

# HAMPSTEAD - GARDEN - SUBURB - TRUST

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REPORT AND ACCOUNTS FOR THE YEAR  
ENDED 5 APRIL 2016



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

**862 Finchley Road, Hampstead Garden Suburb, London NW11 6AB**  
**Tel: 020 8455 1066 / 020 8458 8085 Email: [mail@hgstrust.org](mailto:mail@hgstrust.org)**

**Company number: 928520**  
**Registered charity number: 1050098 Registered in England**

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## REPORT AND ACCOUNTS FOR THE YEAR ENDED 5 APRIL 2016

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## CHAIRMAN'S REVIEW 2015/2016

In my third year as Chairman, I feel that the Trust has made important progress in its role of preserving the character and amenity of the Suburb.

I begin by thanking my fellow Trustees and Trust staff for their work during the year. The Trustees are, of course, unpaid volunteers, and regularly give up their time to the Trust. In the last year there were over 30 meetings of the Trust Council and its advisory sub committees which focus on: Property & Plans; Finance & Organisation; Estate; and Grants & Amenities. Overwhelmingly these meetings take place in evenings after work so that the Trust can benefit from the input of trustees and those other volunteers who contribute towards the Trust's operation. There are few organisations which make such heavy demands on trustees. The Suburb is also fortunate to have a dedicated, professional team working in the Trust office.

The Trust's long term finances continue to give concern. The net movement in funds on the Statement of Financial Activities shows a net surplus of £561,444 and superficially the Trust has had a good year. The reality is starkly different. Overwhelmingly this "income" comes from the realisation of capital assets which are finite, and accordingly diminishing. Freeholds and those covenants whose variation for which the Trust can charge will eventually all be gone. Our fear is that at some point there will not be enough revenue from these sources to meet the Trust's continuing obligations. Last year the Trust realised £350,563 from these sales. Once this is deducted, along with the restricted funds of the Trust (£185,418) which may only be expended in accordance with specific restrictions, the surplus is only £25,462. Further, once you remove the rebate to the Management Charge for the Scheme of Management (£54,185) and the capital gain on investments of £84,929 there is actually a deficit of £113,653 for the year. As I reported last year, the gain on investments, which comes from the annual revaluation of the Trust's property assets, is money that the Trust cannot actually spend. The solution is continued successful investment of surplus funds. The Trust continues to pursue its policy of investing in Suburb residential property for market rent to increase its investment income to match its obligations. To that end we have begun looking for a further investment property at the time of writing.

Technical requirements have required a number of changes in the presentation of the Trust's accounts. This has meant that the Trust has also had to re-present the previous year's accounts in line with the new regime so that a comparison can be made. The most recognisable outcome is that there is a reduction in assets on the balance sheet of £54,046. This is because the Trust's office extension, built in 2013, is now recognised as a fixed asset rather than an investment. This requires the removal of last year's investment gain on the extension of £45,965 and one year's depreciation at £8,081 on the building being added to the Trust's expenditure. In addition the previously named "Restricted Fund" has been moved to the Designated Fund as the money within that fund is available for the purposes of the Trust, which is to preserve the character and amenity of the Suburb.

Within the accounts for the year ended 5 April 2016, you will notice that there is income of £192,918 to Restricted Funds. £43,675 of this is restricted to a specific project to replant the flowerbeds in Central Square and includes donations from the Trust, residents, the Residents Association and £20,000 of matched funding from London Borough of Barnet. These funds are held on trust for the purpose of the replanting; it is not the Trust's money. The remaining amount represents the compensation received from a resident who built a larger and deeper basement than that for which the Trust had given consent. Since we had been advised that this was a case in which it would have been extremely difficult to obtain an injunction, the Trust accepted damages in lieu. The figure agreed was £180,000 which took into account all relevant factors, including estimated legal costs. The Trust's policy will continue to be to threaten and/or obtain injunctions to restrain or reverse unauthorised work. Compensation is very much a second best. You will see that in note 25 the Management Charge has been credited with £32,162 from the case, representing the resident's contribution towards the Trust's legal fees, which reduces the cost of each charge by £8.48. The trustees felt that as the case had mainly been fought on the basis of the covenants in the Scheme of Management, the whole of the remaining compensation should be held as restricted funds for the benefit of the members of the Scheme of Management to be spent in subsequent years in the manner authorised by the Scheme – the maintenance and preservation of the character and amenities of Hampstead Garden Suburb. This is as envisaged by clause 13 of the Scheme of Management. These funds have now been placed in a separate bank account from the rest of the Trust's funds. We expect that the funds will be applied towards one or more projects for the benefit of all residents of the Suburb.

Following the advice received in respect of this case, the Trust has clarified its guidance to owners considering basements on the estate. The Trust has also increased its vigilance during the construction of such developments. There has subsequently been a reduction in the number of applications for approval of basements but it is too early to say if this is a coincidence.

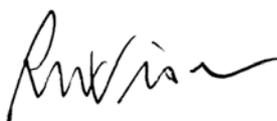
The other main legal case of the year saw the Trust's approach to the repair of its private road at Turner Close upheld by the First-tier Tribunal, resulting in the owners being found liable for their full share of the costs of the works.

During the year, the Residents Association raised with the Trust the issue of paving over front gardens. In response, the Trust reviewed several purported cases of inappropriate work and took appropriate action if there was found to be unauthorised work. To assist residents considering such alterations, the Trust began working on supplementary guidance related to the issue.

Along with the planned cyclical repairs to the estate and tree works following annual inspections of all the Trust's estate, the year saw work that has enabled a wall at Corringham Road to be repaired this summer. A further tennis court at Central Square was refurbished and is available to Suburb residents free of charge via an online booking system on the Trust's website. Both courts are very well used.

During the year, the field work for the Tree Survey was completed after four years of hard work by various volunteers. Special recognition is due to Judith Chaney for coordinating and driving the project over that period.

In summary, the year has seen an important development in the exercise of the Trust's powers, along with continued work on preserving the amenities of the Trust's own estate and surveying the essence of what it is the Trust is here to protect. These advances should be recognised against the need to provide for the continuation of the Trust's existence through careful management of its financial resources in the long term.



