

THE ESTATE CHARITY OF WILLIAM HATCLIFFE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

THE ESTATE CHARITY OF WILLIAM HATCLIFFE

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Mr A C Blundy (Chairman)	
	Mr G Kirby (Vice chairman)	
	Mr R Hough (Vice Chairman)	
	Mr G A Coulson	
	Reverend S Hall	
	Mr A Austin	
	Mrs W Kirkman	
	Mr J Watson	
	Reverend T Goode	
	Ms H McIntosh	
	Ms C Melville	
	Reverend S Winn	(Appointed 14 June 2021)
	Councillor P Slattery	(Appointed 7 September 2021)
Clerk to the Trustees	Mr C Jeal	(Appointed 14 September 2021)
	Mr R Clough	(Appointed 14 September 2021)
	Mr C Jeal	(Retired 31 August 2021)
	Ms S Tearle	(From 1 September 2021)
Charity number	227720	
Principal address	St. Margaret's Visitor Centre Brandram Road Lewisham London SE13 5EA	
Auditor	HW Fisher LLP Acre House 11-15 William Road London NW1 3ER United Kingdom	
Bankers	The Co-operative Bank 88 Cornhill London EC3V 3NJ	
	CAF Bank Limited 25 Kings Hill Avenue Kings Hill West Malling Kent ME19 4JQ	

THE ESTATE CHARITY OF WILLIAM HATCLIFFE

LEGAL AND ADMINISTRATIVE INFORMATION

	Handelsbanken 1 Cresswell Park Blackheath London SE3 9RD
Solicitors	Grant Saw Solicitors LLP Wood Wharf Building Horseferry Place London SE10 9BB Thackray Williams LLP Solicitors 32 - 40 Widmore Road Bromley Kent BR1 1RY
Property managers	Daniel Watney 165 Fleet Street London EC4A 2DW

THE ESTATE CHARITY OF WILLIAM HATCLIFFE

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THE ESTATE CHARITY OF WILLIAM HATCLIFFE

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 MARCH 2021

The Trustees present their report and financial statements for the year ended 31 March 2021.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the Charities Act 2011 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) (effective 1 January 2019)".

Objectives and activities

The Charity's objects are:

Subject to:

- defraying of costs of repairs, insurance and outgoings payable in respect of the property of the Charity,
- paying all the proper costs, charges and expenses of, and incidental to, the administration and management of the Charity out of income - which may include establishing and maintaining a fund for capital expenditure on the properties,
- the net yearly income of the Charity shall be paid:-
 - One half to the Trustees of the Greenwich Charity of William Hatcliffe
 - One fourth to the Trustees of the Lee Charity of William Hatcliffe
 - One fourth to the Trustees of the Lewisham Charity of William Hatcliffe

Trustees continue to seek market rents on all commercial and residential properties and exploit opportunities to improve rental returns. When vacancies occur properties are inspected and, where necessary, a programme of work is implemented to protect the Trustees' long term interest in the premises. Trustees ensure that additional capital invested generates the appropriate return and that the environment in which the Trustees' property investments is situated is preserved and enhanced.

Works to maintain the overall "streetscape" are also undertaken as part of the preservation and enhancement of the properties and their environment.

Trustees do not anticipate any significant change in their strategy during the current year.

The Trustees have complied with their duty in section 17 of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit.

Trustees rely upon the Beneficiary Charities to discharge the charitable requirements of William Hatcliffe for the public benefit as defined in the individual Trust Deeds. To aid this Trustees' responsibility is the effective management of the property portfolio and the generation of income.

Achievements and performance

The grants to the three Beneficiary Charities totalled £500,000 (2020: £500,000). As the income benefit of the capital investment programme is being seen, Trustees now consider that the sum of £300,000 should be the minimum assured to the Beneficiary Charities each year. At their meeting in March each year Trustees will decide the total available for distribution.

The Trustees consider themselves custodians, for the time being, of the assets of The Estate Charity of William Hatcliffe. As its name suggests, the Trust is responsible for, and derives its revenue from, the properties with which it was endowed in the Nineteenth Century.

