



# HAMPSTEAD - GARDEN - SUBURB - TRUST

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REPORT AND ACCOUNTS FOR THE YEAR  
ENDED 5 APRIL 2017



**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**

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**Company number: 928520**

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

## REPORT AND ACCOUNTS FOR THE YEAR ENDED 5 APRIL 2017

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## CHAIRMAN'S REVIEW 2016/2017

Once again residents have been fortunate in the work put in by my fellow Trustees, the Trust's staff and the innumerable volunteers who together keep the Suburb moving in a direction which, while paying proper heed to our unique architectural and cultural heritage, prevent it from becoming an ossified relic. The year saw the retirement, after 7 years' service, of Tim Leach as the Victorian Society appointed Trustee. I wish to thank him, on behalf of the Trust, for the dedication and skill he brought to the role, in particular his expert knowledge of architecture and construction.

### Central Square Flower Beds

The new planting scheme in Central Square led energetically by Richard Townley, and designed by the renowned Stephen Crisp, marks an important initial step forward in showing what can be done to rescue the centre of the Suburb from the uninspired green it has become. As always with projects of this sort, many years will pass before its full impact will be realised. Thanks are due not only to Richard and Stephen, but also those who together with the Trust made this financially possible. They include the residents of the Square, the HGS Residents Association and the London Borough of Barnet. The Trustees hope that this will lead to the Trust being able to take control of the Square to continue an ambitious programme of improvements.

### Basements

2016/17 marked the first full year in which the supplementary basement guidance has been applied. This has proved to be an advantage to all those affected by it. Residents seeking consent for a basement have a much clearer idea of the circumstances in which consent is likely to be given and the information the Trust will need before considering an application. The fact that the number of applications has declined, as has the number of consents granted, is unlikely to be a coincidence, although other factors, including the economics of basement construction, also play their part.

### Hardstandings and Paving

The Trust has published guidance on the design, construction and materials of hardstandings and paving in the front of Suburb houses, in those cases where a hardstanding is appropriate. While this has not been as great a problem as some residents believe, it is something which, even when possible, needs to be done with considerable sensitivity. Residents must accept that there are many circumstances where the construction or extension of a hardstanding is simply inappropriate. The Trust takes complaints about unauthorised hardstandings seriously and will litigate on occasion to have front gardens reinstated. However, some complaints are misguided and in many cases hardstandings thought to be new, can be shown by the Trust's photographic record to have been in place for many years, and it is replacement materials that have changed. In such cases, while the Trust may try to have the appearance of the front garden improved, it is unlikely that litigation is the right solution.

### Photo Survey

The Trust has a comprehensive photographic survey of houses and other buildings on the Suburb. This is invaluable when trying to establish how long the appearance of a particular building has been in its current state, or even how long a tree has been on a site. A new survey has now been completed and this will be an important resource in tracking changes of appearance.

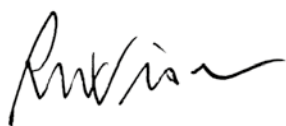
### Golders Green Development Brief

Residents will be aware of the plans contained in Barnet's development brief for Golders Green Station and its immediate vicinity. The Trustees oppose the proposals vehemently and continue to work with the Residents Association and all other interested parties to oppose them. The Trust's response to the consultation can be found on the Trust website ([www.hgstrust.org](http://www.hgstrust.org)) and is characteristic of the high standard of work we have come to expect of David Davidson, the Trust's Architectural Adviser.

## Finances

This year has been another of modest, but significant improvement in the Trust's financial situation. While the continued use of what is essentially capital to finance the Trust's expenditure continues, it represents a shrinking proportion of the Trust's source of funds. In the 2016/17 financial year, the Trust continued to follow its investment policy and bought another flat in the Suburb. The future rental income, along with that from the Trust's other investment properties, now makes a material contribution to our outgoings. The revaluation required by the accounting standards under which we operate showed a modest increase in value of the investment properties but of course this represents money we cannot actually spend as it is not cash in the bank.

Finally, I would like to pay tribute to the Trust Manager, Nick Packard, whose indefatigable work, enthusiasm, and pleasant approach to all those he deals with, does a great deal to help the Trust do its job, and for residents to have confidence in the Trust's professionalism, integrity and expertise.

A handwritten signature in black ink, appearing to read 'Richard Wiseman', with a stylized flourish at the end.

