

# HAMPSTEAD - GARDEN - SUBURB - TRUST

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THE HAMPSTEAD GARDEN  
SUBURB TRUST LIMITED  
*Formerly The New Hampstead Garden  
Suburb Trust Limited*

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

REPORT AND ACCOUNTS  
FOR THE YEAR ENDED  
5 APRIL 2007



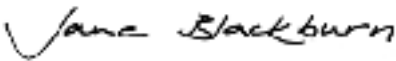
## NOTICE OF MEETING

NOTICE is hereby given that the thirty-ninth Annual General Meeting of the Company will be held at the Free Church Hall, Northway, London NW11 on Wednesday 19 September 2007, at 8.00pm for the following purposes:

### ORDINARY BUSINESS

- 1 to receive and consider the Report of the Council and the Accounts for the year to 5 April 2007.
- 2 to receive the report on the election of members of the Council.
- 3 to appoint the auditors and to authorise the Council to fix their remuneration.

By order of the Council



Jane Blackburn  
Secretary  
24 July 2007

Registered office  
862 Finchley Road  
London NW11 6AB

**Members are warmly invited to join the Trust Council members and staff for refreshments and conversation following the AGM.**

### Notes:

- 1 A member entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote instead of him or her. No person shall be qualified to be appointed or to act as a proxy unless he or she is either a member of the Company or a spouse of a member or qualified to be a member of the Company under the Articles. The instrument appointing a proxy must be lodged at the registered office of the Company, 862 Finchley Road, London, NW11 6AB, not less than 48 hours before the time of holding the meeting.
- 2 Four places for elected members of the Trust Council will be available by election:
  - 2.1 Mervyn Mandell retires by rotation after three years and has decided not to seek re-election
  - 2.2 There is a vacant place for an elected member following the resignation of Richard Wakefield in May 2007
  - 2.3 David Bogush and Charles Zeloof have given notice of their intention to resign as at the date of the Annual General Meeting (or declaration of the result of any election)
- 3 For the convenience of members there are set out below extracts from the Articles of Association regarding the appointment of elected members of the Council:

“Only members of the Company shall be eligible for election as elected members of the Council.

A candidate for election as an elected member of the Council shall:

- (a) have been nominated by the Council or by notice in writing given to the Secretary not earlier than the date of issue of notices of the Annual General Meeting of the Company in any year and not later than the 12th day prior to the date of such Annual General Meeting and signed by two members of the Company; and
- (b) have given notice in writing to the Secretary during the period for nominations referred to in this Article of his or her willingness to be appointed.”

## CHAIRMAN'S INTRODUCTION 2006/2007

The year has seen great strides by the Trust which is now on a firmer financial footing, having increased its rental revenue and also having correctly adjusted the apportionment between the Scheme of Management and 'Trust Alone' to take account of the actual costs of operating the Scheme. This approach had not been adopted for many years and had resulted in depletion of the financial reserves of the Trust, thereby threatening its continued viability.

2006/2007 has seen a number of challenges to the Scheme of Management.

Firstly there was a challenge by a number of freeholders to the level of charges incurred in running the Scheme of Management. The Leasehold Valuation Tribunal (LVT) upheld our charge for 2005/2006 as being "proper, reasonable and operated on a correct basis". However, this challenge will cost each freeholder approximately £5 within their charges over 2005/2006 and 2007/2008. The parties involved in this challenge have now indicated that they wish to appeal to the Lands Tribunal against this decision. This unfortunately will involve each freeholder in additional costs in the Trust having to defend this Appeal.

The second challenge was on the basis of the charge under which the Scheme operates at present. At the time of my writing this introduction the decision in respect of that application has still not been reached. Many of you will have seen articles in publications and correspondence on this application, so I do not intend to outline the basis of that application.

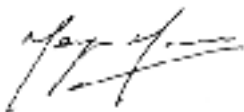
Mr Angus Walker applied to the LVT under the law now introduced by the Commonhold & Leasehold Reform Act 2002. The cost to each freeholder over two years will amount to at least £7. A major part of this cost will be borne in the year 2007/08. A great deal of time and energy has been put into dealing with these applications by the Trust Council, Trust Manager and staff; time which could well have been used more usefully in dealing with other pressing issues.

The amount of £77 charged to each freeholder for the year 2006/07 is not substantially different to that of a TV licence, an application for a passport or a single parking ticket. However the vociferous few who have sought to encourage and support these applications are far outweighed by the silent majority of residents in the Suburb who see no reason to challenge the Trust charges which are relatively modest.

