

HACKNEY JOINT ESTATE CHARITY

Charity Registration No. 219875

**HACKNEY JOINT ESTATE CHARITY
REPORT AND FINANCIAL STATEMENTS
31 MARCH 2021**

HACKNEY JOINT ESTATE CHARITY

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HACKNEY JOINT ESTATE CHARITY

LEGAL AND ADMINISTRATIVE INFORMATION

Governing Instrument	Charity Commission Scheme dated 1 March 1898 as amended by Scheme dated 24 August 2004 and Scheme dated 23 July 2010.
Trustee	Hackney Endowed Trustee Limited
Directors of the Trustee Hackney Parochial Charities	Ms M Cannon Councillor C Kennedy Mr A Hilton Councillor R Chapman
South Hackney Parochial Charity	Mr D Paul-Worika Mrs J Andrews
West Hackney Parochial Charities	Mr I Malik (Chair) Ms K Johnson Reverend Justin Gau
Charity registered number	219875
Clerk to the Trustee	Kellie Carson The Trust Partnership 6 Trull Farm Buildings Tetbury Gloucestershire GL8 8SQ
Auditor	Buzzacott LLP 130 Wood Street London EC2V 6DL
Property Agents	Strettons Ltd Central House 189 - 203 Hoe Street London E17 3SZ
Legal advisors	Charles Russell Speechly LLP 5 Fleet Place London EC4M 7RD

HACKNEY JOINT ESTATE CHARITY

REPORT OF THE TRUSTEE

The financial statements have been prepared in accordance with the accounting policies set out on pages 12 to 14 of the attached accounts and comply with the charity's trust deed, the Charities Act 2011, regulations applicable to that Act, and 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 year

These accounts record the 409th year of our stewardship of the gifts of Hackney people to their fellow parishioners. In 1898 the management of these assets was united in this single body. In line with the 1898 Scheme, the income from these assets is used to repair and insure the property with the remaining income being distributed to three parochial charities in the Borough of Hackney. These bodies appoint the Directors of the Corporate Trustee known as Hackney Endowed Trustee Ltd.

Structure, governance and management

Role

The Trustee's role, as defined by section 17 of the 1898 Scheme, is to manage the endowed Estate. This consists of historic properties in Hackney comprising long and short residential leaseholds, shops and office/commercial units. The Trustee regards itself as accountable to the three beneficiary grant-making charities: Hackney Parochial Charity, West Hackney Parochial Charity and South Hackney Parochial Charity. In turn the Parochial Charities, who are individually registered with the Charity Commission, make grants to local causes in need such as youth groups, parenting groups and individuals in need as well as providing social housing through almshouses.

Director appointment

There were no resignations or appointments during the year. The constitution and governance is kept under review and no major change has been seen as necessary. Directors are appointed to the Corporate Trustee, Hackney Endowed Trustee Limited and are put forward by three local Parochial Charities in accordance with the governing documents.

Operations

The Directors of the Trustee meet quarterly with standing arrangements and delegations permitting effective decision making between meetings. Sub-committees and Working Parties are established as required. The Clerk does not have direct operational control of the Estate, but instead facilitates the decision making of the directors and executes those decisions. The committee consists of three or more board Directors, each also representing their constituent charity (West Hackney Parochial Charity, Hackney Parochial Charities and the South Hackney Parochial Charity), to facilitate broad consent and decision making.

Key management personnel

The Directors of the Trustee consider that they comprise the key management of the charity in charge of directing and controlling, running and operating the charity on a day to day basis. The Directors receive no remuneration.

Risk management

The Charity regularly reviews its risk policies and procedures. Directors maintain a risk register which is regularly updated and considered at quarterly meetings by the Board of Directors. The impact of the Covid-19 pandemic on operations, activities and future plans is considered below. In terms of the impact of the pandemic on risk, Directors consider the main impact to be a reduced rental income particularly from commercial units and the potential for a loss of fixed asset value. In summary, the main risks to the Charity are considered to be:

Financial Risk - Properties remaining vacant awaiting redevelopment. Reduction in income from rents from market fluctuations especially during and after the Covid pandemic. Reduced asset valuation in real terms. Additional cost to the current refurbishment programme from shutdown during the pandemic when building supplies were unavailable and an increase in the Contract Sum for the works to 204-210 Well Street as a result of essential unforeseen works.