Richard Wiseman  
Chairman

## LEGAL, ADMINISTRATIVE AND OTHER INFORMATION ABOUT THE TRUST

### MEMBERS OF THE COUNCIL 18 JULY 2017



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

#### *Elected members:*

##### **Claire Calman**

**Elected 1 October 2012.**

**Re-elected 25 September 2015.**

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

##### **Michael Franklin**

**Elected 26 September 2013.**

**Re-elected on 28 September 2016.**

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

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

**Elected 26 September 2013.**

**Re-elected on 28 September 2016.**

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

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

**Elected 10 September 2014.**

David has lived on the Suburb since 1960 when his parents bought 2 Meadway. David was, for many years, the honorary secretary of the Garden Suburb Theatre. 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:***Jacqui Barnett BA (Hons) MA****Appointed by the Victorian Society on 21 November 2016.**

Jacqui gained her Master's degree in Architectural History from the Courtauld Institute of Art and subsequently worked as an independent architectural historian. Among her many clients was the UK's leading historic building consultancy Donald Insall Associates who commissioned her for over 15 years. She is currently writing the biographies of some of the architects involved in the creation of Hampstead Garden Suburb.

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

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

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

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

**Jonathan Ross****Appointed by the Law Society on 18 July 2011.****Re-appointed 2014.**

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

*Election and Appointment to the Council:*

There were two vacancies for election as both Michael Franklin and Richard Wiseman reached the end of their three year terms. Michael Franklin, Brian Ingram and Richard Wiseman stood for the two vacant positions. The auditors, haysmacintyre, received 494 valid voting papers and rejected 8 papers as invalid. haysmacintyre reported that votes were cast as follows: Michael Franklin, 394; Brian Ingram, 141; Richard Wiseman, 375. haysmacintyre declared that the two candidates elected were Michael Franklin and Richard Wiseman.

In November 2016, Jacqui Barnett was appointed by the Victorian Society as a Trustee. The previous appointee, Tim Leach, retired as a Trustee having served since his appointment in September 2009.

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

### REGISTERED OFFICE

The registered office of the Trust is 862 Finchley Road, London NW11 6AB, telephone numbers 020 8455 1066 and 020 8458 8085, email [mail@hgstrust.org](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 2017 there were 921 members of the Trust Company and 45 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, RIBA, FRTPI.

### HONORARY ACCOUNTS ADVISER

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

### VOLUNTEER MEMBERS OF ADVISORY COMMITTEES (in addition to Trust Council members):

#### Estate Committee

Judith Chaney, Patricia Major, Liz Inman, Raymond Taylor.

#### Finance Committee:

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

#### Grants and Amenities Committee

Rosemary Goldstein, Jonathan Seres, Louise Scheuer; (Ann Samworth and Sally Lewis assisting with visits).

#### Property and Plans Committee

Max Petersen and Ann Spencer;  
(Peter McCluskie and Simon Sackman alternates)

### PROFESSIONAL ADVISERS:

#### Solicitors

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

#### Bankers

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

#### Auditors

haysmacintyre  
26 Red Lion Square  
London WC1R 4AG

#### Arboriculturalist

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



## STAFF

The following people are currently employed by the Trust:

### Administration Team:



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



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



**Georgina Malcolm**  
Finance and  
Legal Assistant



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



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

### Architectural Team:



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



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



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



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



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

### Estate Management Team:



**Jane Horder**  
MRICS  
Estate Manager



**Ruth Bull**  
Assistant  
Estate Manager



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

## REPORT OF THE COUNCIL

The Council members, who act in the role of directors and Trustees, present their forty-ninth annual report, together with the audited accounts of the Trust for the year ended 5 April 2017. 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 (Trust Manager, Architectural Adviser and Estate Manager) and the advisory committees. Decisions are implemented by staff.

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

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

**Main developments in 2016/2017** have been:

- Updating the photographic survey of the whole Suburb
- Central Square flowerbed restoration in collaboration with local organisations
- Involvement in pursuing and defending legal cases concerning alterations to Suburb property
- Production of supplemental Design Guidance relating to hardstandings and paving in front gardens
- Publication of the HGS Tree Survey after four years of fieldwork.

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 2016/17, the Trust received 276 applications (compared with 256 in 2015/16) to change the external appearance, use or structure of property. There were no new applications for demolition, but final consent was given for one demolition and rebuild application which had been received in a previous year.

In addition, eight applications were received which involved the construction of, or extension to, a basement in an existing property (compared with eleven in 2015/16). Of these, two were refused, one was given provisional consent, and five remained unresolved during the course of the year. Consent was given for ten basement applications received in previous years.

No applications involving the creation of new hardstandings were received.

### *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. In a case where this was not possible it pursued a legal action against an owner for damages.

Eighteen infringements have been resolved and lifted during the year. Ten 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 organisations close to home, the Trust welcomes interest and visits from further afield.

## REPORT OF THE COUNCIL (Continued)

This year we have welcomed various people including a group from a Swedish architecture firm looking to take inspiration from the Suburb in a new development they are involved in, as well as a London organisation with similar goals near Brent Cross. Walks and talks have also been delivered to a wide range of educational institutions, including a group from the International Planning Group at Bartlett School of Architecture, and to Years one and two of the Suburb's own Annemount School. Finally, the Trust was delighted in December to have its honorary life president Dr Mervyn Miller deliver our annual winter lecture on Le Corbusier, tracing connections and drawing parallels between the modernist architect and Hampstead Garden Suburb.

