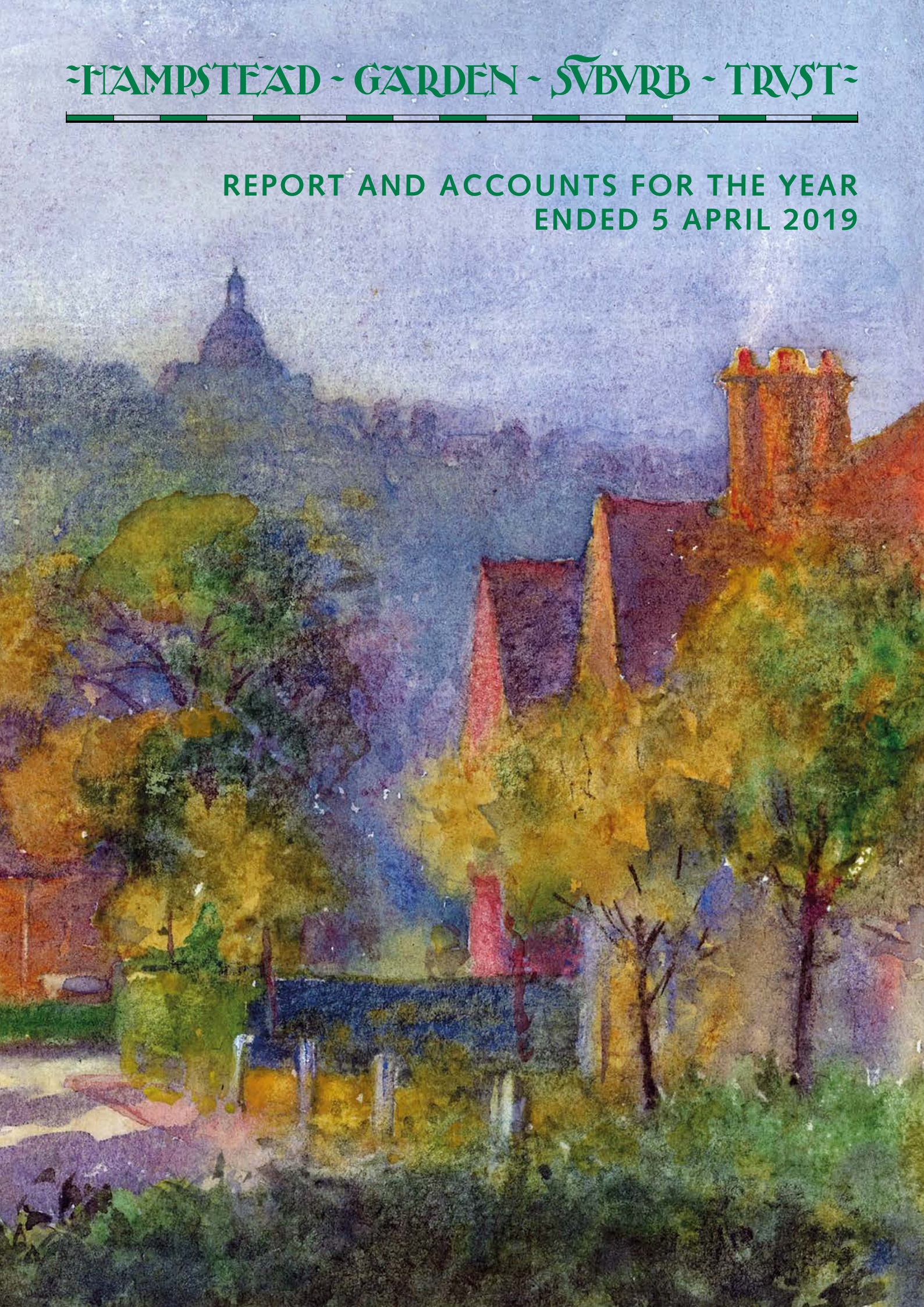
HAMPSTEAD · GARDEN · SVBVRB · TRVST

REPORT AND ACCOUNTS FOR THE YEAR ENDED 5 APRIL 2019



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

Cover image: Westholm (c.1923-25) by William Isaac Aston

REPORT AND ACCOUNTS FOR THE YEAR ENDED 5 APRIL 2019

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CHAIRMAN'S REVIEW 2018/2019

This is my final Review after 6 years as Chairman of the Trust.

Although this sounds like a mere ritual, it is not, and I will begin by thanking yet again the staff without whose indefatigable effort it would be impossible to deliver the level of service the Trust now offers. I would like to thank in particular Georgina Malcolm who retired this year. Over the years Georgina provided wonderful service and a knowledge of the Suburb that was second to none.

I would also like to thank the Trustees and Volunteers for the huge amount of work they do for the Trust.