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REPORT OF THE TRUSTEE

Mitigation - Regular Board meetings with commercial agents, Strettons, to review empty properties and ensure rent reviews and collections are conducted on time. Strategic review of asset management planned. Additional Director meetings with project managers and advisors during the pandemic and the refurbishment.

Statement of Trustee's responsibilities

The Trustee is responsible for preparing the Trustees' report and accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the Trustee to prepare accounts for each financial year which give a true and fair view of the state of affairs of the charity and of the income and expenditure of the charity for that period. In preparing these accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in 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);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustee is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the accounts comply with the Charities Act 2011, applicable Charity (Accounts and Reports) Regulations and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Objectives and activities

The object of the Charity is to manage its endowed property portfolio to maximise the net rental income (after costs) for distribution to three beneficiaries: Hackney Parochial Charities, South Hackney Parochial Charities and West Hackney Parochial Charities. The Trustee continues to implement its ten-year strategy and to reaffirm its mission statement to achieve the Charity's objective whilst contributing to the local community in Hackney and maintaining a reputation for honest, ethical and responsible operating. The main activity throughout the year has been to maintain the property portfolio in order to protect its value for the long term. Individual vacant properties are refurbished as necessary and re-let as soon as possible to minimise loss of income through voids.

Public benefit

In carrying out the Charity's objectives, the Trustee has had regard to the Charity Commission's guidance on public benefit. The purpose of the Charity is to distribute surplus income to three individual parochial charities each charity with separate identifiable objectives to relieve hardship and need to the public within the local community. A distribution of £260,000 was made in the year. (2020 - £260,000).

HACKNEY JOINT ESTATE CHARITY

REPORT OF THE TRUSTEE

Achievements, performance and financial review

During the year gross property revenues reduced by 6.85% from £1,619,682 for the year ended 31 March 2020 to £1,508,660 for the year ended 31 March 2021 primarily due to loss of income from commercial rents during the pandemic. Expenditure for the year reduced by 2.56% from £1,065,516 for the year ended 31 March 2020 to £1,038,233 for the year ended 31 March 2021. Before expenditure on property redevelopment, expenses reduced by 3.39% from £805,516 for the year ended 31 March 2020 to £778,233 for the year ended 31 March 2021. The Charity maintained the distribution to the three Parochial Charities this year. Investment properties are included in the accounts at 31 March 2021 are based on a desktop valuation performed by Strettons Ltd, on behalf of the charity. This resulted in a loss on revaluation of £584,657 for the year ended 31 March 2021, there was no revaluation during the year ended 31 March 2020.

The Trustee has resolved to redevelop a block of mixed-use historic properties known as 184 – 214 Well Street through refurbishment and extension. A contract to provide refurbished retail and residential units and a mansard roof extension to create a total of four shops and eight flats at 204 – 210 Well Street began in April 2019. The contract sum of £1.4m has risen to £1.97m as a result of unforeseen essential works. The contract is due to be substantially completed by the end of 2021. Throughout the year the Trustee has closely monitored the costs and a qualified Project Manager was appointed in 2020 to oversee the contract and budget. The Project Manager and Directors attend monthly progress site meetings with the contractor and contract administrator. In addition to responsive repairs, Vyner Court refurbishments have been completed using the budget of £60,000 and part of the contingency fund. The planned refurbishment of 212 Well Street (£150,000 in the capital budget) did not take place in the year ended March 2021 due to time and budget commitments on the 204-210 Well Street contract. A decision was taken to review and reduce the scope of refurbishment and the funding was re-allocated to the 204-210 Well Street contract.

Reserves policy

The adopted approach to reserves is explained in notes 14 and 15 to these accounts. Commitments and liabilities due within one year total £296,469 at 31 March 2021. The Trustee believes that the anticipated income for the year ending 31 March 2022, together with the cash balance of £133,967 as at 31 March 2021 is sufficient to cover these commitments and liabilities. At 31 March 2021 the Charity had Endowment funds of £21,903,004 (2020 - £22,347,629), and designated funds of £400,000 (2020 - £400,000). This left the Charity with general unrestricted funds, of £768,827 (2020 - £438,430).