Richard Wiseman  
Chairman

## LEGAL, ADMINISTRATIVE AND OTHER INFORMATION ABOUT THE TRUST

### MEMBERS OF THE COUNCIL 19 JULY 2016



Back row (l-r): Jonathan Ross, Elspeth Clements, Alison Blom-Cooper, Tim Leach. Front row (l-r): Claire Calman, Richard Wiseman, Michael Franklin, David White

#### *Elected members:*

##### **Claire Calman**

**Elected 1 October 2012. Re-elected September 2015**

Claire has been a Suburb resident for over twelve years and first became involved with the work of the Trust as the Chair of Reynolds Close Residents Association. She is a published author and has worked as a journalist and editor.

##### **Michael Franklin**

**Elected 26 September 2013**

Michael grew up and went to school on the Suburb, returning as a resident again in 2001. He was Chairman of the Suburb Horticultural Society for six years until 2015. His background is in business.

##### **Michael David White**

**Elected 10 September 2014**

David has lived on the Suburb since 1960 when his parents bought 2 Meadway. David was, for many years, the honorary secretary of the Garden Suburb Theatre and was, until recently, the sole Church Warden for St Jude's. David is a chartered accountant and a licensed insolvency practitioner and prior to his retirement, he was the training director for the Association of Business Recovery Professionals.

##### **Richard Wiseman (Chairman)**

**Elected 26 September 2013**

Richard has lived on the Suburb for about twenty years. Prior to his election to the Trust Council he was an active member of the Residents Association Executive. He is a lawyer and prior to his retirement he was global head of ethics and compliance for Shell.

*Appointed members:***Alison Blom-Cooper BSc MPhil MRTPI  
Appointed by the Royal Town Planning Institute on  
12 April 2014**

Alison has over 30 years' experience of planning issues across both the public and private sectors. She has a particular interest in training and communications. She is currently a Director of Fortismere Associates which offers planning, design and management consultancy support for communities and the private sector.

**Elsbeth Clements  
Appointed by the Royal Institute of British Architects on  
1 April 2015**

Elsbeth is a member of RIBA Council and is an accredited RIBA Conservation Architect. She works in partnership with David Porter as Clements & Porter Architects, founded in 1979. She is also Chairman of the Highgate Society Planning Group and wrote part of the Highgate Conservation Area Appraisal.

**Tim Leach BA (Hons) Architecture, DipArch, Dip Con (AA),  
RIBA  
Appointed by the Victorian Society on 16 September 2009.  
Re-appointed 2012**

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.  
Re-appointed 2014**

Jonathan is a solicitor and is 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 member of the Trust Council.

*Election and Appointment to the Council:*

There was one vacancy for election as Claire Calman reached the end of a three year term. Varda Aaron and Claire Calman stood for the vacant position. The auditors, haysmacintyre, received 586 valid voting papers and rejected 20 papers as invalid. haysmacintyre reported that votes were cast as follows: Varda Aaron, 226; Claire Calman, 340. haysmacintyre declared that the candidate elected was Claire Calman.

## 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, 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 2016 there were 1,024 members of the Trust Company and 49 associate members. Membership of the Trust is open to adults who have been continuously resident on the Suburb for over three years. Other adult 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). The application 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 (in addition to Trust Council members):

#### Estate Committee

Judith Chaney, Philip Freedman, Helen Leiser, Steven Rosen, Patricia Major.

#### Finance & Organisation Committee:

Jeremy Clynes, Robin Marks, Paul Hartley, Max Petersen.

#### Grants and Amenities Committee

John Freeborn, Eva Jacobs, Sally Lewis, Louise Scheuer.

#### Property and Plans Committee

Max Petersen, Simon Sackman and Ann Spencer.

### PROFESSIONAL ADVISERS:

#### Solicitors

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

#### Bankers

HSBC Bank plc  
897 Finchley Road, Golders Green  
London NW11 7NX

#### Auditors

haysmacintyre,  
26 Red Lion Square  
London WC1R 4AG

#### Arboriculturalist

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

**STAFF**

The following people are currently employed by the Trust:

*Administration Team:*

**Nicholas Packard**  
MA (European Real Estate)  
MRICS  
Trust Manager and  
Company Secretary



**Rosalinde de Best**  
MA History of Art  
Trust Manager's  
Assistant



**Georgina Malcolm**  
Finance and  
Legal Assistant



**Paul Capewell**  
BSc (Hons) Information  
Management  
Information and  
Communications  
Assistant



**Patricia Lewin**  
Credit Control  
(*part-time*)

*Architectural Team:*

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



**Charlotte Curtis**  
BA, MSc Building  
Conservation  
Planning and  
Casework Assistant



**Michael Tutton**  
Dip Cons, PgDip (Bldg Cons)  
IHBC  
Assistant  
Architectural Adviser  
(*part-time*)



**Marjorie Galbinski**  
PgDip CHE  
Assistant  
Architectural Adviser  
(*part-time*)



**Ann Marsh**  
BA Dip Arch, RIBA  
Architectural  
Consultant  
(*part-time*)

*Estate Management Team:*

**Jane Horder**  
MRICS  
Estate Manager



**Ruth Bull**  
Assistant  
Estate Manager



**Susan Samuels**  
Estate Management  
Assistant  
(*part-time*)

## REPORT OF THE COUNCIL

The Council members, who act in the role of directors and Trustees, present their forty-eighth annual report, together with the audited accounts of the Trust for the year ended 5 April 2016. For the purposes of this report the term "Trust" is used to mean the company whose directors are referred to as "the Trustees"; the board is referred to as "the Council".

### 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 Limited.

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.

## ORGANISATIONAL STRUCTURE

The Trust Council is responsible for decisions of the Trust. The Trust Council is advised on relevant matters by the Property & Plans Committee, Finance & Organisation Committee, Estate Committee and Grants & Amenities Committee. Policies are developed by senior staff (Trust Manager, Architectural Adviser and Estate Manager) and the advisory committees. Decisions are implemented by staff.

