



~HAMPSTEAD - GARDEN - SUBURB - TRUST~

REPORT AND ACCOUNTS FOR THE YEAR
ENDED 5 APRIL 2021

The Hampstead Garden Suburb Trust Limited

Formerly The New Hampstead Garden Suburb Trust Limited

(A company limited by guarantee and having no share capital)

862 Finchley Road, Hampstead Garden Suburb, London NW11 6AB

Tel: 020 8455 1066 / 020 8458 8085 Email: mail@hgstrust.org

Company number: 928520

Registered charity number: 1050098 Registered in England

REPORT AND ACCOUNTS FOR THE YEAR ENDED 5 APRIL 2021

CONTENTS

| | |
|--|----|
| Chairman's review | 2 |
| Legal and administrative details | 3 |
| Report of the council | 6 |
| Independent auditors' report | 12 |
| Statement of financial activities..... | 14 |
| Balance sheet..... | 15 |
| Statement of cash flows..... | 16 |
| Notes to the financial statements..... | 17 |

CHAIRMAN'S REVIEW 2020/2021

2020/2021 has been a year like no other. At the time of writing this report many of the Covid restrictions are likely to be lifted but it is becoming increasingly clear that we are going to have to learn to live with Covid. As part of this we are looking to hold this year's AGM in person, keeping live attendance to the safe capacity of the venue and live-streaming the event to anyone unable to attend.

The Trust rose to the challenge of remote working. In summary:

- All essential Trust functions were maintained
- Operational processes were streamlined or moved on-line, including planning applications, most financial processes and record-keeping
- We appointed external accountants to fulfil a finance director role and this has improved financial reporting and operational management
- All meetings have taken place on Zoom and whilst we all have missed the personal interaction these have worked very successfully
- Whilst this statement was in my report last year the acquisition of Central Square is now due to be completed any time now.

2020/2021 saw a major increase in applications as a result of residents wanting to make more use of their properties, including many more garage conversions, extensions and loft conversions. We also saw more work carried out without consent which has required remedial action by the Trust. The Trust will not hesitate to take action where required.

I should like to thank all the staff for all their hard work in these very challenging times and in particular the leadership shown by Simon Henderson. I should also like to thank the trustees and volunteers for their time and commitment to the Trust, and to welcome our new trustee, Trevor Price, and his contribution to the Trust.

As you will see from these Accounts we have had a good financial performance this year. This will be reflected in the rebate on the management charge as well giving the Trust the opportunity to invest funds in the further improvement of the Suburb, including Central Square. We are also looking to buy additional investment properties to increase the income of the Trust.

I would be very bold to make a categorical statement as to what is going to happen in the coming year but I am confident that the Trust will continue to cope with whatever may be thrown at us.



Raymond Taylor
Chairman

LEGAL, ADMINISTRATIVE AND OTHER INFORMATION ABOUT THE TRUST

MEMBERS OF THE COUNCIL 1 SEPTEMBER 2021

Elected members:



Raymond Taylor (Chairman)
Elected 20 September 2018.

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



Maralyn Roberts
Elected 27 September 2019.

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



Richard Townley
Elected 27 September 2019.

Richard, who has lived in the Suburb for 43 years, is a fellow of the Royal Institution of Chartered Surveyors and has spent over 50 years specialising in commercial property investment. For ten years he was a trustee

of Ambitious About Autism and has been involved in various Suburb projects, in particular the introduction of the Heritage lighting in Central Square and the installation of the new flower beds in the Square.



Trevor Price
Elected 30 September 2020.

Trevor has lived on the Suburb for almost 30 years in three separate properties, two of which underwent significant renovation in line with Trust guidelines. He has worked with the Trust on a number of improvement projects, including conservation work to the Great Wall.

Appointed members:



Elspeth Clements
Appointed by the Royal Institute of British Architects on 1 April 2015.
Re-appointed 1 April 2018 and 2021.

Elspeth is an accredited RIBA Conservation Architect and a former member of RIBA Council. She works in partnership with

David Porter as Clements & Porter Architects, founded in 1979. She is also Chairman of the Highgate Society Planning Group and wrote part of the Highgate Conservation Area Appraisal.



Dr Tye Blackshaw
Appointed by the Victorian Society on 7 January 2020.

Dr Blackshaw recently served on the Planning Committee of the Highgate Society. She also previously lived in Hampstead Garden Suburb for a decade.



Jonathan Ross
Appointed by the Law Society on 18 July 2011.
Re-appointed 18 July 2014, 2017 and 2020.

Jonathan is a solicitor and is head of property litigation at Forsters LLP,

where his clients include a number of section 19 organizations and estates. He writes regularly for the property press. Jonathan is not now a resident but he was brought up on the Suburb and his father is a past member of the Trust Council.



Alison Blom-Cooper BSc MPhil MRTPI
Appointed by the Royal Town Planning Institute on 12 April 2014.
Reappointed 12 April 2017 and 2020.

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 Assistant Director Strategic Place and Planning for a local authority.

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

Election and Appointment to the Council:

There was one vacancy for election following the end of David White's double three-year term. A single candidate, Trevor Price, was proposed and elected unopposed at the AGM on 30 September.

REGISTERED OFFICE

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

TRUST COMPANY MEMBERSHIP

At 5 April 2021 there were 709 members of the Trust Company and 64 associate members. Membership of the Trust is open to adults who have been continuously resident on the Suburb for over three years. Other adult residents may join as associate members. Applications are welcome (there is no charge or subscription, and each member's liability is limited to a guarantee of £1). The application form can be obtained from the website (www.hgstrust.org) or from the Trust office at the address above.

TRUST COUNCIL'S RESPONSIBILITIES

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

COUNCIL MEMBERS' INDUCTION AND TRAINING

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

HONORARY LIFE PRESIDENT

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

HONORARY ACCOUNTS ADVISER

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

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

Estate Committee

Alan Brudney, Judith Chaney, Laurence Wolff.