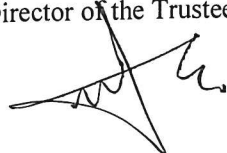
Despite the additional challenges of the pandemic in 2021, the Trustee is of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due.

Future plans

In 2020, the Trustee established a Working Party to consider the options for redeveloping a block of properties known as "The Triangle" adjacent to Well Street market. The initial proposals comprise 19 residential flats and associated ground floor commercial/retail properties. During the year Trustees reassessed the financial commitment required for the redevelopment and has decided not to proceed for the time being. Professional asset management advice is being considered regarding future possibilities.

Approved by the Trustee and signed on its behalf on 29.11.21 :

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Director of the Trustee



HACKNEY JOINT ESTATE CHARITY

REPORT OF THE TRUSTEE

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF HACKNEY JOINT ESTATE CHARITY

Opinion

We have audited the accounts of Hackney Joint Estate Charity (the 'charity') for the year ended 31 March 2021 which comprise the statement of financial activities, the balance sheet, the statements of cash flows principal accounting policies and the notes to the accounts. 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 accounts:

- ◆ give a true and fair view of the state of the charity's affairs as at 31 March 2021 and of its 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 Charities Act 2011.

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 accounts section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the accounts 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 accounts, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the accounts 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 charity's ability to continue as a going concern for a period of at least twelve months from when the accounts 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 annual report and accounts, other than the accounts and our auditor's report thereon. Our opinion on the accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the accounts 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 accounts 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.

HACKNEY JOINT ESTATE CHARITY

REPORT OF THE TRUSTEE

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF HACKNEY JOINT ESTATE CHARITY

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities Act 2011 requires us to report to you if, in our opinion:

- ◆ the information given in the trustees' annual report is inconsistent in any material respect with the accounts; or
- ◆ sufficient accounting records have not been kept; or
- ◆ the accounts are not in agreement with the accounting records and returns; or
- ◆ we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees are responsible for the preparation of the accounts 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 accounts that are free from material misstatement, whether due to fraud or error.

In preparing the accounts, the trustees are responsible for assessing the charity'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 charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the accounts

Our objectives are to obtain reasonable assurance about whether the accounts 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 accounts.

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:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations; and
- we obtained an understanding of the legal and regulatory frameworks that are applicable to the charity and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework (Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011) and those that relate to data protection (General Data Protection Regulation).
- We understood how the charity is complying with those legal and regulatory frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of the minutes of trustees' meetings and reports from regulatory bodies.

We assessed the susceptibility of the charity's financial statements to material misstatement, including obtaining an understanding of how fraud might occur. Audit procedures performed by the engagement team included:

HACKNEY JOINT ESTATE CHARITY

REPORT OF THE TRUSTEE

INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF HACKNEY JOINT ESTATE CHARITY

Auditor's responsibilities for the audit of the accounts (continued)

- Identifying and assessing the design effectiveness of controls in place to prevent and detect fraud;
- Understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
- Challenging assumptions and judgements made by management in its significant accounting estimates;
- Identifying and testing journal entries;
- Assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the relevant accounts item to which they relate.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- performed substantive testing on expenditure; and
- tested journal entries to identify unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- reading the minutes of meetings of those charged with governance; and
- enquiring of management as to actual and potential litigation and claims.

As a result of our procedures we did not identify any key audit matters relating to irregularities.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the accounts 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 charity's trustees, as a body, in accordance with section 144 of the Charities Act 2011 and with regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Buzzacott LLP