It is unfortunate that residents often seek the support of the Trust in opposing neighbours' applications to make alterations, yet seek to challenge the Trust when some years later they themselves seek approval for a comparable alteration. It is a shame that some residents are short sighted in this respect. Had the Trust ceased to exist some years ago, I have no doubt that the Suburb today would be a very different place. Just look at neighbouring areas which do not have the same planning controls as the Suburb. With the loosening of local authority planning controls through government intervention in the near future, it will be up to the Trust to ensure that controls are strictly adhered to. The financial benefit that each householder has enjoyed over the years through the Suburb Trust's strict control of planning, and the effort that the Trust has put into ensuring that the area remains special, is often forgotten or underestimated. But the enriched community life within the Suburb should not be forgotten nor taken for granted.

I believe that the substantial increase in property values in the Suburb over the past year or so is a reflection of the demand and high regard that prospective purchasers have for the area, and that the majority are now realising that this is a wonderful place to live, whether young or old.

I intend to stand down as Chairman in September and this is my last annual report. I have endeavoured to serve the Suburb and I believe that with the support of my fellow Trustees; my colleagues on the Residents Association Council, and at the London Borough of Barnet; Trust members, the Trust Manager, Jane Blackburn, and the Trust staff, my three years as Chairman have been years of debate and work which have produced positive results. I wish the Trust Council and its new Chairman, whoever he or she may be, every success in continuing the revitalisation of the Trust. I would ask all residents to remember that the Council and the Chairman are volunteers; that the experience is demanding; and that it can be bruising. Debate and criticism are essential to the work of the Trust but a tolerant and constructive spirit should be the order of the day.



**Mervyn Mandell** Chairman

24 July 2007

## LEGAL, ADMINISTRATIVE AND OTHER INFORMATION ABOUT THE TRUST

### MEMBERS OF THE COUNCIL

The members of the Council on 24 July 2007 were as follows:



*Mervyn Mandell*



*Charles Zeloof*



*David Bogush*

*Elected members:*

**Mervyn Mandell BSc, FRICS, JP – Chairman. Elected September 2004.**

Mervyn has lived on the Suburb since 1978. He has been active in the Residents Association as Chairman of its Conservation and Amenities Committee (CONSAM), and previously served as an elected member of the Trust Council from 1996 to 2002. Mervyn is a chartered surveyor by profession and was in private practice until 2004. He now acts as a property consultant.

**Charles Zeloof BSc (Hons). Elected September 2003. Re-elected September 2006.**

Charles has lived on the Suburb since 1985. He is a director of a design company.

**David Bogush BPharm, MRPharmS. Elected September 2006.**

David has been a resident of the Suburb for over 35 years. He was involved with the Residents Association for over 25 years in various roles including Secretary of the RA and Chairman of several sub-committees. He was an elected member of the Trust in the early 1990's and has served on the Hampstead Garden Suburb Institute Council.

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

Wendy Miller



Simon Hurst



Wilfred Court



Phillipa Aitken

*Appointed members:*

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

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

**Simon Hurst MA, Dip Arch, BSc (Hons), RIBA. Appointed by the Royal Institute of British Architects on 20 May 2003. Re appointed 2006.**

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

**Wilfred Court MA (Cantab), RIBA. Appointed by the Victorian Society on 6 June 2003. Reappointed 2006.**

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

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

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

*An elected member who also served in the course of the year was:*

**Richard Wakefield Dip CAM, MIPA, MCIM. Elected September 2005, resigned 17 May 2007.**

*Elections to the Council:*

There were two nominations for the two vacancies for elected members created by the retirement by rotation of Charles Zeloof at the AGM in September 2006 and the death of Michael Rowley in February 2006. Charles Zeloof and David Bogush, who had been co-opted onto the Council following Michael Rowley's death and then retired as laid down in clause 34 of the Articles of Association, were duly declared elected.

**REGISTERED OFFICE**

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

**TRUST COMPANY MEMBERSHIP**

At 5 April 2007 there were 755 members of the Trust Company. The maximum allowed under the Articles of Association is 1,250. Membership of the Trust is open to people who have been continuously resident on the Suburb for over three years. Applications to join are welcome (there is no charge or subscription, and each member's liability is limited to a guarantee of £1) and the form can be obtained from the Trust Manager at the office address above.