These thanks of course apply not just to the year just passed but to all of my time as Chairman.

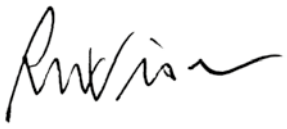
I would also say that our relationship with the Residents Association has become better than I have known it for years. We co-operate where we can to improve the Suburb, whilst remaining aware of the legitimacy of some of the challenges the RA makes. Where possible, we have worked together to find solutions and if not, reject objections we do not think it would be in the interest of the Suburb or residents to submit to.

2018 – 2019 has been a period very much of business-as-usual. It might be more accurate to say business as unusual in that we have again been involved in few disputes of any significance which has, if nothing else, kept your money out of the hands of lawyers. This has not prevented our enforcement of the Scheme of Management or lease covenants, for which alternatives to litigation are often found. Better still, breaches of covenant are often headed off by residents seeking and getting advice, particularly on architectural matters from the Trust staff. This saves residents the expense of getting their architects to draw up plans which will have no, or little, chance of approval by the Trust Council, helps to build goodwill with residents, and keeps the Suburb how we would like to see it.

The financial position continues to improve although in my judgement we still have some way to go to being able to guarantee our long-term future.

Nothing stands still of course. I had hoped at the time of the last AGM that before now I could have announced the transfer of Central Square to the Trust by the London Borough of Barnet. Although the terms were agreed some time ago, I am afraid that a combination of bureaucracy and the law's delays mean that the conveyancing has not yet been finalised. We will not be taking a freehold but a 999 year lease. I hope residents do not consider that an unacceptably short period.

There are of course issues on the horizon which the Trust will need to keep a watchful eye on. As mentioned above, there is a need to continue to be careful with the Trust's financial resources. That point is underlined by the fact that this year we spent nearly £30,000 of the one off balance sheet realisations on expenditure, rather than transferring it to a long-term investment. Expansion of Henrietta Barnet School continues to be under consideration. Although the Trust has no real say on the principle of expansion, we should give the RA all the support we can in their objections. It will be important that significant and widespread consultation be held on any firm proposal. We do of course have the benefit of covenants on various parts of the site and in exercising those I hope that my successors will use them (so far as legally possible) to ensure that any new buildings are situated and designed to be sympathetic additions to the character and amenities of the Suburb. However, this is not an invitation to open up the debate on the last extensions; that bird has flown.



Richard Wiseman
Chairman

LEGAL, ADMINISTRATIVE AND OTHER INFORMATION ABOUT THE TRUST

MEMBERS OF THE COUNCIL 23 JULY 2019

Elected members:



Raymond Taylor
Elected 20 September 2018.
Raymond has lived on the Suburb for over 35 years and served on the Trust's Estate and Finance & Organisation Committees prior to becoming a trustee. He is a practicing corporate solicitor.



Michael Franklin
Elected 26 September 2013.
Re-elected 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 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.
Re-elected 28 September 2017.
David has lived on the Suburb since 1960 when his parents bought 2 Meadway. David was, for many years, the honorary secretary of the Garden Suburb Theatre. David sits on the Parish Church Council of St Jude's and looks after the fabric of the building. David also chairs the steering committee seeking funds to restore St Jude's for the benefit of future generations.

Appointed members:



Elspeth Clements
Appointed by the Royal Institute of British Architects on 1 April 2015.
Re-appointed 1 April 2018.
Elspeth is an accredited RIBA Conservation Architect and a former member of 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.



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.



Jonathan Ross
Appointed by the Law Society on 18 July 2011.
Re-appointed 18 July 2014 and 18 July 2017.
Jonathan is a solicitor and is head of property litigation at Forsters LLP, where his clients include a number of section 19 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.
Re-appointed 12 April 2017.
Alison has over 30 years' experience of planning issues across both the public and private sectors. She has a particular interest in training and communications. She is currently a Director of Fortismere Associates which offers planning, design and management consultancy support for communities and the public sector.

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

Election and Appointment to the Council:

There was one vacancy for election following the end of Claire Calman's second successive three year term. Brian Ingram and Raymond Taylor stood for the vacant position.

The auditors, haysmacintyre, received 422 valid voting papers and rejected 9 papers as invalid. haysmacintyre reported that votes were cast as follows: Brian Ingram, 130; Raymond Taylor, 292. haysmacintyre declared that the candidate elected was Raymond Taylor.

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 2019 there were 963 members of the Trust Company and 55 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, Liz Inman.

Finance Committee:
Jeremy Clynes, Robin Marks, Paul Hartley, Tony Ghilchik.

Grants and Amenities Committee
Rosemary Goldstein, Jonathan Seres, Louise Scheuer, Ron Finlay.