Trustees residential properties comprises 22 flats above their commercial properties in Woolwich Road and 109 units in a block of houses and flats on Tuskar Street, Frobisher Street and Woodlands Park Road in the Royal Borough of Greenwich in South East London. The majority of these properties are let on Assured Shorthold Tenancies but 22 properties are subject to statutory tenancies limiting rental returns.

At their meeting in October 2015 Trustees decided that the type of accommodation provided by the Trust properties benefited from a high level of demand. They agreed with the recommendation of the Managing Agent that as they fall vacant refurbishment to a high standard should be undertaken. Trustees believe that the capital cost is justified by the enhanced rental income that should be achieved.

All residential and commercial properties are managed by Daniel Watney.

THE ESTATE CHARITY OF WILLIAM HATCLIFFE

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

Financial review

Income before grants, and donations for the year amounted to £1,974,289 (2020: £1,879,951). Expenditure was £1,641,810 (2020: £1,309,090). This includes management fees. Total reserves at the year end amount to £61,655,102 (2020: £60,481,231).

There was a rise in income of 5%. This reflects the minimal impact of Covid 19 (see specific section below), the quality of tenancies and the full income benefit of recently completed major refurbishments. In addition it had proved possible to negotiate small increases in rents upon renewal. Expenditure on refurbishments rose, reflecting commitments from the previous year and Trustees confidence in the overall estate and its further potential.

Trustees will need to have recourse to borrowings for the major building developments approved for completion over the next three years. They have negotiated an immediate facility of up to £1M with Handelsbanken. As the final budget cost of the development of 47-53 Woolwich Road, Greenwich (the Island Site) becomes apparent Trustees will seek to negotiate the necessary loan from Handelsbanken to complete the project.

The bank will be offered appropriate security for its loan as already evidenced by the Legal Charge over Avenor House that is in place. Trustees will carefully monitor their cash flow during the term of the loan. They confidently expect the rental income from the residential and commercial units on the redeveloped Island Site will enable them to repay all borrowing in less than ten years. This should be achieved without detriment to their other activities and the level of distributions to the Beneficiary Charities.

Acting on behalf of Trustees Daniel Watney has had pre-planning discussions with officers of the Royal Borough of Greenwich. It is anticipated that the full planning permission will be sought in autumn 2021 for the Island Site.

Trustees consider it essential that reserves are held to ensure that the routine maintenance of their buildings can be continued. It is also necessary to provide for the long-term enhancement of the estate and to ensure that significant refurbishments and extensions can be undertaken when the opportunities occur.

The property portfolio is held by the Trustees as a long term investment and to sustain it cash funds must be immediately available. The Trustees' reserves are held in readily accessible bank deposits.

Trustees will continue to monitor carefully the Trust's income while bank loans remain outstanding. They do not see this as being a hindrance to their activities and continual updating of the estate as provided for by the Property Development Fund.

Covid-19

The Managing Agents, Daniel Watney, immediately complied with Government directives and implemented its planned strategy to reduce staff working in the office and for work to be conducted from home. This meant that there was no obvious diminution of service, either to tenants or the Trustees.

At the outset residential tenants were encouraged to discuss with Daniel Watney if they anticipated difficulty with rent payments. There have been no reports of defaults and, when renewals were negotiated, a small rental increase has often been secured.

As a result of the strategy agreed with Daniel Watney, residential rental receipts have remained at over 99 per cent, which is rather better than the national average.

Lettings have continued and inspection has been through the use of a virtual tour facility. At the time of this report vacancies are, effectively, nil.

The commercial portfolio was more problematical with certain major tenants withholding payment. Conciliatory discussions have been held and in all cases the full rental will have been paid although over an extended period. There is one smaller tenant who has been unable to trade but, here again, effective dialogue should mean that there is no serious bad debt.

Trustees confidently expect that the position with regard to tenants will not deteriorate and that some overall increase may be achieved in the rental return. This will enable them to continue their improvements to the overall estate, provide an assured base to fund major projects and ensure that the Beneficiary Trusts can anticipate the continuation of the current level of distributions.