**TRUST COUNCIL'S RESPONSIBILITIES**

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

**COUNCIL MEMBERS' INDUCTION AND TRAINING**

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

**HONORARY LIFE PRESIDENT**

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

**PROFESSIONAL ADVISERS***Solicitors*

Lee, Bolton & Lee  
1 The Sanctuary  
London SW1P 3JT

*Auditors*

haysmacintyre  
Fairfax House  
15 Fulwood Place  
London WC1V 6AY

*Bankers*

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

*Arboriculturalist*

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

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

The following people are currently employed by the Trust:



Jane Blackburn



David Davidson



Oliver Bradbury



John Haywood



Rebecca Carter



Marjorie Galbinski



Georgina Malcolm



Gwen Kipenakis

*Full-time:*

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

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

**Oliver Bradbury BA, MLitt** Assistant Architectural Adviser

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

**Rebecca Carter MA (Hons) Art History** Trust Manager's Assistant

*Job sharing:*

**Marjorie Galbinski and Georgina Malcolm** Planning Assistants

*Part-time consultants:*

**Gwen Kipenakis** Book-keeper

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



Ann Marsh



## REPORT OF THE COUNCIL

The Council members, who act in the role of directors and trustees, present their thirty-ninth annual report, together with the audited accounts of the Trust for the year ended 5 April 2007.

### OBJECT AND PRINCIPAL ACTIVITY

The object and principal activity of the Trust is to maintain and preserve the present character and amenities of Hampstead Garden Suburb. The Trust was created in its current form principally to control alterations to properties once they became freehold under the Leasehold Reform Act 1967. It is 33 years since the High Court approved the Scheme of Management for the Suburb under the Act. Since then the great majority of the houses and many of the flats on the Suburb have enfranchised and fall within the Scheme of Management, the numbers increasing year by year. In 1988 the Trust acquired the freeholds of all the long leasehold properties on the Suburb (including most of the blocks of flats) from Ashdale Land and Property Company Ltd. Through these leases, the freehold ownership of 11 allotment sites, 27 unadopted roads, some 50 other communal open spaces and the Scheme of Management itself, the Trust can maintain a unified control over nearly all Suburb properties and the trees, hedges and many of the communal areas around them. Control of the public highways and the larger open spaces rests with the London Borough of Barnet and Transport for London.

### STATUS

The Trust is a company limited by guarantee (Number 928520) and not having a share capital and is registered as a charity (Number 1050098). It is governed by its Memorandum and Articles of Association dated 8 March 1968 and most recently amended on 13 September 2006. Until 15 January 2007 it was known as The New Hampstead Garden Suburb Trust.

### MAIN DEVELOPMENTS IN 2006/2007

#### *Aims for the year*

The Trust Council set out in 2006/2007 to continue to:

- resist the growing pressures to over develop the Suburb
- modernise the operation and practices of the Trust
- communicate better with residents

and additionally to:

- manage better the private roads and open spaces in the Trust's ownership
- improve the Trust's offices for visitors and staff
- review the leasehold income and expenditure stream

#### *Financial matters*

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

## REPORT OF THE COUNCIL *continued*

2006/2007 has been a successful year for the Trust on many fronts including the sustained and continuing effort to place the Trust on a more secure financial footing. Residents have responded well in the main to the Trust's balancing charge for the shortfall on 2005/2006. Combined with increased income for application fees, relatively low levels of legal fees, careful control of overheads and the benefits of new accounting and administrative systems, in 2006/2007 this has produced (excluding income from sales of freeholds) a modest surplus for the Trust and a substantial rebate for management charge payers. The Trust has now ceased to subsidise the Scheme of Management and this will contribute to the long term viability of the Trust in its important task of caring for the character and amenity of the Suburb. The Trust Council is now supported by a Finance Committee, which meets regularly to monitor the Trust's financial affairs. The new financial controls and modern accounting systems now in place will provide appropriate information for the future running of the Trust. It should be noted however, that certain elements of the Trust's income and expenditure (for example legal costs) are unpredictable, so that the management charge may fluctuate more in future than it has in the past. Charge payers should expect that either a rebate or a balancing charge will be a normal feature of the annual bill.

The form in which the accounts are set out this year complies with the new Charity Commission requirements to relate expenditure to the Trust's objectives rather than under heads of expenditure. As a supplement to assist charge payers the Trust has included in this year's report and accounts an analysis of the management charge which gives a breakdown under heads of expenditure (see page 24).

The estimated management charge for 2007/2008 has been set at £99. There will be a balancing credit for 2006/2007 of £33, meaning that freeholders will pay £66 net. The adjusted charge for 2006/2007 was £77 (£110 minus £33).

In 2006/2007 the Trust sold the freehold of 15 houses, 2 blocks of flats and a public building, all previously on long leases at low fixed ground rents, which thus enter the Scheme of Management.

