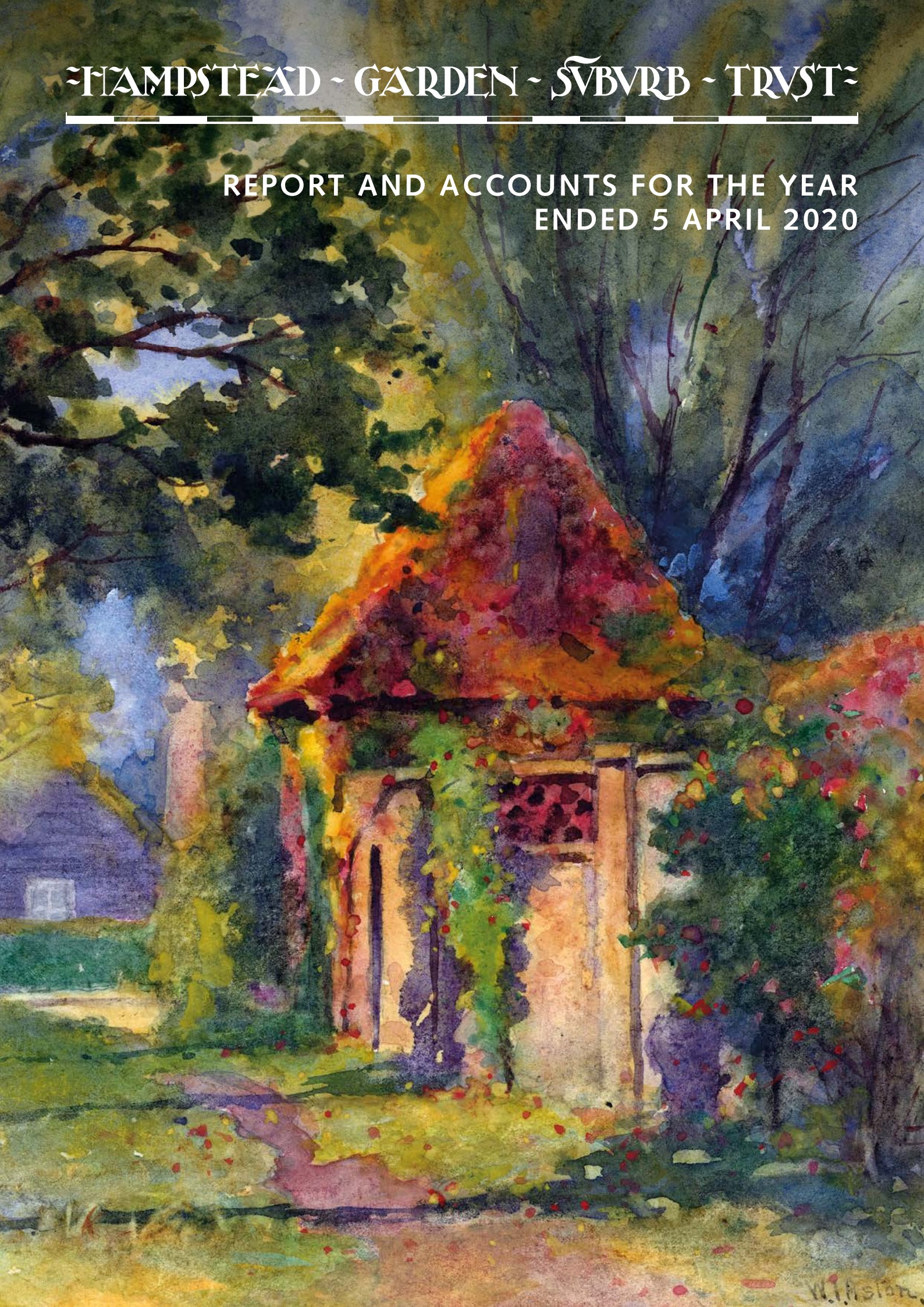


# HAMPSTEAD - GARDEN - SUBURB - TRUST

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REPORT AND ACCOUNTS FOR THE YEAR  
ENDED 5 APRIL 2020



W. H. H. H.



**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**

*Front cover image: 'The Wall – Autumn tints'; Back cover image: 'Crossing the Brook, looking north'*

*Both by William Isaac Aston (1857-1939) from the collection 'Impressions of the Garden Suburb, Hampstead, 1923-25'*

## REPORT AND ACCOUNTS FOR THE YEAR ENDED 5 APRIL 2020

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## CHAIRMAN'S REVIEW 2019/2020

This is my first Review having been appointed as the new chairman in succession to Richard Wiseman. I should like to thank Richard for successfully chairing the Trust for six years and his considerable efforts to put the Trust on a firmer financial basis.

In my first meeting as chairman with Nick Packard he handed to me his notice. My immediate priority was then to appoint a new Trust Manager. We decided to advertise for a chief executive officer (CEO) as this properly described the role. I am delighted that after a rigorous selection process we appointed Simon Henderson as our new CEO.

Simon comes to the Trust from Macmillan where he led the charity's buildings and quality functions for a number of years. Although Simon has only been with us for four months he has made an immediate and positive impact and I am sure that the Trust will go from strength to strength under his leadership.

