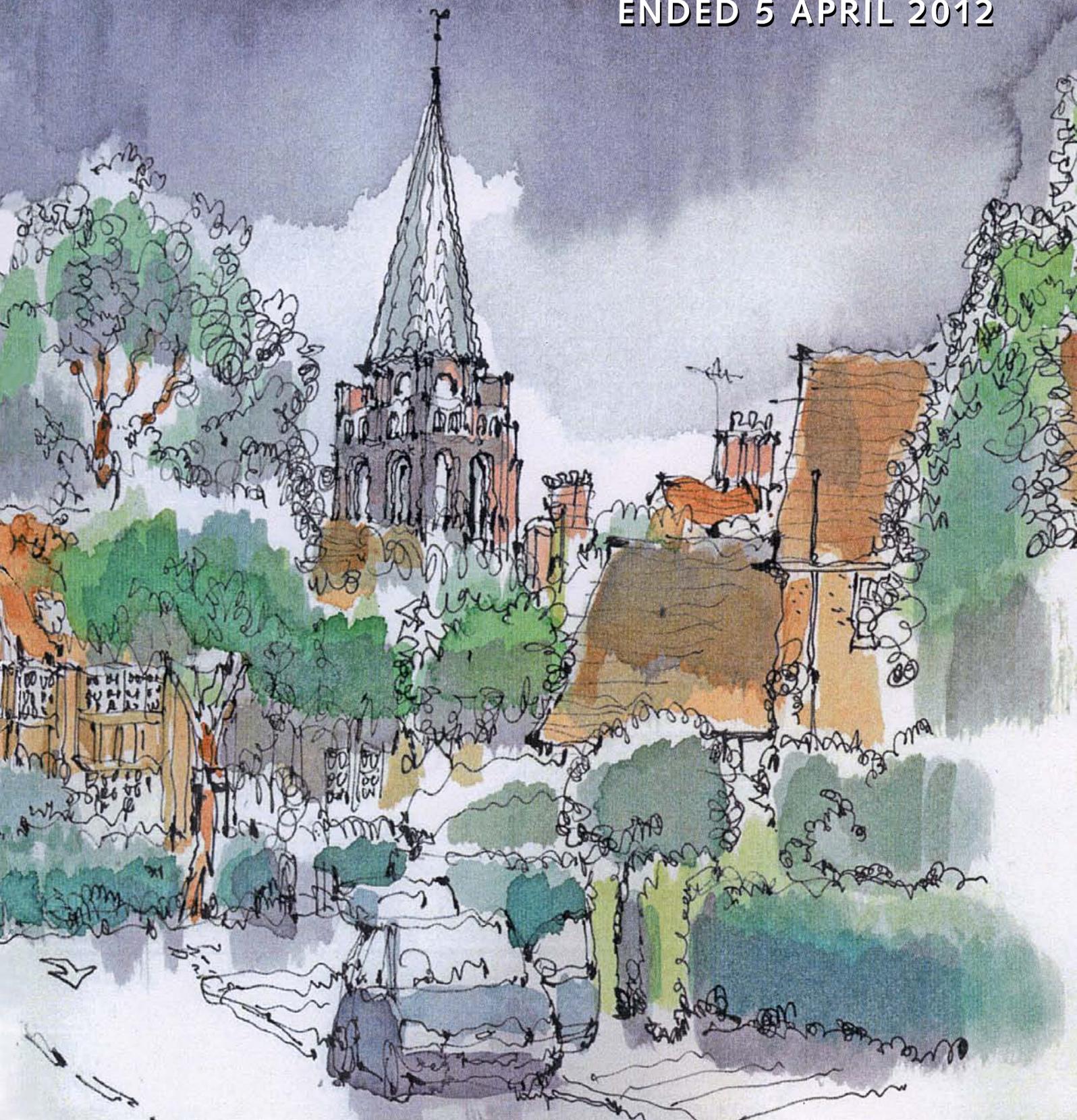


HAMPSTEAD - GARDEN - SUBURB - TRUST

REPORT AND ACCOUNTS FOR THE YEAR
ENDED 5 APRIL 2012



Cover picture: Pages from Ptolomy Dean's sketch book. Watercolours made during the filming of Reef Television's series Picture Perfect Homes featuring an Arts and Crafts home in Hampstead Way.

CHAIRMAN'S REVIEW 2011/2012

THE TRUST

The recovery of your Trust from its precarious position in 2005 continues to make good progress. A combination of sound management and surer financial foundations has enabled the Trust to make significant improvements in key areas: the maintenance and enhancement of the Trust's estate: its charitable donations in support of activities on the Suburb: and its educational programme designed to increase the broader understanding of the Suburb. Nonetheless the Trust is not complacent and we are all very conscious that there is still more to be done in order to meet residents' expectations.

A full account of the Trust's activities is given in the body of this report. Here I have picked out some of the more important aspects of the last year.

FINANCE

In 1962, the Trust had net liquid assets of about £200,000. This would be about £3,500,000 in the values of 2012. Subsequently these reserves were reduced by subsidising the costs of the Scheme of Management. In 2005 it was clear that the continuation of this subsidy would have meant the eventual financial failure of the Trust. **Since then the Scheme of Management has paid its own way and the Trust has been able to start to repair its financial position.**

Nonetheless the Trust's equivalent assets in 2012 are, at about £1,500,000, still less than half of what they were in real terms fifty years ago. The level of these assets is vital to the future of the Trust and the Suburb; they are the only reliable source of the income needed to enable the Trust to maintain the character and amenities of the Suburb for the indefinite future. As residents enfranchise (become Freeholders) the Trust loses ground rent income, whilst the Management Charges they pay go to the Scheme of Management and not to the Trust's funds. Nonetheless, fees for enfranchisement and for licenses and variations to covenants (balance sheet "crystallisations") have enabled the Trust to embark on the development of a small portfolio of Suburb property that will provide stable long-term rental income as ground rents fall away.

ESTATE MANAGEMENT

The Trust has continued to establish more comprehensive policies and programmes for the restitution and maintenance of the Trust's estate. The Trust's remit extends, of course, to the "amenities" of the Suburb as well as to its architectural character. In the past Trust policy has concentrated on the latter and has tended to regard amenities as requiring nothing more than passive conservation. In fact trees, the living glory of the Suburb, need as much care and thought as houses; they age, die,

can undermine buildings and may be the cause of financial loss. **Conservation is about the future, rather than the past,** and there is a need to plan for the future of the Suburb in terms of its communal spaces and trees. The Estate Committee has therefore put in hand, as a first step in its fundamental review of policy, **a survey of trees throughout the Suburb.**

THE SCHEME OF MANAGEMENT

Funds in the Scheme of Management, derived from the Freeholders' Management Charge payments, remain the property of Freeholders until expended and the Trust may not benefit from them. Any surplus in the operation of the Scheme of Management must be returned to Freeholders with the Management Charge for the subsequent year.