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

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

### **REGULATION: DEFENDING THE SUBURB**

#### *Applications*

In 2006/2007 the Trust has processed 256 applications (2005/2006 216 applications) to change the external appearance of property. These have included some major interventions including the conversion of the fine former Youth Hostel building in Wellgarth Road to residential use and the proposed redevelopment of the former Mercedes garage in Lyttelton Road in a style sympathetic to the original buildings in the Market Place.

#### *Advice and Enforcement*

The Trust's architectural and landscape staff have given guidance to residents, potential residents and their professional advisers on matters including preliminary advice regarding applications, routine maintenance work, legal matters and the pruning and felling of trees. The Trust has worked to correct infringements of the Scheme of Management and leases and restore sympathetic features. A significant amount of staff time has been taken up in regulating the effect of works by utility companies on the sensitive buildings of the Suburb.

### *Awareness*

Guided tours and information about the Suburb were given to local school groups, British and foreign architecture students and interested professionals and other adults.

The Trust has worked closely with a large number of local volunteers and in collaboration with the London Borough of Barnet and English Heritage to undertake area character studies. The Suburb has been divided into sixteen areas, five of which have been completed, and exhibitions of the work in progress have been held to generate comments and feedback from other residents. The work will support decision making which takes account of the different architectural character of the various parts of the Suburb in a demonstrably consistent manner. Once completed these studies can be adopted by both the Trust and Barnet to enhance the existing Design Guidance. An additional benefit of this project has been to increase residents' awareness of the qualities of the Suburb and the value of the Trust's work.

## **MAINTAINING THE FABRIC OF THE SUBURB**

### *Estate Management*

The last annual report noted that much of the infrastructure remaining in the Trust's ownership, including the unadopted roads and communal gardens and open spaces, will be in need of substantial renewal in the next decade or so. Accordingly the Trust has appointed an estate manager who is working with the Trust Manager and residents' groups to develop designs for road replacement and specifications for communal garden maintenance which are sympathetic to the character of the Suburb and to residents' wishes. A regular inspection régime is in place for such areas and maintenance programmes are being developed. A good working relationship with the Allotments Committee has been established with a programme of works agreed year by year.

### *Trust offices*

There has been further work to improve the Trust offices. A meeting room is now available for residents wishing to examine plans or to speak privately with staff. Central heating has been installed to replace the old gas fires.

## **GRANTS COMMITTEE**

In 2006/2007 work began to revitalise the work of the Grants Committee to support the social fabric of the Suburb. During the year the Trust made donations of £2,876. Donations include £700 to the Suburb Junior School, £1,312 in support of the Suburb Gallery, £650 (as rent free accommodation) in support of the Garden Suburb Theatre, a grant of £156 in support of the Allotments Society Harvest Home supper and a number of small grants to management charge payers on grounds of hardship. The Trust also supported the Proms at St Jude's and the Suburb New Year celebrations.

## **VOLUNTEERS**

In 2006/2007 the Trust has again benefited from significant input to its work by volunteers (including Trust Council members and Finance and Grants Committee members) operating at many levels. A local resident organised a volunteer team of building professionals to clear the overgrowth of land below the Central Square tennis courts in September 2006. Many residents have assisted and continue to assist with the Area Character Study and others have helped out in the office and with the website.

## **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.

## REPORT OF THE COUNCIL *continued*

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

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

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

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

### **AUDIT ENQUIRIES**

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

### **RESERVES POLICY AND RISK MANAGEMENT**

The Trust's readily realisable reserves are required for several purposes:

- While litigation costs involving freehold properties can be recovered through the annual management charge there is no mechanism for such recoveries in the case of leasehold houses and flats.
- The Trust's position as an owner and protector of trees makes it vulnerable to insurance claims. In 2006/2007 the Trust has been forced to accept a high excess for subsidence claims on its own insurance and must therefore in future make provision against claims within its own resources.
- The Trust supports relevant projects on the Suburb. In 2005/2006 the Trust gave a major contribution to the very successful street signs project, led by the Residents Association.

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

**INVESTMENT POLICY**

Any cash at bank not required in the short term has been placed on deposit. The Council members intend to review this policy.