THE ESTATE CHARITY OF WILLIAM HATCLIFFE

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

The Charity's office had to be closed but the administration of the affairs of the Charity was ensured by the Clerk working from home. In conjunction with the Chair and Vice Chair with Roger Hough (Chair of the Greenwich Charity) continuity was maintained. As with most businesses, conducting the affairs of the Trust in compliance with the Covid-19 Regulations has at times been challenging, but Trustees do not believe that any of the Trust's activities have been significantly curtailed.

Risk assessment

Trustees have, assessed the major risks to which the Charity is exposed, and are satisfied that systems are in place to mitigate exposure to the major risks which are as follows:

- Computer records are password protected and physical papers are in locked cabinets.
- Access to the office is limited to known key holders.
- The building has a security alarm.
- Older papers are held in a separate building.
- Cash is not held or handled by the Trust either sterling or any other currency.
- There are no foreign currency transactions.
- All bank accounts are operated to their authorised signatory mandates
- Damage to trust assets - The entire property portfolio is insured for damage and loss of rent.

In March 2021 Trustees reviewed the Risk Assessment that reflected the operational changes brought about by the 'lockdown' as a result of the Covid 19 regulations. No deleterious impact was reported nor any need to change existing controls identified.

Structure, governance and management

The Charity is governed by a charitable trust deed dated 12 November 1897.

The Charity's Scheme stipulates that the Trustees of The Estate Charity of William Hatcliffe shall, when complete, consist of 16 competent persons being:

Three Ex-officio Trustees.

Thirteen Representative Trustees.

The incumbents for the time being of the ancient parishes of Greenwich, Lee and Lewisham, being Trustees under the above mentioned Scheme of 12 November 1897, shall be the Ex-officio Trustees of the said Charity.

The Representative Trustees shall be appointed as follows:

7 by the Trustees of the Greenwich Charity of William Hatcliffe out of their number.

3 by the Trustees of the Lee Charity of William Hatcliffe out of their number.

3 by the Trustees of the Lewisham Charity of William Hatcliffe out of their number.

Nominees are required to confirm acceptance of appointment as a Trustee and their willingness to act in the interest of the Charity. Each appointment is made for the term of four years.

The Trustees who served during the year and up to date of signature of the financial statements are:

Mr A C Blundy (Chairman)	Representing the Greenwich Charity
Mr R Hough Vice-chairman)	Representing the Greenwich Charity
Mr G Kirby (Vice chairman)	Representing the Greenwich Charity
Mr A Austin	Representing the Greenwich Charity
Mr G A Coulson	Representing the Lewisham Charity
Reverend S Hall	Ex-officio the Lewisham Charity
Reverend T Goode	Ex-officio the Lee Charity
Mrs W Kirkman	Representing the Lee Charity
Ms H McIntosh	Representing the Greenwich Charity
Ms C Melville	Representing the Greenwich Charity
Mr J Watson	Representing the Lewisham Charity

THE ESTATE CHARITY OF WILLIAM HATCLIFFE

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

The Ex-officio vacancy of the Greenwich Charity has been resolved with the appointment of the Reverend S Winn as incumbent.

The need to fill the two remaining vacancies for representatives of the Lee Charity has been advised to the Clerk of that Charity. The two vacancies in the Lee Charity representation will be pursued.

Following the death of Mrs G Phillips there has arisen one vacancy as a representative of the Lewisham Charity.

New Trustees are provided with a copy of the Trust Deed, the latest financial statements, relevant reports and copies of the Minutes of recent Trustees meetings. Apart from the three Ex-officio Trustees, who are the incumbents of the parishes in which the Beneficiary Charities are situated, all Trustees are nominated by those charities on the basis of their experience and knowledge relevant to a Trust primarily funded by its property portfolio.

The Trustees include in their number professionals of different disciplines as well as lay people with commercial and social experience.

Trustees are encouraged to acquaint themselves with the varied physical and geographical nature of the property portfolio. This is to enable them to make informed and prudent decisions based on the recommendations put to them by appropriately qualified professionals consulted by the Trust.

Trustees are made aware of their duties and responsibilities, expected to state their views at meetings and to question the professional advisers who attend Trustees meetings.

Trustees rely upon the advice of the Clerk for the efficient conduct of the Trust's affairs.

The Trustees generally meet twice each year in March and October. There is provision in the Trust Deed to summon Special Meetings.