I should like to thank Nick Packard for his contribution to the Trust as Estate Manager and then Trust Manager, and I wish him well in his new appointment. We also said goodbye to three other members of staff during the year; Georgina Malcolm, Charlotte Curtis and Daniel Formston.

We will also be saying goodbye in September to David White who has served as trustee for six years. He has made an outstanding contribution to the Trust council with his forensic financial scrutiny and for his care and concern for the Suburb.

I should like to thank the staff for all their hard work in these very challenging times. I should also like to thank the Trustees and volunteers for their hard work and the time they spend.

2019/20 was another year of steady activity, reflecting a consistently busy workload of planning applications and estate management. Trust staff continue to provide valuable early advice on planning issues, often improving initial proposals and ensuring that alterations do not adversely affect character of the Suburb. The Trust will not hesitate to take action where required.

The acquisition of Central Square is now in its final stage and I hope it will transfer from Barnet to the Trust on a long lease later in the year. We also completed the acquisition of a further investment property flat in line with the Trust's investment policy.

Covid-19 only made its presence felt at the very end of the financial year but significantly affected the way in which the Trust operated. The office closed from 23 March. All staff worked from home with remote access to IT systems. We had to curtail several services for a number of weeks, but all is now restored and staff have begun to move back into the office again under strict safety controls.

The wider impact of Covid-19 on the Suburb is yet to be seen but we have noticed more issues raised about neighbouring properties, perhaps an unavoidable consequence of prolonged lockdown, as well as greater use of Sunshine Corner once restrictions began to be lifted. Lockdown did bring unlooked-for benefits; in particular, cost and efficiency improvements through use of on-line meetings and documentation and more flexible staff working. Covid-19 has also created an opportunity for the Trust's first on-line AGM which will allow more people to join safely from the comfort of home.

Looking ahead I should like to see the Trust becoming more proactive in telling the residents of the Suburb about the many positive benefits the Trust provides and what it has achieved. As part of this I would like to see the Trust improving its communications with the members and residents. I also hope to see a closer relationship between the Trust and the Residents Association as well as explaining to all residents the differences between the two.



Raymond Taylor  
Chairman

## LEGAL, ADMINISTRATIVE AND OTHER INFORMATION ABOUT THE TRUST

### MEMBERS OF THE COUNCIL 7 AUGUST 2020

#### *Elected members:*



**Raymond Taylor**

**Elected 20 September 2018.**

Raymond has lived on the Suburb for over 35 years and served on the Trust's Estate and Finance & Organisation Committees prior to becoming a trustee. He is a practicing corporate solicitor.



**Maralyn Roberts**

**Elected 27 September 2019.**

Maralyn has lived on the Suburb for 38 years. She was elected as a Trustee 2019. She sits on the Trust's Property and Plans Committee, as well as chairing the Trust's Grants and Amenities Committee.



**Richard Townley**

**Elected 27 September 2019.**

Richard, who has lived in the Suburb for 43 years, is a fellow of the Royal Institution of Chartered Surveyors and has spent over 50 years specialising in commercial property investment. For ten years he was a Trustee of Ambitious About Autism and has been involved in various Suburb projects, in particular the introduction of the Heritage lighting in Central Square and the installation of the new flower beds in the Square.



**Michael David White**

**Elected 10 September 2014.**

**Re-elected 28 September 2017.**

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.

David sits on the Parish Church Council of St Jude's and looks after the fabric of the building. David also chairs the steering committee seeking funds to restore St Jude's for the benefit of future generations.

#### *Appointed members:*



**Elspeth Clements**

**Appointed by the Royal Institute of**

**British Architects on 1 April 2015.**

**Re-appointed 1 April 2018.**

Elspeth is an accredited RIBA Conservation Architect and a former member of the RIBA Council. 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.



**Dr Tye Blackshaw**

**Appointed by the Victorian Society on**

**7 January 2020.**

Tye is an art historian with post-graduate degrees from the Courtauld Institute in Medieval and Victorian architecture. She has worked and written for Pevsner's

*Buildings of England* series and *The Victoria County History*. She lives in Highgate where she was on the Planning Committee of the Highgate Society and is now a Protector for Highgate Cemetery.



**Jonathan Ross**

**Appointed by the Law Society on**

**18 July 2011.**

**Re-appointed 18 July 2014 and**

**18 July 2017.**

Jonathan is a solicitor and is head of property litigation at Forsters LLP, where his clients include a number of section 19 organisations 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.



**Alison Blom-Cooper BSc MPhil MRTPI**

**Appointed by the Royal Town Planning Institute on 12 April 2014.**

**Re-appointed 12 April 2017.**

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 public sector.

## LEGAL, ADMINISTRATIVE AND OTHER INFORMATION ABOUT THE TRUST (Continued)

### *Election and Appointment to the Council:*

There were two vacancies for election following the end of both Michael Franklin and Richard Wiseman's double three-year terms. Brian Ingram, Maralyn Roberts and Richard Townley stood for the two vacant positions. The auditors, Haysmacintyre LLP, received 417 valid voting papers and rejected 6 papers as invalid. Haysmacintyre reported that votes were cast as follows: Brian Ingram, 151; Maralyn Roberts, 276; Richard Townley, 362. Haysmacintyre declared that the candidates elected were Maralyn Roberts and Richard Townley.