Finance Committee

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

Grants and Amenities Committee

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

Property and Plans Committee

Ann Spencer, Helena Benes, Tony Zeilinger (alternate)

PROFESSIONAL ADVISERS:

Solicitors

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

Bankers

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

Accountants (from Oct 2020)

JS2 Limited
One Crown Square
Church Street East
Woking
Surrey GU21 6HR

Auditors

Haysmacintyre LLP
10 Queens Street Place
London EC4R 1AG

Arboriculturalist

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

STAFF

The following people are currently employed by the Trust:

Full time:

Simon Henderson
CEO and
Company Secretary



James Phillips
Assistant
Architectural Adviser



Jane Horder
MRICS
Estate Manager



Lauren Marsh
Assistant
Estate Manager



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



Joe Mathieson
Architectural
Support Officer
(from June 2021)



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



Jessie Forder
Business
Support Officer
(from November 2020)

Part time:

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



Susan Samuels
Estate Management
Assistant



Patricia Lewin
Credit Control

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

Ann Marsh BA Dip Arch, RIBA
Architectural Consultant
(retired September 2020)

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

Harry Fisher FMAAT
Bookkeeping Consultant
(to September 2020)

REPORT OF THE COUNCIL

The Council members, who act in the role of directors and trustees, present their fifty-third annual report, together with the audited accounts of the Trust for the year ended 5 April 2021. For the purposes of this report the term “Trust” is used to mean the company whose directors are referred to as “the trustees”; the board is referred to as “the Council”.

OBJECT AND PRINCIPAL ACTIVITY

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

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

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

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

Since 1974, the great majority of the houses and many of the flats on the Suburb have enfranchised and fall within the Scheme of Management, the numbers increasing year by year. In 1988 the Trust acquired the freeholds of all the long leasehold properties on the Suburb (including most of the blocks of flats) from Ashdale Land and Property Company Ltd. Through these leases, the freehold ownership of 11 allotment sites, 27 unadopted roads, some 50 other communal open spaces and the Scheme of Management itself, the Trust can maintain a unified control over nearly all Suburb properties and the trees, hedges and many of the communal areas around them. Control of the public highways and the larger open spaces rests with the London Borough of Barnet and Transport for London.

STATUS

The Trust is a company limited by guarantee (registered in England number 928520), not having a share capital and is registered as a charity (Number 1050098). It is governed by its Memorandum and Articles of Association dated 8 March 1968 and most recently amended on 17 September 2008. Until 15 January 2007, it was known as The New Hampstead Garden Suburb Trust Limited.

The Trust’s charitable purposes cover the advancement of the arts, culture and heritage, environmental protection and improvement. Hampstead Garden Suburb is internationally recognised as the finest and best realised example of English twentieth-century domestic architecture and planning. The public benefit extends far beyond the 16,000 or so residents of the Suburb to the international community – lay and professional – with an interest in architecture, planning and social history. The lessons to be learnt from the ethos, history, landscape and architecture of the Suburb benefit both present and future generations.

ORGANISATIONAL STRUCTURE

The Trust Council is responsible for decisions of the Trust. The Trust Council is advised on relevant matters by the Property & Plans Committee, Finance & Organisation Committee, Estate Committee and Grants & Amenities Committee. Policies are developed by senior staff (Chief Executive, 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 2020/2021:

The COVID-19 pandemic and consequential series of lockdowns materially disrupted the planned business of the Trust for part of the year, bringing a temporary halt to garden maintenance, site and other inspections and the use of the tennis courts. As many of the community events run by Suburb organisations had to be cancelled, the Trust was unable to make its usual level of grants, although the improved situation later in the year did allow a late release of grant funding.

The Trust adapted quickly to the new circumstances, enabling home working from the start of lockdown and keeping most essential operations running at near-normal level. The necessity of remote working also precipitated several desired operational improvements, including a successful move to digital planning applications, approvals and records, on-line planning FAQs, fully on-line banking, and online council, committee and AGM meetings, with consequential cost savings. These and other efficiencies are now embedded in the Trust's operation and will be built on in the coming year.

The pandemic also affected the anticipated income and expenditure of the Trust over the year. Income from applications for Trust Consent on freehold properties was over 150% of the projected budget, no doubt a result of homeowners wishing to make best use of their properties during lockdown and a widespread move to home working. This will be reflected in the increased rebate for 2021/2022. Concomitant increases in leasehold property applications and sales of Trust assets bolstered the Trust's own funds. Expenditure was less affected but gardening charges were rebated for work not undertaken in the first lockdown, and administrative costs were lower while the Trust Office was closed.

Other developments that did go ahead included:

- Agreeing a draft lease with London Borough of Barnet to take back ownership of Central Square in summer 2021;
- Awarding grants to seven local organisations that benefit the Suburb
- Pursuing and defending legal cases concerning unconsented alterations to Suburb property
- Development of additional guidance on security and electric car charging points
- Appointing new external accountants to improve financial operation and reporting
- Appointing a new IT support contractor to improve system and data security
- Election of a new trustee.

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 2020/2021 the Trust received 257 applications (compared to 196 in 2019/2020) to change the external appearance, use or structure of property, reflecting the impact of the pandemic noted above. There were five new applications for demolition and rebuilding, of which three remain unresolved at present. In addition, seven applications were received which involved the construction of, or extension to, a basement in an existing property (compared to six in 2019/2020), of which three were given consent and four are unresolved.

The successful completion of the Bute Mews Phase 1 development reflected the Trust's insistence that any new development should respect the unique character of the Suburb. This has set the bar for several other approaches to redevelop Suburb sites during the year, including the proposed redevelopment of the Esso filling station on Finchley Road, for which the Trust undertook a major consultation exercise with local residents. This application remains open at the time of writing.

Three new applications involving the creation of new hardstandings were received (compared to two in 2019/2020). Of these, one was refused and two are unresolved.

REPORT OF THE COUNCIL (Continued)

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. On-site inspections had to be deferred in the early months of the pandemic, but were resumed over summer.

Many of the Suburb's most prominent trees are several hundred years old and were carefully integrated into the Suburb's plan from the outset. Applications to fell mature trees are therefore a matter of constant concern to the Trust, particularly given the increasing pressure from property insurers. Trust staff work closely with technical consultants, residents and the local authority, including Ward Councillors, to find mutually acceptable solutions that avoided unnecessary felling and preserve one of the Suburb's most distinctive assets.

The Trust will always attempt to negotiate the reinstatement of unauthorised alterations to Suburb property, particularly in cases where a new application is received for work on a house with an existing infringement. Four infringements have been resolved and lifted during the year. Nine 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. The COVID-19 pandemic disrupted plans to support a major series of Suburb-related exhibitions and events in Rothenburg ob der Tauber, and the usual walking tours of the Suburb could not be run during lockdown. The planned exhibition on Suburb architects in collaboration with Suburb Archives scheduled for May 2020 was similarly postponed but will now go ahead in September 2021.