### MAINTAINING THE FABRIC OF THE SUBURB

Works to maintain the Trust's estate on the Suburb have continued with the restoration of the retaining wall at Corringham Road which was completed in late 2016, the repair and maintenance to a communal square in Temple Fortune Hill and clearing overgrowth outside the Spinney, Temple Fortune Lane to improve the environment and safety for the residents.

Tendering to repair the first and second floor windows at the Trust's office building was undertaken in the year. The work has now begun.

The Trust has also carried out a joint project to re-plant the flowerbeds in Central Square to a plan produced by Stephen Crisp. The work was funded and delivered by the Central Square Residents Association, London Borough of Barnet, The Hampstead Garden Suburb Residents Association and the Trust, with additional donations from local residents. The Trust will continue to manage and fund on-going maintenance to the beds for a set period. 82 tonnes of soil has been added to the flower beds to raise their level and well over 8,000 plants planted so far. A few additions and replacement plants are due to be added this autumn. Regular photos of the project have been added to the Trust's website and feedback on site has been positive. At the end of the financial year, the cost was £31,457.

Annual inspections have been carried out of all the hard and soft landscaping owned by the Trust across the Suburb. Where appropriate, tree and repair works were carried out following consultation with LB Barnet, neighbours, or the relevant owners liable to contribute to costs.

### GRANTS

The Trust provides grant aid to local bodies whose activities are likely to be beneficial to residents and preserving the character and amenity of the Suburb. During 2016/2017 the Trust, advised by the Grants & Amenities Committee, made grants of £28,935. Grants were £4,000 to the Proms at St Jude's, £17,250 to St Jude's for the repair of the fabric of the building, £1,300 to the HGS Archive Trust to cover their accommodation costs in the Trust offices, £800 to Open City London, £650 to the Garden Suburb Theatre towards the cost of a performance in Little Wood, £1,000 to the Orchard Housing Society towards furniture in a communal lounge, £300 to Abbeyfield to reimburse management charges and road sweeping charges, and a further £250 to support a programme of outings, £750 to the Youth Music Centre, £650 to Alyth Synagogue for Shalom suppers, £325 to Northway Gardens Organisation, £600 towards a series of chamber concerts at Fellowship, £1,000 to HGS Table Tennis Club, £360 to HGS Community Learning Initiative for the cost of flyers and £1,000 to Michael Tutton towards the cost of image licences for his book on the depiction of construction in western art.

### VOLUNTEERS

In 2016/2017 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 and Amenities Committee. Volunteers continue to assist with tasks in the office. The now completed Tree Survey was undertaken with significant volunteer input on both the fieldwork and drafting. The names of those who served on the Trust's advisory committees are given above. Altogether there are twenty-one residents serving on the Trust Council and committees. This does not exhaust the list of those who help the Trust in various valuable ways.



## FINANCIAL MATTERS

The form in which the statement of financial activities is set out on page 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).

### *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 2016/2017 the Trust's reserves (less the gain of £25,000 on investments and the income transferred to restricted funds) increased by £533,118. This 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 of one-off payments for variations to leases and covenants. Together these total £536,276. Part is constituted by donations totalling £2,552, including gift aid, received from residents during the year. It will be noted that the £533,118 increase in reserves is less than the £536,276 received from the sales of assets. These assets are not renewable and the net receipts must be husbanded with great care and invested to provide the Trust with a secure income to support its work for the indefinite future.

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

### *B. The Scheme of Management*

As stated above the Scheme of Management is funded by Freeholders and its finances are accounted for separately from those of the Trust itself: the funds within the Scheme of Management are not the property of the Trust. Income and expenditure under the heads of the budget for the year were the equivalent of an actual charge for the year of £126.05 per household. This is below the estimated charge of £145.21 and the equivalent of a rebate to charge payers of £19.27 over the full year. This will be set against the estimated charge for 2017/2018 when the Management Charge bills are sent out in August/September 2017.

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.

## REPORT OF THE COUNCIL (Continued)

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as Trustees are aware:

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

### RESERVES AND INVESTMENT POLICY

Until 2005 the Trust's assets were steadily depleted by subsidising the operation of the Scheme of Management. The withdrawal of the subsidy from the Scheme of Management in that year arrested the deterioration of the Trust's finances. Since 2005 revenue has been generated by the sale of assets which were on the balance sheet at book value and by fees from the variation of covenants which had no assigned balance sheet value. Cash from these balance sheet "crystallisations" is no longer invested on the stock market but is being invested in Suburb property. The Trust's investment policy is to purchase residential property on the Suburb for income to match the Trust's long term obligations to contribute towards shared costs from its own funds. In line with this policy it is anticipated that the Trust will be in a position to purchase a further investment property on the Suburb shortly. The income from these modest investments in residential property is bringing the operating account, in chronic deficit for many years, into balance.