In January 2020, Dr Tye Blackshaw was appointed by the Victorian Society as a Trustee. The previous appointee, Jacqui Barnett, retired as a Trustee having served since her appointment in November 2016.

### **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](mailto:mail@hgstrust.org) website: [www.hgstrust.org](http://www.hgstrust.org) The office is normally open Monday to Friday 9am to 5pm, excluding public holidays.

### **TRUST COMPANY MEMBERSHIP**

At 5 April 2020 there were 694 members of the Trust Company and 58 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](http://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, FRIBA, 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**

Alan Brudney, Judith Chaney, Liz Inman.

#### **Finance Committee:**

Jeremy Clynes, Robin Marks, Paul Hartley, Tony Ghilchik.

#### **Grants and Amenities Committee**

Rosemary Goldstein, Jonathan Seres, Louise Scheuer, Ron Finlay.

#### **Property and Plans Committee**

Patrick Ettwein, Ann Spencer; Peter McCluskie (alternate)

### **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 LLP  
10 Queens Street Place  
London EC4R 1AG

#### **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:

*Full time:*

**Simon Henderson**  
Chief Executive  
Officer and  
Company Secretary



**Dawn Looker**  
Chief Executive's  
Assistant



**Jane Horder**  
MRICS  
Estate Manager



**Lauren Marsh**  
BSc (Hons) Maths  
and Physics  
Assistant Estate  
Manager



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



**James Phillips**  
Assistant  
Architectural Adviser



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



**Tara Murphy**  
BA English and Archaeology  
MA 18th Century Literature  
Planning and  
Casework Assistant

*Part time:*

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



**Susan Samuels**  
Estate Management  
Assistant



**Patricia Lewin**  
Credit Control

*In addition the Trust currently regularly uses the services of the following part-time independent consultants:*

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

**Monica Knight** Dip Arch, BSc Arch, Grad Dip Cons (AA), ARB  
Architectural Consultant

**Harry Fisher** FMAAT  
Bookkeeping Consultant

## REPORT OF THE COUNCIL

The Council members, who act in the role of directors and trustees, present their fifty-second annual report, together with the audited accounts of the Trust for the year ended 5 April 2020. 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 & Organisational Committee, Estate Committee and Grants & Amenities Committee. Policies are developed by senior staff (Chief Executive Officer, 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 eliminate revenue deficit permanently.

**Main developments in 2019/2020** have been:

- Finalising negotiations with London Borough of Barnet to take back ownership of Central Square in 2020/21
- Addition of a further leasehold flat to the Trust's investment portfolio
- Awarding grants to ten local organisations that benefit the Suburb
- Pursuing and defending legal cases concerning alterations to Suburb property
- Development of additional guidance on security and hedge care
- Election of a new Trust Chairman
- Appointment of a new Chief Executive.

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 2019/20, the Trust received 196 applications (compared to 260 in 2018/19) to change the external appearance, use or structure of property. This may reflect the general uncertainty over Brexit during the year and a consequent disinclination to invest in property alterations. There was one new application for demolition and rebuild, which remains unresolved at present. In addition, six applications were received which involved the construction of, or extension to, a basement in an existing property (compared to seven in 2018/19), of which three were refused, two are unresolved, and one was given consent.

The Trust worked to ensure that the design and detailing of the new houses being constructed in Bute Mews, overlooking Northway Gardens, was appropriate to the character of the Suburb, and enhanced an area in need of improvement.

Two new applications involving the creation of new hardstandings were received (compared to three in 2018/2019). Of these, one was refused and one is unresolved.

### *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.

The Trust is widely involved in attempting to negotiate reinstatement of unauthorised alterations to Suburb property.

Three infringements have been resolved and lifted during the year. Eight new infringements have been 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.

The Trust aims to keep others informed of its work and responsibilities through its website and social media channels, as well as through printed publications and engaging with third parties. As well as maintaining relationships with

## REPORT OF THE COUNCIL (Continued)

organisations close to home, the Trust welcomes interest and visits from further afield. This year the Trust has assisted representatives of Rothenburg ob der Tauber in its preparations for an ambitious, three-year series of exhibitions and events, including one exhibition which highlights the link between the German city and the Suburb. Staff also worked with police on new security guidance for residents. As in previous years, Trust staff led walking tours on a variety of subjects in support of the Proms at St Jude's. Work also commenced on an exhibition on Suburb architects in collaboration with Suburb Archives scheduled for May 2020 but this exhibition has been postponed to a later date due to the Covid-19 outbreak.

### MAINTAINING THE FABRIC OF THE SUBURB

Works to maintain the Trust's estate on the Suburb have continued and the re-planting of Central Square and Sunshine Corner has been completed, as designed by Stephen Crisp. The feedback is positive and, as the plants mature, the informal design is beginning to reveal itself further. The Trust is also negotiating a long lease of Central Square with Barnet Council, which will enable the Trust to have greater control over this important area.