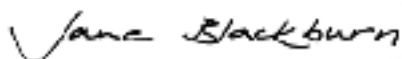
**PLANS FOR FUTURE PERIODS**

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

**AUDITORS**

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

By order of the Council



**Jane Blackburn**

Secretary

24 July 2007

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

*Formerly The New Hampstead Garden Suburb Trust Limited*

We have audited the financial statements of The Hampstead Garden Suburb Trust Limited for the year ended 5 April 2007 which comprise the Statement of Financial Activities, Balance Sheet and the related notes on pages 14 to 23. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Trust's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

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

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

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

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

### **BASIS OF AUDIT OPINION**

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

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

This work was not directed primarily towards discovering weaknesses other than those that would affect our audit opinion or towards the detection of fraud. We have issued a management letter to the Trustees indicating areas where they may look to improve certain systems and controls where appropriate but this does not affect the audit opinion which is unqualified for the year ended 5 April 2007, with respect to both the Trust's General Fund and the Scheme of Management.

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

## OPINION

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Trust's affairs as at 5 April 2007 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985;
- the information given in the Council's Report is consistent with the financial statements.

**haysmacintyre**  
Chartered Accountants  
Registered Auditors

Fairfax House  
15 Fulwood Place  
London, WC1V 6AY

**STATEMENT OF FINANCIAL ACTIVITIES**  
**INCLUDING THE INCOME AND EXPENDITURE ACCOUNT**  
for the year ended 5 April 2007

	Note	General Fund £	2006/2007 Freehold Scheme of Management (see note 2) £	Total £	Restated 2005/2006 Total £
<b>Incoming resources</b>					
Incoming resources from generated funds					
Voluntary income					
Leaseholders voluntary & other donations		6,021	–	6,021	4,186
Activities for generating funds:					
Resources expended: after cost of generating funds:					
Commissions and fees	3	19,137	–	19,137	30,581
Sundry income		309	–	309	1,147
Rental/investment income	4	84,497	–	84,497	67,439
Incoming resources from charitable activities					
Application fees	5	33,747	138,598	172,345	87,780
Management charges payable by freeholders		–	373,336	373,336	168,404
Estate maintenance charges	1(e)	24,475	–	24,475	1,000
Other incoming resources					
Surplus on sales of freeholds		38,325	–	38,325	30,040
<b>Total incoming resources</b>		<b>206,511</b>	<b>511,934</b>	<b>718,445</b>	<b>390,577</b>
<b>Resources expended</b>					
	6 & 7				
Costs of generating funds:					
Rental/investment management		15,460	–	15,460	53,747
Charitable activities					
Regulation: applications		36,903	137,937	174,840	155,970
Regulation: awareness/advice/enforcement		32,865	123,668	156,533	155,925
Maintaining the fabric of the Suburb		37,135	116,215	153,350	176,135
Rechargeable estate maintenance	1(e)	24,475	–	24,475	1,000
Governance costs					
Governance costs including audit fees	1(c)	5,201	20,436	25,637	25,537
<b>Total resources expended</b>		<b>152,039</b>	<b>398,256</b>	<b>550,295</b>	<b>568,314</b>
<b>Net incoming resources/(resources expended)</b>	8	<b>54,472</b>	<b>113,678</b>	<b>168,150</b>	<b>(177,737)</b>
<b>Net income/(expenditure) for the year before taxation</b>					
Taxation		–	–	–	–
<b>Net income/(expenditure) for the year after taxation</b>		<b>54,472</b>	<b>113,678</b>	<b>168,150</b>	<b>(177,737)</b>
Balance of management charges payable by freeholders		–	(113,678)	(113,678)	132,122
<b>Net movement in funds</b>	18 & 23	<b>54,472</b>	<b>–</b>	<b>54,472</b>	<b>(45,615)</b>
Funds brought forward at 5 April 2006 (restated)		354,869	–	354,869	400,484
Funds carried forward at 5 April 2007		£409,341	–	£409,341	£354,869

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 23 form part of these accounts.

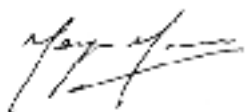


## BALANCE SHEET

at 5 April 2007

	Note	2006/2007		Restated 2005/2006	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets					
Freehold and long leasehold estate, at cost	11		57,531		58,881
Freehold property	12		34,800		34,800
Office equipment and furniture	13		4,132		11,537
			96,463		105,218
<b>Current assets</b>					
Debtors	14	104,296		172,094	
Cash at bank and in hand		457,331		129,550	
		561,627		301,644	
<b>Current liabilities</b>					
Creditors: amounts falling due within one year	15	(151,901)		(51,993)	
<b>Net current assets</b>			409,726		249,651
<b>Total assets less current liabilities</b>			506,189		354,869
<b>Creditors: amounts falling due in more than one year</b>	16		(96,848)		–
<b>Net assets</b>			409,341		354,869
<b>Representing:</b>					
General fund			409,341		354,869
Freehold Scheme of Management	18		–		–
			£409,341		£354,869