The Management Charge outturn for the year at £120.90 per charge was the same as the previous year and £4.40 less than estimated. This represents a fall of about 3% in real terms. The estimate and the outturn for the Charge both fell close to the middle of the expected range, from £100 to £140, for the charge which the Council has published each year since 2008. Over the last three years expenditure per Charge has been successively £125.80, £120.90 and £120.90 (not counting the recovery of legal costs in 2012).

For the foreseeable future the Council expects the Charge to be not less than £110 nor more than £150 at 2012 prices.

LITIGATION

In 2010, as members will not need to be reminded, the Trust failed in its attempt in the Lands Tribunal to resist the demolition of a Soutar house at 24 Ingram Avenue. This judgement was soon followed by a Lands Tribunal decision on 25 Ingram Avenue that, quite remarkably, reached an opposite decision in an analogous case. The applicant appealed the decision to the Appeal Court where it was summarily dismissed.

For the Suburb, **the significance of the 25 Ingram Avenue decision is to remove any lingering doubt there might have been about the legal powers of the Trust in defending the covenants under the Scheme.** There are good grounds for believing that this judgement will almost certainly deter any future attempts at demolition that fail to satisfy the Trust's published guidelines.

Litigation with respect to 25 Ingram Avenue extended over five years. **The Trust was awarded costs in 2012 and these are being returned to Freeholders as the major element of a rebate of approximately £44 per Charge in 2012.**

CHAIRMAN'S REVIEW 2010/2011 (Continued)

SURVEYOR'S DETERMINATION OF THE CHARGE

Members will recall that, in order to repair the finances of the Trust after many years in which reserves were used to keep the Charge below cost for the benefit of Freeholders, the Management Charge was set to cover the full cost of the Scheme of Management and that expenditure on the Scheme rose by 50% from just under £80 per Charge in 2006-2007 to just over £120 per Charge in 2009 – 2010. Members will also recall that the Trust explained the reason for this increase and the Trust's assurance that the Trust did not expect further increases of a similar magnitude. In fact **the Charge has, since 2008-2009, fallen in real terms.**

These explanations and assurances were insufficient to allay the concerns of Dr Papadopoulos and a number of residents who associated themselves with him.

Dr Papadopoulos has made repeated and unsuccessful attempts, always using the same arguments derived from an idiosyncratic understanding of the Trust's accounts, to challenge the level of the Management Charge. **These arguments were rejected in their totality by the Leasehold Valuation Tribunal in 2007 and by a Surveyor appointed to determine the Charge for 2008-2009. A more or less identical challenge to the Charge for 2009-2010 by Dr Papadopoulos was rejected by another Surveyor in 2012.**

The Trust Council does not want to do anything to restrict the rights of Suburb residents to challenge the Trust but it urges anyone with a grievance to make sure that they have exhausted every other avenue before resorting to the law or to the appointment of a Surveyor. It would also be helpful if they would make sure that they were advised that their claim had a reasonable chance of success before setting in motion the ponderous and expensive wheels of official justice, the costs of which have to be met by their fellow charge payers.

TRUSTEES, STAFF AND VOLUNTEERS

The Trust is very sorry to have to report the death of Wilfred Court. Wilfred was Architect to the Trust from 1984 to 1996 and served as an appointed Trustee from 2003 to 2009. He continued cheerfully to travel down from Peterborough to attend the Trust Council and the Policy and Plans Committee even after his final illness was diagnosed. He was a very experienced, knowledgeable and important influence in Trust affairs for many years.

We are very grateful for **Judith Chaney's** work as a Trustee over the last three years. In addition to her contribution as a Trustee she has continued to provide leadership and practical help as a volunteer and has launched the Trust's survey of trees on the Suburb. Judith is standing down

after one term in office in order to have more time to co-ordinate and work on the tree survey. So this is not to bid farewell but simply to say "thank you".

Each year we look for fresh words to express, on members' behalf, the thanks of the Trust for the devotion of **the four Trustees appointed by national bodies** who give up their time for no reward and without whose professional expertise and knowledge of architecture, planning and the law the Trust Council would be deprived of much of its authority. However repetitive, therefore, in terms of phrasing and vocabulary, the thanks of the Trust are heart-felt.

The Trust benefits from the freely given time of many residents and in the past few years the Trust has become ever more keenly aware of the importance of their contribution. Including the elected Trustees, who are all replaced in the course of six years, **there are now twenty residents who sit on the Trust's advisory committees for Estate Management, Finance, Grants and Property and Plans.** Their enthusiastic and lively participation has done much to invigorate the Trust's work and to ensure that the Trust Council reaches its decisions assisted by their experience and often their professional expertise. **Not least is their importance in strengthening the Council's understanding of residents' hopes and concerns.**

We should also record the retirement of **Alan Jacobs** from his position as a Residents Association nominee on the Property and Plans Committee. Alan served for many years and was a powerful and objective voice in Committee discussion. Alan's well-expressed arguments were not infrequently of importance in determining the decision taken. We shall miss his wisdom and unswerving independence of judgement.

Finally, and certainly not least, I must express the thanks of the Trust Council for the work of our dedicated staff who uncomplainingly work many hours beyond those for which they are contracted without financial reward or time off in lieu. **It is to this group of exceptional people, their energy, commitment and expertise that the Trust owes its increasing effectiveness, and we are sincerely grateful to them.**



Angus Walker
Chairman

LEGAL, ADMINISTRATIVE AND OTHER INFORMATION ABOUT THE TRUST

MEMBERS OF THE COUNCIL ON 24 JULY 2012

Elected members:



Judith Chaney

Elected 16 September 2009.

Judith has been a Suburb resident for over twenty years and became involved in the work of the Trust in 2005 as a volunteer. She was the Co-ordinator of the Character Appraisal of the Suburb. Prior to retirement, Judith was the Assistant Rector of the London Institute (now University of the Arts, London) having spent her professional life in Higher Education. She also served as Registrar for Art and Design at the Council for National Academic Awards and has undertaken consultancy work for Universities in the UK and abroad.



Geoffrey Marriott FRICS

Elected 19 September 2007.

Re-elected 1 October 2010.

Geoffrey has been a Suburb resident for over thirty years. He is a Chartered Surveyor specialising in Estate Management. Geoffrey is also a Director of the Management Company for Belvedere Court.



Angus Walker (Chairman)

Elected 19 September 2007.

Re-elected 1 October 2010.

Angus has been a Suburb resident for over thirty 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, HM Treasury, as a 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.



Saul Zadka

Elected 4 October 2011.

Saul has been a Suburb resident for over five years. He is an international journalist and military historian with a PhD in War Studies from King's College, University of London. He was for many years a senior lecturer in international relations and media studies. He is also a regular BBC commentator on Middle East affairs.