MAINTAINING THE FABRIC OF THE SUBURB

Although garden maintenance work had to be suspended during the first lockdown, the Trust's term contractor was able to work through the rest of the year and provided valuable on-site assistance to the Trust when staff were required to work from home.

Despite the restrictions imposed by COVID-19, the annual tree inspections were carried out in September. 104 consents for tree work have been issued digitally in-year after initial virtual or on-site inspections.

The finalisation of the Central Square lease with Barnet Council will enable the Trust to have greater control over this important area.

The temporary closure of the tennis courts in line with government guidelines caused some concern to residents. These were however reopened as soon as legally possible and saw heavy usage through the rest of summer and autumn. The Trust responded to user feedback by adjusting the booking period to improve availability.

The allotments remained open throughout the pandemic, providing a valuable resource to residents confined to home. Increased interest during lockdown means that all plots are now taken and there is a waiting list.

GRANTS

The Trust provides grant aid to local bodies whose activities are likely to be beneficial to residents and preserve the character and amenity of the Suburb. During 2020/2021 the Trust, advised by the Grants & Amenities Committee, made seven grants totalling £20,057.

Grants were made to the value of: £15,000 to the Parish of St Jude-on-the-Hill; £1,100 to Northway Gardens Organisation; £1,000 to HGS Heritage; £433 to the HGS Archives Trust; £424 to the Abbeyfield Society; £100 to the Friends of Abbeyfield, and £2000 to Brooklands Junior School PA towards a new library.

VOLUNTEERS

In 2020/2021, the Trust has again benefited from input to its work by volunteers including non-trustee members of the Property & Plans Committee, the Estate Committee, the Finance Committee and the Grants & Amenities Committee. The names of those who served on the Trust's advisory committees are given above. Altogether there are 14 residents serving on the Trust Council and committees. This does not exhaust the list of those who help the Trust in various valuable ways.

FINANCIAL MATTERS

The form in which the statement of financial activities is set out on page 14 complies with the Charity Commission requirements to relate expenditure to the Trust's objectives rather than under heads of expenditure. The statement also details the finances of the Scheme of Management as well as those of the Trust, although each is separately identified. As a supplement to assist members and charge payers, the Trust has included, as an appendix to the report and accounts, an analysis of the Management Charge, which gives a breakdown under heads of expenditure (see page 29). This appendix does not form part of the report and accounts.

The Trust's finances

The Trust has a dual obligation. All its assets are held in trust for the benefit of all Suburb residents: Freeholders, leaseholders, tenants and others. The Trust also operates a Scheme of Management under Section 19 of the Leasehold Reform Act 1967. The Scheme is funded by a Management Charge paid by enfranchised Freeholders. These funds are accounted for separately from the Trust's own property and are held in trust for the Freeholders until expended. The Trust is not permitted to profit from its operation of the Scheme and any surplus on the Management Charge in a particular year is returned to the Freeholders. Any funds received under other provisions of the Scheme are held in trust by the Trust to be applied in subsequent years in the manner authorised by the Scheme, which is made for the purpose of ensuring the maintenance and preservation of the Suburb.

A. Assets held in Trust for all residents

Revenue is derived from the ground rents and other charges relating to the Trust's leased properties, which are generally falling in real terms. In the course of 2020/2021, the Trust's reserves increased by £625,181. Income is derived from three sources. Part is from the sale of freeholds and lease extensions, as required by the Leasehold Reform Acts. Part is in the form of one-off payments for variations to leases and covenants. Together these total £530,997. Part is constituted by donations totalling £692, including gift aid, received from residents during the year. It will be noted that the increase in reserves is greater than the receipts from the sales of assets, for the second year running. 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 £147.98 per household. This is below the estimated charge of £187.24 and the equivalent of a rebate to charge payers of £39.22 over the full year. This will be set against the estimated charge for 2021/2022 when the Management Charge bills are sent out in August/September 2021

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. The Trust maintains a credit control policy to minimise arrears in-year. This includes reclamation through the County Court in cases of persistent default, leading to a Charging Order on the property: 12 Court applications were made in 2020/2021. In cases of genuine hardship, the Trust can offer various stage payment options or a hardship grant: one grant was applied for and paid in 2020/2021.

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.

REPORT OF THE COUNCIL (Continued)

In preparing these financial statements, the trustees are required to:

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

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

In so far as trustees are aware:

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

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. The Trust's investment policy is to use the cash from these balance sheet "crystallisations" to purchase residential property on the Suburb. The income from these investments will progressively match the Trust's long-term obligations to contribute towards shared costs from its own funds and bring the operating account, in chronic deficit for many years, into balance. The Trust currently has nine investment properties and a further property is under consideration for 2021/2022.

The fundamental financial objective of the Trust is to restore the level of its investable assets to a level that will enable it to produce an increasing real income, independent of the

Scheme of Management. The Trust has made good progress towards this goal over the last ten years but it will need further 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, £625,181, greater than the deficit on its operations, (£49,658), after stripping out the £530,997 surplus on freehold sales, licences and variations and the net gains on investments of £78,695. The deficit on operations figure is calculated by taking the gross income under all funds except the Scheme of Management before deducting the expenses of the same funds, the sale of assets and any gain on investments. The aim is to show how much of the one-off sales of assets are being used in annual running costs
- £2,017,178 is held in the Trust's general fund (see note 22). This includes the Trust's working capital, the calls on which include the funding of the deficit in the cash flow of the Scheme of Management that occurs in the course of the year
- £149,243 is held in restricted funds (see note 20)
- 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 £3,439,204. These resources are in the form of: £3,182,304 in property assets and £256,900 of cash on deposit (see note 21a,b and c and 22).

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

PAY AND REMUNERATION

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

The Finance & Organisation Committee are asked to:

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

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

RISK MANAGEMENT

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

The principal risks and uncertainties identified by the Trust are as follows: a successful legal claim against the Trust arising from its role as landlord or its administration of the Scheme of Management; damage to real property; failure of or severe attack on IT systems; and fraud. The plans and strategies for managing these risks are: professionally qualified and trained staff; advice from relevant professional advisors (strengthened in year); regular review of cases by trustees; Health & Safety risk assessment and policy; regular inspection and repair regime; appropriate policies

for the use of property; regular maintenance of property; appropriate liability and other insurance; regular back up of data and an IT maintenance contract (strengthened in year); regular upgrades of IT hardware and software; financial Controls and an annual independent audit.