**The Trust's long term strategy** is to undertake:

- Regulation of change on the Suburb through vigorous exercise of the Trust's obligations and rights under the Scheme of Management (for enfranchised freehold properties) and through the terms of the leases (for property where the Trust retains the freehold reversion)
- Direct, planned management of the residual estate, including communal open spaces, private roads and allotments
- An effective architectural advisory service for residents, owners and their professional agents and contractors
- An education and awareness programme through walks, talks, publications, broadcast and new media
- A modest programme of charitable donations to Suburb good causes
- Management and enhancement of the Trust's reserves to permanently eliminate revenue deficit.

**Main developments in 2015/2016** have been:

- A supportive decision from the First-tier Tribunal for the Trust's approach to repair works at Turner Close
- Reaching an accommodation with a resident who constructed a basement exceeding that authorised, resulting in compensation of over £149,000 being held for the benefit of the preservation of the character and amenity of the Suburb
- Review of the Trust's guidance in respect of basements
- Completion of the field work for the Suburb-wide Tree Survey.

The Trust Council confirms that it has complied with the duty in section 17 of the Charities Act 2011 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 2015/16, the Trust received 256 applications (compared to 260 in 2014/15) to change the external appearance, use or structure of property. There was one new application for demolition, which was a renewal of a previous consent. This application remained unresolved during the course of the year and included a basement. Consent was given for one demolition and rebuild application which had been received in a previous year and also included a basement.

In addition, eleven applications were received which involved the construction of, or extension to, a basement in an existing property. Of these, four were refused, none were approved and seven remained unresolved during the course of the year. Consent was given for six basements received in previous years. Three applications involved creating new hardstandings, of which one was approved and two remain unresolved.

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.

### *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, including Ward Councillors, to resist inappropriate felling.

Forty three infringements have been resolved and lifted during the year. This unusually high number of infringements lifted was after a specific review of those outstanding. Twenty nine new infringements were recorded.

### *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.

## REPORT OF THE COUNCIL (Continued)

The Trust's website continues to provide various sources of information for residents, their contractors, and researchers. As well as maintaining relationships with organisations close to home, the Trust welcomes interest and visits from further afield. This year we have welcomed various people including the Mayor of the garden village of Mariemont, Ohio; a community-focused design agency from Japan; and a town planner from Hungary, all with an interest in the beginnings of the Suburb and what the Trust does to protect it. In December, the Trust's annual winter lecture was given by Charlotte Hopkins of the London Metropolitan Archives on the subject of Henrietta Barnett as a 'philanthropic hero'.

### MAINTAINING THE FABRIC OF THE SUBURB

The programme of repairs to restore Charles Paget Wade's Great Wall, an important architectural feature dividing the rural Heath Extension from the urban Suburb will be completed this summer. Following the expiry of a lease on three tennis courts in Central Square, the top two courts have now been refurbished and made available for the use of residents of the Suburb and their guests. An online system was put in place to manage bookings and there were 1,240 tennis court bookings for the period 6 April 2015 – 5 April 2016. Work to repair the retaining wall at Corringham Road will be completed shortly. Field work for the Tree Survey, carried out in conjunction with the Residents Association and LB Barnet, has been completed and a copy will be available on-line this summer, along with a hard copy version. Annual inspections were carried out of all the hard and soft landscaping owned by the Trust across the Suburb. Where appropriate, tree and repair works were carried out following consultation with LB Barnet, neighbours, or the owners liable to contribute to costs.

### GRANTS

The Trust provides grant aid to local bodies whose activities are likely to be beneficial to residents and preserving the character and amenity of the Suburb. During 2015/2016 the Trust, advised by the Grants & Amenities Committee, made grants of £28,500. Grants were £4,000 to the Proms at St Jude's, £16,000 to St Jude's for the repair of the fabric of the building, £1,300 to the HGS Archive Trust to cover their accommodation costs in the Trust offices, £800 to Open City London, £650 to the Garden Suburb Theatre towards the cost of a performance in Little Wood, £1,000 to the Orchard Housing Society towards furniture in a communal lounge, £300 to Abbeyfield to reimburse management charges and road sweeping charges, and a further £150 to support a programme of outings, £100 to Fellowship House, £1,200 to the Youth Music Centre, £600 to Alyth Synagogue for Shalom suppers, £600 to Northway Gardens Organisation, £300 to Resources for Autism to improve their flower beds, £500 towards a series of chamber concerts at Fellowship and £1,000 to HGS Table Tennis Club.

### VOLUNTEERS

In 2015/2016 the Trust has again benefited from input to its work by volunteers including non-Trustee members of the Property & Plans Committee, the Estate Committee, the Finance Committee and the Grants & Amenities Committee. Volunteers continue to assist with tasks in the office. The Tree Survey fieldwork, using resident and other volunteers, is now complete. The names of those who served on the Trust's advisory committees are given above. Altogether there are twenty-one 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 15 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 final page).

#### *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 on the Management Charge in a specific year is returned to the Freeholders. Any funds received under other provisions of the Scheme are held in trust by the Trust to be applied in subsequent years in the manner authorised by the Scheme, which is made for the purpose of ensuring the maintenance and preservation of the Suburb.

#### *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 the course of 2015/2016 the Trust's reserves (less the gain of £84,929 on investments and the income to restricted funds) increased by £301,108. This is derived from three sources. Part is from the sale of freeholds and lease extensions, as required by the Leasehold Reform Act. Part is in the form one-off payments for variations to leases and covenants. Together these total £350,563. Part is constituted by donations totalling £3,338, including gift aid, received from residents during the year. It will be noted that the £301,108 increase in reserves is less than the £350,563 received from the sales of assets. These assets are not renewable and the net receipts must be husbanded with great care and invested to provide the Trust with a secure income to support its work for the indefinite future.

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

#### *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 £126.73 per household. This is below the estimated charge of £140.72 and the equivalent of a rebate to charge payers of £14.21 over the full year. This will be set against the estimated charge for 2016/2017 when the Management Charge bills are sent out in August/September 2016. 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.

#### **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 a 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.

## REPORT OF THE COUNCIL (Continued)

### 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. The Trust's investment policy is to purchase residential property on the Suburb for income to match the Trust's long term obligations to contribute towards shared costs from its own funds. In line with this policy it is anticipated that the Trust will be in a position to purchase a further investment property on the Suburb shortly. The income from these modest investments in residential property is bringing the operating account, in chronic deficit for many years, into balance.