Appointed members:



Phillipa Aitken BA (Hons), Dip TP, MRTPI

Appointed by the Royal Town Planning Institute on 12 April 2005.

Reappointed 2008 and 2011.

Phillipa is a planning consultant and Head of the Consulting Division at Colliers International. She has previously worked for the international property consultancy CB Richard Ellis and a local authority. Phillipa brings extensive knowledge of planning and development issues to the Trust.



Simon Hurst MA, Dip Arch, BSc (Hons), RIBA (Vice Chairman)

Appointed by the Royal Institute of British Architects on 20 May 2003.

Re appointed 2007 and 2010.

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.



Tim Leach BA (Hons) Architecture,

DipArch, Dip Con (AA), RIBA

Appointed by the Victorian Society on 16 September 2009.

Tim is an Architect Director of Building Design Partnership and leads the culture and heritage work of the London office. His wide experience includes the master planning of historic environments and the design and implementation of complex conservation projects.



Jonathan Ross

Appointed by the Law Society on 18 July 2011.

Jonathan is a solicitor and head of property litigation at Forsters LLP, where his clients include a number of section 19 organizations and estates. He writes regularly for the property press. Jonathan is not now a resident but he was brought up on the Suburb and his father is a past Chairman of the Trust.

Election and Appointment to the Council:

There was a vacancy for an elected member, created by the retirement of Richard Wakefield. There were three candidates for the vacancy: Carol Boulter, Claire Calman and Saul Zadka. The auditors, haysmacintyre, received 713 valid voting papers and rejected 16 papers as invalid. haysmacintyre reported that votes were cast as follows: Carol Boulter, 185; Claire Calman, 205; Saul Zadka, 323. haysmacintyre declared that the candidate elected was Saul Zadka.

LEGAL, ADMINISTRATIVE AND OTHER INFORMATION ABOUT THE TRUST

REGISTERED OFFICE

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

TRUST COMPANY MEMBERSHIP

At 5 April 2012 there were 1209 members of the Trust Company and 23 associate members. Membership of the Trust is open to adults who have been continuously resident on the Suburb for over three years. Other residents may join as associate members. 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) or from the Trust office at the address above.

TRUST COUNCIL'S RESPONSIBILITIES

The Trust Council meets 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 and courses are offered, 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 important 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 ACCOUNTS ADVISER

The Honorary Accounts Adviser is Robin Marks BSc (Hons), AMIMA, AAT, TEP.

VOLUNTEER MEMBERS OF ADVISORY COMMITTEES:

Estate Committee

Claire Calman, Pia Duran, Philip Freedman, Rosalind Josephs, Helen Leiser, Steven Rosen.

Finance Committee

Jeremy Clynes, Robin Marks, Richard Wiseman.

Grants and Amenities Committee

Simon Abbott, John Freeborn, Eva Jacobs, Sally Lewis.

Property and Plans Committee

Jonathan Rowley, Geoffrey Spyer, (alternate David Lewis).

PROFESSIONAL ADVISERS:

Solicitors

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

Bankers

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

Auditors

haysmacintyre,
Fairfax House, 15 Fulwood Place,
London WC1V 6AY

Arboriculturalist

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

Investment Advisers (to March 2012)

Full Circle Asset Management Limited,
St John's House, Suffolk Way, Sevenoaks,
Kent TN13 1TG

STAFF

The following people are currently employed by the Trust:

Full-time:

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



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



Nicholas Packard
MA (European Real Estate) MRICS
Estate Manager



Georgina Malcolm
Trust Manager's Assistant



Ruth Ash
Estate Management Assistant



Lauren Geisler
Planning, Education and
Publications Assistant

Part-time:

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



Marjorie Galbinski
Planning Assistant



Susan Samuels
Administrative Assistant

Part-time consultants:

Gwen Kipenakis
Book-keeper



Ann Marsh
BA Dip Arch, RIBA
Architectural Consultant

REPORT OF THE COUNCIL

The Council members, who act in the role of directors and Trustees, present their forty-fourth annual report, together with the audited accounts of the Trust for the year ended 5 April 2012.

OBJECT AND PRINCIPAL ACTIVITY

The object and principal activity of the Trust is to maintain and preserve the character and amenities of Hampstead Garden Suburb.

In 1967 legislation was passed that obliged landlords to sell their freeholds on demand to long leaseholders. This created a new situation for the Trust, as for other landlords, as it was constituted at that time. In 1967, therefore, it was dissolved and replaced by the present Trust with a new constitution. The new Trust has members (who must be Suburb residents) but no shareholders and no owners. The Trustees are not permitted to benefit financially from their positions and on dissolution the assets of the Trust would be at the disposal of the Charity Commission.

The new Trust had two principal functions that it continues to carry out to the present day.

1. The new Trust was not obliged to dispose of all its assets but holds them and its unenfranchised leaseholds in trust **for all the residents of the Hampstead Garden Suburb including the Freeholders**. It manages these assets so as to maximize their value and devotes any operating surplus to the maintenance of its financial position and to the charitable purposes described in its Memorandum of Association.
2. The new Trust was also designed so as to enable it to operate a Scheme of Management as provided for in section 19 of the Leasehold Reform Act of 1967. In 1974 the High Court authorised a Scheme under which the appearance of the building and grounds of all enfranchised properties is controlled by the Trust and which the Trust still operates. The purpose of the Scheme is to ensure that the Suburb's architectural integrity and its amenities in terms of its trees, open spaces and gardens are preserved and that unreasonable development is prevented. The Scheme is funded by a Management Charge payable by Freeholders. This money is held in trust **for the Freeholders alone** and remains the property of Freeholders until expended. Any surplus must be returned to them. The Scheme's finances have to balance year on year. The Scheme does not have any reserves and does not own anything. It is not a legal entity, simply an accounting device.

Since 1974 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), 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 17 September 2008. Until 15 January 2007 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 benefit both present and future generations.

MAIN DEVELOPMENTS IN 2011/2012

The Trust Council's programme of review and improvement since 2005 has re-established an effective legal, financial and governance basis to support the charitable object of the Trust. This, combined with re-established efficiency, economy and consistency in operations, has meant that in 2011/2012 the Trust can turn its attention to better and more effective communication with residents, owners, and with professional and educational bodies.

Aims for the year 2011/2012 have been:

- To maintain high standards of service to the Suburb
- In conservation matters to emphasise the founding ethos of the Suburb as well as the architecture; to offer help and positive advice rather than prohibition where possible; to retain visual coherence whilst responding to lifestyle changes
- To start long term promotion of better communications with Trust members, charge payers, the Residents Association, other residents and professionals (estate agents, solicitors, architects, contractors)
- To facilitate a dialogue, including events for members and more resident participation in Trust Advisory Committees, to inform Trust Council decisions.