PLANS FOR FUTURE PERIODS

The long-term financial objectives of the Trust are to husband and consolidate its own resources, 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 future as the Suburb's regulatory body. 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 consistent with the actual needs of administering the Scheme of Management over time.

In line with the aims of the reserves and investments policy and the risk management strategies in place, there is reason to believe that the Trust is a going concern at the date of approving the report and accounts. The financial impact from the COVID-19 pandemic will continue to be monitored closely through the coming year. The budget for 2021/2022 already takes into account the likely impact of known threats to income, and remedial measures will be put in place as and when necessary, to ensure that the Trust remains a going concern and can maintain its core business activities.

AUDITORS

Haysmacintyre LLP, chartered accountants and registered auditors experienced in the charity sector were re-appointed in September 2020. Haysmacintyre LLP is willing to continue in office. A resolution will be proposed at the Annual General Meeting for the Council to appoint and fix the auditors' remuneration.

By order of the Council



Simon Henderson
Secretary

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

OPINION

We have audited the financial statements of The Hampstead Garden Suburb Trust Limited for the year ended 5 April 2021 which comprise the Statement of Financial Activities, Balance Sheet, Statement of Cash Flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 5 April 2021 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

OTHER INFORMATION

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

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

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

- adequate accounting records have not been kept by the charitable company; or
- the charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or

- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

RESPONSIBILITIES OF TRUSTEES FOR THE FINANCIAL STATEMENTS

As explained more fully in the trustees' responsibilities statement as set out on page 9, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the charitable company and the environment in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006 and the Charities Act 2011, and we considered the extent to which non-compliance might have a material effect on the financial statements.

We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and the Charities Act 2011, and other factors such as compliance with the scheme of management and payroll tax.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to revenue recognition and the valuation of investment properties.

Audit procedures performed by the engagement team included:

- Inspecting correspondence with regulators and tax authorities;
- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating management's controls designed to prevent and detect irregularities;
- Reviewed the basis for and allocations to the scheme of management;
- Identifying and testing journals, in particular journal entries posted with unusual account combinations, postings by unusual users or with unusual descriptions; and
- Challenging assumptions and judgements made by management in their critical accounting estimates including reviewing all documentation used and the qualifications of the Chartered Surveyor when considering the revaluation of investment properties in the year.

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

USE OF OUR REPORT

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

Richard Weaver (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP, Statutory Auditors
13 July 2021
 10 Queen Street Place, London EC4R 1AG

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 5 APRIL 2021
(Including the income and expenditure account)
Company number 928520

| | Notes | 2020/2021 | | | | 2020/21 Total £ | 2019/20 Total £ |
|--|--------|----------------------|-------------------------------------|-------------------------------------|---|-----------------------|-----------------------|
| | | General Fund £ | Restricted Funds Note 20 £ | Designated Funds Note 21 £ | Scheme of Management Note 22 £ | | |
| INCOME FROM: | 1(a&d) | | | | | | |
| Donations and legacies: | | | | | | | |
| Leaseholders voluntary & other donations | 21(a) | - | - | 692 | - | 692 | 2,999 |
| Other trading activities: | | | | | | | |
| Sundry income | | 3,296 | - | - | - | 3,296 | 4,626 |
| Investments: | | | | | | | |
| Rental and other investment income | 3 | 203,206 | - | - | - | 203,206 | 239,600 |
| Charitable activities: | | | | | | | |
| Application fees | 4 | 17,832 | - | - | 132,799 | 150,631 | 107,556 |
| Management Charges payable by freeholders | | - | - | - | 747,468 | 747,468 | 639,455 |
| Legal fees recovered | | 13,949 | - | - | 85,858 | 99,807 | (400) |
| Estate Maintenance Charges | 1(f) | 65,455 | - | - | - | 65,455 | 77,738 |
| Other income: | | | | | | | |
| Freehold sales, licences & variations | | 530,996 | - | - | - | 530,996 | 431,634 |
| Total income | | 834,734 | - | 692 | 966,125 | 1,801,551 | 1,503,208 |
| EXPENDITURE ON: | 5,6 | | | | | | |
| Raising funds: | | | | | | | |
| Rental and other investments | | 74,483 | - | - | - | 74,483 | 142,457 |
| Charitable activities: | | | | | | | |
| Regulation: Applications | | 32,634 | - | - | 192,249 | 224,883 | 197,738 |
| Regulation: Awareness/Advice/Enforcement | | 64,148 | - | - | 373,038 | 437,186 | 301,438 |
| Maintaining the fabric of the Suburb | | 52,220 | - | - | 244,200 | 296,420 | 303,436 |
| Rechargeable estate maintenance | 1(e) | 65,455 | - | - | - | 65,455 | 77,738 |
| Total expenditure | | 288,940 | - | - | 809,487 | 1,098,427 | 1,022,807 |
| Net gains on investments | | 78,695 | - | - | - | 78,695 | 51,644 |
| Net income before transfers | 7 | 624,489 | - | 692 | 156,638 | 781,819 | 532,045 |
| Balance of Freeholders Management Charges: refunded | 2&16 | - | - | - | (72,739) | (72,739) | (122,335) |
| Transfers (to designated funds) | 21b | (510,000) | - | 510,000 | - | - | - |
| Net movement in funds | | 114,489 | - | 510,692 | 83,899 | 709,080 | 409,710 |
| Reconciliation of funds: | | | | | | | |
| Funds brought forward at 6 April 2020 | | 1,902,689 | 149,243 | 2,928,512 | - | 4,980,444 | 4,521,138 |
| Funds brought forward at 6 April 2020 before return or charge of balance of Management Charge | | 1,902,689 | 149,243 | 2,928,512 | 72,739 | 5,053,183 | 4,643,473 |
| Balance of Freeholders Management charges to be charged/(refunded) | 2&16 | - | - | - | (156,638) | (156,638) | (72,739) |
| Funds carried forward at 5 April 2021 | 22 | 2,017,178 | 149,243 | 3,439,204 | - | 5,605,625 | 4,980,444 |