The fundamental financial objective of the Trust is to restore the level of its investible assets to a level that will enable it to produce an increasing real income – quite independent, of course, of the Scheme of Management. Over the last ten years the Trust has made some progress towards this goal but it will need some years of well controlled expenditure and investment before it is firmly established.

In effect, the Trust is restructuring its balance sheet. Its freeholds have been subject to compulsory sales since 1967 and the revenue from these sales will eventually be extinguished; meanwhile they have some way to run. These freeholds are held at book value so that their value is understated in the accounts. The Trust also derives revenue from variations in covenants. The Trust's experience of these transactions suggest that they will decline but that, for the foreseeable future they will make it possible to reinvest what are essentially balance sheet assets so as to improve the Trust's financial position. The intention is that this should be continually strengthened by careful management.

### FINANCIAL MANAGEMENT

- During the year the stated value of the Trust's balance sheet grew by an amount (£386,037) greater than the deficit on its operations (£49,455) after stripping out the £350,563 surplus on freehold sales, licences and variations and £84,929 gain on investment properties
- £1,399,074 is held in the Trust's general fund (see note 23). This includes 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
- £192,918 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 intended to be 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 £1,634,585. These resources are in the form of: £1,382,668 in property assets and £251,917 of cash on deposit.

The Trust does not have any obligations in respect of a defined benefit pension scheme.

## PAY AND REMUNERATION

The trustees comprise the Trust Council and the senior management team comprise the key management personnel of the Trust. No trustees received remuneration in the year. The remuneration of the senior management team (Trust Manager, Architectural Adviser, Estate Manager, Finance & Legal Assistant), along with that of all staff, is reviewed at least annually by the Finance & Organisation Committee who make recommendations to the Trust Council for their decision. The Finance & Organisation Committee are asked to:

- Review Trust staff salaries/conditions and make sure recommended amendments are appropriate to ensure that salaries/conditions remain competitive
- Recommend the annual percentage increase in the payroll for each member of staff (which can be zero) taking into account changes in relevant published indices of living costs (such as CPI, RPI and Living Wage)
- Recommend any consolidated pay awards and staff salary increases outside of the annual review process taking into account the recommendation from time to time by the Trust Manager
- Recommend any non-consolidated pay awards (bonus) taking into account the recommendation of the Trust Manager
- Recommend pension arrangements and ensure that contractual terms on termination are fair to the individual and the Trust, that poor performance is not rewarded and a duty to mitigate loss is recognised.

The appropriateness and relevance of the remuneration policy is reviewed annually, including reference to comparisons with other charities and property companies ensuring the Trust remains sensitive to the broader issues e.g. pay and employment conditions elsewhere.

## 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.

The principle risks and uncertainties identified by the Trust are as follows: a successful legal claim against the Trust arising from its role as landlord, damage to real property, failure of IT systems and fraud. The plans and strategies for managing these risks are: Professionally qualified and trained staff. Advice from relevant professional advisors. Regular review of cases by trustees. Health & Safety risk assessment and policy. Inspection & repair regime. Appropriate policies for the use of property. Regular maintenance of property. Insurance. Regular back up of data and an IT maintenance contract. Regular upgrades of IT hardware and software. Financial Controls and an annual audit.

## PLANS FOR FUTURE PERIODS

The long term financial objectives of the Trust are, with respect to its own resources, to husband and consolidate them so as to generate revenue 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 the Trust 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.

In line with the aims of the reserves and investments policy and the risk management strategies in place, there is no particular reason to believe the Trust is not a going concern at the date of approving the report and accounts.

## AUDITORS

haysmacintyre, chartered accountants and registered auditors experienced in the charity sector were re-appointed in September 2015. haysmacintyre is 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



**Nicholas Packard**  
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 2016 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 11, 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 2016 and of its net movement in funds, 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**  
26 Red Lion Square, London WC1R 4AG

## STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 5 APRIL 2016

(Including the income and expenditure account) [Prepared in line with Charities SORP (FRS 102)]

Company number 928520

	Notes	2015/2016				2015/16 Total £	2014/15 Total £
		General Fund £	Restricted Funds note 21 £	Designated Funds note 22 £	Scheme of Management note 2 & 25 £		
<b>INCOMING RESOURCES</b>	1(c)						
<b>Income from donations and legacies:</b>							
Leaseholders voluntary & other donations	22 (a)	-	-	3,338	-	3,338	5,497
Central Square	21	-	36,175	-	-	36,175	-
<b>Income from Scheme of Management Compensation:</b>	21	-	149,243	-	-	149,243	-
<b>Income from other trading activities:</b>							
Commissions and fees	3	2,159	-	-	-	2,159	2,257
Sundry income		4,520	-	-	-	4,520	6,280
<b>Income from investments:</b>							
Rental and other investment income	4	177,323	-	-	-	177,323	161,548
<b>Income from charitable activities:</b>							
Application fees	5	13,847	-	-	125,986	139,833	152,489
Management Charges payable by freeholders		-	-	-	534,679	534,679	511,771
Legal fees recovered		3,596	-	-	32,162	35,758	-
Estate Maintenance Charges	1(e)	72,375	-	-	-	72,375	242,274
<b>Other income:</b>							
Freehold sales, licences & variations		350,563	-	-	-	350,563	416,028
<b>Total income</b>		624,383	185,418	3,338	692,827	1,505,966	1,498,144
<b>EXPENDITURE ON:</b>	6,7						
<b>Expenditure on raising funds:</b>							
Rental and other investments		71,112	-	-	-	71,112	40,715
<b>Expenditure on charitable activities:</b>							
Regulation: Applications		24,476	-	-	138,784	163,260	160,983
Regulation: Awareness/Advice/Enforcement		66,139	-	-	271,026	337,165	286,956
Maintaining the fabric of the Suburb		89,173	-	-	228,832	318,005	319,762
Rechargeable estate maintenance	1(e)	72,375	-	-	-	72,375	242,274
<b>Total expenditure</b>		323,275	-	-	638,642	961,917	1,050,690
<b>Net gains/(losses) on investments</b>		84,929	-	-	-	84,929	125,567
<b>Net incoming/(outgoing) resources before transfers</b>	8	386,037	185,418	3,338	54,185	628,978	573,021
Balance of Freeholders Management Charges: charged/(refunded)		-	-	-	(67,535)	(67,535)	(31,756)
Transfers (to designated funds)		-	-	-	-	-	-
Transfers (to restricted funds)		(7,500)	7,500	-	-	-	-
Transfers (to general fund)		45,554	-	(45,554)	-	-	-
<b>Net incoming/(outgoing) resources before other recognised gains and losses</b>	18&23	424,091	192,918	(42,216)	(13,350)	561,443	541,265
Other recognised gains/(losses)		-	-	-	-	-	-
<b>Net movement in funds</b>		424,091	192,918	(42,216)	(13,350)	561,443	541,265
<b>Reconciliation of funds:</b>							
Funds brought forward at 5 April 2015		974,982	-	1,676,801	67,535	2,719,318	2,178,054
Funds at 5 April 2015 before return or charge of balance of Management Charge		1,399,074	192,918	1,634,585	54,185	3,280,762	2,719,319
Balance of Freeholders Management charges to be charged/(refunded)	2&17	-	-	-	(54,185)	(54,185)	(67,536)
<b>Funds carried forward at 5 April 2016</b>		1,399,074	192,918	1,634,585	-	3,226,577	2,651,783