Approved and authorised for issue on behalf of the Council on 24 July 2007 and signed on its behalf by



Mervyn Mandell



Simon Hurst

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 5 April 2007

### 1 ACCOUNTING POLICIES

The following are the accounting policies adopted by the Trust:

#### a) Basis of accounting

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

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

#### b) Fixed assets and depreciation

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

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

*Office equipment and furniture:* The charity currently has a capitalisation policy whereby only items over £5,000 will be capitalised and included within the assets of the charity, all costs below this threshold are written off in the year of purchase. The depreciation rate provided on office equipment and furniture was revised in the year from 4 years to 3 so as to write off the cost of the office furniture and equipment over its expected useful working life.

#### c) Incoming resources and resources expended

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

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

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

#### d) Taxation

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

#### e) Rechargeable estate maintenance

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

## 2 SCHEME OF MANAGEMENT

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

Items of income and expenditure are allocated to either the Scheme of Management or the general fund, or shared between both, as appropriate and the Trust's auditors have reviewed the basis on which freeholders have been charged with a proportionate part of the expenses of the Trust in operating the Scheme. Items which are incurred in respect of both the Scheme of Management and the general fund are apportioned according to the proportion of enfranchised (ie freehold) properties to all properties in respect of which the management charge or lease rents are payable to the Trust. Within this calculation flats are weighted against houses in the proportion 1:10. The weighting has been determined by an analysis of staff time which showed that more than ten times as much time, weighted for salary, was spent on houses as on flats. This calculation results for 2006/2007 in an apportionment of 80%:20% or 4:1 between the Scheme of Management and the general fund. The Trust's auditors are satisfied that this apportionment is an appropriate basis on which to allocate expenditure to the activities of the Trust and the Scheme of Management.

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

A summary of the resources expended by the Trust, allocated between the general fund and the Scheme of Management and related to an individual management charge, is set out on page 24. The net income of £113,678 attributable to the Scheme will be refunded by a balancing payment to each freeholder in accordance with clause 8 (b) (ii) of the Scheme of Management.

## 3 COMMISSIONS AND FEES

This amount is made up of commission received from Brownhill, Morris & West (insurance agents) £11,629 (2006: £15,616), for the inclusion of material on their services in Trust mailings, Royal & Sun Alliance (insurers) £2,487 (2006: £3,820), for an original requirement (now lapsed) in some Trust leases that insurance was to be provided by them and Towergate ARG £nil (2006: £690), and fees received from Compco Holdings (owners of the Chalcots estate in Swiss Cottage) £nil (2006: £8,290) and Ashdale Land & Property (freehold owner of 5 tenanted and 18 short leasehold houses on the Suburb) £5,021 (2006: £2,165), for estate management services.

With the exception of the fees received from Ashdale Land and Property, and from Compco Holdings in 2006, none of this income involved the Trust in expenditure on additional administrative resources and therefore it reduces the Trust's costs to the advantage of Suburb residents. Ashdale Land and Property sold their tenanted properties in April 2007 and so the commission in future will be reduced. As described in the report of the Council for the year ended 5 April 2006, the Trust ceased to provide estate management services to Compco Holdings after 29 September 2005.

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

NOTES TO THE FINANCIAL STATEMENTS *continued***4 INVESTMENT INCOME**

	2006/2007 £	2005/2006 £
Rental income	74,613	59,840
Bank interest	9,884	7,599
	<b>£84,497</b>	<b>£67,439</b>
Allocated to:		
Trust and estate management (general fund)	84,497	67,439
Freehold Scheme of Management	–	–
	<b>£84,497</b>	<b>£67,439</b>

**5 BUILDING APPLICATION FEES**

	2006/2007 £	2005/2006 £
Leasehold	33,747	7,843
Freehold	138,598	79,937
	<b>£172,345</b>	<b>£87,780</b>

**6 RESOURCES EXPENDED**

	Direct £	Support £	2006/2007 £	2005/2006 £
<b>Costs of generating funds</b>				
Rental/investment management	7,010	8,450	15,460	15,400
<b>Charitable activities</b>				
Regulation: applications	113,537	61,302	174,839	174,160
Regulation: awareness/advice/enforcement	103,090	53,443	156,533	155,925
Maintaining the fabric of the Suburb	120,931	32,418	153,349	176,135
Rechargeable estate maintenance	24,475	–	24,475	1,000
<b>Governance costs</b> (includes unaccrued costs of £5,389 from 2006)	24,066	1,572	25,638	25,537
	<b>£393,109</b>	<b>£157,185</b>	<b>£550,294</b>	<b>£548,157</b>