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

In effect, the Trust is restructuring its balance sheet. Its freeholds have been subject to compulsory sales since 1967 and the 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, £558,118, greater than the deficit on its operations, £3,158, after stripping out the £536,276 surplus on freehold sales, licences and variations and the £25,000 gain on investment properties
- £1,491,180 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
- £162,261 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 £2,103,149. These resources are in the form of: £1,849,884 in property assets and £253,265 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 and the senior management team comprise the key management personnel of the Trust. No Trustees received remuneration in the year. The remuneration of the senior management team (Trust Manager, Architectural Adviser, Estate Manager, Finance & Legal Assistant), along with that of all staff, is reviewed at least annually by the Finance & Organisation Committee who make recommendations to the Trust Council for their decision. The Finance & Organisation Committee are asked to:

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

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

## RISK MANAGEMENT

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

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

## PLANS FOR FUTURE PERIODS

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

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

## AUDITORS

haysmacintyre, chartered accountants and registered auditors experienced in the charity sector were re-appointed in February 2017 following a tendering process involving Trustees and members of the Finance & Organisation Committee. haysmacintyre 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.

By order of the Council



**Nicholas Packard**  
Secretary

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

We have audited the financial statements of the Hampstead Garden Suburb Trust for the year ended 5 April 2017 which comprise the Statement of Financial Activities, the Balance Sheet, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

### RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITOR

As explained more fully in the Trustees' Responsibilities Statement set out on page 11, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial; and non-financial information in the Report of the Council to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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

### OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 5 April 2017 and of its net movement in funds, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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

- The information given in the Trustees report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The Trustees' report has been prepared in accordance with applicable legal requirements.

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report.

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

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies regime to take advantage of the small companies exemption in preparing the Report of the Council.

**Richard Weaver (Senior Statutory Auditor)**  
for and on behalf of **haysmacintyre**, Statutory Auditors  
26 Red Lion Square, London WC1R 4AG



## STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 5 APRIL 2017

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

Company number 928520

	Notes	2016/2017				2016/17 Total £	2015/16 Total £
		General Fund £	Restricted Funds note 21 £	Designated Funds note 22 £	Scheme of Management note 2 & 24 £		
<b>INCOMING RESOURCES</b>	1(c)						
<b>Income from donations and legacies:</b>							
Leaseholders voluntary & other donations	22 (a)	-	-	2,552	-	2,552	3,338
Central Square	21	-	800	-	-	800	36,175
<b>Income from Scheme of Management Compensation:</b>	21	-	-	-	-	-	149,243
<b>Income from other trading activities:</b>							
Commissions and fees	3	2,234	-	-	-	2,234	2,159
Sundry income		9,381	-	-	-	9,381	4,520
<b>Income from investments:</b>							
Rental and other investment income	4	180,142	-	-	-	180,142	177,323
<b>Income from charitable activities:</b>							
Application fees	5	8,424	-	-	106,088	114,512	139,833
Management Charges payable by freeholders					553,816	553,816	534,679
Legal fees recovered		6,232	-	-	17,688	23,920	35,758
Estate Maintenance Charges	1(e)	91,027	-	-	-	91,027	72,375
<b>Other income:</b>							
Freehold sales, licences & variations		536,276	-	-	-	536,276	350,563
<b>Total income</b>		833,716	800	2,552	677,592	1,514,660	1,505,966
<b>EXPENDITURE ON:</b>	6,7						
<b>Expenditure on raising funds:</b>							
Rental and other investments		68,924	-	-	-	68,924	71,112
<b>Expenditure on charitable activities:</b>							
Regulation: Applications		22,554	-	-	138,538	161,092	163,260
Regulation: Awareness/Advice/Enforcement		45,586	-	-	261,555	307,141	337,165
Maintaining the fabric of the Suburb		72,508	31,457	-	203,640	307,605	318,005
Rechargeable estate maintenance	1(e)	91,027	-	-	-	91,027	72,375
<b>Total expenditure</b>		300,599	31,457	-	603,733	935,789	961,917
<b>Net gains/(losses) on investments</b>		25,000	-	-	-	25,000	84,929
<b>Net incoming/(outgoing) resources before transfers</b>	8	558,118	(30,657)	2,552	73,859	603,872	628,978
Balance of Freeholders Management Charges: charged/(refunded)	17	-	-	-	(54,185)	(54,185)	(67,535)
Transfers (to designated funds)		(466,012)	-	466,012	-	-	-
Transfers (to restricted funds)		-	-	-	-	-	-
Transfers (to general fund)		-	-	-	-	-	-
<b>Net incoming/(outgoing) resources before other recognised gains and losses</b>		92,106	(30,657)	468,564	19,674	549,687	561,443
Other recognised gains/(losses)		-	-	-	-	-	-
<b>Net movement in funds</b>		92,106	(30,657)	468,564	19,674	549,687	561,443
<b>Reconciliation of funds:</b>							
Funds brought forward at 5 April 2016		1,399,074	192,918	1,634,585	54,185	3,280,762	2,719,318
Funds at 5 April 2016 before return or charge of balance of Management Charge		1,491,180	162,261	2,103,149	73,859	3,830,449	3,280,762
Balance of Freeholders Management charges to be charged/(refunded)	2&17	-	-	-	(73,859)	(73,859)	(54,185)
<b>Funds carried forward at 5 April 2017</b>	23	1,491,180	162,261	2,103,149	-	3,756,590	3,226,577