If the Chairman or any Trustee considers it necessary the Clerk is requested to arrange additional meetings of any group of representative Trustees to consider and report on issues referred to them.

The Clerk is responsible for preparation and dispatch of the meeting notices and agenda with supporting papers. At their meeting, the Trustees:

- Receive reports from the Clerk on the administration of the Charity and on the recommendations of any working group of representative Trustees.
- Receive from the Chairman his commentary on the affairs of the Charity.
- Review the written report from the Managing Agent. The report also provides updates on any specific issues. Representatives of the Managing Agent also attend the meetings to provide additional information and respond to any questions from the Trustees.
- Decide on policy and provide instructions on issues raised. Where appropriate they may authorise the Chairman, in consultation with the Clerk, to implement decisions taken.

The Clerk is responsible for the day-to-day administration of the Charity reporting to the Chairman and Vice-Chairmen. The Clerk will invite instructions where appropriate.

The Charity acknowledges a relationship with:

- the Greenwich Charity of William Hatcliffe and the Misses Smith
- the Lee Charity of William Hatcliffe
- the Lewisham Almshouse Charity of William Hatcliffe and Abraham Colfe.

A summary of grants paid to the Beneficiary Charities is set out in note 6 to the financial statements.

THE ESTATE CHARITY OF WILLIAM HATCLIFFE

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

Plans for the future

At their March 2016 meeting Trustees accepted the advice of the Managing Agent that the demand for rental accommodation would continue. As a result the Hatcliffe Village (as a generic name the Trustees like to use for their properties in Frobisher Street, Tuskar Street and Woodlands Park Road) was strongly placed to take advantage for the following reasons:

- The homogenous nature of the properties offers the opportunity for an overall 'style'.
- The age and varied nature of accommodation differentiates the Hatcliffe Village from current developments in Greenwich and its environs and offers a marketing opportunity.
- The Trust as a single landlord to a close-knit estate can achieve a consistency of approach.
- For the same reason it can secure economies of scale when work needs to be carried out on more than one unit.
- There is scope for utilising (over time) various parcels of land within the estate to create additional residential units.

The above features continue to be evident in newly refurbished or extended properties. The rental obtained on such properties, and their swift letting, has given Trustees confidence in implementing their plans for new developments and refurbishments.

At their meeting in March 2020 the Trustees of the Estate Charity of William Hatcliffe agreed unanimously that the Greenwich Trust of William Hatcliffe and the Misses Smith would not participate in the development or subsequent possession of 47 – 53 Woolwich Road, known as The Island Site. One consequence is that the Estate Trustees agreed to repay the income distributions foregone by the Greenwich Trustees. As at the Balance Sheet of 31 March 2020 these amounted to £575,000.

That sum was fully repaid by March 2021. The effect is that, as at the Balance Sheet date of 31 March 2021, there were no outstanding loans.

Refurbishments are carried out for the following reasons:

- To comply with the Trust's legal obligations
- To improve the energy efficiency of the properties
- To ensure the properties have a continued life of 50 to 100 years
- On the advice of the Managing Agent, to enhance the letting value of the properties

As their strategy develops Trustees will continue to discharge their responsibilities to the three Beneficiary Charities.

Disclosure of information to auditor

Each of the Trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

Furthermore Trustees have confirmed that there are no conflicts of interest in fulfilling their role as Trustee.

The Trustees' report was approved by the Board of Trustees.

Andrew Blundy

Mr A C Blundy (Chairman)

Trustee 10 Mar 2022

Dated:

THE ESTATE CHARITY OF WILLIAM HATCLIFFE

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 MARCH 2021

The Trustees are responsible for preparing the Trustees' Report and the financial statements 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 Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that year.

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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping sufficient accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. 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.

THE ESTATE CHARITY OF WILLIAM HATCLIFFE

INDEPENDENT AUDITOR'S REPORT

TO THE TRUSTEES OF THE ESTATE CHARITY OF WILLIAM HATCLIFFE

Opinion

We have audited the financial statements of The Estate Charity of William Hatcliffe (the 'charity') for the year ended 31 March 2021 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 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 charity's affairs as at 31 March 2021 and of its incoming resources and application of resources, 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 financial statements* section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

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 (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

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

THE ESTATE CHARITY OF WILLIAM HATCLIFFE

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF THE ESTATE CHARITY OF WILLIAM HATCLIFFE

Responsibilities of Trustees

As explained more fully in the statement of Trustees' responsibilities, the Trustees 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 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 cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with the Act and relevant regulations made or having effect thereunder.