Statutory Auditor, 130 Wood Street, London, EC2V 6DL

Date 10/01/2022

Buzzacott LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

HACKNEY JOINT ESTATE CHARITY

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2021

	Notes	General Funds £	Estate Repairs Reserve £	Future Development Reserve £	Endowment Funds £	Total Funds 2021 £	Total Funds 2020 £
Income from:							
Rent receivable	3	1,508,660	-	-	-	1,508,660	1,619,682
Interest receivable		2	-	-	-	2	833
Total income		<u>1,508,662</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,508,662</u>	<u>1,620,515</u>
Expenditure on:							
Cost of raising funds	4	578,377	199,856	-	-	778,233	805,516
Charitable activities							
Distributions	17	260,000	-	-	-	260,000	260,000
Total expenditure		<u>838,377</u>	<u>199,856</u>	<u>-</u>	<u>-</u>	<u>1,038,233</u>	<u>1,065,516</u>
Net income/(expenditure)		<u>670,285</u>	<u>(199,856)</u>	<u>-</u>	<u>-</u>	<u>470,429</u>	<u>554,999</u>
Transfer between funds	14/15	(339,888)	199,856	-	140,032	-	-
Loss on investment properties							
Net movement in funds	7	330,397	-	-	(584,657)	(584,657)	-
Reconciliation of funds							
Total funds brought forward		438,430	100,000	300,000	22,347,629	23,186,059	22,631,060
Total funds carried forward		<u>768,827</u>	<u>100,000</u>	<u>300,000</u>	<u>21,903,004</u>	<u>23,071,831</u>	<u>23,186,059</u>

The notes on pages 12 to 22 form part of these accounts.

All of the charity's activities derived from continuing operations during the above two financial periods.

HACKNEY JOINT ESTATE CHARITY COMPARATIVE INFORMATION

Analysis of income and expenditure in the year ended 31 March 2020 between general, designated and endowment funds.

	Notes	General Funds £	Estate Repairs Reserve £	Future Development Reserve £	Endowment Funds £	Total Funds 2020 £
Income from:						
Rent receivable	3	1,619,682	-	-	-	1,619,682
Interest receivable		833	-	-	-	683
Total income		1,620,515	-	-	-	1,620,515
Expenditure on:						
Cost of raising funds	4	570,024	235,492	-	-	805,516
Charitable activities						
Distributions	17	260,000	-	-	-	260,000
Total expenditure		830,024	235,492	-	-	1,065,516
Net income/(expenditure)		790,491	(235,492)	-	-	554,999
Transfer between funds	14/15	(582,875)	235,492	-	347,383	-
Gain on investment properties		207,616	-	-	347,383	554,999
Net movement in funds		207,616	-	-	347,383	554,999

HACKNEY JOINT ESTATE CHARITY

BALANCE SHEET 31 MARCH 2021

	Notes	£	2021 £	£	2020 £
Fixed assets					
Investment property	7		25,715,000		25,118,871
Current assets					
Debtors	8	275,990		207,875	
Cash at bank and in hand		<u>133,967</u>		<u>325,499</u>	
		409,957		533,374	
Current liabilities					
Creditors: amounts falling due within one year	9	<u>(296,469)</u>		<u>(415,512)</u>	
Net current assets			113,488		117,862
Creditors: amounts falling due after more than one year	10		<u>(2,756,657)</u>		<u>(2,050,674)</u>
Net assets			<u>23,071,831</u>		<u>23,186,059</u>
Represented by:					
Endowment funds	14		21,903,004		22,347,629
Unrestricted funds	15				
Designated funds	15		400,000		400,000
General funds	15		<u>768,827</u>		<u>438,430</u>
			<u>23,071,831</u>		<u>23,186,059</u>

Approved by the Trustee on

29 November

2021 signed on its behalf by:

Councillor R Chapman
Mr I Malik

)
) Directors




The notes on pages 12 to 22 form part of these accounts.

HACKNEY JOINT ESTATE CHARITY

STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 £	2020 £
Cash flows from operating activities:			
Net cash provided by operating activities	12	<u>(191,534)</u>	<u>(211,881)</u>
Cash flows from investing activities:			
Interest received		2	833
Net cash provided by investing activities:		<u>2</u>	<u>833</u>
Change in cash and cash equivalents in the year		(191,532)	(211,048)
Cash equivalents at the beginning of the year		<u>325,499</u>	<u>536,547</u>
Cash and cash equivalents at the end of the year		<u>133,967</u>	<u>325,499</u>

The notes on pages 12 to 22 form part of these accounts.

HACKNEY JOINT ESTATE CHARITY

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021

1. Accounting policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are laid out below.

1.1. Basis of accounting

The financial statements have been prepared for the year to 31 March 2021.

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these financial statements.

The financial statements have been 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) (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The charity constitutes a public benefit entity as defined by FRS 102.