Property and Plans Committee
Patrick Ettwein, Ann Spencer; Peter McCluskie (alternate)

PROFESSIONAL ADVISERS:

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

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

Auditors
Haysmacintyre LLP
10 Queens Street Place
London EC4R 1AG

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

STAFF

The following people are currently employed by the Trust:

Full time:



Jane Horder
MRICS
Estate Manager



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



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



Charlotte Curtis
BA, MSc Building Conservation
Assistant Architectural Adviser



Daniel Formston
BA (Hons) History
Trust Manager's Assistant



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

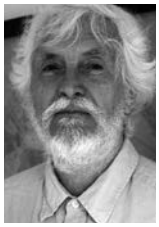


Lauren Marsh
BSc (Hons) Maths and Physics
Assistant Estate Manager

Part time:



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



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



Susan Samuels
Estate Management Assistant



Patricia Lewin
Credit Control

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

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

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

Harry Fisher **FMAAT**
Bookkeeping Consultant

REPORT OF THE COUNCIL

The Council members, who act in the role of directors and trustees, present their fiftieth annual report, together with the audited accounts of the Trust for the year ended 5 April 2019. 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 2018/2019 have been:

- Involvement in pursuing and defending legal cases concerning alterations to Suburb property
- Negotiations with London Borough of Barnet with the aim of taking back ownership of Central Square
- Applying to the First-tier Tribunal (Residential Property) to determine the apportionment of estate charges for the private road at Heath Close
- Managing staff change
- Renewal of some office infrastructure.

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 2018/19, the Trust received 260 applications (compared to 217 in 2017/18) to change the external appearance, use or structure of property. There were five new applications for demolition and rebuild, all of which remain unresolved.

In addition, seven applications were received which involved the construction of, or extension to, a basement in an existing property (compared to five in 2017/18). All remain unresolved. Consent was given for one basement application received in the previous year.

Three new applications involving the creation of new hardstandings were received (compared to five in 2017-2018). Of these, two were refused and one is unresolved.

Advice and Enforcement

Throughout the year, the Trust's staff gave practical guidance to residents, potential residents and their professional advisers on matters including preliminary advice regarding applications, routine care and maintenance work, legal matters, the pruning and felling of trees and the care of landscape and hedges. Applications to fell mature trees are a matter of constant concern to the Trust and the staff work with consultants, residents and the local authority, including Ward Councillors, to resist inappropriate felling.

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

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

Awareness and Education

The Trust endeavours to promote understanding of the special nature of the Suburb to residents and others through talks, guided tours and written and illustrated material. The Trust Council considers that wider awareness and appreciation of the Suburb, as an important landmark in the evolution of domestic architecture and Town Planning, is critical to its continued preservation.

The Trust aims to keep others informed of its work and responsibilities through its website and social media channels, as well as through printed publications and engaging with third parties. As well as maintaining relationships with organisations close to home, the Trust welcomes interest and visits from further afield. This year we have welcomed various groups for introductory lectures and walking tours around the Suburb, including visitors from Liverpool, Norway and China. As in previous years, Trust staff also gave up their time to lead walking tours on a variety of subjects in support of the Proms at St Jude's.

REPORT OF THE COUNCIL (Continued)

At a conference on the subject of the picturesque in the German city of Rothenburg ob der Tauber which inspired Raymond Unwin, David Davidson gave a paper about English Garden City Planning. The Trust also published an extensive new biographical essay on Suburb architect Geoffry Lucas, which was researched and drafted by trustee Jacqui Barnett. It is available on the Trust's website.

MAINTAINING THE FABRIC OF THE SUBURB

Works to maintain the Trust's estate on the Suburb have continued with the completion of the re-planting of Central Square and Sunshine Corner to plans produced by Stephen Crisp. The feedback on the changes continues to be positive. Although the Sunshine Corner scheme has been more recently planted, the plants are beginning to reveal the informal design already.

Annual inspections have been carried out on all of the hard and soft landscaping owned by the Trust across the Suburb and repairs and maintenance have been completed or are programmed to be undertaken in 2019/20. Some projects have already been finished, such as the gravel paths and installation of new gates at Hill Top, which have brought back the space to its original design, the paths having been overgrown for some years. Railings have been installed in Temple Fortune Lane to assist access for residents and visitors. Where appropriate, tree works were carried out following consultation with LB Barnet, neighbours, or the relevant owners liable to contribute to costs.

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

GRANTS

The Trust provides grant aid to local bodies whose activities are likely to be beneficial to residents and preserving the character and amenity of the Suburb. During 2018/2019 the Trust, advised by the Grants & Amenities Committee, made grants totalling £29,065.