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 18 to 29 form part of these accounts.

## BALANCE SHEET AT 5 APRIL 2016

Company number 928520

	Notes	2015/2016 £	£	2014/2015 £	£
<b>FIXED ASSETS</b>					
<b>Tangible assets</b>					
Freehold and long leasehold estate, at cost	10 & 1(b)	48,515		49,865	
Freehold property, at cost less depreciation	11	422,673		430,754	
Estate works, at cost less depreciation	13	110,587		104,269	
<b>Investments</b>					
Property investments, initially at cost subsequently at fair value	12	1,464,999		1,322,180	
Other investments	14	251,917		250,352	
<i>Total fixed assets</i>			2,298,691		2,157,420
<b>CURRENT ASSETS</b>					
<b>Debtors</b>					
Management Charge for Scheme of Management surcharge/(rebate)	15	(54,185)		(67,535)	
Other debtors	15	216,371		285,877	
<b>Cash at bank and in hand</b>		839,428		569,799	
<i>Total current assets</i>		1,001,614		788,141	
<b>LIABILITIES</b>					
Creditors: amounts falling due within one year	16	(73,728)		(293,778)	
Creditors: amounts falling due after more than one year		-		-	
Management Charge for Scheme of Management		-		-	
<b>NET CURRENT ASSETS</b>			927,886		494,363
<b>TOTAL NET ASSETS OR LIABILITIES</b>			3,226,577		2,651,783
<b>REPRESENTING THE FUNDS FOR THE CHARITY:</b>					
<b>Unrestricted funds:</b>					
General fund			1,399,074		974,982
Designated funds	22(a) & (b)		1,634,585		1,676,801
<b>Restricted funds:</b>					
Management Charge for Scheme of Management	17		-		-
Scheme of Management compensation	21		149,243		
Central Square	21		43,675		
			3,226,577		2,651,783

Approved and authorised for issue on behalf of the Council on 19 July 2016 and signed on its behalf by



Richard Wiseman



Jonathan Ross

The notes on pages 18 to 29 form part of these financial statements

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 5 APRIL 2016

Company number 928520

	2015/2016	2014/2015
	£	£
<b>Cash flows from operating activities</b>	180,881	86,984
<b>Cash flows from investing activities</b>		
Dividends, interest and rents from investments	177,323	161,548
Proceeds from the sale of property, plant and equipment	-	-
Purchase of property, plant and equipment	(30,468)	-
Proceeds from the sale of investments	1,350	2,340
Purchase of investments	(57,892)	(256,956)
<b>Net cash provided by/(used) in investing activities</b>	90,313	(93,068)
<b>Change in cash and cash equivalents in the reporting period</b>	271,194	(6,084)
<b>Cash and cash equivalents at the beginning of the reporting period</b>	820,151	826,235
<b>Cash and cash equivalents at the end of the reporting period</b>	1,091,345	820,151

<b>NOTES TO THE CASH FLOW STATEMENTS</b>	2015/2016	2014/2015
	£	£
<b>Reconciliation of net income to net cash flow from operating activities</b>		
Net income for the reporting period	561,444	541,265
Depreciation charges	32,232	29,185
(Gains)/losses on investments	(84,929)	(125,567)
Dividends, interest and rents from investments	(177,323)	(161,548)
(Increase)/decrease in debtors	69,506	103,812
Increase/(decrease) in creditors	(220,049)	(300,163)
<b>Net cash provided by/(used in) operating activities</b>	180,881	86,984
<b>Analysis of cash and cash equivalents</b>		
Cash at bank and in hand	839,428	569,799
Short term deposits	251,917	250,352
	1,091,345	820,151

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 5 APRIL 2016

**1. ACCOUNTING POLICIES**

The following are the accounting policies adopted by the Trust:

**a) Basis of preparation**

The financial statements are prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

**Reconciliation with previous Generally Accepted Accounting Practice**

In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was required. This is provided below, per fund:

**DESIGNATED FUNDS****Reconciliation of opening funds and balances**

	6 April 2014	5 April 2015
	£	£
Fund balances as previously stated	1,618,463	2,084,725
Office extension at cost less 1 year's depreciation	-	(395,955)
1 year's depreciation on office	-	(8,081)
Movement from restricted funds	-	42,077
Gain on office extension as investment	-	(45,965)
<b>Fund balance as restated</b>	<b>1,618,463</b>	<b>1,676,801</b>

**RESTRICTED FUNDS****Reconciliation of opening funds and balances**

Fund balances as previously stated	36,580	42,077
Movement to designated funds	-	(42,077)
<b>Fund balance as restated</b>	<b>36,580</b>	<b>0</b>

**GENERAL FUND****Reconciliation of opening funds and balances**

Fund balances as previously stated	491,255	579,027
Office extension at cost less 1 year's depreciation	-	395,955
<b>Fund balance as restated</b>	<b>491,255</b>	<b>974,982</b>

A comparative Statement of Financial Activities (SOFA) for the year ended 5 April 2015 prepared under FRS 102 and the Charities SORP FRS 102 is at note 24.