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 18-27 form part of these accounts.

## BALANCE SHEET AT 5 APRIL 2017

Company number 928520

	Notes	2016/2017 £	2015/2016 £
<b>FIXED ASSETS</b>			
<b>Tangible assets</b>			
Freehold and long leasehold estate, at cost	10 & 1(b)	46,985	48,515
Freehold property, at cost less depreciation	11	414,593	422,673
Estate works, at cost less depreciation	13	86,436	110,587
<b>Investments</b>			
Property investments, initially at cost subsequently at fair value	12	1,925,709	1,464,999
Other investments	14	253,265	251,917
<i>Total fixed assets</i>		2,726,988	2,298,691
<b>CURRENT ASSETS</b>			
<b>Debtors</b>			
Management Charge for Scheme of Management surcharge/(rebate)	15	(73,859)	(54,185)
Other debtors	15	190,324	216,371
<b>Cash at bank and in hand</b>		977,152	839,428
<i>Total current assets</i>		1,093,617	1,001,614
<b>LIABILITIES</b>			
Creditors: amounts falling due within one year	16	(64,015)	(73,728)
Creditors: amounts falling due after more than one year		-	-
Management Charge for Scheme of Management		-	-
<b>NET CURRENT ASSETS</b>		1,029,602	927,886
<b>TOTAL NET ASSETS OR LIABILITIES</b>		3,756,590	3,226,577
<b>REPRESENTING THE FUNDS FOR THE CHARITY:</b>			
<b>Unrestricted funds:</b>			
General fund		1,491,180	1,399,074
Designated funds	22(a) & (b)	2,103,149	1,634,585
<b>Restricted funds:</b>			
Management Charge for Scheme of Management	17	-	-
Scheme of Management compensation	21	149,243	149,243
Central Square	21	13,018	43,675
		3,756,590	3,226,577

Approved and authorised for issue on behalf of the Council on 18 July 2017 and signed on its behalf by



Richard Wiseman



Alison Blom-Cooper

The notes on pages 18-27 form part of these financial statements

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 5 APRIL 2017

Company number 928520

	2016/2017 £	2015/2016 £
<b>Cash flows from operating activities</b>	393,110	180,881
<b>Cash flows from investing activities</b>		
Dividends, interest and rents from investments	180,142	177,323
Proceeds from the sale of property, plant and equipment	-	-
Purchase of property, plant and equipment	-	(30,468)
Proceeds from the sale of investments	1,530	1,350
Purchase of investments	(435,710)	(57,892)
<b>Net cash provided by/(used) in investing activities</b>	(254,038)	(90,313)
<b>Change in cash and cash equivalents in the reporting period</b>	139,072	271,194
<b>Cash and cash equivalents at the beginning of the reporting period</b>	1,091,345	820,151
<b>Cash and cash equivalents at the end of the reporting period</b>	1,230,417	1,091,345

<b>NOTES TO THE CASH FLOW STATEMENTS</b>	2016/2017 £	2015/2016 £
<b>Reconciliation of net income to net cash flow from operating activities</b>		
Net income for the reporting period	549,687	561,444
Depreciation charges	32,232	32,232
(Gains)/losses on investments	(25,000)	(84,929)
Dividends, interest and rents from investments	(180,142)	(177,323)
(Increase)/decrease in debtors	26,046	69,506
Increase/(decrease) in creditors	(9,713)	(220,049)
<b>Net cash provided by/(used in) operating activities</b>	393,110	180,881
<b>Analysis of cash and cash equivalents</b>		
Cash at bank and in hand	977,152	839,428
Short term deposits	253,265	251,917
	1,230,417	1,091,345

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 5 APRIL 2017

### 1. ACCOUNTING POLICIES

The following are the accounting policies adopted by the Trust:

#### a) Basis of preparation

The financial statements are prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2016), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The financial statements have been prepared to give a 'true and fair view' and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent to provide a 'true and fair view'. The departure has involved following Accounting and Reporting by Charities: Statement of Recommended Practice preparing the accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2015 which has since been withdrawn.