Grants were made to the value of: £16,000 to the Parish of St Jude-on-the-Hill for the repair of the fabric of the building and an additional £595 for the repair of the vestry steps; £3,000 to the Proms at St Jude's; £1,300 to the HGS Archives Trust to cover their accommodation costs in the Trust offices; £1,000 to Hampstead Garden Suburb Free Church; £1,000 to Fellowship House; £900 to the Youth Music Centre; £800 to Open City; £800 to the North Western Reform Synagogue for Shalom Suppers; £738 to Northway Gardens Organisation; £650 to the Garden Suburb Theatre; £600 to Sunday Afternoon Chamber Group Series; £500 to HGS Heritage; £482 to The Abbeyfield Society; £400 to Friends of Fletchers Gardens; and £300 to Resources for Autism.

VOLUNTEERS

In 2018/2019, 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 18 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 2018/2019, the Trust's reserves increased by £391,867. Income is derived from three sources. Part is from the sale of freeholds and lease extensions, as required by the Leasehold Reform Acts. Part is in the form one-off payments for variations to leases and covenants. Together these total £421,512. Part is constituted by donations totalling £2,685, including gift aid, received from residents during the year. It will be noted that the £391,867 increase in reserves is less than the £421,512 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 £126.65 per household. This is below the estimated charge of £157.54 and the equivalent of a rebate to charge payers of £30.82 over the full year. This will be set against the estimated charge for 2019/2020 when the Management Charge bills are sent out in August/September 2019. Charge payers should note that the Management Charge is a land charge that runs with the property; the law requires that rebates must be made to the current owner even when they are made in respect of costs incurred before a transfer of ownership.

TRUST COUNCIL

Information regarding the Trust Council, including details of those members in office during the year and at the date of approval of this report, is shown under Legal, Administrative and Other Information.

COUNCIL MEMBERS' RESPONSIBILITIES IN RESPECT OF THE PREPARATION OF ACCOUNTS

The trustees (who are also directors of The Hampstead Garden Suburb Trust for the purposes of company law) are responsible for preparing the Report of the Council and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the trustees are required to:

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

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

In so far as trustees are aware:

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

REPORT OF THE COUNCIL (Continued)

RESERVES AND INVESTMENT POLICY

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

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

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

FINANCIAL MANAGEMENT

- During the year, the stated value of the Trust's balance sheet grew by an amount, £391,867, greater than the deficit on its operations, (£29,645), after stripping out the £421,512 surplus on freehold sales, licences and variations. 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.
- £1,474,412 is held in the Trust's general fund (see note 23). This includes the Trust's working capital, the calls on which include the funding of the deficit in the cash flow of the Scheme of Management that occurs in the course of the year.
- £149,243 is held in restricted funds (see note 21).
- The Council has designated those funds that are intended to be held for the long term and that constitute the foundation of the Trust's future income. Property investments in these designated funds are intended to be held for the long term and expenditure from them is intended to be limited to amounts that do not exceed in any one year more than half the real growth in capital and income. Funds designated by the Trust Council total £2,897,483. These resources are in the form of: £2,642,242 in property assets and £255,241 of cash on deposit (see note 23).

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

PAY AND REMUNERATION

The trustees comprise the Trust Council. The senior management team comprise the key management personnel of the Trust. No trustees received remuneration in the year. The remuneration of the senior management team (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 recommendations received from time to time by the Trust Manager
- Recommend any non-consolidated pay awards (bonus), taking into account the recommendations received from time to time by 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 principal risks and uncertainties identified by the Trust are as follows: a successful legal claim against the Trust arising from its role as landlord, damage to real property, failure of IT systems and fraud. The plans and strategies for managing these risks are: Professionally qualified and trained staff. Advice from relevant professional advisors. Regular review of cases by trustees. Health & Safety risk assessment and policy. Inspection & repair regime. Appropriate policies for the use of property. Regular maintenance of property. Insurance. Regular back up of data and an IT maintenance contract. Regular upgrades of IT hardware and software. Financial Controls and an annual audit.

PLANS FOR FUTURE PERIODS

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

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

AUDITORS

haysmacintyre, chartered accountants and registered auditors experienced in the charity sector were re-appointed in September 2018. haysmacintyre converted from a partnership to Haysmacintyre LLP in April 2019. Haysmacintyre LLP is willing to continue in office. A resolution will be proposed at the Annual General Meeting for the Council to appoint and fix the auditors' remuneration.

By order of the Council



Nicholas Packard
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 2019, 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 2019 and of the charitable company's net movement in funds, including the income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

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

RESPONSIBILITIES OF TRUSTEES FOR THE FINANCIAL STATEMENTS

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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.

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.