Annual inspections have been carried out on all of the hard and soft landscaping owned by the Trust across the Suburb and repairs and maintenance have been completed or are programmed to be undertaken in 2019/20. Some projects have already been finished and others have been added to the programme of works for 2020/21. Inspections for 2020/21 are currently delayed as a result of Covid-19 but will be undertaken during the summer and necessary works added to the programme accordingly. Where appropriate, tree works were carried out following consultation with LB Barnet, neighbours, or the relevant owners liable to contribute to costs.

In addition to the above, the allotments have seen further improvements this year. The Allotment Committee Chairman, site secretaries, allotment holders and Trust are working together to make further improvements to the sites and generate more interest in holding an allotment. As a result, there are only 4 plots available at the moment with waiting lists being held for some sites.

### 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 2019/2020 the Trust, advised by the Grants & Amenities Committee, made grants totalling £25,800.

Grants were made to the value of: £15,000 to the Parish of St Jude-on-the-Hill; £4,000 to the Proms at St Jude's; £1,300 to the HGS Archives Trust to cover their accommodation costs in the Trust offices; £900 to the Youth Music Centre; £600 to Fellowship; £800 to Open City; £900 to the North Western Reform Synagogue for Shalom Suppers; £1,100 to Northway Gardens Organisation; £500 to HGS Heritage; £500 to Friends of Fletchers Gardens; and £200 to Resources for Autism.

Subsequent to the outbreak of Covid-19 and the postponement of 2020's Proms at St Jude's live events, the £4,000 grant towards this event was returned to the Trust.

### VOLUNTEERS

In 2019/2020, 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. The names of those who served on the Trust's advisory committees are given above. Altogether there are 14 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 14 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 28). This appendix does not form part of the report and accounts.

#### *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 particular 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 2019/2020, the Trust's reserves increased by £459,306. Income is derived from three sources. Part is from the sale of freeholds and lease extensions, as required by the Leasehold Reform Acts. Part is in the form one-off payments for variations to leases and covenants. Together these total £431,634. Part is constituted by donations totalling £2,999, including gift aid, received from residents during the year. It will be noted that the £459,306 increase in reserves is greater than the £431,634 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. There was no appreciable impact on the Trust's finances from the Covid-19 pandemic during 2019/20.

#### *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 £142.70 per household. This is below the estimated charge of £160.82 and the equivalent of a rebate to charge payers of £18.24 over the full year. This will be set against the estimated charge for 2020/2021 when the Management Charge bills are sent out in August/September 2020. 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 its long term obligations to contribute towards shared costs from its own funds. In line with this policy, the Trust purchased a further investment property on the Suburb late in 2018/19 and has recently completed the extension of its lease. 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 investable 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 realisations from these sales will eventually terminate; 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 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, £459,306, greater than the deficit on its operations, £26,971, after stripping out the £431,634 surplus on freehold sales, licences and variations and the net gains on investments of £51,644. The deficit on operations figure is calculated by taking the gross income under all funds except the Scheme of Management before deducting the expenses of the same funds and deducting the proceeds of the sale of assets. The aim is to show how much of the one-off sales of assets are being used in annual running costs
- £1,902,689 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
- £149,243 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 £2,928,512. These resources are in the form of: £2,672,179 in property assets and £256,333 of cash on deposit (see note 23).

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



## PAY AND REMUNERATION

The trustees comprise the Trust Council. 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 (Chief Executive, Architectural Adviser, Estate Manager), 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 recommendations received from time to time by the Chief Executive
- Recommend any non-consolidated pay awards (bonus), taking into account the recommendations received from time to time by the Chief Executive
- 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 principal 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 that the Trust is not a going concern at the date of approving the report and accounts. Any financial impact from the Covid-19 pandemic will be monitored closely through the coming year. Remedial measures will be put in place as and when necessary, to ensure that the Trust remains a going concern and can maintain its core business activities.

## AUDITORS

Haysmacintyre LLP, chartered accountants and registered auditors experienced in the charity sector were re-appointed in September 2019. Haysmacintyre LLP is willing to continue in office. A resolution will be proposed at the Annual General Meeting for the Council to appoint and fix the auditors' remuneration.

The Report of the Council has been prepared in accordance with the small companies regime, and the Trustees have taken the exemption from preparing a strategic report.

By order of the Council



**Simon Henderson**  
Secretary

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

### OPINION

We have audited the financial statements of The Hampstead Garden Suburb Trust Limited for the year ended 5 April 2020, which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash Flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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 2020 and of the charitable company's net movement in funds, including the 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.

### BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### RESPONSIBILITIES OF TRUSTEES FOR THE FINANCIAL STATEMENTS

As explained more fully in the trustees' responsibilities statement set out on page 9, 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, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**CONCLUSIONS RELATING TO GOING CONCERN**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**OTHER INFORMATION**

The trustees are responsible for the other information. The other information comprises the information included in the Report of the Council. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Council (which includes the directors' report prepared for the purposes of company law) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the Report of the Council have been prepared in accordance with applicable legal requirements.