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

BALANCE SHEET AT 5 APRIL 2021

Company number 928520

| | Notes | 2020/2021 £ | £ | 2019/2020 £ | £ |
|--|-----------|----------------|-----------|----------------|-----------|
| FIXED ASSETS | | | | | |
| Tangible assets | | | | | |
| Freehold and long leasehold estate, at cost | 9&1(b) | 42,215 | | 44,825 | |
| Freehold property, at cost less depreciation | 10 | 382,265 | | 390,346 | |
| Estate works, at cost less depreciation | 12 | 12,187 | | 19,107 | |
| Investments | | | | | |
| Property investments, initially at cost subsequently at fair value | 11 | 3,010,000 | | 2,813,000 | |
| Other investments | 13 | 256,900 | | 256,333 | |
| <i>Total fixed assets</i> | | | 3,703,567 | | 3,523,611 |
| CURRENT ASSETS | | | | | |
| Debtors | | | | | |
| Management Charge for Scheme of Management rebate | 14 | (156,638) | | (72,739) | |
| Other debtors | 14 | 210,354 | | 188,373 | |
| Cash at bank and in hand | | 1,973,111 | | 1,367,349 | |
| <i>Total current assets</i> | | 2,026,827 | | 1,482,983 | |
| LIABILITIES | | | | | |
| Creditors: amounts falling due within one year | 15 | (124,769) | | (26,150) | |
| NET CURRENT ASSETS | | | 1,902,058 | | 1,456,833 |
| TOTAL NET ASSETS OR LIABILITIES | | | 5,605,625 | | 4,980,444 |
| REPRESENTING THE FUNDS FOR THE CHARITY: | | | | | |
| Unrestricted funds: | | | | | |
| General fund | 22 | 2,017,178 | | 1,902,689 | |
| Designated funds | 21(a,b&c) | 3,439,204 | | 2,928,512 | |
| Restricted funds: | | | | | |
| Scheme of Management compensation | 20 | 149,243 | | 149,243 | |
| | | | 5,605,625 | | 4,980,444 |

Approved and authorised for issue on behalf of the Council on 13 July 2021 and signed on its behalf by



Raymond Taylor



Trevor Price

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 5 APRIL 2021

Company number 928520

| | 2020/2021 £ | 2019/2020 £ |
|---|----------------|----------------|
| Cash flows from operating activities | 518,818 | 109,441 |
| Cash flows from investing activities | | |
| Rental and other investment income | 203,206 | 239,600 |
| Proceeds from the sale of investments | 2,610 | - |
| Purchase of investments | (118,305) | (8,000) |
| Net cash provided by/(used) in investing activities | 87,511 | 231,600 |
| Change in cash and cash equivalents in the reporting period | 606,329 | 341,041 |
| Cash and cash equivalents at the beginning of the reporting period | 1,623,682 | 1,282,641 |
| Cash and cash equivalents at the end of the reporting period | 2,230,011 | 1,623,682 |

| NOTES TO THE CASH FLOW STATEMENTS | 2020/2021 £ | 2019/2020 £ |
|--|----------------|----------------|
| Reconciliation of net income to net cash flow from operating activities | | |
| Net income for the reporting period | 709,080 | 409,710 |
| Depreciation charges | 15,001 | 27,103 |
| Gains on investments | (78,695) | (51,644) |
| Rental and other investment income | (203,206) | (239,600) |
| Increase in debtors | (21,981) | (24,354) |
| (Increase)/decrease in creditors | 98,619 | (11,774) |
| Net cash provided by/(used in) operating activities | 518,818 | 109,441 |
| Analysis of cash and cash equivalents | | |
| Cash at bank and in hand | 1,973,111 | 1,367,349 |
| Short term deposits | 256,900 | 256,333 |
| | 2,230,011 | 1,623,682 |

The notes on pages 17 to 28 form part of these accounts.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 5 APRIL 2021

GENERAL INFORMATION

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

The financial statements are presented in Sterling (£).

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

1. ACCOUNTING POLICIES

The following are the accounting policies adopted by the Trust:

a) Basis of preparation

The financial statements are prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) and the Companies Act 2006.

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

b) Going concern

The trustees consider that there are no material uncertainties regarding the charitable company's ability to continue as a going concern. In making this assessment the trustees have considered the impact that the outbreak of COVID-19 and the resultant impact on the wider economy has had on the Charity.

c) Fixed assets and depreciation

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

Freehold land and building: Freehold land is not being depreciated. Depreciation was provided on the freehold building at £500 per annum from 6 April 1978 to 5 April 1984. This policy was changed from that date so that no further depreciation is provided as the property is maintained to a sufficiently high standard to extend its useful life indefinitely. The book value of the Trust's freehold land and building is based on a professional valuation carried out as at 12 December 1968. Until the year ending 5 April 2019, the Trust's office extension was held at its investment value. In line with the Charities SORP (FRS 102) from that date onwards the office extension is shown at cost (from completion in 2013) of £404,035 less depreciation on a straight line basis over 50 years. The parts of the Trust's office building that are currently used as residential could be taken back in to the Trust's use at short notice. The Trust considers that reliably measuring the residential element in isolation of the rest of the land and building would involve the Trust in undue cost and/or effort.

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

Estate works: The charity has a capitalisation policy whereby appropriate estate works over £5,000 will be capitalised and included within the assets of the charity, all costs below this threshold are written off in the year the works are undertaken. The depreciation rate provided on appropriate estate works is 10 years so as to write off the costs over their expected useful life.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

d) Income and expenditure

All 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 20).

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

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

e) Taxation

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

f) Rechargeable Estate Maintenance

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

g) Pensions

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

h) Investments

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

i) Critical accounting judgements and estimates

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

Significant accounting judgements and estimates include:

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

j) Debtors

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

k) Creditors

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

l) Financial instruments

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

m) Redundancy and termination costs

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

2. SCHEME OF MANAGEMENT

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

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

- General overheads are apportioned according to the proportion of enfranchised (i.e. freehold) properties to all properties in respect of which the Management Charge or lease rents are payable to the Trust. Within this calculation flats are weighted against houses in the proportion 1:10. The weighting has been determined by an analysis of staff time which showed that on average more than ten times as much time, weighted for salary, was spent on houses as on flats. This calculation results for 2020/2021 in an apportionment of 88%:12% (2019/2020 87%:13%) between the Scheme of Management and the general fund.
- Legal costs are allocated or apportioned on a case by case basis, in accordance with legal advice. The apportionment is determined according to the balance of significance of the covenants relating to the Scheme of Management and to the Trust as the owner of the residual estate, balanced by consideration of the overriding reasons for the Trust defending or taking the action.