The Trust Council confirms that it has complied with the duty in section 4 of the Charities Act 2006 to have due regard to the public benefit guidance published by the Commission in determining the activities undertaken by the Charity.

It is through care, regulation and control over the Suburb that the Charity is able to provide the public benefits identified above not only to residents but also to students of and visitors to the Suburb. The care, regulation and control aspects of the Trust's work are detailed below.

REGULATION: DEFENDING THE SUBURB

Applications

In 2011/2012 the Trust received 230 applications (281 applications in 2010/2011) to change the external appearance, use or structure of property. There was one new application for demolition, which was not resolved in the course of the year. Consent was given for one application for demolition made in the previous year and for renewal of one previous approval. Fourteen applications involved the addition of or extension to a basement in an existing property and of these four were approved, one was refused and nine were not resolved in the course of the year. Seven applications involved creating new hard standings, of which two were approved, two refused and three were not resolved in the course of the year. The application process involves consultation with neighbours and negotiation with owners and their architects to achieve an acceptable design. Following the approval of applications by the Trust Council, Trust staff check construction details, monitor work in progress, approve building materials and components, carry out final inspections and issue final consent for correctly completed work.

A new draft Consultation Policy on applications was prepared, put out to consultation with residents, tested, modified and has been adopted.

ADVICE AND ENFORCEMENT

Throughout the year the Trust's staff gave practical guidance to residents, potential residents and their professional advisers on matters including preliminary advice regarding applications, routine care and maintenance work, legal matters, the pruning and felling of trees and the care of landscape and hedges. Applications to fell mature trees are a matter of constant concern to the Trust and the staff work with consultants, residents and the local authority to resist inappropriate felling. In 2011/2012 the Trust has been active in several such cases, including seeking to protect mature oak trees on the corner of Northway and North Square, at 29-45 Willifield Way (Lucas Crescent) and on the Asmunds Place allotment site.

The Trust has worked to correct infringements of the Scheme of Management and of leasehold and freehold covenants; and to restore sympathetic features. Notably in 2011/2012, inappropriate windows installed in the entire street façade of a house in Rotherwick Road in 2009 have been completely replaced with windows to match original windows in neighbouring properties. The Trust has successfully assisted several owners to correct recorded infringements, sometimes dating back many years, by identifying suitable approaches to the remedial work and suggesting appropriate contractors. In Southway a bamboo hedge has been re-planted in privet, in keeping with the character of the street. Some ten recorded infringements have been resolved and lifted in the course of the year; however 20 new infringements have been recorded. Most of the rectification of infringements has been achieved through negotiation, which is always the preferred course, but enforcement action has again included the involvement of solicitors in several cases.

Legal costs in connection with current enforcement cases and the preservation of trees were £1,206.43 allocated to the general fund in respect of four properties and £9,704.37 allocated to the Scheme of Management in respect of thirteen freehold properties. Final legal costs in the course of the year in connection with 24 Ingram Avenue were £973.35 charged to the Trust's general fund and £8,760.20 to the Scheme of Management. Legal costs in the course of the year in connection with 25 Ingram Avenue were £1,768.12 charged to the Trust's general fund and £43,512.78 to the Scheme of Management; a total of £140,000 in recovered fees over the duration of the case was returned to the Scheme. There was also an adjustment of £1,784.28 in respect of both 24 and 25 Ingram Avenue (see also page 10).

REPORT OF THE COUNCIL (Continued)

25 INGRAM AVENUE APPEAL

In July 2010 the Lands Tribunal rejected an application to permit building over the garage by the owners of 25 Ingram Avenue. The Trust had considered that this was in contravention of the design guidance, would encroach on the space between adjoining properties and would set an unfortunate precedent affecting significant areas of the Suburb. The Trust's arguments before the Tribunal were accepted in their entirety.

Despite the strength of the judgment in the Trust's favour, the owners of the property took their case to the Court of Appeal. When the appeal was heard in November 2011 the three judges summarily dismissed the appellants' case. They upheld the earlier decision and confirmed the Lands Tribunal's observations that, in operating the Scheme of Management, the Trust is acting in the public interest and that the Trust Council is not fettered by the decisions of the local planning authority, but is free to make its own decisions. This is a very significant judgement for the future of the Scheme.

The Trust was awarded the recovery of £140,000 legal costs from the owners of 25 Ingram Avenue. These costs were incurred over a period of five years but will be returned to Management Charge payers as a single rebate on the charge for 2011/2012.

AWARENESS AND EDUCATION

The Trust endeavours to promote understanding of the special nature of the Suburb to residents and others through talks, guided tours and written and illustrated material. The Trust Council considers that wider awareness and appreciation of the Suburb, as an important landmark in the evolution of domestic architecture and Town Planning, is critical to its continued preservation.

In July 2011 the Trust staff organised a day for Trust members to see various aspects of the Trust's work in the course of the previous year, including restoration of various properties, estate maintenance and improvement and a chance to discuss the new buildings at Henrietta Barnett School. This was well supported and appreciated by the 80 or so residents who participated. Staff, Trustees and volunteers also gave guided tours of the Suburb to expert groups from the Forum of London Open Space Trusts, the Construction History Society and the Architectural Association. There were visits from residents of Letchworth Garden City and two visits from the Village of Mariemont USA, another Garden Suburb inspired by Raymond Unwin. The Trust led a project on the Suburb for students of Henrietta Barnett School, led walks for local people in aid of the Proms at St Jude's, a walk for pupils of Annemount

School and for London Open House. The Trust commenced a collaboration with the Highgate Society and other local amenity groups to produce a series of self-guided walks. The Trust's Twitter profile has gained over 400 followers within one year, including museums, historical societies, educational institutions, local residents and businesses, and architectural associations worldwide. The Trust's use of Twitter has resulted in students and academics sharing written and photographic studies of the Suburb, and it continues to be an efficient and effective tool for publicising local events and news. In October 2011 David Davidson gave the first in a very successful series of public lectures promoted by the Landscape Institute; his talk about the Suburb was entitled *The Sharing of Great Things*. In the same month Michael Tutton gave a talk on Standards of Craftsmanship at the Building Crafts College.