The financial statements are presented in sterling and are rounded to the nearest pound.

1.2. Critical accounting estimates and areas of judgement

Preparation of the financial statements requires the Trustee and management to make significant judgements and estimates.

The items in the accounts where these judgements and estimates have been made include:

- assessing the appropriateness of the assumptions and methodology used in determining the fair value of investment properties; and
- estimating future income and expenditure flows for the purpose of assessing going concern.

1.3. Assessment of going concern

The Trustee has assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The Trustee has made this assessment in respect to a period of one year from the date of approval of these financial statements.

The Trustee of the Charity has concluded that there are no material uncertainties related to events or conditions that may cast significant doubt on the ability of the Charity to continue as a going concern. Despite the additional challenges of Coronavirus and Covid-19 in 2020 and 2021, the Trustee is of the opinion that the charity will have sufficient resources to meet its liabilities as they fall due.

HACKNEY JOINT ESTATE CHARITY

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021

1.4. Income recognition

Income is recognised in the period in which the charity has entitlement to the income, the amount of income can be measured reliably and it is probable that the income will be received.

Income is deferred only when the charity has to fulfil conditions before becoming entitled to it or where the donor has specified that the income is to be expended in a future accounting period. Income comprises rental income from investment property and interest receivable. Rental income from investment property is recognised when it becomes contractually due under the relevant lease or tenancy agreement and receipt is considered probable. Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the bank.

1.5. Expenditure recognition

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis and includes attributable VAT which cannot be recovered. Expenditure comprises direct costs and support costs. All expenses, including support costs, are allocated to the applicable expenditure heading.

Expenditure comprises the following:

- Expenditure on raising funds comprises expenditure incurred on investment properties.
- Expenditure on charitable activities comprises grants payable in the form of distributions to connected charities.

Grants payable are included in the statement of financial activities when approved and when the intended recipient has either received the funds or been informed of the decision to make the grant and has satisfied all related conditions.

1.6. Allocation of support and governance costs

Support costs represent indirect charitable expenditure. In order to carry out the primary purposes of the charity it is necessary to provide support in the form of financial and governance procedures, provision of office services and equipment and a suitable working environment.

Governance costs comprise the costs involving the public accountability of the charity (including audit costs) and costs in respect to its compliance with regulation and good practice.

Support costs and governance costs are allocated directly to expenditure on raising funds.

HACKNEY JOINT ESTATE CHARITY

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021

1.7. Investment properties

Investment properties are included in the accounts at 31 March 2021 are based on a desktop valuation performed by Strettons Ltd, on behalf of the charity. At 31 March 2020, investment properties were included in the accounts at a Trustee estimate of the open market value. Prior to that the property valuation had been informed by a desktop valuation performed by Strettons Ltd, on behalf of the charity in 2019 and historic valuations undertaken in 2009 and 2010 and internal valuations as at 31st March 2015.

Development costs are written off as expenditure in the year in which they are incurred. Trustees also consider the impact of capital works performed within the properties since the last full revaluation when determining the year end valuation. Gains and losses on the revaluation of investment properties are included in the statement of financial activities.

1.8. Debtors

Debtors are recognised at the settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

1.9. Cash at bank and in hand

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition.

1.10. Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

1.11. Fund accounting

Endowment funds comprise the value of the freehold property settled on the Charity at market valuation.

Designated funds are monies set aside of unrestricted general funds and designated for specific purposes by the trustee.

General funds represent those monies that are freely available for application towards achieving any charitable purpose that fall within the charity's charitable objects.

Further details on the nature and purpose of each fund is set out in notes 14 and 15 to the financial statements.

2 Taxation

The Charity is exempt from taxation on its income and gains where they are applied for charitable purposes.