- Costs for projects and amenities of benefit to all residents are apportioned according to the proportion of enfranchised (i.e. freehold) properties to all properties in respect of which the Management Charge or lease rents are payable to the Trust, with each property weighted equally. For 2020/2021, this results in an apportionment of 79%:21% (2019/2020 78%:22%) between the Scheme of Management and the general fund.

The Trust's auditors are satisfied that these apportionments are an appropriate basis on which to allocate expenditure to the activities of the Trust and the Scheme of Management. The accounting systems used by the Trust ensure that all items of income and expenditure attributable to the Scheme of Management are separately accounted for. Given the separate accounting records, the trustees do not consider that the Scheme of Management would be any more effectively operated with a separate bank account, and the auditors concur with this decision. A summary of the resources expended by the Trust, allocated between the general fund and the Scheme of Management and related to an individual Management Charge, is set out on page 30 by way of additional information as that page does not form part of the report & accounts. The net surplus of £156,638 (2019/2020: net surplus of £72,739) 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. INVESTMENT INCOME

| | 2020/2021 £ | 2019/2020 £ |
|--|----------------|----------------|
| Rental income | 201,879 | 236,028 |
| Bank interest | 1,327 | 3,572 |
| | 203,206 | 239,600 |
| Allocated to: | | |
| Trust and estate management (general fund) | 203,206 | 239,600 |
| | 203,206 | 239,600 |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

4. BUILDING APPLICATION FEES

| | 2020/2021 £ | 2019/2020 £ |
|-----------|----------------|----------------|
| Leasehold | 17,832 | 12,210 |
| Freehold | 132,799 | 95,346 |
| | 150,631 | 107,556 |

5. ANALYSIS OF EXPENDITURE

| 2020/2021 | Direct £ | Support £ | Total £ |
|--|-------------|--------------|------------|
| Costs of Generating Funds | | | |
| Rental/Investment Management | 54,162 | 20,321 | 74,483 |
| Charitable Activities (inc. Governance Costs) | | | |
| Regulation: Applications | 154,673 | 70,210 | 224,883 |
| Regulation: Awareness/Advice/Enforcement | 340,545 | 96,641 | 437,186 |
| Maintaining the Fabric of the Suburb | 239,618 | 56,802 | 296,420 |
| Rechargeable Estate Maintenance | 65,455 | - | 65,455 |
| | 854,453 | 243,974 | 1,098,427 |

| 2019/2020 | Direct £ | Support £ | Total £ |
|--|-------------|--------------|------------|
| Costs of Generating Funds | | | |
| Rental/Investment Management | 118,497 | 23,960 | 142,457 |
| Charitable Activities (inc. Governance Costs) | | | |
| Regulation: Applications | 133,334 | 64,404 | 197,738 |
| Regulation: Awareness/Advice/Enforcement | 216,519 | 84,919 | 301,438 |
| Maintaining the Fabric of the Suburb | 262,378 | 41,058 | 303,436 |
| Rechargeable Estate Maintenance | 77,738 | - | 77,738 |
| | 808,466 | 214,341 | 1,022,807 |

6. DIRECT AND SUPPORT COSTS

| 2020/2021 | Staff Costs £ | Support Costs £ | Amenities & Project Costs £ | Legal/ Professional Costs £ | Total 2020/2021 £ |
|--|---------------------|-----------------------|--------------------------------------|--------------------------------------|-------------------------|
| Costs of Generating Funds | | | | | |
| Rental/Investment Management | 54,162 | 20,321 | - | - | 74,483 |
| Charitable Activities (inc. Governance Costs) | | | | | |
| Regulation: Applications | 154,673 | 70,210 | - | - | 224,883 |
| Regulation: Awareness/Advice/Enforcement | 178,775 | 96,641 | - | 161,770 | 437,186 |
| Maintaining the Fabric of the Suburb | 105,972 | 56,802 | 101,910 | 31,736 | 296,420 |
| Rechargeable Estate Maintenance | - | - | 65,455 | - | 65,455 |
| | 493,582 | 243,974 | 167,365 | 193,506 | 1,098,427 |
| 2019/2020 | | | | | |
| | £ | £ | £ | £ | £ |
| Costs of Generating Funds | | | | | |
| Rental/Investment Management | 118,497 | 23,960 | - | - | 142,457 |
| Charitable Activities (inc. Governance Costs) | | | | | |
| Regulation: Applications | 133,334 | 64,404 | - | - | 197,738 |
| Regulation: Awareness/Advice/Enforcement | 156,266 | 84,919 | - | 60,253 | 301,438 |
| Maintaining the Fabric of the Suburb | 24,467 | 41,058 | 212,424 | 25,487 | 303,436 |
| Rechargeable Estate Maintenance | - | - | 77,738 | - | 77,738 |
| | 432,564 | 214,341 | 290,162 | 85,740 | 1,022,807 |

Support costs include £71,464 (2019/2020: £61,028) of management and staff costs.

7. NET INCOME

| | 2020/2021 £ | 2019/2020 £ |
|---|----------------|----------------|
| Net incoming resources for the year has been stated after charging: | | |
| Depreciation – Office | 8,081 | 8,080 |
| Depreciation – Estate | 6,920 | 19,023 |
| Auditors remuneration (gross) – audit (haysmacintyre) | 11,520 | 9,960 |
| Auditors remuneration (gross) – non audit | 2,520 | 1,896 |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

8. MANAGEMENT AND STAFF COSTS

The average number of full and part-time staff (employees and contracted staff) during the year was 14 (2019/2020: 14) of which 7 (2019/2020: 7) were part-time and all of whom were involved in the delivery of the Trust's activities. The average number of Full Time Equivalent employees and contracted staff during the year was 9.67 (2019/2020: 9.478).

| | 2020/2021 £ | 2019/2020 £ |
|---|----------------|----------------|
| Management and staff costs during the year comprised: | | |
| Wages and salaries | 452,316 | 373,504 |
| Employers NI | 41,534 | 38,921 |
| Pension | 33,031 | 29,190 |
| Other management costs and expenses incurred | 59,015 | 51,977 |
| | 585,896 | 493,592 |

For the year ended 5 April 2021 two employees received emoluments in the range £60,000-£70,000 (2019/2020: two) and one employee received emoluments in the range £70,000-£80,000 (2019/2020: one).