The financial statements are presented in Sterling (£).

The Hampstead Garden Suburb Trust meets the definition of a public benefit entity under FRS102.

#### b) Fixed assets and depreciation

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

**Freehold land and building:** Freehold land is not being depreciated. Depreciation was provided on the freehold building at £500 per annum from 6 April 1978 to 5 April 1984. This policy was changed from that date so that no further depreciation is provided as the property is maintained to a sufficiently high standard to extend its useful life indefinitely. The book value of the Trust's freehold land and building is based on a professional valuation carried out as at 12 December 1968. Until the year ending 5 April 2017, the Trust's office extension was held at its investment value. In line with the Charities SORP 2016 (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.



**c) Incoming resources and resources expended**

All incoming resources and all resources expended are accounted for in the period to which they relate.

Restricted funds comprise monies raised for, and their use restricted to, a specific purpose; or donations subject to donor imposed conditions (see Note 21).

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

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

**d) Taxation**

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

**e) Rechargeable Estate Maintenance**

The Trust carries out numerous rechargeable works to communal areas. This work relates directly to specific areas for items such as gardening and road works. This is recharged to those owners obligated to contribute to the costs of the works.

**f) Pensions**

The Trust has contributory pension arrangements.

**g) Investments**

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

**h) Going concern**

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

**i) Critical accounting judgements and estimates**

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

**j) Debtors**

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

**k) Creditors**

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

**l) Financial instruments**

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

**m) Redundancy and termination costs**

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

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 2. SCHEME OF MANAGEMENT

The Trust administers a Scheme of Management under the 1967 Leasehold Reform Act. This was passed by the High Court in 1974 and amended in 1983. The purpose of the Scheme is to preserve and conserve the Hampstead Garden Suburb and applies to all freehold properties enfranchised since the Act came into force. Each item of income and expenditure is allocated to either the Scheme of Management or the general fund, or where appropriate shared between both. The basis on which Freeholders have consequently been charged with a proportionate part of the expenses of the Trust in operating the Scheme has been agreed by the auditors.

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

- General overheads are apportioned according to the proportion of enfranchised (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 2016/2017 in an apportionment of 86%:14% (2015/16 85%:15%) between the Scheme of Management and the general fund
- Legal costs are allocated or apportioned on a case by case basis, in accordance with legal advice. The apportionment is determined according to the balance of significance of the covenants relating to the Scheme of Management and to the Trust as the owner of the residual estate, balanced by consideration of the overriding reasons for the Trust defending or taking the action
- Costs for projects and amenities of benefit to all residents are apportioned according to the proportion of enfranchised (i.e. freehold) properties to all properties in respect of which the Management Charge or lease rents are payable to the Trust, with each property weighted equally. For 2016/2017, this results in an apportionment of 75%:25% (2015/16 74%:26%) between the Scheme of Management and the general fund.

The Trust's auditors are satisfied that these apportionments are an appropriate basis on which to allocate expenditure to the activities of the Trust and the Scheme of Management. The accounting systems used by the Trust ensure that all items of income and expenditure attributable to the Scheme of Management are separately accounted for. Given the separate accounting records, the Trustees do not consider that the Scheme of Management would be any more effectively operated with a separate bank account, and the auditors concur with this decision. A summary of the resources expended by the Trust, allocated between the general fund and the Scheme of Management and related to an individual Management Charge, is set out on the final page. The net surplus of £73,859 (2015/2016: net surplus of £54,186) attributable to the Scheme will be returned by a balancing credit to each Freeholder in accordance with clause 8 (b) (ii) of the Scheme of Management.

### 3. COMMISSIONS AND FEES

This amount includes Royal & Sun Alliance (insurers) £2,234.07 (2016: £2,158.84), for an original requirement (now lapsed) in some Trust leases that insurance was to be provided by them.

**4. INVESTMENT INCOME**

	2016/2017 £	2015/2016 £
Rental income	178,208	175,037
Bank interest	1,934	2,286
	180,142	177,323
Allocated to:		
Trust and estate management (general fund)	180,142	177,323
Restricted Fund (interest)	-	-
	180,142	177,323

**5. BUILDING APPLICATION FEES**

	2016/2017 £	2015/2016 £
Leasehold	8,424	13,847
Freehold	106,088	125,986
	114,512	139,833

**6. RESOURCES EXPENDED**

	Direct £	Support £	2016/2017 £	2015/2016 £
<b>Costs of generating funds</b>				
Rental/Investment Management	50,910	18,014	68,924	71,112
<b>Charitable activities (inc. governance costs)</b>				
Regulation: Applications	115,068	46,024	161,092	163,260
Regulation: Awareness/Advice/Enforcement	223,643	83,498	307,141	337,165
Maintaining the Fabric of the Suburb	255,809	51,796	307,605	318,004
Rechargeable Estate Maintenance	91,027	-	91,027	72,375
	736,457	199,332	935,789	961,916