HACKNEY JOINT ESTATE CHARITY

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021

3 Rental income

	General funds	
	2021 £	2020 £
Source of rental income:		
Residential	604,302	697,287
Commercial	904,358	922,395
	<u>1,508,660</u>	<u>1,619,682</u>

HACKNEY JOINT ESTATE CHARITY

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

4	Property expenses	General Funds £	Estate Repairs Reserves £	Future Development Reserve £	Endowment Funds £	Total Funds 2021 £	Total Funds 2020 £
	Rates and water rates	61,355	-	-	-	61,355	81,420
	Lighting and caretaking	55,458	-	-	-	55,458	64,267
	Repairs	-	199,856	-	-	199,856	235,492
	Miscellaneous	1,822	-	-	-	1,822	6,306
	Commission on collection of rents	85,130	-	-	-	85,130	93,536
	Property insurance	32,339	-	-	-	32,339	30,310
	Legal and professional						
	- enforcement and collection	1,019	-	-	-	1,019	10,809
	- rent review and new leases	19,453	-	-	-	19,453	18,174
	- other	1,796	-	-	-	1,796	7,247
	Estate agent's fees	16,267	-	-	-	16,267	44,065
	Bad debts and rent arrears provision	117,534	-	-	-	117,534	25,211
	Mortgage legal & arrangement fee	26,416	-	-	-	26,416	5,775
	Mortgage interest	77,825	-	-	-	77,825	71,799
	Governance costs (see note 5)	81,963	-	-	-	81,963	111,105
		<u>578,377</u>	<u>199,856</u>	<u>-</u>	<u>-</u>	<u>778,233</u>	<u>805,516</u>

All expenditure in the year ended 31 March 2020 was made from General Funds except for repairs and maintenance where £235,492 was expended from the Estate Repairs Reserves and £NIL from the Future Development Reserve. Development expenditure totaling £1,180,786 was capitalised as at 31 March 2021, 2020 £1,311,871 (note 7).

5	Governance costs	2021 £	2020 £
	Administration fees	57,766	83,047
	Accountancy fees	13,967	21,388
	Auditor's remuneration for statutory audit	10,230	6,670
		<u>81,963</u>	<u>111,105</u>

HACKNEY JOINT ESTATE CHARITY

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

6	Net income for the year			
	This is stated after charging:			
		2021	2020	
		£	£	
	Auditor's remuneration (prior year)	3,010	620	
	Auditor's remuneration (current year)	7,220	6,050	
7	Investment property			
		Balance	Property	Revaluation
		1 April 2020	Additions	31 March 2021
		£	£	£
		25,118,871	1,180,786	(584,657)
				25,715,000
	All freehold investment properties are vested in Hackney Endowed Trustee Limited, the 'trust corporation' that is now the Trustee. The properties are currently included on the balance sheet based on a desktop valuation performed by Strettons Ltd on behalf of the charity at 31 March 2021. Certain properties have been used as security for bank loans and further details are provided in note 10 to these accounts.			
8	Debtors and prepayments			
		2021	2020	
		£	£	
	Due from agent	138,765	66,150	
	Rent receivable, less specific provision	89,778	88,605	
	Prepayments	30,666	36,339	
	Other debtors	16,781	16,781	
		275,990	207,875	
9	Creditors: amounts falling due within one year			
		2021	2020	
		£	£	
	Bank loan (note 10)	88,540	103,464	
	Deferred income	141,431	144,861	
	Other creditors	66,498	167,187	
		296,469	415,512	
	Deferred income comprises rents, service charges and insurance refunds received in advance.			
		2021	2020	
		£	£	
	Balance as at 1 April	144,861	146,238	
	Amount released to income	(144,861)	(146,238)	
	Amount deferred in year	141,431	144,861	
	Balance as at 31 March	141,431	144,861	

HACKNEY JOINT ESTATE CHARITY

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

10 Creditors: amounts falling due after more than one year

	2021 £	2020 £
Bank loans	2,756,657	2,050,674
The above liability is payable as follows:		
Within one year (note 9)	88,540	103,464
Between one and two years	91,919	64,811
Between two and five years	293,481	207,920
After more than five years	2,371,257	1,777,943
	<u>2,845,197</u>	<u>2,154,138</u>

A loan with CAF Bank was entered into by the end of March 2014 and the first draw down of funds was made in August 2014. The CAF Bank loan totalling £700,000 will be repaid over the next 18 years, with interest being payable monthly at a rate of 4.5% over the Bank of England Base Rate. The loan is secured on properties at 184-186 Well Street and Celia Fiennes House.