MAINTAINING THE FABRIC OF THE SUBURB

Working to the priorities set by the Estate Committee for 2011/12, the Trust's works across the estate included the completion of the hard landscaping repairs at Sunshine Corner. Alterations were also made to the soft landscaping which, along with regular maintenance, will enhance the most public area of the Trust's estate. The final phases of the three year project cost £24,200. About 300 relevant owners were consulted over a new Private Roads Maintenance Contract (PRMC) to repair and maintain the Trust's 27 private roads across the Suburb for an initial period of three years. The contract was entered into with Miletree, who submitted the lowest of the 3 tenders received. Further consultation was carried out with owners liable to contribute to specific roads' costs and Green Close and Homesfield were re-surfaced. The western section of Farm Walk was also resurfaced. A new policy was agreed in respect of the inspection and maintenance standards of the Trust's private roads and paths. This provides that all the Trust's paths and roads are inspected at least once a year and the PRMC provides an economic and timely method of carrying out the necessary repairs as they are identified. Another key improvement was achieved by providing the Local Authority with comprehensive details of the Trust's estate for listing on its Street Gazetteer. This has improved communication with utility companies when they undertake works on or under the Trust's land. Improved relationships with Thames Water ensured that the consultant engineer's recommendation to repair their drain in Turner Close was achieved. A new water supply and path to the allotments in Asmunds Place was installed at a cost of £11,600 from the Trust's funds and a donation of £2,700 from the Residents Association. On a green in Temple Fortune Lane the Trust organised the removal of a badly diseased 200 plus year old oak tree, where the usable timber was milled on site and kept by residents for

future use. A generous donation funded the renewal of rose beds lining the path at Corringham Road Square (north) in memory of the late Stuart Goring.

GRANTS

As planned, the Trust's grant aid to local bodies whose charitable activities are likely to be beneficial to residents continues to increase steadily. During 2011/2012 the Trust, advised by the Grants & Amenities Committee, made grants from the general fund totalling £8,480 (2010/2011: £7,413). Grants include £2,750 to the Proms at St Jude's, £1,000 to the Lyttelton Playing Fields playground renovation project, £800 to 'Open House' weekend, £1,100 to Fellowship for alleviating hardship (with especial reference to ability to pay the Management Charge), £1,000 to St Jude-on-the-Hill to reduce the height of hedges on Central Square, £780 to the Garden Suburb Theatre, £500 to the Orchard Housing Society to refurbish the communal lounge, £250 to Abbeyfield to support outings for residents, £200 contribution for a bench in memory of Chris Kellerman and £100 to Henrietta Barnett School for a geography project related to the Suburb.

VOLUNTEERS

9

In 2011/2012 the Trust has again benefited from input to its work by volunteers including non-Trustee members of the Property & Plans Committee, the Estate Committee and the Grants and Amenities Committee. For the first time there are residents on the Trust's Finance Committee. Volunteers have continued to assist with specialist tasks such as tender preparation and analysis, finance and the estate management plan. The Tree Survey Planning Group was formed to prepare for a tree survey of the entire Suburb by volunteers, mostly from the Residents Association's Trees and Open Spaces Committee. The names of those who served on the Trust's advisory committees are given above. Altogether there are twenty residents serving on the Trust Council and committees. This does not exhaust the list of those who help the Trust in various valuable ways.

FINANCIAL MATTERS

The form in which the statement of financial activities is set out on page 13 complies with the Charity Commission requirements to relate expenditure to the Trust's objectives rather than under heads of expenditure. The statement also details the finances of the Scheme of Management as well as those of the Trust, although each is separately identified. As a supplement to assist members and charge payers the Trust has included, as an appendix to the report and accounts, an analysis of the Management Charge, which gives a breakdown under heads of expenditure (see page 23).

THE TRUST'S FINANCES

The Trust has a dual obligation. All its assets are held in trust for the benefit of all Suburb residents; Freeholders, leaseholders, tenants and others. The Trust also operates a Scheme of Management under section 19 of the Leasehold Reform Act 1967. The Scheme is funded by a Management Charge paid by enfranchised Freeholders. These funds are accounted for separately from the Trust's own property and are held in trust for the Freeholders until expended. The Trust is not permitted to profit from its operation of the Scheme and any surplus is returned to the Freeholders.

A. ASSETS HELD IN TRUST FOR ALL RESIDENTS

Revenue is derived from the ground rents and other charges relating to the Trust's leased properties, which are generally falling in real terms. In 2011/2012 the Trust's revenue and expenditure account (page 14) shows a deficit of £125,741 after stripping out the £318,725 surplus on the liquidation of assets through freehold sales, licences and variations. This operating loss is in part due to legal costs that are not expected to recur and to expenditures on maintaining the fabric of the Suburb that are in the nature of capital rather than recurrent costs. Nonetheless there is an underlying operating deficit of about £40,000 that is not expected to be eliminated until 2013-2014. However in the course of 2011/2012 the Trust's total reserves increased by £182,796. This is derived from three sources. Part is from the sale of freeholds and lease extensions, as required by the Leasehold Reform Acts, totalling £82,102. Part is in the form one-off payments for variations to leases and covenants totalling £236,623. Part is also constituted by donations totalling £18,615 including gift aid and interest (2010/2011 £14,535). The donations (inclusive of gift aid) comprise; £12,848 for the renewal of rose beds at Corringham Road Square (north), and £5,767 received from residents during the year. The latter amounts are placed in a restricted fund where the capital element of the fund is to be maintained for the longer term with not more than half of the real growth in capital and income spent in any one year.

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 remains capable of some further improvement. The Trust's assets are available and adequate to fulfill its current obligations.

REPORT OF THE COUNCIL (Continued)

B. THE SCHEME OF MANAGEMENT

As stated above the Scheme of Management is funded by Freeholders and its finances are accounted for separately from those of the Trust itself: the funds within the Scheme of Management are not the property of the Trust. Income and expenditure under the heads of the budget for the year were the equivalent of an actual charge for the year of £120.90 per household (rounded from £120.89). This is below the estimated charge of £125.30 and the equivalent of a rebate to charge payers of £4.40 over the full year.

However, the Trust's success in defending the 25 Ingram Avenue case meant that the court awarded costs of £140,000 to the Trust. This was in respect of legal expenses incurred between 2007/2008 and 2011/2012; it is being returned in its entirety to the Scheme of Management. Theoretically a small proportion of this amount is due to the general fund. The Trust Council has, however, taken the view that the complexity of the calculation needed to identify the sum due to the general fund is such that it does not justify the management and other professional time that would be involved. The credit on each chargeable unit of property will be £38.59.

The Trust Council also resolved that the apportionment of legal costs between the general fund and the Scheme of Management for legal costs on 24 and 25 Ingram Avenue from 2004/2005 to 2010/2011 should be adjusted by a net payment of £1,784.28 from the general fund to the Scheme of Management. The credit to each chargeable unit of property will be 49p.

The combined effect of the underspend on the estimated expenditure for the year with these two rebates and the additional income from those properties that enfranchised in the course of the year, some 60p, results in a credit on each chargeable unit of property of £44.10. This will be set against the estimated charge for 2012/2013 when the Management Charge bills are sent out in August/September. Charge payers should note that the Management Charge is a land charge that runs with the property; the law requires that rebates must be made to the current owner even when they are made in respect of costs incurred before a transfer of ownership.