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 7. DIRECT AND SUPPORT COSTS

	Staff Costs	Support Costs	Amenities & Project Costs	Legal/ Professional Costs	Total 2016/2017	Total 2015/2016
	£	£	£	£	£	£
<b>Costs of generating funds</b>						
Rental/investment management	50,910	18,014	-	-	68,924	71,112
<b>Charitable activities (inc. governance costs)</b>						
Regulation: Applications	115,068	46,024	-	-	161,092	163,260
Regulation: Awareness/Advice/Enforcement	151,229	83,498	-	72,414	307,141	337,165
Maintaining the Fabric of the Suburb	63,262	51,796	172,621	19,926	307,605	318,005
Rechargeable Estate Maintenance	-	-	91,027	-	91,027	72,375
	380,469	199,332	263,648	92,340	935,789	961,917

Support costs include £55,789 (2016: £57,552) of management and staff costs (see note 9).

## 8. NET INCOME RESOURCES

	2016/2017 £	2015/2016 £
Net incoming resources for the year has been stated after charging:		
Depreciation – Office	8,081	8,081
Depreciation – Estate	24,151	24,151
Auditors remuneration – audit (haysmacintyre)	11,100	10,380
Auditors remuneration – non audit	1,166	1,332

## 9. MANAGEMENT AND STAFF COSTS

The average number of full and part-time staff (employees and contracted staff) during the year was 14 (2016: 14) of which 7 (2016: 6) were part-time and all of whom were involved in the delivery of the Trust's activities. The average number of Full Time Equivalent employees and contracted staff during the year was 10.3 (2016: 10.6).

	2016/2017 £	2015/2016 £
Management and staff costs during the year comprised:		
Wages and salaries	351,355	350,132
Employers NI	36,400	35,350
Pension	17,663	13,329
Other management costs and expenses incurred	30,841	40,109
	436,259	438,920

For the year ended 5 April 2017 one employee received emoluments in the range £60,000-£70,000 (2016: One). The total employee benefits of the key management personnel of the Trust were £237,593 (2016: £222,614). No Trustees received remuneration in either this or the previous year.

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

	2016/2017 £	2015/2016 £
At 5 April 2016	48,515	49,865
Disposals during the year	(1,530)	(1,350)
Acquisition during the year	-	-
At 5 April 2017	46,985	48,515

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 2016	7,800	27,000	34,800
Charge for the year	-	-	-
Disposals	-	-	-
Balance at 5 April 2017	7,800	27,000	34,800
<b>Using cost at completion of building works in 2013</b>			
At 6 April 2016	-	387,873	387,873
Charge for the year	-	(8,081)	(8,081)
Disposals	-	-	-
Balance at 5 April 2017	-	379,792	379,792
<b>Net Book Value</b>			
At 5 April 2017	7,800	406,793	414,593
At 6 April 2016	7,800	414,873	422,673

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

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 12. PROPERTY INVESTMENTS

	£
<b>Cost</b>	
At 5 April 2016	1,464,999
Additions	435,710
Revaluation	25,000
At 5 April 2017	1,925,709

Property investments comprise 5 residential flats located on Hampstead Garden Suburb. These investments are let on assured shorthold tenancies. They are held for their rental income which matches the Trust's long term obligations to contribute towards shared costs from the Trust's own funds. See note 1 (g) for the Trust's policy on valuation of investments.

### 13. ESTATE WORKS

	£
<b>Cost</b>	
At 6 April 2016	241,511
Additions during the year	-
At 5 April 2017	241,511
<b>Depreciation</b>	
At 6 April 2016	130,924
Charge for the year	24,151
At 5 April 2017	155,075
<b>Net Book Value</b>	
At 5 April 2017	86,436
At 6 April 2016	110,587

**14. INVESTMENTS**

	2016/2017 £	2015/2016 £
Investments brought forward	-	-
Additions at cost	-	-
Disposal proceeds at market value	-	-
Unrealised gains/(losses)	-	-
Cash held	253,265	251,917
	253,265	251,917
Investments listed on a recognised stock exchange	-	-
Cash held as part of the investment portfolio	253,265	251,917
	253,265	251,917

**15. DEBTORS**

	2016/2017 £	2015/2016 £
Management income owed to the Trust	182,617	198,613
Other debtors	-	2,130
Prepayments and accrued income	7,707	15,627
Refund of Management Charge	(73,859)	(54,185)
	116,465	162,185

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

	2016/2017 £	2015/2016 £
Accruals and deferred income	64,015	73,728
Completion of investment property purchase	-	-
	64,015	73,728



## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### 17. FREEHOLD SCHEME OF MANAGEMENT

	2016/2017 £	2014/2015 £
Funds brought forward as at 05/04/2016 as previously stated		(54,185)
Balance refundable to freehold charge payers for 2015/2016		54,185
Surplus for 2016/2017	(73,859)	
Balance refundable to freehold charge payers in 2016/2017	73,859	
Funds carried forward at 05/04/2017	-	-

### 18. INDEMNITY INSURANCE

During the year ended 5 April 2017 the Trust paid £4,785 (2016: £4,341) 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 (2016: Nil). One Trustee was reimbursed £74.43 for travelling expenses (2016: Nil).