**7 DIRECT AND SUPPORT COSTS**

	Staff Costs £	Support Costs £	Amenities & project Costs £	Legal/ Professional Costs £	Total 2006/2007 £	Total 2005/2006 £
<b>Costs of generating funds</b>						
Rental/investment management	7,010	8,450	–	–	15,460	15,400
<b>Charitable activities</b>						
Regulation: applications	113,537	61,302	–	–	174,839	174,160
Regulation:						
awareness/advice/enforcement	55,056	53,443	20	48,014	156,533	155,925
Maintaining the fabric of the Suburb	58,544	32,418	31,906	30,482	153,350	176,135
Rechargeable estate maintenance	–	–	24,475	–	24,475	1,000
<b>Governance costs</b> inc. audit fees	3,429	1,572	–	20,636	25,637	25,537
	237,576	157,185	56,401	99,132	550,294	548,157

Support costs include £32,432 of management and staff costs (see note 10).

**8 NET INCOMING RESOURCES**

	2006/2007 £	2005/2006 £
Net incoming resources for the year has been stated after charging:		
Depreciation	13,603	8,713
Auditors remuneration – audit (haysmacintyre)	7,028	–
Auditors remuneration – audit (non-haysmacintyre)	–	3,850
Auditors remuneration – non audit (non-haysmacintyre)	5,389	11,604
Operating lease charges for land and buildings (Note 19)	2,500	2,500

**9 INTEREST PAYABLE**

	2006/2007 £	2005/2006 £
Bank loan	£4,367	Nil

NOTES TO THE FINANCIAL STATEMENTS *continued***10 MANAGEMENT AND STAFF COSTS**

The average number of staff (employees and contracted staff) during the year was 9 (2006:8) of which 4 (2006:4) were part time and all of whom were involved in the delivery of the Trust's activities

	2006/2007 £	2005/2006 £
Management and staff costs during the year comprised:		
Wages and salaries	206,549	204,624
Social security costs	22,086	21,881
Other management costs and expenses incurred	41,373	39,545
	<b>£270,008</b>	<b>£266,050</b>

For the year ended 5 April 2007 no employee received emoluments in excess of £60,000 (2006: Nil).

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

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

	£
At 5 April 2006	58,881
Disposals during the year	(1,350)
At 5 April 2007	<b>£57,531</b>

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

**12 FREEHOLD PROPERTY**

	Land £	Building £	Total £
<b>Valuation on 12 December 1968</b>			
At 5 April 2006 and 2007	£7,800	£30,000	£37,800
<b>Depreciation</b>			
At 5 April 2006	–	£3,000	£3,000
Charge for the year	–	–	–
At 5th April 2007	–	£3,000	£3,000
<b>Net book value</b>			
At 5 April 2006 and 2007	£7,800	£27,000	£34,800

**13 OFFICE EQUIPMENT AND FURNITURE**

£

**Cost**

At 5 April 2006	38,537
Additions during year	6,198

At 5 April 2007	44,735
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**Depreciation**

At 5 April 2006	27,000
Charge for year	13,603

At 5 April 2007	40,603
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**Net book value**

At 5 April 2007	£4,132
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At 5 April 2006	£11,537
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**14 DEBTORS**

	2006/2007 £	Restated 2005/2006 £
Management income owed to the Trust	95,992	17,387
Other debtors	–	8,263
Prepayments and accrued income	8,304	14,322
2005/06 Balancing charge	–	132,122
	104,296	£172,094

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

	2006/2007 £	2005/2006 £
Bank loan	1,854	–
Accruals and deferred income	35,140	51,993
Reimbursement of management charge	113,678	–
Other creditors	1,224	–
	£151,896	£51,993

NOTES TO THE FINANCIAL STATEMENTS *continued***16 CREDITORS: AMOUNTS FALLING DUE IN MORE THAN ONE YEAR**

	2006/2007 £	2005/2006 £
Bank loan	96,848	–
	<b>£96,848</b>	<b>–</b>

The loan is secured by way of legal charge on 860-864 Finchley Road for a period of 25 years. The interest rate during the year was 6%.