CONCLUSIONS RELATING TO GOING CONCERN

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

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

OTHER INFORMATION

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

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

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

- adequate accounting records have not been kept by the charitable company; or
- the charitable company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

USE OF OUR REPORT

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

Richard Weaver (Senior Statutory Auditor)
For and on behalf of Haysmacintyre LLP, Statutory Auditors
23 July 2019
10 Queen Street Place, London EC4R 1AG

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 5 APRIL 2019

(Including the income and expenditure account) [Prepared in line with Charities SORP (FRS 102)]
Company number 928520

		2018/2019					
		General Fund	Restricted Funds *Note 21*	Designated Funds *Note 22*	Scheme of Management *Note 2*	2018/19 Total	2017/18 Total
	Notes	£	£	£	£	£	£
INCOME FROM:	*1(c)*						
Donations and legacies:							
Leaseholders voluntary & other donations	*22 (a)*	-	-	2,685	-	2,685	2,670
Central Square	*21*	-	-	-	-	-	(1,316)
Scheme of Management Compensation:	*21*	-	-	-	-	-	-
Other trading activities:							
Commissions and fees	*3*	848	-	-	-	848	715
Sundry income		726	-	-	-	726	6,821
investments:							
Rental and other investment income	*4*	213,746	-	-	-	213,746	192,927
Charitable activities:							
Application fees	*5*	12,251	-	-	123,484	135,735	97,292
Management Charges payable by freeholders		-	-	-	623,630	623,630	607,550
Legal fees recovered		1,548	-	-	136	1,684	3,901
Estate Maintenance Charges	*1(e)*	78,306	-	-	-	78,306	55,812
Other income:							
Freehold sales, licences & variations		421,512	-	-	-	421,512	389,842
Total income		728,937	-	2,685	747,250	1,478,872	1,356,214
EXPENDITURE ON:	*6,7*						
Raising funds:							
Rental and other investments		96,954	-	-	-	96,954	49,310
Charitable activities:							
Regulation: Applications		22,321	-	-	149,306	171,627	173,359
Regulation: Awareness/Advice/Enforcement		47,883	-	-	205,676	253,559	288,791
Maintaining the fabric of the Suburb		86,926	7,365	-	269,933	364,224	356,841
Rechargeable estate maintenance	*1(e)*	78,306	-	-	-	78,306	55,812
Total expenditure		332,390	7,365	-	624,915	964,670	924,113
Net gains/(losses) on investments		-	-	-	-	-	10,046
Net income/(expenditure) before transfers	*8*	396,547	(7,365)	2,685	122,335	514,202	442,147
Balance of Freeholders Management Charges: charged/(refunded)	*17*	-	-	-	(69,466)	(69,466)	(73,859)
Transfers (to designated funds)		(393,303)	-	393,303	-	-	-
Transfers (to restricted funds)		-	-	-	-	-	-
Transfers (to general fund)		-	-	-	-	-	-
Net income/(expenditure) before other recognised gains and losses		3,244	(7,365)	395,988	52,869	444,736	368,288
Other recognised gains/(losses)		-	-	-	-	-	-
Net movement in funds		3,244	(7,365)	395,988	52,869	444,736	368,288
Reconciliation of funds:							
Funds brought forward at 5 April 2018		1,471,168	156,608	2,501,495	69,466	4,198,737	3,830,449
Funds at 5 April 2018 before return or charge of balance of Management Charge		1,474,412	149,243	2,897,483	122,335	4,643,473	4,198,737
Balance of Freeholders Management charges to be charged/(refunded)	*2&17*	-	-	-	(122,335)	(122,335)	(69,466)
Funds carried forward at 5 April 2019	*23*	1,474,412	149,243	2,897,483	-	4,521,138	4,129,271

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

BALANCE SHEET AT 5 APRIL 2019

Company number 928520

	Notes	2018/2019 £	£	2017/2018 £	£
FIXED ASSETS					
Tangible assets					
Freehold and long leasehold estate, at cost	*10 & 1(b)*	44,825		46,085	
Freehold property, at cost less depreciation	*11*	398,426		406,506	
Estate works, at cost less depreciation	*13*	38,130		62,286	
Investments					
Property investments, initially at cost subsequently at fair value	*12*	2,753,356		2,341,616	
Other investments	*14*	255,241		254,202	
Total fixed assets			3,489,978		3,110,695
CURRENT ASSETS					
Debtors					
Management Charge for Scheme of Management surcharge/(rebate)	*15*	(122,335)		(69,466)	
Other debtors	*15*	164,019		171,637	
Cash at bank and in hand		1,027,400		985,512	
Total current assets		1,069,084		1,087,683	
LIABILITIES					
Creditors: amounts falling due within one year	*16*	(37,924)		(69,107)	
Creditors: amounts falling due after more than one year		-		-	
Management Charge for Scheme of Management		-		-	
NET CURRENT ASSETS			1,031,160		1,018,576
TOTAL NET ASSETS OR LIABILITIES			4,521,138		4,129,271
REPRESENTING THE FUNDS FOR THE CHARITY:					
Unrestricted funds:					
General fund			1,474,412		1,471,168
Designated funds	*22(a) & (b)*		2,897,483		2,501,495
Restricted funds:					
Management Charge for Scheme of Management	*17*		-		-
Scheme of Management compensation	*21*		149,243		149,243
Central Square	*21*		-		7,365
			4,521,138		4,129,271