This year's charge includes a fee for the Surveyor's Determination of the Management Charge for 2009/2010 at £11,439, £3.15 per charge (this fee may be reduced). The Surveyor's Determination upheld the level of the charge for 2009/2010 at £125.80.

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 Trustees (who are also directors of The Hampstead Garden Suburb Trust for the purposes of company law) are responsible for preparing the Report of the Council and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently
- Observe the methods and principles in the Charities SORP
- Make judgements and estimates that are reasonable and prudent
- State whether applicable UK Accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping proper accounting records that 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as Trustees are aware:

- There is no relevant audit information of which the charitable company's auditor is unaware; and
- The Trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

RESERVES AND INVESTMENT POLICY

Until 2005 the Trust's assets were steadily depleted by subsidising the operation of the Scheme of Management. The withdrawal of the subsidy from the Scheme of Management in that year arrested the deterioration of the Trust's finances. Since 2005 revenue has been generated by the sale of assets which were on the balance sheet at book value and by fees from the variation of covenants which had no assigned balance sheet value. Cash from these balance sheet "crystallisations" is no longer invested on the stock market but is being invested in Suburb property. A further residential flat has been acquired for rent. The ground floor office at 862 Finchley Road is to be extended, which will allow the upper floors to be returned from office use back to residential use, and will restore the more valuable residential rental income stream from the upper floors. The income from these and further investments in residential property is expected to bring the operating account, in chronic deficit for many years, into balance in 2013/14.

The Trust's financial objective is to bring its operating account into balance and to generate steadily increasing real revenue from its assets thereafter.

FINANCIAL MANAGEMENT

- During the year, as described above, the stated value of the Trust's balance sheet grew by an amount (£182,796) greater than the deficit on its operations (£125,741) after stripping out the £318,725 surplus on freehold sales, licences and variations
- The Trust's general fund at £635,731 includes the book values of the Trust's established freehold and long leasehold estate, and £385,000 in cash and on deposit. This cash constitutes the Trust's working capital, the calls on which include the funding of the deficit in the cash flow of the Scheme of Management that occurs in the course of the year
- £30,356 is held in restricted funds (see note 21)
- The Council has designated those funds that are intended to be held for the long term and that constitute the foundation of the Trust's future income. Property investments in these designated funds are intended to be held for the long term and expenditure from them is limited to amounts that do not exceed in any one year more than half the real growth in capital and income. Funds designated by the Trust Council total £900,084. These resources are in the form of: £305,005 invested in property, £400,000 designated for development of 862/864 Finchley Road, £2,948 in stocks in the process of being liquidated and £192,131 of cash at the bank or on deposit.

RISK MANAGEMENT

The Trust 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, with respect to its own resources, to husband them so as to enable it to preserve the character and amenities of the Suburb as well as to ensure its long-term survival. With respect to the Scheme of Management it will ensure that its expenditures are controlled so as to be consistent with the requirements of the Scheme of Management and endeavour to keep them within a predicted range related to the rates of inflation in the items of expenditure that constitute the expenses of the Scheme of Management.

AUDITORS

A resolution will be proposed at the Annual General Meeting for the appointment of chartered accountants and statutory auditors experienced in the charity sector and for their remuneration to be fixed by the Council.

By order of the Council, 24 July 2012



Jane Blackburn
Secretary

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

We have audited the financial statements of the Hampstead Garden Suburb Trust for the year ended 5 April 2012 which comprise the Statement of Financial Activities, the Balance Sheet, and the related notes. 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 Auditors' 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 its members, as a body, for our audit work, for this report, or for the opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITOR

As explained more fully in the Trustees' Responsibilities Statement set out on page 10, the Trustees (who are also the directors of the charitable company for the purposes 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 Report of the Council to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Although 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 ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 5 April 2012 and of its incoming resources and application of resources, including its income and expenditure, 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 Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Trustees' Report of the Council for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 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; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies regime to take advantage of the small companies exemption in preparing the Report of the Council.

Richard Weaver (Senior Statutory Auditor)
for and on behalf of **haysmacintyre, Statutory Auditors**
Fairfax House, 15 Fulwood Place, London WC1V 6AY
6 August 2012

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 5 APRIL 2012

(Including the income and expenditure account)

	Notes	2011/2012				2011/12 Total £	2010/11 Total £
		General Fund £	Restricted Funds note 21 £	Designated Fund £	Scheme of Management note 2 & 24 £		
Incoming resources	1(c)						
Incoming resources from generated funds:							
Voluntary income							
Leaseholders voluntary & other donations	21	-	18,277	-	-	18,277	14,535
Activities for generating funds:							
Commissions and fees	3	14,877	-	-	-	14,877	13,726
Sundry income		2,543	-	-	-	2,543	2,291
Investment income	4	85,014	338	-	-	85,352	78,974
Incoming resources from charitable activities:							
Building application fees	5	15,051	-	-	96,416	111,467	115,142
Management charges payable by freeholders		-	-	-	456,744	456,744	429,081
Legal fees recovered		-	-	-	141,784	141,784	201
Estate Maintenance Charges	1(e)	124,334	-	-	-	124,334	202,192
Other incoming resources:							
Surplus on freehold sales, licences & variations		318,725	-	-	-	318,725	325,972
Total incoming resources		560,544	18,615	-	694,944	1,274,103	1,182,114
Resources expended	6,7						
Costs of generating funds:							
Rental/investment management		28,301	-	-	-	28,301	22,488
Charitable activities:							
Regulation: applications		26,116	-	-	114,877	140,993	123,657
Regulation: awareness/advice/enforcement		81,310	-	-	227,889	309,199	338,178
Maintaining the fabric of the Suburb		109,349	10,014	-	170,043	289,406	199,272
Rechargeable estate maintenance	1(e)	124,334	-	-	-	124,334	202,192
Governance costs:							
Governance costs including audit fees	1(c)	6,751	-	-	22,195	28,946	30,348
Total resources expended		376,161	10,014	-	535,004	921,179	916,135
Net incoming/(outgoing) resources before transfers	8	184,383	8,601	-	159,940	352,924	265,979
Balance of freeholders management charges: charged/(refunded)		-	-	-	5,965	5,965	27,631
transfers (designated funds)		(445,096)	-	445,096	-	-	
Net incoming/(outgoing) resources before other recognised gains and losses		(260,713)	8,601	445,096	165,905	358,889	293,610
Gain/(loss) on investment assets	14	-	-	(10,118)	-	(10,188)	(18,735)
Net movement in funds		(260,713)	8,601	434,908	165,905	348,701	274,875
Funds brought forward at 5 April 2011	17	896,444	21,755	465,176	(5,965)	1,377,410	1,102,535
Funds at 5 April 2012 before return or charge of balance of management charge		635,731	30,356	900,084	159,940	1,726,111	1,377,410
Balance of freeholders management Charges to be charged/(refunded)	2	-	-	-	(18,156)	(18,156)	5,965
Legal fees recovered to be (returned)					(141,784)	(141,784)	
Funds carried forward at 5 April 2012		635,731	30,356	900,084	0	1,566,171	1,383,375

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 15 to 22 form part of these accounts.