**17 LOANS**

	2006/2007 £	2005/2006 £
<b>Amounts falling due:</b>		
In one year or less	1,854	–
Between two to five years	8,559	–
More than five years	88,289	–
	<b>£98,702</b>	<b>–</b>

**18 FREEHOLD SCHEME OF MANAGEMENT**

	£
Funds brought forward as at 05/04/2006 as previously stated	(132,127)
Balancing charges 2005/06	132,127
Funds brought forward restated	–
Surplus for 2006/07	113,678
Balance repayable to freehold charge payers	(113,678)
Funds carried forward as at 05/04/2007	–



**19 OPERATING LEASE**

It is not intended to renew the lease on land and buildings (the Gallery, 16 Arcade House), which expires on 28 September 2007.

**20 INDEMNITY INSURANCE**

During the year ended 5 April 2007 the Trust paid £2,851 (2006: £3,613) in respect of an insurance policy which indemnifies its trustees and officers against the consequences of any neglect or default on their part and protects the Trust from any loss arising from the neglect or defaults to its trustees or officers,

**21 REMUNERATION OF THE TRUSTEES**

No remuneration is paid to any of the Trust's trustees (2006: Nil). The trustees were reimbursed for travelling expenses totalling £1,102 (£1,412 in 2006).

**22 MEMBERS LIABILITY**

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

**23 PRIOR YEAR ADJUSTMENTS**

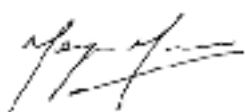
The Hampstead Garden Suburb Trust Limited has adopted SORP 2005 in the year. The comparative figures in the Statement of Financial Activities have been revised to comply with these accounting requirements.

Additionally, as the Trust must recover the cost of its work on behalf of the freeholders, a surcharge of £39.50 was set per freehold charge. This was adjusted for in the prior year within both the Statement of Financial Activities and the Balance Sheet in order to reflect the true position of the fund brought forward.

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

Expenditure items	Total	General fund	Scheme of Management		Cost per charge
	£	£	£	£	£
<b>1 Staff costs:</b> Staff salaries inc PAYE & NI, contract and temporary staff, employee and volunteer expenses, training costs.	270,007.78	54,001.56	<b>216,006.22</b>		
<b>Less income from fees on freehold applications</b>			<b>(138,597.67)</b>		
<b>Net staff costs</b>			<b>77,408.55</b>		<b>22.96</b>
<b>2 Premises costs:</b> Office rent, utilities, telephone, Council Tax, repairs and renewals, cleaning etc.	41,050.69	8,210.14	<b>32,840.55</b>		<b>9.74</b>
<b>3 Administrative costs:</b> Insurance (except for trustees), office equipment, printing, postage & stationery, public relations, bank charges, depreciation, loan costs	83,701.20	21,701.26	<b>61,999.94</b>		<b>18.39</b>
<b>4 Governance costs:</b> Trustee insurance and travelling expenses	7,976.76	1,595.35	<b>6,381.41</b>		<b>1.89</b>
<b>5 Projects and amenities costs:</b> Maintenance of amenity areas	31,926.57	21,442.12	<b>10,484.45</b>		<b>3.11</b>
<b>6 Legal costs:</b> Legal fees for general advice and litigation including LVT action	52,274.11	10,462.09	<b>41,812.02</b>		<b>12.40</b>
<b>7 Other professional costs:</b> Arboriculturalist, human resources advice	26,222.34	7,594.49	<b>18,627.85</b>		<b>5.52</b>
<b>8 Audit fees:</b> Including unaccrued costs of £5,388.55 from 2006 £4,310.84 SoM & £1,077.71 Trust	12,659.17	2,555.83	<b>10,103.34</b>		<b>3.00</b>
<b>Total Expenditure</b>	<b>525,818.62</b>	<b>127,562.84</b>	<b>259,658.11</b>		<b>77.00</b>
<b>As at 6 April 2006 3372 management charges payable</b>					
Income from fees on freehold applications			(138,597.67)		
Total management charges including in year enfranchisers			(373,336.57)		
Total expenditure			398,255.78		
<b>Balance of management charges to be credited to freeholders</b>			<b>(113,678.46)</b>		

Approved on behalf of the Council on 24 July 2007 and signed on its behalf by



Mervyn Mandell



Simon Hurst





Hampstead Garden Suburb from Willifield Way  
1914 William Ratcliffe © Tate



*This annual report is concerned with the Trust's financial year 6th April 2006 to 5th April 2007. Its publication coincides with the centenary of the founding of the Suburb. The success of the events organised to mark this special year demonstrates what a close knit and friendly society the Suburb remains today.*

*Mervyn Mandell*

## **HAMPSTEAD - GARDEN - SUBURB - TRUST**

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Registered charity number: 1050098