**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Council (which incorporates the directors' report).

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the charitable company; or
- the charitable company 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 and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

**USE OF OUR REPORT**

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Richard Weaver (Senior Statutory Auditor)**

**For and on behalf of Haysmacintyre LLP, Statutory Auditors**  
**11 August 2020**

10 Queen Street Place, London EC4R 1AG

## STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 5 APRIL 2020

(Including the income and expenditure account)

Company number 928520

	Notes	2019/2020				2019/20 Total £	2018/19 Total £
		General Fund £	Restricted Funds Note 21 £	Designated Funds Note 22 £	Scheme of Management Note 2 £		
<b>INCOME FROM:</b>	1(d)						
<b>Donations and legacies:</b>							
Leaseholders voluntary & other donations	22(a)	-	-	2,999	-	2,999	2,685
<b>Other trading activities:</b>							
Commissions and fees	3	-	-	-	-	-	848
Sundry income		4,626	-	-	-	4,626	726
<b>Investments:</b>							
Rental and other investment income	4	239,600	-	-	-	239,600	213,746
<b>Charitable activities:</b>							
Application fees	5	12,210	-	-	95,346	107,556	135,735
Management Charges payable by freeholders					639,455	639,455	623,630
Legal fees recovered		-	-	-	(400)	(400)	1,684
Estate Maintenance Charges	1(f)	77,738	-	-	-	77,738	78,306
<b>Other income:</b>							
Freehold sales, licences & variations		431,634	-	-	-	431,634	421,512
<b>Total income</b>		765,808	-	2,999	734,401	1,503,208	1,478,872
<b>EXPENDITURE ON:</b>	6,7						
<b>Raising funds:</b>							
Rental and other investments		142,457	-	-	-	142,457	96,954
<b>Charitable activities:</b>							
Regulation: Applications		25,706	-	-	172,032	197,738	171,627
Regulation: Awareness/Advice/Enforcement		46,408	-	-	255,030	301,438	253,559
Maintaining the fabric of the Suburb		68,836	-	-	234,600	303,436	364,224
Rechargeable estate maintenance	1(f)	77,738	-	-	-	77,738	78,306
<b>Total expenditure</b>		361,145			661,662	1,022,807	964,670
<b>Net gains on investments</b>		51,644	-	-	-	51,644	-
<b>Net income before transfers</b>	8	456,307	-	2,999	72,739	532,045	514,202
Balance of Freeholders Management Charges: charged/(refunded)	17	-	-	-	(122,335)	(122,335)	(69,466)
Transfers (to designated funds)	22(b)	(28,030)	-	28,030	-	-	-
<b>Net movement in funds</b>		428,277	-	31,029	(49,596)	409,710	444,736
<b>Reconciliation of funds:</b>							
Funds brought forward at 6 April 2019		1,474,412	149,243	2,897,483	122,335	4,643,473	4,198,737
Funds at 5 April 2020 before return or charge of balance of Management Charge		1,902,689	149,243	2,928,512	72,739	5,053,183	4,643,473
Balance of Freeholders Management charges to be charged/(refunded)	2&17	-	-	-	(72,739)	(72,739)	(122,335)
<b>Funds carried forward at 5 April 2020</b>	23	1,902,689	149,243	2,928,512	-	4,980,444	4,521,138

All of the above are continuing activities of the Trust. The Trust had no recognised gains and losses other than those included above. The notes on pages 17-28 form part of these accounts.



## BALANCE SHEET AT 5 APRIL 2020

Company number 928520

	Notes	2019/2020 £	2018/2019 £
<b>FIXED ASSETS</b>			
<b>Tangible assets</b>			
Freehold and long leasehold estate, at cost	10 & 1(b)	44,825	44,825
Freehold property, at cost less depreciation	11	390,346	398,426
Estate works, at cost less depreciation	13	19,107	38,130
<b>Investments</b>			
Property investments, initially at cost subsequently at fair value	12	2,813,000	2,753,356
Other investments	14	256,333	255,241
<i>Total fixed assets</i>		3,523,611	3,489,978
<b>CURRENT ASSETS</b>			
<b>Debtors</b>			
Management Charge for Scheme of Management surcharge/(rebate)	15	(72,739)	(122,335)
Other debtors	15	188,373	164,019
<b>Cash at bank and in hand</b>		1,367,349	1,027,400
<i>Total current assets</i>		1,482,983	1,069,084
<b>LIABILITIES</b>			
Creditors: amounts falling due within one year	16	(26,150)	(37,924)
<b>NET CURRENT ASSETS</b>		1,456,833	1,031,160
<b>TOTAL NET ASSETS OR LIABILITIES</b>		4,980,444	4,521,138
<b>REPRESENTING THE FUNDS FOR THE CHARITY:</b>			
<b>Unrestricted funds:</b>			
General fund		1,902,689	1,474,412
Designated funds	22(a) & (b)	2,928,512	2,897,483
<b>Restricted funds:</b>			
Scheme of Management compensation	21	149,243	149,243
		4,980,444	4,521,138

The financial statements have been prepared in accordance with part 15 of the Companies Act 2006 in regards to small companies.