### 20. MEMBERS LIABILITY

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

### 21. RESTRICTED FUNDS

	As at 06.04.16 £	Incoming Resources £	Resources Expended /Due to freehold charge payers £	Transfers/ gains & losses £	As at 05.04.17 £
Management Charge for Scheme of Management	-	73,859	(73,859)	-	-
Scheme of Management compensation	-	149,243	-	-	149,243
Central Square	43,675	800	-	(31,457)	13,018
	43,675	223,902	(73,859)	(31,457)	162,621

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

**22a. ENDOWMENT DESIGNATED FUND**

	As at 06.04.16 £	Incoming Resources £	Resources Expended £	Transfers/ gains & losses £	As at 05.04.17 £
Endowment Designated Fund	45,415	2,552	-	-	47,967

The endowment designated fund contains donations to support the Trust's ability to preserve the amenities and character of the Suburb in the long term; for that reason the Trust Council has determined that not more than half the fund's real growth in capital and income will be spent in any year.

**22b. DESIGNATED FUND**

	As at 06.04.16 £	Incoming Resources £	Resources Expended £	Transfers/ gains & losses £	As at 05.04.17 £
Designated Fund	1,589,170	-	-	466,012	2,055,182

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.

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

Fund balances at 5 April 2017

	General Fund £	Restricted Fund £	Designated Funds £	Total Funds £
Tangible fixed assets	461,578	162,261	1,849,884	2,473,723
Investments	-	-	253,265	253,265
Net current assets	1,029,602	-	-	1,029,602
	1,491,180	162,261	2,103,149	3,756,590

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

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

**24. RESOURCES EXPENDED ALLOCATED TO FUNDS AND RELATING TO MANAGEMENT CHARGE  
YEAR ENDED 5 APRIL 2017**

Expenditure items	Total £	General Fund, Designated & Restricted Funds £	Management charge £	Cost per charge £	2015/2016 £
<b>1. Staff costs:</b>	436,259	61,076	375,183		
Staff salaries inc PAYE & NI, contract & temporary staff, employee & volunteer expenses, training costs					
<b>Less:</b>					
Income from fees on freehold applications			(106,088)		
<b>Net staff costs</b>			<b>269,095</b>	<b>70.67</b>	<b>65.17</b>
<b>2. Premises costs:</b>					
Office rent, utilities, telephone, Council Tax, repairs and renewals, cleaning etc.	57,451	8,043	<b>49,408</b>	<b>12.98</b>	<b>12.17</b>
<b>3. Administrative costs:</b>					
Insurance (except for Trustees), office equipment, printing, postage & stationery, public relations, bank charges, depreciation	66,875	9,363	<b>57,512</b>	<b>15.10</b>	<b>15.81</b>
<b>4. Governance costs:</b>					
Trustee insurance etc.	8,137	1,139	<b>6,998</b>	<b>1.84</b>	<b>1.86</b>
<b>5. Projects and amenities costs:</b>					
Maintenance of amenity areas and other project costs	172,621	144,456	<b>28,165</b>	<b>7.40</b>	<b>13.30</b>
<b>6. Legal costs:</b>	73,745	16,798	<b>56,947</b>	<b>14.96</b>	<b>19.34</b>
<b>7. Legal costs recovered:</b>	(23,920)	(6,232)	<b>(17,688)</b>	<b>(4.65)</b>	<b>(8.48)</b>
<b>8. Other professional costs:</b>					
Arboriculturalist, human resources, valuation and other advice	19,737	(1,279)	<b>21,016</b>	<b>5.52</b>	<b>4.98</b>
<b>9. Audit fees:</b>	9,938	1,433	<b>8,505</b>	<b>2.23</b>	<b>2.57</b>
<b>EXPENDITURE</b>	<b>820,843</b>	<b>234,797</b>	<b>479,958</b>	<b>126.05</b>	<b>126.73</b>
<b>Income from fees on freehold applications</b>		<b>106,088</b>			
Total management charges including in-year enfranchisers		<b>553,817</b>			
Total income			<b>659,905</b>		
Total expenditure			<b>586,046</b>		
Balance of Management Charges to be (charged) credited to freeholders			<b>73,859</b>	<b>19.27</b>	(rounded figures)

At 6 April 2016 3,799 Management Charges payable. At 6 April 2017 3,816 Management Charges payable.