During 2019/20 the two loans from Charity Bank £700,000 and £338,005 which were in place as at 31 March 2019 were consolidated into a new loan with a facility totalling £3,165,467, which provides an additional £2,200,000 funding for a projects in Well Street. The loan, of which £2,243,017 was utilised, as at 31 March 2021 will be repaid over the next 24 years, with interest being payable monthly at a rate of 2.65% over the Bank of England Base Rate. The loan is secured on properties at 184-186 Well Street, Celia Fiennes House and 204, 206, 208, 210 and 226 Well Street.

11 Capital Commitments

As at 31 March 2021, the Trustee had entered into capital commitments totalling £848,441, subject to planning permission, in respect of the redevelopment of the freehold investment properties at 204-210 Well Street Hackney. The funding for this project was secured via bank a loan from Charity Bank. As at 31 March 2021, £1,300,000 of the £2,200,000 had been drawn down.

HACKNEY JOINT ESTATE CHARITY

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021

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12	Reconciliation of net movement in funds to net cash flow from operating activities	2021	2020
		£	£
	Net movement in funds as per the statement of financial activities	(114,228)	554,999
	Adjustments for:		
	Additions to property portfolio	(1,180,786)	(1,311,871)
	Revaluation of property portfolio	584,657	-
	Interest receivable	(2)	(833)
	(Increase)/Decrease in debtors	(68,115)	148,772
	Increase in creditors	<u>586,940</u>	<u>397,052</u>
	Net cash used in operating activities	<u>(191,534)</u>	<u>(211,881)</u>

13 Key management personnel

The Charity considers its key management personnel comprise the Directors of the Trustee. The total employment benefits, including employer pension costs of key management personnel were £nil (2020 - £nil). There were no employees in this charity in 2021 (2020 - £nil).

HACKNEY JOINT ESTATE CHARITY

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

14 Endowment funds

The endowment funds comprise the freehold property settled on the Charity at market valuation. Net movement in funds reflects any change in the market value of the properties and the value of the loans secured against them in the year. General expenditure related to the properties is treated as an expense of the general unrestricted fund which has the benefit of the related rental income.

Balance 31 March 2020 £	Transfer £	Net movement in fund £	Balance 31 March 2021 £
22,347,629	140,032	(584,657)	21,903,004
Balance 31 March 2019 £	Transfer £	Net movement in fund £	Balance 31 March 2020 £
22,000,246	347,383	-	22,347,629

The transfer to endowment funds is to bring the value of the fund in line with the market value of the endowed property, less the loans secured against them.

15 Unrestricted funds – current year 2020/21

The General Fund has accumulated over a number of years, due to the Parochial Charities waiving their right to a full distribution. This ensures that the Charity can meet its financial commitments into the future.

The Trustee acknowledges that it is prudent to set aside part of the Charity's unrestricted funds for the purpose of maintaining the freehold properties and distribution to its constituent charities. As such, these are included in the accounts as designated funds as follows:

	Balance 1 April 2020 £	Net income/ (expenditure) £	Transfer £	Balance 31 March 2021 £
General fund	438,430	670,285	(339,888)	768,827
Estate Repairs Reserve	100,000	(199,856)	199,856	100,000
Future Developments Fund	300,000	-	-	300,000
	838,430	470,429	(140,032)	1,168,827
Unrestricted funds – prior year 2019/20				
	Balance 1 April 2019 £	Net income/ (expenditure) £	Transfer £	Balance 31 March 2020 £
General fund	230,814	790,491	(582,875)	438,430
Estate Repairs Reserve	100,000	(235,492)	235,492	100,000
Future Developments Fund	300,000	-	-	300,000
	630,814	554,999	(347,383)	838,430

HACKNEY JOINT ESTATE CHARITY

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

Designated funds

The Estate Repairs Reserve is dedicated for repairs of the properties. £100,000 is maintained in reserve to meet the immediate requirements of the Estate during the new financial year.

The Future Developments Fund is dedicated to meet extraordinary and planned future repairs on properties. The balance of net current assets (after transfer to the Estate Repairs Reserve of £100,000) is held in reserve at the year end. The Trustees maintained this reserve at £300,000 at the year-end to allow for planned repairs in 2021/22.

The Directors of the Trustee agreed to consider these funds and take stock of their requirements in future years.