Approved and authorised for issue on behalf of the Council on 23 July 2019 and signed on its behalf by

Richard Wiseman **Alison Blom-Cooper**

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 5 APRIL 2019

Company number 928520

	2018/2019 £	2017/2018 £
Cash flows from operating activities	239,661	221,331
Cash flows from investing activities		
Rental and other investment income	213,746	192,927
Proceeds from the sale of property, plant and equipment	-	-
Purchase of property, plant and equipment	-	-
Proceeds from the sale of investments	1,260	946
Purchase of investments	(411,740)	(405,907)
Net cash provided by/(used) in investing activities	(196,734)	(212,034)
Change in cash and cash equivalents in the reporting period	42,927	9,297
Cash and cash equivalents at the beginning of the reporting period	1,239,714	1,230,417
Cash and cash equivalents at the end of the reporting period	1,282,641	1,239,714

NOTES TO THE CASH FLOW STATEMENTS	2018/2019 £	2017/2018 £
Reconciliation of net income to net cash flow from operating activities		
Net income for the reporting period	444,736	368,288
Depreciation charges	32,236	32,237
(Gains)/losses on investments	-	(10,046)
Rental and other investment income	(213,746)	(192,927)
(Increase)/decrease in debtors	7,618	18,687
(Decrease)/increase in creditors	(31,183)	5,092
Net cash provided by/(used in) operating activities	239,661	221,331
Analysis of cash and cash equivalents		
Cash at bank and in hand	1,027,400	985,512
Short term deposits	255,241	254,202
	1,282,641	1,239,714

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 5 APRIL 2019

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 2017), 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 2018, the Trust's office extension was held at its investment value. In line with the Charities SORP 2017 (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)

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.

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 2018/2019 in an apportionment of 87%:13% (2017/2018 86%:14%) 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 2018/2019, this results in an apportionment of 78%:22% (2017/2018 76%:24%) 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 29 by way of additional information as that page does not form part of the report & accounts. The net surplus of £122,335 (2017/2018: net surplus of £69,466) 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) £848 (2018: £715), for an original requirement (now lapsed) in some Trust leases that insurance was to be provided by them.

4. INVESTMENT INCOME

	2018/2019 £	2017/2018 £
Rental income	210,957	191,612
Bank interest	2,789	1,315
	213,746	192,927
Allocated to:		
Trust and estate management (general fund)	213,746	192,927
	213,746	192,927

NOTES TO THE FINANCIAL STATEMENTS (Continued)

5. BUILDING APPLICATION FEES

	2018/2019 £	2017/2018 £
Leasehold	12,251	6,296
Freehold	123,484	90,996
	135,735	97,292

6. ANALYSIS OF EXPENDITURE

2018/2019	Direct £	Support £	Total £
Costs of Generating Funds			
Rental/Investment Management	75,579	21,375	96,954
Charitable Activities (inc. Governance Costs)			
Regulation: Applications	109,845	61,782	171,627
Regulation: Awareness/Advice/Enforcement	173,306	80,253	253,559
Maintaining the Fabric of the Suburb	290,821	73,403	364,224
Rechargeable Estate Maintenance	78,306	-	78,306
	727,857	236,813	964,670

2017/2018	Direct £	Support £	Total £
Costs of Generating Funds			
Rental/Investment Management	30,017	19,293	49,310
Charitable Activities (inc. Governance Costs)			
Regulation: Applications	122,712	50,647	173,359
Regulation: Awareness/Advice/Enforcement	203,092	85,699	288,791
Maintaining the Fabric of the Suburb	307,892	48,949	356,841
Rechargeable Estate Maintenance	55,812	-	55,812
	719,525	204,588	924,113

7. DIRECT AND SUPPORT COSTS

2018/2019	Staff Costs £	Support Costs £	Amenities & Project Costs £	Legal/ Professional Costs £	Total 2018/2019 £
Costs of Generating Funds					
Rental/Investment Management	75,579	21,375	-	-	96,954
Charitable Activities (inc. Governance Costs)					
Regulation: Applications	109,845	61,782	-	-	171,627
Regulation: Awareness/Advice/Enforcement	130,703	80,253	-	42,603	253,559
Maintaining the Fabric of the Suburb	79,202	73,403	197,813	13,806	364,224
Rechargeable Estate Maintenance	-	-	78,306	-	78,306
	395,329	236,813	276,119	56,409	964,670