Approved and authorised for issue on behalf of the Council on 11 August 2020 and signed on its behalf by



Raymond Taylor



Michael David White

The notes on pages 17-28 form part of these financial statements

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 5 APRIL 2020

Company number 928520

	2019/2020 £	2018/2019 £
<b>Cash flows from operating activities</b>	109,441	239,661
<b>Cash flows from investing activities</b>		
Rental and other investment income	239,600	213,746
Proceeds from the sale of property, plant and equipment	-	-
Purchase of property, plant and equipment	-	-
Proceeds from the sale of investments	-	1,260
Purchase of investments	(8,000)	(411,740)
<b>Net cash provided by/(used) in investing activities</b>	<b>231,600</b>	<b>(196,734)</b>
<b>Change in cash and cash equivalents in the reporting period</b>	<b>341,041</b>	<b>42,927</b>
<b>Cash and cash equivalents at the beginning of the reporting period</b>	<b>1,282,641</b>	<b>1,239,714</b>
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>1,623,682</b>	<b>1,282,641</b>

<b>NOTES TO THE CASH FLOW STATEMENTS</b>	2019/2020 £	2018/2019 £
<b>Reconciliation of net income to net cash flow from operating activities</b>		
Net income for the reporting period	409,710	444,736
Depreciation charges	27,103	32,236
(Gains)/losses on investments	(51,644)	-
Rental and other investment income	(239,600)	(213,746)
(Increase)/decrease in debtors	(24,354)	7,618
(Decrease)/increase in creditors	(11,774)	(31,183)
<b>Net cash provided by/(used in) operating activities</b>	<b>109,441</b>	<b>239,661</b>
<b>Analysis of cash and cash equivalents</b>		
Cash at bank and in hand	1,367,349	1,027,400
Short term deposits	256,333	255,241
	<b>1,623,682</b>	<b>1,282,641</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 5 APRIL 2020

### GENERAL INFORMATION

The charity is a company limited by guarantee and is incorporated and registered in England and Wales. Its registered office and principle place of business is 862 Finchley Road, London NW11 6AB.

The financial statements are presented in Sterling (£).

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

### 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), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102, effective January 2019) and the Companies Act 2006.

The Hampstead Garden Suburb Trust meets the definition of a public benefit entity under FRS102. Assets and liabilities are initially recognized at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

#### b) Going concern

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

#### c) 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 2019, the Trust's office extension was held at its investment value. In line with the Charities SORP (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.

**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.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### d) Income and expenditure

All income and expenditure is accounted for in the period to which they relate, aside from donations which are recognised once entitlement is confirmed and receipt is probable.

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.

### e) Taxation

The charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly the charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied exclusively to its charitable purposes.

### f) 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.

### g) Pensions

The Trust has contributory pension arrangements, which it accounts for on an accruals basis.

### h) 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.

### 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.

Significant accounting judgements and estimates include:

- Valuation of investment property (see note 1(h)).
- Allocation of expenditure to the Scheme of Management (see note 2).

### 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 2019/2020 in an apportionment of 87%:13% (2018/2019 87%:13%) 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 2019/2020, this results in an apportionment of 79%:21% (2018/2019 78%:22%) 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 page 28 by way of additional information as that page does not form part of the report & accounts. The net surplus of £72,739 (2018/2019: net surplus of £122,335) 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) £0 (2019: £848), for an original requirement (now lapsed) in some Trust leases that insurance was to be provided by them.

## 4. INVESTMENT INCOME

	2019/2020 £	2018/2019 £
Rental income	236,028	210,957
Bank interest	3,572	2,789
	239,600	213,746
Allocated to:		
Trust and estate management (general fund)	239,600	213,746
	239,600	213,746

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 5. BUILDING APPLICATION FEES

	2019/2020 £	2018/2019 £
Leasehold	12,210	12,251
Freehold	95,346	123,484
	107,556	135,735

## 6. ANALYSIS OF EXPENDITURE

2019/2020	Direct £	Support £	Total £
<b>Costs of Generating Funds</b>			
Rental/Investment Management	118,497	23,960	142,457
<b>Charitable Activities (inc. Governance Costs)</b>			
Regulation: Applications	133,334	64,404	197,738
Regulation: Awareness/Advice/Enforcement	216,519	84,919	301,438
Maintaining the Fabric of the Suburb	262,378	41,058	303,436
Rechargeable Estate Maintenance	77,738	-	77,738
	808,466	214,341	1,022,807
<b>2018/2019</b>	<b>Direct £</b>	<b>Support £</b>	<b>Total £</b>
<b>Costs of Generating Funds</b>			
Rental/Investment Management	75,579	21,375	96,954
<b>Charitable Activities (inc. Governance Costs)</b>			
Regulation: Applications	109,845	61,782	171,627
Regulation: Awareness/Advice/Enforcement	173,306	80,253	253,559
Maintaining the Fabric of the Suburb	290,821	73,403	364,224
Rechargeable Estate Maintenance	78,306	-	78,306
	727,857	236,813	964,670