16 Analysis of net assets between funds – current year 2020/21

	Endowment Funds	General Funds	Designated Funds	Total Funds
	£	£	£	£
Investments	24,748,201	966,799	-	25,715,000
Current assets	-	9,957	400,000	409,957
Current liabilities	(88,540)	(207,929)	-	(296,469)
Long term liabilities	(2,756,657)	-	-	(2,756,657)
Total	21,903,004	768,827	400,000	23,071,831

Analysis of net assets between funds – prior year 2019/20

	Endowment Funds	General Funds	Designated Funds	Total Funds
	£	£	£	£
Investments	24,501,767	617,104	-	25,118,871
Current assets	-	133,374	400,000	533,374
Current liabilities	(103,464)	(312,048)	-	(415,512)
Long term liabilities	(2,050,674)	-	-	(2,050,674)
Total	22,347,629	438,430	400,000	23,186,059

HACKNEY JOINT ESTATE CHARITY

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021 (continued)

17 Connected charities

During the year ended 31 March 2021 Hackney Joint Estates Charity made distributions to the connected charities of £260,000. Addresses, purposes and charitable data of the connected parochial charities are as follows:

The Hackney Parochial Charities	£130,000 (Grants Awarded by the Charity - £236,634)
Charity No.:	219876
Address:	6 Trull Farm Buildings Tetbury Gloucestershire GL8 8SQ
Area of benefit:	Former ecclesiastical parish of St John Hackney
Purpose:	Relief of poverty
Distribution received:	one half

South Hackney Parochial Charity	£65,000 (Grants Awarded by the Charity - £164,326)
Charity No.:	212336
Address:	6 Trull Farm Buildings Tetbury Gloucestershire GL8 8SQ
Area of benefit:	Ecclesiastical parish of South Hackney
Purposes:	Almshouses, education, relief of need
Distribution received:	one quarter

West Hackney Parochial Charities	£65,000 (Grants Awarded by the Charity - £117,147)
Charity No.:	208941
Address:	6 Trull Farm Buildings Tetbury Gloucestershire GL8 8SQ
Area of benefit:	Ecclesiastical parish of West Hackney
Purposes:	Education and youth advancement, relief of need, local benefit
Distribution received:	one quarter

The following pages are for MANAGEMENT PURPOSES ONLY; the information does not form part of the Financial Statements on which the Independent Auditor has reported.

HACKNEY JOINT ESTATE CHARITY

REVENUE ACCOUNT

YEAR ENDED 31 MARCH 2021

	31 March 2021	31 March 2020
	£	£
Net income from properties		
Rent and service charges receivable	1,508,660	1,619,682
Deduct direct expenditure		
General rates	61,355	81,420
Repairs	199,856	235,492
Vyner Court – lighting and caretaking	3,241	8,538
Kenton Road – lighting and caretaking	1,477	1,393
Terrace Road – lighting and caretaking	270	822
Valentine Road	2,101	2,438
Well Street – phone, lighting and Caretaking	48,369	51,076
Commission on collection of rents	85,130	93,536
Insurance premiums	32,339	30,310
Estate agent's fees	16,267	44,065
Bad debts and provision for rent in arrears	<u>117,534</u>	<u>25,211</u>
	<u>567,939</u>	<u>574,301</u>
	940,721	1,045,381
Miscellaneous revenue		
Other income		
Deposit and bank interest	<u>2</u>	<u>833</u>
Gross surplus	940,723	1,046,214
Indirect expenditure		
Remuneration of the Clerk – The Trust		
Partnership	40,282	68,052
Trust administration – The Trust		
Partnership	17,484	14,995
Legal and professional charges	22,268	36,230
Bookkeeping and accountancy	13,967	21,388
Audit and accountancy	10,230	6,670
Miscellaneous	1,822	6,306
Mortgage interest	77,825	71,799
Mortgage legal and arrangement fee	<u>26,416</u>	<u>5,775</u>
	<u>210,294</u>	<u>231,215</u>
Net income for the year	730,429	814,999
Distributions		
The Hackney Parochial Charities	130,000	130,000
South Hackney Parochial Charities	65,000	65,000
West Hackney Parochial Charities	<u>65,000</u>	<u>65,000</u>
	<u>260,000</u>	<u>260,000</u>
Net surplus for the year	470,429	554,999