**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 book value of the Trust's freehold land and building is based on a professional valuation carried out as at 12 December 1968. Until the year ending 5 April 2016, the Trust's office extension was held at its investment value. In line with the Charities SORP 2015 (FRS 102) from that date onwards the office extension is shown at cost (from completion in 2013) of £404,035 less depreciation on a straight line basis over 50 years. The parts of the Trust's office building that are currently used as residential could be taken back in to the Trust's use at short notice. The Trust considers that reliably measuring the residential element in isolation of the rest of the land and building would involve the Trust in undue cost and/or effort. Details of the impact of this restatement for comparative items is shown on note 1 (a) above.

**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 deliver 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 rechargeable works to communal areas. This work relates directly to specific areas for items such as gardening and road works. This is recharged to those owners obligated to contribute to the costs of the works.

**f) Pensions**

The Trust has contributory pension arrangements.

**g) Investments**

Investments comprise short term deposits and property assets. Investment properties are held at Trustees best estimate of market value at the balance sheet date in accordance with the SORP. Any gains or losses on investment assets are shown on the SOFA. No depreciation is charged on investment property.

**h) Going concern**

The trustees consider that there are no material uncertainties regarding the charity's ability to continue as a going concern.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### i) Critical accounting judgements and estimates

In preparing these accounts, management has made judgements, estimates and assumptions that affect the application of the charity's accounting policies and the reported assets, liabilities, income and expenditure and the disclosures made in the accounts. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### j) Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

### k) Creditors

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably.

### l) Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments, including trade and other debtors and creditors are initially recognised at transaction value and subsequently measured at their settlement value.

### m) Redundancy and termination costs

The charity recognises employee redundancy and termination costs in full on the date the redundancy or termination is confirmed.

## 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 (i.e. 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 on average more than ten times as much time, weighted for salary, was spent on houses as on flats. This calculation results for 2015/2016 in an apportionment of 85%:15% between the Scheme of Management and the general fund
- Legal costs are allocated or apportioned on a case by case basis, in accordance with legal advice. The apportionment is determined 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, balanced by consideration of the overriding reasons for the Trust defending or taking the action
- Costs for projects and amenities of benefit to all residents are apportioned according to the proportion of enfranchised (i.e. freehold) properties to all properties in respect of which the Management Charge or lease rents are payable to the Trust, with each property weighted equally. For 2015/2016, this results in an apportionment of 74%:26% between the Scheme of Management and the general fund.

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 £54,185 (2014/2015: net surplus of £67,535) 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.

## 3. COMMISSIONS AND FEES

This amount includes Royal & Sun Alliance (insurers) £2,158.84 (2015: £2,257.33), for an original requirement (now lapsed) in some Trust leases that insurance was to be provided by them.

**4. INVESTMENT INCOME**

	2015/2016 £	2014/2015 £
Rental income	175,037	157,537
Bank interest	2,286	4,011
	177,323	161,548
Allocated to:		
Trust and estate management (general fund)	177,323	161,548
Restricted Fund (interest)	-	-
	177,323	161,548

**5. BUILDING APPLICATION FEES**

	2015/2016 £	2014/2015 £
Leasehold	13,847	13,381
Freehold	125,986	139,108
	139,833	152,489

**6. RESOURCES EXPENDED**

	Direct £	Support £	2015/2016 £	2014/2015 £
<b>Costs of generating funds</b>				
Rental/Investment Management	53,380	17,732	71,112	40,715
<b>Charitable activities (inc. governance costs)</b>				
Regulation: Applications	116,442	46,818	163,260	160,983
Regulation: Awareness/Advice/Enforcement	252,227	84,938	337,165	286,956
Maintaining the Fabric of the Suburb	264,722	53,282	318,004	319,762
Rechargeable Estate Maintenance	72,375	-	72,375	242,274
	759,146	202,770	961,916	1,050,690

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 7. DIRECT AND SUPPORT COSTS

	Staff Costs	Support Costs	Amenities & Project Costs	Legal/ Professional Costs	Total 2015/2016	Total 2014/2015
	£	£	£	£	£	£
<b>Costs of generating funds</b>						
Rental/investment management	53,380	17,732	-	-	71,112	40,715
<b>Charitable activities (inc. governance costs)</b>						
Regulation: Applications	116,442	46,818	-	-	163,260	160,983
Regulation: Awareness/Advice/Enforcement	146,952	84,938	-	105,275	337,165	286,986
Maintaining the Fabric of the Suburb	64,595	53,282	179,284	20,844	318,005	319,762
Rechargeable Estate Maintenance	-	-	72,375	-	72,375	242,274
	381,369	202,770	251,659	126,119	961,917	1,050,720

Support costs include £57,552 (2015: £56,839) of management and staff costs (see note 9).

### 8. NET INCOME RESOURCES

	2015/2016 £	2014/2015 £
Net incoming resources for the year has been stated after charging:		
Depreciation – Office	8,081	8,081
Depreciation – Estate	24,151	21,104
Auditors remuneration – audit (haysmacintyre)	10,380	8,490
Auditors remuneration – non audit	1,332	1,560

### 9. MANAGEMENT AND STAFF COSTS

The average number of full and part-time staff (employees and contracted staff) during the year was 14 (2015: 14) of which 6 (2015: 8) were part-time and all of whom were involved in the delivery of the Trust's activities. The average number of Full Time Equivalent employees and contracted staff during the year was 10.5 (2015: 10.6).

	2015/2016 £	2014/2015 £
Management and staff costs during the year comprised:		
Wages and salaries	350,132	339,096
Employers NI	35,350	34,430
Pension	13,329	11,498
Other management costs and expenses incurred	40,109	48,651
	438,920	433,675

For the year ended 5 April 2016 one employee received emoluments in the range £60,000-£70,000 (2015: One). The total employee benefits of the key management personnel of the Trust were £222,614 (2015: £201,668). No Trustees received remuneration in either this or the previous year.

**10. FREEHOLD AND LONG LEASEHOLD ESTATE, AT COST**

	2015/2016 £	2014/2015 £
At 5 April 2015	49,865	52,205
Disposals during the year	(1,350)	(2,340)
Acquisition during the year	-	-
At 5 April 2016	48,515	49,865

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 Other income Freehold sales, licences & variations net of an allocation of the original cost.