**7. DIRECT AND SUPPORT COSTS**

2019/2020	Staff Costs £	Support Costs £	Amenities & Project Costs £	Legal/ Professional Costs £	Total 2019/2020 £
<b>Costs of Generating Funds</b>					
Rental/Investment Management	118,497	23,960	-	-	142,457
<b>Charitable Activities (inc. Governance Costs)</b>					
Regulation: Applications	133,334	64,404	-	-	197,738
Regulation: Awareness/Advice/Enforcement	156,266	84,919	-	60,253	301,438
Maintaining the Fabric of the Suburb	24,467	41,058	212,424	25,487	303,436
Rechargeable Estate Maintenance	-	-	77,738	-	£77,738
	432,564	214,341	290,162	85,740	1,022,807
<b>2018/2019</b>	<b>Staff Costs £</b>	<b>Support Costs £</b>	<b>Amenities &amp; Project Costs £</b>	<b>Legal/ Professional Costs £</b>	<b>Total 2018/2019 £</b>
<b>Costs of Generating Funds</b>					
Rental/Investment Management	75,579	21,375	-	-	96,954
<b>Charitable Activities (inc. Governance Costs)</b>					
Regulation: Applications	109,845	61,782	-	-	171,627
Regulation: Awareness/Advice/Enforcement	130,703	80,253	-	42,603	253,559
Maintaining the Fabric of the Suburb	79,202	73,403	197,813	13,806	364,224
Rechargeable Estate Maintenance	-	-	78,306	-	78,306
	395,329	236,813	276,119	56,409	964,670

Support costs include £61,028 (2018/2019: 69,425) of management and staff costs.

**8. NET INCOME**

	2019/2020 £	2018/2019 £
Net incoming resources for the year has been stated after charging:		
Depreciation – Office	8,080	8,080
Depreciation – Estate	19,023	24,156
Auditors remuneration (gross) – audit (haysmacintyre)	9,960	9,960
Auditors remuneration (gross) – non audit	1,896	3,031

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

**9. MANAGEMENT AND STAFF COSTS**

The average number of full and part-time staff (employees and contracted staff) during the year was 14 (2018/2019: 14) of which 7 (2018/2019: 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 9.478 (2018/2019: 9.78).

	2019/2020 £	2018/2019 £
Management and staff costs during the year comprised:		
Wages and salaries	373,504	349,036
Employers NI	38,921	35,223
Pension	29,190	24,413
Other management costs and expenses incurred	51,977	56,082
	493,592	464,754

For the year ended 5 April 2020 three employees received emoluments in the range £60,000-£80,000 (2018/2019: three). The total employee benefits of the key management personnel of the Trust were £220,274 (2018/2019: £221,148). No trustees received remuneration in either this or the previous year.

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

	2019/2020 £	2018/2019 £
At 5 April 2019	44,825	46,085
Disposals during the year	-	(1,260)
At 5 April 2020	44,825	44,825

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 2019 and 5 April 2020	7,800	27,000	34,800
<b>Using cost at completion of building works in 2013</b>			
At 6 April 2019	-	363,626	363,626
Charge for the year	-	(8,080)	(8,080)
Disposals	-	-	-
Balance at 5 April 2020	-	355,546	355,546
<b>Net Book Value</b>			
At 5 April 2020	7,800	382,546	390,346
At 6 April 2019	7,800	390,626	398,426

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.

**12. PROPERTY INVESTMENTS**

	£
<b>Cost</b>	
At 6 April 2019	2,753,357
Additions	8,000
Revaluation	51,643
At 5 April 2020	2,813,000

Property investments comprise 9 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(h) for the Trust's policy on valuation of investments.

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 13. ESTATE WORKS

	£
<b>Cost</b>	
At 6 April 2019	241,511
Additions during the year	-
At 5 April 2020	241,511
<b>Depreciation</b>	
At 6 April 2019	203,381
Charge for the year	19,023
At 5 April 2020	222,404
<b>Net Book Value</b>	
At 5 April 2020	19,107
At 6 April 2019	38,130

## 14. INVESTMENTS

	2019/2020 £	2018/2019 £
Cash held on short term deposit	256,333	255,241

## 15. DEBTORS

	2019/2020 £	2018/2019 £
Management income owed to the Trust	186,499	164,019
Other debtors	1,874	-
Sub Total	188,373	164,019
Refund of Management Charge	(72,739)	(122,335)
	115,634	41,684



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

	2019/2020 £	2018/2019 £
Accruals and deferred income	26,150	37,924

**17. FREEHOLD SCHEME OF MANAGEMENT**

	2019/2020 £	2018/2019 £
Funds brought forward as at 5 April 2019 as previously stated	-	(122,335)
Balance refundable to freehold charge payers for 2018/2019	-	122,335
Surplus for 2019/2020	(72,739)	-
Balance refundable to freehold charge payers for 2019/2020	72,739	-
Funds carried forward at 5 April 2020	-	-

**18. INDEMNITY INSURANCE**

During the year ended 5 April 2020 the Trust paid £4,998 (2018/2019: £4,760) 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 (2018/2019: Nil). No trustees were reimbursed for expenses (2018/2019: Nil). There were no related party transactions during the year that require disclosure (2019: none).