BALANCE SHEET AT 5 APRIL 2012

Company number 928520

	Notes	2011/2012		2010/2011	
		£	£	£	£
Fixed Assets					
Tangible assets					
Freehold and long leasehold estate, at cost	10	48,351		50,961	
Freehold property	11	34,800		34,800	
Property investments		305,005		-	
Office equipment and furniture	12	-		-	
Estate Works	13	167,580		149,964	
Investments	14	292,948		211,298	
			848,684		447,023
Current Assets					
Debtors	15	159,104		186,729	
Scheme of Management surcharge/(rebate)	15	(18,156)		5,965	
Cash at bank and in hand		793,907		767,631	
			934,855		960,325
Current Liabilities					
Creditors: amounts falling due within one year	16	(75,584)		(23,973)	
Scheme of Management		(141,784)			
Net Current Assets		717,487		936,352	
Net Assets			1,566,171		1,383,375
Representing:					
General fund			635,731		896,444
Restricted fund	21		30,356		21,755
Freehold Scheme of Management	17		-		-
Designated fund	22		900,084		465,176
			1,566,171		1,383,375

Approved and authorised for issue on behalf of the Council on 24 July 2012 and signed on its behalf by



Angus Walker



Simon Hurst

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 5 APRIL 2012

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 2006 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.

Estate works: The charity has a capitalisation policy whereby appropriate estate works 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 the works are undertaken. The depreciation rate provided on appropriate estate works is 10 years so as to write off the costs over their expected useful life.

c) Incoming resources and resources expended

All incoming resources and all resources expended 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 (see Note 21).

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 to those residents affected by the works.

f) Pensions

The Trust has a contributory pension scheme.

g) Investments

Investments are stated at their market values at the balance sheet date. The realised and unrealised gains and losses on investments are calculated based on the open market values and are accounted for within the Statement of Financial Activities.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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.

Each item of income and expenditure is allocated to either the Scheme of Management or the general fund or, where appropriate, shared between both. The basis on which Freeholders have consequently been charged with a proportionate part of the expenses of the Trust in operating the Scheme has been agreed by the auditors.

Items of expenditure and income that relate to both the Scheme of Management and the general fund are apportioned as follows

- General overheads 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 2011/2012 in an apportionment of 82%:18% between the Scheme of Management and the general fund.
- Legal costs in respect of 24 and 25 Ingram Avenue have been apportioned according to the balance of significance of the covenants relating to the Scheme of Management and to the Trust as the owner of the residual estate respectively at 90%:10% for 24 Ingram Avenue and 98%:2% for 25 Ingram Avenue. The £140,000 costs recovered on 25 Ingram Avenue have been returned 100% to the Scheme.

The Trust's auditors are satisfied that these apportionments are 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 surplus of £18,156 (2011: net surcharge of £5,965) attributable to the Scheme will be returned by a balancing credit to each Freeholder in accordance with clause 8 (b) (ii) of the Scheme of Management. In addition to this the sum of £141,784 in legal costs recovered or re-apportioned will be returned to the Freeholders as discussed in the Trustees' report.

3. COMMISSIONS AND FEES

This amount includes commission received from Brownhill, Morris & West (insurance agents) £11,826 (2011: £11,096), for the inclusion of material on their services in Trust mailings, Royal & Sun Alliance (insurers) £3051 (2011: £2,520), for an original requirement (now lapsed) in some Trust leases that insurance was to be provided by them. None of this income involved the Trust in expenditure on additional administrative resources and therefore it increases the Trust's income to the advantage of Suburb residents.

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.

4. INVESTMENT INCOME

	2011/2012 £	2010/2011 £
Rental income	83,673	78,008
Bank interest	1,679	966
	85,352	78,974
Allocated to:		
Trust and estate management (general fund)	85,014	78,974
Freehold Scheme of Management (interest)	-	-
Restricted Fund (interest)	338	-
	85,352	78,974

5. BUILDING APPLICATION FEES

	2011/2012 £	2010/2011 £
Leasehold	15,051	18,153
Freehold	96,416	96,989
	111,467	115,142

6. RESOURCES EXPENDED

	Direct £	Support £	2011/2012 £	2010/2011 £
Costs of Generating Funds				
Rental/Investment Management	20,785	7,516	28,301	22,488
Charitable activities				
Regulation: Applications	98,020	42,973	140,993	123,657
Regulation: Awareness/Advice/Enforcement	253,129	56,070	309,199	320,094
Maintaining the Fabric of the Suburb	237,382	52,024	289,406	217,356
Rechargeable Estate Maintenance	124,334	-	124,344	202,192
Governance Costs	23,822	5,124	28,946	30,348
	757,472	163,707	921,179	916,135

NOTES TO THE FINANCIAL STATEMENTS (Continued)

7. DIRECT AND SUPPORT COSTS

	Staff costs £	Support costs £	Amenities & project costs £	Legal/professional costs £	Total 2011/2012 £	Total 2010/2011 £
Costs of Generating Funds						
Rental/investment management	20,785	7,516	-	-	28,301	22,488
Charitable Activities						
Regulation: Applications	98,020	42,973	-	-	140,993	123,657
Regulation: Awareness/Advice/Enforcement	113,070	56,070		140,059	309,199	320,094
Maintaining the Fabric of the Suburb	74,398	52,024	149,133	13,851	289,406	217,356
Rechargeable Estate Maintenance	-	-	124,334	-	124,334	202,192
Governance Costs inc. audit fees	9,472	5,124	-	14,350	28,946	30,348
	315,745	163,707	273,467	168,260	921,179	916,135

Support costs include £47,883 (2011: £46,790) of management and staff costs (see note 9).

8. NET INCOME RESOURCES

	2011/2012 £	2010/2011 £
Net incoming resources for the year has been stated after charging:		
Depreciation – Office	-	5,097
Depreciation – Estate	21,104	17,231
Auditors remuneration – audit (haysmacintyre)	7,100	7,680
Auditors remuneration – non audit	1,008	3,296

9. MANAGEMENT AND STAFF COSTS

The average number of full and part-time staff (employees and contracted staff) during the year was 11 (2011:10) of which 5 (2011:4) were part-time and all of whom were involved in the delivery of the Trust's activities.

	2011/2012 £	2010/2011 £
Management and staff costs during the year comprised:		
Wages and salaries	262,240	252,367
Employers NI	29,864	26,313
Pension	7,907	7,239
Other management costs and expenses incurred	63,617	48,577
	363,628	334,496

For the year ended 5 April 2012 one employee received emoluments in the range £60,000-£70,000 (2011: One). No trustees received remuneration in either this or the previous year.