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

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

As part of our planning process:

- We enquired of management the systems and controls the charity has in place, the areas of the financial statements that are mostly susceptible to the risk of irregularities and fraud, and whether there was any known, suspected or alleged fraud. The charity did not inform us of any known, suspected or alleged fraud.
- We obtained an understanding of the legal and regulatory frameworks applicable to the company. We determined that the following were most relevant: the Charity SORP, FRS 102 and Charities Act 2011.
- We considered the incentives and opportunities that exist in the charity, including the extent of management bias, which present a potential for irregularities and fraud to be perpetuated, and tailored our risk assessment accordingly.
- Using our knowledge of the charity, together with the discussions held with the charity at the planning stage, we formed a conclusion on the risk of misstatement due to irregularities including fraud and tailored our procedures according to this risk assessment.

The key procedures we undertook to detect irregularities including fraud during the course of the audit included:

- Identifying and testing journal entries and the overall accounting records, in particular those that were significant and unusual.
- Reviewing the financial statement disclosures and determining whether accounting policies have been appropriately applied.
- Reviewing and challenging the assumptions and judgements used by management in their significant accounting estimates, in particular in relation to investment properties.
- Assessing the extent of compliance, or lack of, with the relevant laws and regulations.
- Testing key income lines, in particular cut-off, for evidence of management bias.
- Assessing the validity of the classification of income, expenditure, assets and liabilities between unrestricted, designated and restricted funds.
- Obtaining third-party confirmation of material bank balances.
- Documenting and verifying all significant related party balances and transactions.
- Reviewing documentation such as the charity board minutes for discussions of irregularities including fraud.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements even though we have properly planned and performed our audit in accordance with auditing standards. The primary responsibility for the prevention and detection of irregularities and fraud rests with the trustees of the charity.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

THE ESTATE CHARITY OF WILLIAM HATCLIFFE

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF THE ESTATE CHARITY OF WILLIAM HATCLIFFE

Other matters

Your attention is drawn to the fact that the charity has prepared financial statements 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)" (as amended) in preference to the Accounting and Reporting by Charities: Statement of Recommended Practice issued on 1 April 2005 which is referred to in the extant regulations but has now been withdrawn.

This has been done in order for the financial statements to provide a true and fair view in accordance with current Generally Accepted Accounting Practice.

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with part 4 of the Charities (Accounts and Reports) Regulations 2008. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

HW Fisher LLP
HW Fisher LLP

Chartered Accountants
Statutory Auditor
Acre House
11-15 William Road
London
NW1 3ER
United Kingdom
10 Mar 2022
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HW Fisher LLP is eligible for appointment as auditor of the charity by virtue of its eligibility for appointment as auditor of a company under of section 1212 of the Companies Act 2006.

THE ESTATE CHARITY OF WILLIAM HATCLIFFE

STATEMENT OF FINANCIAL ACTIVITIES INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2021

Current financial year

		Unrestricted funds general 2021 £	Unrestricted funds designated 2021 £	Total 2021 £	Total 2020 £
	Notes				
Income from:					
Rental and other investment income	3	1,974,289	-	1,974,289	1,879,951
Expenditure on:					
Raising funds	4	546,059	562,357	1,108,416	777,457
Charitable activities					
Grants and donations	5	533,394	-	533,394	531,633
Total charitable expenditure		533,394	-	533,394	531,633
Total resources expended		1,079,453	562,357	1,641,810	1,309,090
Net gains/(losses) on investments	10	841,392	-	841,392	-
Gross transfers between funds		(622,459)	622,459	-	-
Net income for the year/ Net movement in funds		1,113,769	60,102	1,173,871	570,861
Fund balances at 1 April 2020		60,481,231	-	60,481,231	59,910,370
Fund balances at 31 March 2021		61,595,000	60,102	61,655,102	60,481,231