The total employee benefits of the key management personnel of the Trust were £272,743 (2019/2020: £220,274).

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

9. FREEHOLD AND LONG LEASEHOLD ESTATE, AT COST

| | 2020/2021 £ | 2019/2020 £ |
|---------------------------|----------------|----------------|
| At 5 April 2020 | 44,825 | 44,825 |
| Disposals during the year | (2,610) | - |
| At 5 April 2021 | 42,215 | 44,825 |

The Trust has an interest in a number of freehold properties. On enfranchisement of the interest the Trust receives the proceeds and recognises this amount in full on the face of the SOFA under Other income Freehold sales, licences & variations net of an allocation of the original cost.

10. FREEHOLD PROPERTY

| | Land | Building | Total | Total |
|---|-------|----------|-----------|-----------|
| | £ | £ | 2020/2021 | 2019/2020 |
| | £ | £ | £ | £ |
| Valuation on 12 December 1968 | | | | |
| At 6 April 2020 and 5 April 2021 | 7,800 | 27,000 | 34,800 | 34,800 |
| Using cost at completion of building works in 2013 | | | | |
| At 6 April 2020 | - | 355,546 | 355,546 | 363,626 |
| Depreciation charge for the year | - | (8,081) | (8,081) | (8,080) |
| Disposals | - | - | - | - |
| Balance at 5 April 2021 | - | 347,465 | 347,465 | 355,546 |
| Net Book Value | | | | |
| At 5 April 2021 | 7,800 | 374,465 | 382,265 | 390,346 |
| At 6 April 2020 | 7,800 | 382,546 | 390,346 | 398,426 |

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

11. PROPERTY INVESTMENTS

| | 2020/2021 | 2019/2020 |
|-----------------|-----------|-----------|
| | £ | £ |
| Cost | | |
| At 6 April 2020 | 2,813,000 | 2,753,357 |
| Additions | 118,305 | 8,000 |
| Revaluation | 78,695 | 51,643 |
| At 5 April 2020 | 3,010,000 | 2,813,000 |

Property investments comprise 9 residential flats located on Hampstead Garden Suburb. These investments are let on assured shorthold tenancies. They are held for their rental income which matches the Trust's long term obligations to contribute towards shared costs from the Trust's own funds. See note 1(g) for the Trust's policy on valuation of investments.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

12. ESTATE WORKS

| | 2020/2021 | 2019/2020 |
|---------------------------|-----------|-----------|
| | £ | £ |
| Cost | | |
| At 6 April 2020 | 241,511 | 241,511 |
| Additions during the year | - | - |
| At 5 April 2021 | 241,511 | 241,511 |
| Depreciation | | |
| At 6 April 2020 | 222,404 | 203,381 |
| Charge for the year | 6,920 | 19,023 |
| At 5 April 2021 | 229,324 | 222,404 |
| Net Book Value | | |
| At 5 April 2021 | 12,187 | 19,107 |
| At 6 April 2020 | 19,107 | 38,130 |

13. INVESTMENTS

| | 2020/2021 | 2019/2020 |
|---------------------------------|-----------|-----------|
| | £ | £ |
| Cash held on short term deposit | 256,900 | 256,333 |

14. DEBTORS

| | 2020/2021 | 2019/2020 |
|-------------------------------------|-----------|-----------|
| | £ | £ |
| Management income owed to the Trust | 221,169 | 186,499 |
| Bad Debt Provision | (13,000) | - |
| Other debtors | 2,185 | 1,874 |
| Sub Total | 210,354 | 188,373 |
| Refund of Management Charge | (156,638) | (72,739) |
| | 53,716 | 115,634 |

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2020/2021 | 2019/2020 |
|------------------------------|-----------|-----------|
| | £ | £ |
| Trade Creditors | 62,663 | 3,154 |
| Accruals and deferred income | 62,106 | 22,996 |
| | 124,769 | 26,150 |

16. FREEHOLD SCHEME OF MANAGEMENT

| | 2020/2021 | 2019/2020 |
|--|-----------|-----------|
| | £ | £ |
| Funds brought forward | - | - |
| Balance refundable to freehold charge payers | - | - |
| Surplus | (156,638) | (72,739) |
| Balance refundable to freehold charge payers for 2020/2021 | 156,638 | 72,739 |
| Funds carried forward at 5 April 2021 | - | - |

17. INDEMNITY INSURANCE

During the year ended 5 April 2021 the Trust paid £5,498 (2019/2020: £4,998) 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.

18. REMUNERATION OF THE TRUSTEES

No remuneration is paid to any of the Trust's trustees (2019/2020: Nil). No trustees were reimbursed for expenses (2019/2020: Nil). There were no related party transactions during the year (Year to 5 April 2020: none).

20. MEMBERS LIABILITY

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

20. RESTRICTED FUNDS

| 2020/2021 | As at 06.04.20 | Income | Expenditure | Deficit or (Surplus) belonging to Scheme of Management | As at 05.04.21 |
|--|-------------------|---------|-------------|--|-------------------|
| | £ | £ | £ | £ | £ |
| Management Charge for Scheme of Management | - | 966,125 | (809,487) | (156,638) | - |
| Scheme of Management compensation | 149,243 | - | - | - | 149,243 |
| | 149,243 | 966,125 | (809,487) | (156,638) | 149,243 |

| 2019/2020 | As at 06.04.19 | Income | Expenditure | Deficit or (Surplus) belonging to Scheme of Management | As at 05.04.20 |
|--|-------------------|---------|-------------|--|-------------------|
| | £ | £ | £ | £ | £ |
| Management Charge for Scheme of Management | - | 734,401 | (661,662) | (72,739) | - |
| Scheme of Management compensation | 149,243 | - | - | - | 149,243 |
| | 149,243 | 734,401 | (661,662) | (72,739) | 149,243 |

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. Opportunities to invest monies from the Compensation Fund on projects to protect and maintain the character and amenity of the Suburb will be identified during 2021/2022, for delivery in future years as resources allow.