10. FREEHOLD AND LONG LEASEHOLD ESTATE, AT COST

	2011/2012 £	2010/2011 £
At 5 April 2011	50,961	53,751
Disposals during the year	(2,610)	(2,790)
At 5 April 2012	48,351	50,961

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.

11. FREEHOLD PROPERTY

	Land £	Building £	Total £
Valuation on 12 December 1968			
At 5 April 2011 and 2012	7,800	30,000	37,800
Depreciation			
At 5 April 2011 and 2012	-	3,000	3,000
Net Book Value			
At 5 April 2011 and 2012	7,800	27,000	34,800

12. OFFICE EQUIPMENT AND FURNITURE

	£
Cost	
At 5 April 2011 and 2012	-
Depreciation	
At 5 April 2011	-
Charge for year	-
At 5 April 2012	-
Net Book Value	
At 5 April 2012	-
At 5 April 2011	-

NOTES TO THE FINANCIAL STATEMENTS (Continued)

13. ESTATE WORKS

£

Net Book Value

At 5 April 2011	149,964
Additions during the year	38,720

At 5 April 2012	188,684
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Depreciation

At 5 April 2012	
Charge for the year	21,104

At 5 April 2012	167,580
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Net Book Value

At 5 April 2012	167,580
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At 5 April 2012	167,580
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14. INVESTMENTS

	2011/2012 £	2010/2011 £
Investments brought forward	182,659	158,580
Additions at cost	182,477	299,436
Disposal proceeds at market value	(335,000)	(256,648)
Unrealised gains/(losses)	(27,188)	(18,709)
	2,948	182,659
Cash held	290,000	28,639
	292,948	211,298
Investments listed on a recognised stock exchange	2,948	182,659
Cash held as part of the investment portfolio	290,000	28,639
	292,948	211,298

None of the direct holdings of stock exchange investments at the year-end exceeded 5% of the portfolio.

15. DEBTORS

	2011/2012 £	2010/2011 £
Management income owed to the Trust	139,949	178,424
Other debtors	14,504	-
Prepayments and accrued income	4,650	8,305
Refund of Management Charge	(18,156)	5,965
	140,947	192,694

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011/2012 £	2010/2011 £
Accruals and deferred income	75,584	23,973

17. FREEHOLD SCHEME OF MANAGEMENT

	£	£
Funds brought forward as at 05/04/2011 as previously stated		5,965
Balancing charges 2011/12		(5,965)
Surplus for 2011/12	(18,156)	
Balance refundable to freehold charge payers in 2012/13	18,156	
Funds carried forward as at 05/04/2012		-

18. INDEMNITY INSURANCE

During the year ended 5 April 2012 the Trust paid £4,138 (2011: £4,115) 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.

19. REMUNERATION OF THE TRUSTEES

No remuneration is paid to any of the Trust's trustees (2011: Nil). No trustees were reimbursed for travelling expenses (2011: Nil).

20. MEMBERS LIABILITY

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. RESTRICTED FUNDS

	As at 06.04.11 £	Incoming resources £	Resources expended £	Transfer £	As at 05.04.12 £
Main Restricted Fund	21,755	5,767	-	-	27,522
Stuart Goring Fund	-	12,848	10,014	-	2,834
	21,755	18,615	10,014	-	30,356

The main restricted fund contains donations to support the Trust's ability to preserve the amenities and character of the Suburb in the long term; for that reason not more than half the fund's real growth in capital and income will be spent in any year. In 2011/2012 the Trust also received a restricted donation of £10,278, attracting £2,569.50 in gift aid, in memory of the late Stuart Goring. £10,014 was expended in the course of the year and the remainder will be expended in 2012/2013 as agreed with the donor.

22. DESIGNATED FUND

	As at 06.04.11 £	Incoming resources £	Resources expended £	Transfers/ gains & losses £	As at 05.04.12 £
Designated Fund	465,176	-	-	434,908	900,084

The designated fund was set up in 2008/2009 for the purpose of ensuring the long term future of the Trust and the Suburb. Only part of the real growth in capital and income will be spent in any one year.

23. ANALYSIS OF NET ASSETS BY FUND

Fund balances at 5 April 2012 are represented by

	General Fund £	Restricted Fund £	Designated Funds £	Total Funds £
Tangible fixed assets	250,731	-	-	250,731
Investments	-	-	597,953	597,953
Net current assets	385,000	30,356	302,131	717,487
	635,731	30,356	900,084	1,566,171

24. RESOURCES EXPENDED ALLOCATED TO FUNDS AND RELATING TO MANAGEMENT CHARGE YEAR ENDED 5 APRIL 2012

Expenditure items	Total £	General Fund & Restricted Funds £	Scheme of Management £	Cost per charge £	2010/2011 £
1. Staff costs:	363,628	65,453	298,175		
Staff salaries inc PAYE & NI, contract & temporary staff, employee & volunteer expenses, training costs					
Less:					
Income from fees on freehold applications	(96,416)		(96,416)		
Net staff costs				201,759	55.61
					48.29
2. Premises costs:	53,479	9,626	43,853	12.09	11.16
Office rent, utilities, telephone, Council Tax, repairs and renewals, cleaning etc.					
3. Administrative costs:	62,345	14,030	48,315	13.32	10.56
Insurance (except for Trustees), office equipment, printing, postage & stationery, public relations, bank charges, depreciation					
4. Governance costs:	5,451	981	4,470	1.23	1.23
Trustee insurance and travelling expenses					
5. Projects and amenities costs:	149,133	114,464	34,669	9.56	5.03
Maintenance of amenity areas and other projects					
6. Legal costs:	107,471	39,179	68,292	18.82	33.79
Legal costs for general advice and litigation					
7. Other professional costs:					
Arboriculturalist, human resources, valuation and other advice	34,999	15,054	19,945	5.50	6.43
Surveyor's fee for determination of the Management Charge	11,439		11,439	3.15	2.33
8. Audit fees:	8,899	3,055	5,844	1.61	2.08
Expenditure	700,428	235,416	438,586	120.89	120.90
Income from fees on freehold applications			96,416		
Income from recovery of legal fees			141,784		
Total management charges including in-year enfranchisers			456,744		
Total income			694,944		
Total expenditure			535,004		
Balance of Management Charges to be (charged) credited to freeholders			159,940	44.10	rounded figure

At 6 April 2011 management charges payable: 3,615. At 6 April 2012 management charges payable: 3,642. Average for year: 3,628.

The Hampstead Garden Suburb Trust Limited
Formerly The New Hampstead Garden Suburb Trust Limited
(A company limited by guarantee and having no share capital)

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Registered charity number: 1050098 Registered in England