2017/2018	Staff Costs £	Support Costs £	Amenities & Project Costs £	Legal/ Professional Costs £	Total 2017/2018 £
Costs of Generating Funds					
Rental/Investment Management	30,017	19,293	-	-	49,310
Charitable Activities (inc. Governance Costs)					
Regulation: Applications	122,712	50,647	-	-	173,359
Regulation: Awareness/Advice/Enforcement	142,688	85,699	-	60,404	288,791
Maintaining the Fabric of the Suburb	95,420	48,949	189,202	23,270	356,841
Rechargeable Estate Maintenance	-	-	55,812	-	55,812
	390,837	204,588	245,014	83,674	924,113

Support costs include £69,425 (2017/2018: £65,287) of management and staff costs.

8. NET INCOME

	2018/2019 £	2017/2018 £
Net incoming resources for the year has been stated after charging:		
Depreciation – Office	8,080	8,086
Depreciation – Estate	24,156	24,151
Auditors remuneration (gross) – audit (haysmacintyre)	9,960	9,600
Auditors remuneration (gross) – non audit	3,031	1,341

2018/19 auditors non audit fees include the cost of a tax return which was not required in the previous year.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

9. MANAGEMENT AND STAFF COSTS

The average number of full and part-time staff (employees and contracted staff) during the year was 14 (2017/2018: 16) of which 8 (2017/2018: 10) 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 9.78 (2017/2018: 10.2).

	2018/2019 £	2017/2018 £
Management and staff costs during the year comprised:		
Wages and salaries	349,036	349,195
Employers NI	35,223	35,300
Pension	24,413	21,166
Other management costs and expenses incurred	56,082	50,463
	464,754	456,124

For the year ended 5 April 2019 three employees received emoluments in the range £60,000-£70,000 (2017/2018: Three). The total employee benefits of the key management personnel of the Trust were £221,148 (2017/2018: £219,258). No trustees received remuneration in either this or the previous year.

10. FREEHOLD AND LONG LEASEHOLD ESTATE, AT COST

	2018/2019 £	2017/2018 £
At 5 April 2018	46,085	46,985
Disposals during the year	(1,260)	(900)
Acquisition during the year	-	-
At 5 April 2019	44,825	46,085

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 £
Valuation on 12 December 1968			
At 6 April 2018	7,800	27,000	34,800
Charge for the year	-	-	-
Disposals	-	-	-
Balance at 5 April 2019	7,800	27,000	34,800
Using cost at completion of building works in 2013			
At 6 April 2018	-	371,706	371,706
Charge for the year	-	(8,080)	(8,080)
Disposals	-	-	-
Balance at 5 April 2019	-	363,626	363,626
Net Book Value			
At 5 April 2019	7,800	390,626	398,426
At 6 April 2018	7,800	398,706	406,506

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

12. PROPERTY INVESTMENTS

	£
Cost	
At 6 April 2018	2,341,616
Additions	411,740
Revaluation	-
At 5 April 2019	2,753,356

Property investments comprise 7 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)

13. ESTATE WORKS

	£
Cost	
At 6 April 2018	241,511
Additions during the year	-
At 5 April 2019	241,511
Depreciation	
At 6 April 2018	179,225
Charge for the year	24,156
At 5 April 2019	203,381
Net Book Value	
At 5 April 2019	38,130
At 6 April 2018	62,286

14. INVESTMENTS

	2018/2019 £	2017/2018 £
Cash held on short term deposit	255,241	254,202

15. DEBTORS

	2018/2019 £	2017/2018 £
Management income owed to the Trust	164,019	163,717
Prepayments and accrued income	-	7,920
Sub Total	164,019	171,637
Refund of Management Charge	(122,335)	(69,466)
	41,684	102,171

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018/2019 £	2017/2018 £
Accruals and deferred income	37,924	69,107

17. FREEHOLD SCHEME OF MANAGEMENT

	2018/2019 £	2017/2018 £
Funds brought forward as at 5 April 2018 as previously stated	-	(69,466)
Balance refundable to freehold charge payers for 2017/2018	-	69,466
Surplus for 2018/2019	(122,335)	-
Balance refundable to freehold charge payers for 2018/2019	122,335	-
Funds carried forward at 5 April 2019	-	-

18. INDEMNITY INSURANCE

During the year ended 5 April 2019 the Trust paid £4,760 (2017/2018: £4,760) in respect of an insurance policy which indemnifies its trustees and officers against the consequences of any neglect or default on their part and protects the Trust from any loss arising from the neglect or defaults to its trustees or officers.

19. REMUNERATION OF THE TRUSTEES

No remuneration is paid to any of the Trust's trustees (2017/2018: Nil). No trustees were reimbursed for expenses (2017/2018: £12.50).