**11. FREEHOLD PROPERTY**

	Land £	Building £	Total £
<b>Valuation on 12 December 1968</b>			
At 6 April 2015	7,800	27,000	34,800
Charge for the year	-	-	-
Disposals	-	-	-
Balance at 5 April 2016	7,800	27,000	34,800
<b>Using cost at completion of building works in 2013</b>			
At 6 April 2015	-	395,954	395,954
Charge for the year	-	(8,081)	(8,081)
Disposals	-	-	-
Balance at 5 April 2016	-	387,873	387,873
<b>Net Book Value</b>			
At 5 April 2016	7,800	414,873	422,673
At 6 April 2015	34,800	395,954	430,754

The parts of the Trust's office building that are currently used as residential could be taken back into the Trust's use at short notice. The Trust considers that reliably measuring the residential element in isolation of the rest of the land and building would involve the Trust in undue cost and/or effort. For these reasons the historic construction cost of the extension completed in 2013 is depreciated in a straight line over 50 years.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 12. PROPERTY INVESTMENTS

	£
<b>Cost</b>	
At 5 April 2015	1,322,180
Additions	57,890
Revaluation	84,929
At 5 April 2016	1,464,999

Property investments comprise 4 residential flats located on Hampstead Garden Suburb. These investments are let on assured shorthold tenancies. They are held for their rental income which matches the Trust's long term obligations to contribute towards shared costs from the Trust's own funds. See note 1 (g) for the Trust's policy on valuation of investments.

### 13. ESTATE WORKS

	£
<b>Cost</b>	
At 6 April 2015	211,043
Additions during the year	30,468
At 5 April 2016	241,511
<b>Depreciation</b>	
At 6 April 2015	106,775
Charge for the year	24,149
At 5 April 2016	130,924
<b>Net Book Value</b>	
At 5 April 2016	110,587
At 6 April 2015	104,269

**14. INVESTMENTS**

	2015/2016 £	2014/2015 £
Investments brought forward	-	-
Additions at cost	-	-
Disposal proceeds at market value	-	-
Unrealised gains/(losses)	-	-
Cash held	251,917	250,352
	251,917	250,352
Investments listed on a recognised stock exchange	-	-
Cash held as part of the investment portfolio	251,917	250,352
	251,917	250,352

**15. DEBTORS**

	2015/2016 £	2014/2015 £
Management income owed to the Trust	198,613	279,293
Other debtors	2,130	1,243
Prepayments and accrued income	15,627	5,341
Refund of Management Charge	(54,185)	(67,536)
	162,185	218,341

**16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2015/2016 £	2014/2015 £
Accruals and deferred income	73,728	65,692
Completion of investment property purchase	-	228,085
	73,728	293,777

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 17. FREEHOLD SCHEME OF MANAGEMENT

	2015/2016 £	2014/2015 £
Funds brought forward as at 05/04/2015 as previously stated		(67,535)
Balancing charges 2015/16		67,535
Surplus for 2015/2016	(54,185)	
Balance refundable to freehold charge payers in 2015/2016	54,185	
Funds carried forward at 05/04/2016	-	-

### 18. INDEMNITY INSURANCE

During the year ended 5 April 2016 the Trust paid £4,341 (2015: £4,149) 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 (2015: Nil). No Trustees were reimbursed for travelling expenses (2015: Nil).

### 20. MEMBERS LIABILITY

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

### 21. RESTRICTED FUNDS

	As at 06.04.15 £	Incoming Resources £	Resources Expended /Due to freehold charge payers £	Transfers/ gains & losses £	As at 05.04.16 £
Management Charge for Scheme of Management	-	54,185	(54,185)	-	-
Scheme of Management compensation	-	149,243	-	-	149,243
Central Square	-	36,175	-	7,500	43,675

The Management Charge for Scheme of Management fund shows the amount due to enfranchised freeholders after the costs of operating the Scheme of Management in the year have been ascertained in comparison to the estimated Management Charge for the year. The Scheme of Management compensation fund relates to the net amount (after legal fees were deducted and returned to the relevant funds) paid to the Trust in settlement for an unauthorised development. This fund is restricted by the terms of the Scheme of Management to be applied in subsequent years in the manner authorised by the Scheme of Management, which is made for the purpose of ensuring the maintenance of the character and amenities of Hampstead Garden Suburb. This fund is held in trust for the members of the Scheme of Management. The funds and any interest accruing is kept in a bank account separate to any other funds held by the Trust. The Central Square fund consists of restricted donations from residents, the Trust, the HGS Residents Association and matched funding from LB Barnet for a specific project to reinstate the flower beds in Central Square.

**22a. ENDOWMENT DESIGNATED FUND**

	As at 06.04.15 £	Incoming Resources £	Resources Expended £	Transfers/ gains & losses £	As at 05.04.16 £
Endowment Designated Fund	42,077	3,338	-	-	45,415

The endowment designated 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 the Trust Council has determined that not more than half the fund's real growth in capital and income will be spent in any year.

**22b. DESIGNATED FUND**

	As at 06.04.15 £	Incoming Resources £	Resources Expended £	Transfers/ gains & losses £	As at 05.04.16 £
Designated Fund	1,634,724	-	-	(45,554)	1,589,170

The designated fund was set up in 2008/2009 for the purpose of ensuring the long term future of the Trust and the Suburb. The designated fund represents the investments of the Trust which it is intended shall be conserved and grown so that the Trust can continue to meet its objects to preserve the character and amenity of the Suburb. Unless otherwise determined by the Trust Council, only part of the real growth in capital and income will be spent in any one year.