**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**

2019/2020	As at 06.04.19	Income	Expenditure	Deficit or (Surplus) belonging to Scheme of Management	As at 05.04.20
	£	£	£	£	£
Management Charge for Scheme of Management	-	734,401	(661,662)	(72,739)	-
Scheme of Management compensation	149,243	-	-	-	149,243
	149,243	734,401	(661,662)	(72,739)	149,243
<hr/>					
2018/2019	As at 06.04.18	Income	Expenditure	Deficit or (Surplus) belonging to Scheme of Management	As at 05.04.19
	£	£	£	£	£
Management Charge for Scheme of Management	-	747,250	(624,915)	(122,335)	-
Scheme of Management compensation	149,243	-	-	-	149,243
Central Square	7,365	-	(7,365)	-	-
	156,608	747,250	(632,280)	(122,335)	149,243

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**

2019/2020

	As at 06.04.19 £	Incoming Resources £	Resources Expended £	Transfer £	As at 05.04.20 £
Endowment Designated Fund	53,322	2,999	-	-	56,321

2018/2019

	As at 06.04.18 £	Incoming Resources £	Resources Expended £	Transfer £	As at 05.04.19 £
Endowment Designated Fund	50,637	2,685	-	-	53,322

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**

2019/2020

	As at 06.04.19 £	Incoming Resources £	Resources Expended £	Transfers/ gains & losses £	As at 05.04.20 £
Designated Fund	2,844,161	-	-	28,030	2,872,191

2018/2019

	As at 06.04.18 £	Incoming Resources £	Resources Expended £	Transfers/ gains & losses £	As at 05.04.19 £
Designated Fund	2,450,858	-	-	393,303	2,844,161

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.

**22c. DESIGNATED FUNDS TOTAL**

2019/2020

	As at 06.04.19 £	Incoming Resources £	Resources Expended £	Transfer £	As at 05.04.20 £
Designated Funds Total	2,897,483	2,999	-	28,030	2,928,512

2018/2019

	As at 06.04.18 £	Incoming Resources £	Resources Expended £	Transfer £	As at 05.04.19 £
Designated Funds Total	2,501,495	2,685	-	393,303	2,897,483

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

Fund balances at 5 April 2020

	General Fund £	Restricted Fund £	Designated Funds £	Total Funds £
Fixed assets	445,856	149,243	2,672,179	3,267,278
Cash on short term deposits	-	-	256,333	256,333
Net current assets	1,456,833	-	-	1,456,833
	1,902,689	149,243	2,928,512	4,980,444

Fund balances at 5 April 2019

	General Fund £	Restricted Fund £	Designated Funds £	Total Funds £
Fixed assets	443,252	149,243	2,642,242	3,234,737
Cash on short term deposits	-	-	255,241	255,241
Net current assets	1,031,160	-	-	1,031,160
	1,474,412	149,243	2,897,483	4,521,138

The short term deposits have maturities of three months or less.

## RESOURCES EXPENDED ALLOCATED TO FUNDS AND RELATING TO MANAGEMENT CHARGE YEAR ENDED 5 APRIL 2020

Expenditure items	Total	General Fund, Designated & Restricted Funds	Management Charge	Cost per charge	2018/2019 Cost per charge
	£	£	£	£	£
<b>1. Staff costs:</b>	493,592	64,167	429,425		
Staff salaries inc PAYE & NI, contract and temporary staff, employee and volunteer expenses, training costs					
<b>Less:</b>					
Income from fees on freehold applications			(95,346)		
<b>Net staff costs</b>			<b>334,079</b>	84.12	70.95
<b>2. Premises costs:</b>					
Office rent, utilities, telephone, Council Tax, repairs and renewals, cleaning etc.	52,311	6,800	<b>45,511</b>	11.46	14.47
<b>3. Administrative costs:</b>					
Insurance (except for Trustees), office equipment, printing, postage & stationery, public relations, bank charges, depreciation	78,417	10,194	<b>68,223</b>	17.18	17.03
<b>4. Governance costs:</b>					
Trustee insurance etc.	9,728	1,265	<b>8,463</b>	2.13	2.08
<b>5. Projects and amenities costs:</b>					
Maintenance of amenity areas and other project costs	211,235	179,752	<b>31,483</b>	7.93	10.62
<b>6. Legal costs:</b>	57,268	12,069	<b>45,198</b>	11.38	5.60
<b>7. Legal costs recovered:</b>	400	-	<b>400</b>	0.10	(0.03)
<b>8. Other professional costs:</b>					
Arboriculturalist, human resources, valuation and other advice	31,369	6,675	<b>24,694</b>	6.22	3.65
<b>9. Audit costs:</b>	9,960	1,295	<b>8,665</b>	2.18	2.28
<b>EXPENDITURE</b>	<b>944,280</b>	<b>282,217</b>	<b>566,716</b>	<b>142.70</b>	<b>126.65</b>
<b>Income from fees on freehold applications and legal costs recovered</b>		<b>94,946</b>			
Total Management Charges including in-year enfranchisers		<b>639,455</b>			
Total income			<b>734,401</b>		
Total expenditure			<b>661,662</b>		
Balance of Management Charges to be (charged) credited to Freeholders			<b>72,739</b>	<b>18.24</b>	(rounded figures)

At 6 April 2019 3,962 Management Charges payable. At 6 April 2020 3,981 Management Charges payable.