20. MEMBERS LIABILITY

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

21. RESTRICTED FUNDS

2018/2019	As at 06.04.18	Income	Expenditure	Deficit or (Surplus) belonging to Scheme of Management	As at 05.04.19
	£	£	£	£	£
Management Charge for Scheme of Management	-	747,250	624,915	(122,335)	-
Scheme of Management compensation	149,243	-	-	-	149,243
Central Square	7,365	-	7,365	-	-
	156,608	747,250	632,280	(122,335)	149,243

2017/2018	As at 06.04.17	Income	Expenditure	Deficit or (Surplus) belonging to Scheme of Management	As at 05.04.18
	£	£	£	£	£
Management Charge for Scheme of Management	-	698,922	629,456	(69,466)	-
Scheme of Management compensation	149,243	-	-	-	149,243
Central Square	13,018	(1,316)	4,337	-	7,365
	162,261	697,606	633,793	(69,466)	156,608

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

2018/2019	As at 06.04.18 £	Incoming Resources £	Resources Expended £	Transfer £	As at 05.04.19 £
Endowment Designated Fund	50,637	2,685	-	-	53,322

2017/2018	As at 06.04.17 £	Incoming Resources £	Resources Expended £	Transfer £	As at 05.04.18 £
Endowment Designated Fund	47,967	2,670	-	-	50,637

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

2018/2019	As at 06.04.18 £	Incoming Resources £	Resources Expended £	Transfers/ gains & losses £	As at 05.04.19 £
Designated Fund	2,450,858	-	-	393,303	2,844,161

2017/2018	As at 06.04.17 £	Incoming Resources £	Resources Expended £	Transfers/ gains & losses £	As at 05.04.18 £
Designated Fund	2,055,182	-	-	395,676	2,450,858

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

22c. DESIGNATED FUNDS TOTAL

2018/2019	As at 06.04.18 £	Incoming Resources £	Resources Expended £	Transfer £	As at 05.04.19 £
Designated Funds Total	2,501,495	2,685	-	393,303	2,897,483

2017/2018	As at 06.04.17 £	Incoming Resources £	Resources Expended £	Transfer £	As at 05.04.18 £
Designated Funds Total	2,103,149	2,670	-	395,676	2,501,495

NOTES TO THE FINANCIAL STATEMENTS (Continued)

23. ANALYSIS OF NET ASSETS BY FUND

Fund balances at 5 April 2019

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

Fund balances at 5 April 2018

	General Fund £	Restricted Fund £	Designated Funds £	Total Funds £
Tangible fixed assets	452,592	156,608	2,247,293	2,856,493
Cash on short term deposits	-	-	254,202	254,202
Net current assets	1,018,576	-	-	1,018,576
	1,471,168	156,608	2,501,495	4,129,271

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 2019

Expenditure items	Total	General Fund, Designated & Restricted Funds	Management Charge		Cost per charge	2017/2018 Cost per charge
	£	£	£	£	£	£
1. Staff costs: Staff salaries inc PAYE & NI, contract and temporary staff, employee and volunteer expenses, training costs	464,754	60,418	404,336			
Less:						
Income from fees on freehold applications			(123,484)			
Net staff costs				**280,852**	70.95	77.41
2. Premises costs: Office rent, utilities, telephone, Council Tax, repairs and renewals, cleaning etc.	65,817	8,556		**57,261**	14.47	11.64
3. Administrative costs: Insurance (except for Trustees), office equipment, printing, postage & stationery, public relations, bank charges, depreciation	77,487	10,073		**67,414**	17.03	14.82
4. Governance costs: Trustee insurance etc.	9,443	1,228		**8,215**	2.08	1.56
5. Projects and amenities costs: Maintenance of amenity areas and other project costs	197,813	155,773		**42,040**	10.62	17.86
6. Legal costs:	40,683	18,526		**22,157**	5.60	7.54
7. Legal costs recovered:	(1,684)	(1,548)		**(136)**	(0.03)	(0.10)
8. Other professional costs: Arboriculturalist, human resources, valuation and other advice	20,044	5,579		**14,465**	3.65	5.30
9. Audit costs:	10,321	1,295		**9,026**	2.28	2.22
EXPENDITURE	884,678	259,900		**501,294**	**126.65**	138.25
Income from fees on freehold applications and legal costs recovered		**123,620**				
Total Management Charges including in-year enfranchisers		**623,630**				
Total income			**747,250**			
Total expenditure			**624,915**			
Balance of Management Charges to be (charged) credited to Freeholders			**122,335**	**30.82**		(rounded figures)

At 6 April 2018 3,955 Management Charges payable. At 6 April 2019 3,962 Management Charges payable.