21a. ENDOWMENT DESIGNATED FUND

| 2020/2021 | As at 06.04.20 | Income | Expenditure | Transfers | As at 05.04.21 |
|---------------------------|-------------------|--------|-------------|-----------|-------------------|
| | £ | £ | £ | £ | £ |
| Endowment Designated Fund | 56,321 | 692 | - | - | 57,013 |

| 2019/2020 | As at 06.04.19 | Incoming Resources | Resources Expended | Transfer | As at 05.04.20 |
|---------------------------|-------------------|-----------------------|-----------------------|----------|-------------------|
| | £ | £ | £ | £ | £ |
| Endowment Designated Fund | 53,322 | 2,999 | - | - | 56,321 |

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.

21b. DESIGNATED FUND

| 2020/2021 | As at 06.04.20 £ | Income £ | Expenditure £ | Transfers £ | As at 05.04.21 £ |
|-----------------|------------------------|-------------|------------------|----------------|------------------------|
| Designated Fund | 2,872,191 | - | - | 510,000 | 3,382,191 |

| 2019/2020 | As at 06.04.19 £ | Income £ | Expenditure £ | Transfers £ | As at 05.04.20 £ |
|-----------------|------------------------|-------------|------------------|----------------|------------------------|
| Designated Fund | 2,844,161 | - | - | 28,030 | 2,872,191 |

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. In line with its Reserves and investment Policy, the Trust uses the revenue from the sale of assets to purchase investment properties, the income from which is set against the Trust's own financial obligations to the Scheme of Management. The higher than anticipated income from asset sales in 2020/2021 now allows the Trust to set aside a sum to purchase a new investment property in 2021/2022. This will further strengthen the Trust's long-term financial security and significantly reduce the year-on-year deficit on its operating account. It is intended that further investments will be identified through 2021/2022, commensurate with the need to retain adequate funds against future risk and operating contingencies.

21c. DESIGNATED FUNDS TOTAL

| 2020/2021 | As at 06.04.20 £ | Income £ | Expenditure £ | Transfers £ | As at 05.04.21 £ |
|------------------------|------------------------|-------------|------------------|----------------|------------------------|
| Designated Funds Total | 2,928,512 | 692 | - | 510,000 | 3,439,204 |

| 2019/2020 | As at 06.04.19 £ | Income £ | Expenditure £ | Transfers £ | As at 05.04.20 £ |
|------------------------|------------------------|-------------|------------------|----------------|------------------------|
| Designated Funds Total | 2,897,483 | 2,999 | - | 28,030 | 2,928,512 |

NOTES TO THE FINANCIAL STATEMENTS (Continued)

22. ANALYSIS OF NET ASSETS BY FUND

Fund balances at 5 April 2021

| | General Fund £ | Restricted Fund £ | Designated Funds £ | Total Funds £ |
|-----------------------------|----------------------|-------------------------|--------------------------|---------------------|
| Fixed assets | 115,120 | 149,243 | 3,182,304 | 3,446,667 |
| Cash on short term deposits | - | - | 256,900 | 256,900 |
| Net current assets | 1,902,058 | - | - | 1,902,058 |
| | 2,017,178 | 149,243 | 3,439,204 | 5,605,625 |

Fund balances at 5 April 2020

| | General Fund £ | Restricted Fund £ | Designated Funds £ | Total Funds £ |
|-----------------------------|----------------------|-------------------------|--------------------------|---------------------|
| Fixed assets | 445,856 | 149,243 | 2,642,179 | 3,267,278 |
| Cash on short term deposits | - | - | 256,333 | 256,333 |
| Net current assets | 1,456,833 | - | - | 1,456,833 |
| | 1,902,689 | 149,243 | 2,928,512 | 4,980,444 |

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

**RESOURCES EXPENDED ALLOCATED TO FUNDS AND RELATING TO MANAGEMENT CHARGE
YEAR ENDED 5 APRIL 2021**

| Expenditure items | Total | General Fund, Designated & Restricted Funds | Management Charge | Cost per charge | 2019/2020 Cost per charge |
|---|----------------|---|-------------------|--------------------|---------------------------------|
| | £ | £ | £ | £ | £ |
| 1. Staff costs: | 585,896 | 76,167 | 509,730 | | |
| Staff salaries inc. PAYE & NI, contract and temporary staff, employee and volunteer expenses, training costs | | | | | |
| Less: | | | | | |
| Income from fees on freehold applications | | | (132,799) | | |
| Net staff costs | | | 376,931 | 94.91 | 84.12 |
| 2. Premises costs: | | | | | |
| Office rent, utilities, telephone, Council Tax, repairs and renewals, cleaning etc. | 36,249 | 4,712 | 31,537 | 7.94 | 11.46 |
| 3. Administrative costs: | | | | | |
| Insurance (except for trustees), office equipment, printing, postage & stationery, public relations, bank charges, depreciation | 81,465 | 10,590 | 70,875 | 17.85 | 17.18 |
| 4. Governance costs: | | | | | |
| Trustee insurance etc. | 7,035 | 915 | 6,120 | 1.54 | 2.13 |
| 5. Projects and amenities costs: | | | | | |
| Maintenance of amenity areas and other project costs | 101,910 | 85,429 | 16,481 | 4.15 | 7.93 |
| 6. Legal costs: | 161,903 | 23,922 | 137,981 | 34.74 | 11.38 |
| 7. Legal costs recovered: | (99,808) | (13,950) | (85,858) | (21.62) | 0.10 |
| 8. Other professional costs: | | | | | |
| Arboriculturalist, human resources, valuation and other advice | 32,617 | 7,072 | 25,545 | 6.43 | 6.22 |
| 9. Audit costs: | 12,897 | 1,677 | 11,221 | 2.83 | 2.18 |
| EXPENDITURE | 920,164 | 196,534 | 590,831 | 148.77 | 142.70 |
| Income from fees on freehold applications and legal costs recovered | | 218,657 | | | |
| Total Management Charges including in-year enfranchisers | | 747,468 | | | |
| Total income | | | 966,125 | | |
| Total expenditure | | | 809,487 | | |
| Balance of Management Charges to be (charged) credited to Freeholders | | | 156,638 | 39.22 | |

At 6 April 2020 3,981 Management Charges payable. At 6 April 2021 3,999 Management Charges payable.