The transition to the 2015 Charities SORP under FRS 102 (first appearing in the accounts to the year ending 5 April 2016) significantly reduced the amount appearing in the designated fund as the Trust's office extension was moved from the designated fund to the general fund (which contains the Trust's operational property at cost under 'Tangible fixed assets' – see note 23 below)

**23. ANALYSIS OF NET ASSETS BY FUND**

Fund balances at 5 April 2016 (previous balances having been restated in line with Charities SORP [FRS 2012])

	General Fund £	Restricted Fund £	Designated Funds £	Total Funds £
Tangible fixed assets	471,189	192,918	1,382,668	2,046,775
Investments	-	-	251,917	251,917
Net current assets	927,885	-	-	927,885
	1,399,074	192,918	1,634,585	3,226,577

The investments in the general fund have maturities of three months or less.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 24. STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 5 APRIL 2015

[Revised May 2015 for comparison in line with Charities SORP (FRS 102)]

	Notes	General Fund £	Restricted Funds £	Designated Funds £	Management Charge £	Total £
<b>INCOME AND ENDOWMENTS FROM:</b>						
<b>Income from donations and legacies:</b>						
Leaseholders voluntary & other donations		-	5,497	-	-	5,497
<b>Income from other trading activities:</b>						
Commissions and fees	3	2,257	-	-	-	2,257
Sundry income		6,280	-	-	-	6,280
<b>Income from investments:</b>						
Rental and other investment income	4	161,548	-	-	-	161,548
<b>Income from charitable activities:</b>						
Application fees	5	13,381	-	-	139,108	152,489
Management Charges payable by freeholders		-	-	-	511,771	511,771
Legal fees recovered		-	-	-	-	-
Estate Maintenance Charges	1(e)	242,274	-	-	-	242,274
<b>Other income:</b>						
Freehold sales, licences & variations		416,028	-	-	-	416,028
<b>Total income</b>		<b>841,768</b>	<b>5,497</b>	<b>-</b>	<b>650,879</b>	<b>1,498,144</b>
<b>EXPENDITURE ON:</b>						
	6 & 7					
<b>Expenditure on raising funds:</b>						
Rental and other investments		40,715	-	-	-	40,715
<b>Expenditure on charitable activities:</b>						
Regulation: Applications		25,979	-	-	135,004	160,983
Regulation: Awareness/Advice/Enforcement		44,310	-	-	242,646	286,956
Maintaining the fabric of the Suburb		114,069	-	-	205,693	319,762
Rechargeable estate maintenance	1(e)	242,274	-	-	-	242,274
<b>Total expenditure</b>		<b>467,347</b>	<b>-</b>	<b>-</b>	<b>583,343</b>	<b>1,050,690</b>
<b>Net gains/(losses) on investments</b>		<b>125,567</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>125,567</b>
<b>Net incoming/(outgoing) resources before transfers</b>		<b>499,988</b>	<b>5,497</b>	<b>-</b>	<b>67,536</b>	<b>573,021</b>
Balance of Freeholders Management Charges: charged/(refunded)		-	-	-	(31,756)	(31,756)
Transfers (to designated funds)		(16,261)	-	16,261	-	-
Transfers (to restricted funds)		-	-	-	-	-
Transfers (to general fund)		-	-	-	-	-
<b>Net incoming/(outgoing) resources before other recognised gains and losses</b>	18 & 23	<b>483,727</b>	<b>5,497</b>	<b>16,261</b>	<b>35,780</b>	<b>541,265</b>
Other recognised gains/(losses)						
<b>Net movement in funds</b>		<b>483,727</b>	<b>5,497</b>	<b>16,261</b>	<b>35,780</b>	<b>541,265</b>
<b>Reconciliation of funds:</b>						
Funds brought forward at 5 April 2014		491,255	36,580	1,618,463	31,756	2,178,054
Funds at 5 April 2014 before return or charge of balance of Management Charge		974,982	42,077	1,634,724	67,536	2,719,319
Balance of Freeholders Management charges to be charged/(refunded)		-	-	-	(67,536)	(67,536)
<b>Funds carried forward at 5 April 2015</b>		<b>974,982</b>	<b>42,077</b>	<b>1,634,724</b>	<b>-</b>	<b>2,651,783</b>

## 25. RESOURCES EXPENDED ALLOCATED TO FUNDS AND RELATING TO MANAGEMENT CHARGE YEAR ENDED 5 APRIL 2016

Expenditure items	Total	General Fund, Designated & Restricted Funds	Scheme of Management	Cost per charge	2014/2015
	£	£	£	£	£
<b>1. Staff costs:</b>	438,920	65,838	373,082		
Staff salaries inc PAYE & NI, contract & temporary staff, employee & volunteer expenses, training costs					
<b>Less:</b>					
Income from fees on freehold applications			(125,986)		
<b>Net staff costs</b>				<b>247,096</b>	65.17
					59.72
<b>2. Premises costs:</b>					
Office rent, utilities, telephone, Council Tax, repairs and renewals, cleaning etc.	54,304	8,146		<b>46,159</b>	12.17
					11.87
<b>3. Administrative costs:</b>					
Insurance (except for Trustees), office equipment, printing, postage & stationery, public relations, bank charges, depreciation	70,536	10,580		<b>59,955</b>	15.81
					15.20
<b>4. Governance costs:</b>					
Trustee insurance etc.	8,305	1,246		<b>7,059</b>	1.86
					1.40
<b>5. Projects and amenities costs:</b>					
Maintenance of amenity areas and other projects	179,284	128,854		<b>50,431</b>	13.30
					7.55
<b>6. Legal costs:</b>					
	103,518	30,197		<b>73,321</b>	19.34
					14.16
<b>7. Legal costs recovered:</b>					
	(35,758)	(3,596)		<b>(32,162)</b>	(8.48)
					-
<b>8. Other professional costs:</b>					
Arboriculturalist, human resources, valuation and other advice	23,261	4,381		<b>18,880</b>	4.98
					5.68
<b>9. Audit fees:</b>					
	11,413	1,658		<b>9,755</b>	2.57
					2.24
<b>EXPENDITURE</b>	<b>853,783</b>	<b>247,304</b>		<b>480,494</b>	<b>126.73</b>
					117.82
<b>Income from fees on freehold applications</b>		<b>125,986</b>			
Total management charges including in-year enfranchisers		<b>534,679</b>			
Total income			<b>660,665</b>		
Total expenditure			<b>606,480</b>		
Balance of Management Charges to be (charged) credited to freeholders			<b>54,185</b>	<b>14.21</b>	(rounded figures)

At 6 April 2015 3,784 Management Charges payable. At 6 April 2016 3,799 Management Charges payable.