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

THE ESTATE CHARITY OF WILLIAM HATCLIFFE

STATEMENT OF FINANCIAL ACTIVITIES (CONTINUED) INCLUDING INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2021

Prior financial year

		Unrestricted funds general 2020 £	Unrestricted funds designated 2020 £	Total 2020 £
	Notes			
Income from:				
Rental and other investment income	3	1,879,951	-	1,879,951
Expenditure on:				
Raising funds	4	468,491	308,966	777,457
Charitable activities				
Grants and donations	5	531,633	-	531,633
Total charitable expenditure		531,633	-	531,633
Total resources expended		1,000,124	308,966	1,309,090
Net gains/(losses) on investments	10	-	-	-
Net incoming resources before transfers		879,827	(308,966)	570,861
Gross transfers between funds		(102,012)	102,012	-
Net income for the year/ Net movement in funds		777,815	(206,954)	570,861
Fund balances at 1 April 2019		59,703,416	206,954	59,910,370
Fund balances at 31 March 2020		60,481,231	-	60,481,231

The statement of financial activities includes all gains and losses recognised in the year.

All income and expenditure derive from continuing activities.

THE ESTATE CHARITY OF WILLIAM HATCLIFFE

BALANCE SHEET

AS AT 31 MARCH 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Investment properties	11		61,595,000		60,512,911
Current assets					
Debtors	12	260,120		261,389	
Cash at bank and in hand		152,549		378,398	
		<u>412,669</u>		<u>639,787</u>	
Creditors: amounts falling due within one year	13	<u>(352,567)</u>		<u>(671,467)</u>	
Net current assets/(liabilities)			60,102		(31,680)
Total assets less current liabilities			<u>61,655,102</u>		<u>60,481,231</u>
Income funds					
<u>Unrestricted funds</u>					
Designated funds	14	60,192		-	
General unrestricted funds		<u>61,594,910</u>		<u>60,481,231</u>	
			61,655,102		60,481,231
			<u>61,655,102</u>		<u>60,481,231</u>

10 Mar 2022

The financial statements were approved by the Trustees on

Andrew Blundy

 Mr A C Blundy (Chairman)
 Trustee

Gregory J. Kirby

 Mr G Kirby (Vice chairman)
 Trustee

THE ESTATE CHARITY OF WILLIAM HATCLIFFE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2021

		2021		2020	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from operations	18		14,848		414,549
Investing activities					
Capital expenditure on property		(240,697)		(922,911)	
Net cash used in investing activities			(240,697)		(922,911)
Financing activities					
Repayment of bank loans		-		(115,283)	
Net cash used in financing activities			-		(115,283)
Net decrease in cash and cash equivalents			(225,849)		(623,645)
Cash and cash equivalents at beginning of year			378,398		1,002,043
Cash and cash equivalents at end of year			152,549		378,398

THE ESTATE CHARITY OF WILLIAM HATCLIFFE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

Company information

The Estate Charity of William Hatcliffe is a registered charity. The principal address is St. Margaret's Visitor Centre, Brandram Road, Lewisham, London, SE13 5EA. Details of Trustees are mentioned on page 1.

1.1 Accounting convention

The financial statements have been prepared in accordance with the charity's charitable trust deed, the Charities Act 2011 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) (effective 1 January 2019)". The charity is a Public Benefit Entity as defined by FRS 102.

The financial statements have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a true and fair view. This departure has involved following the Statement of Recommended Practice for charities applying FRS 102 rather than the version of the Statement of Recommended Practice which is referred to in the Regulations but which has since been withdrawn.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include investment properties at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

As described in the Trustees' Report, the changes to the charity's activities in the year 2020/2021 to date as a result of the prolonged Covid-19 pandemic and the resulting lockdowns has not had a major financial impact. The trustees are confident that the incidence of default or bad debts among the private or commercial tenants will remain manageable.

Based on their financial projections, the Trustees are confident that the established programme for the update of the entire property portfolio, which is a part of their long-term development plans, can be maintained. The Trustees believe that the future outlook remains positive for the Estate Charity and the ability to maintain distributions to the Beneficiary Charities.

At the time of approving the financial statements, the Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus the Trustees continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of their charitable objectives.

Designated funds comprise funds which have been set aside at the discretion of the Trustees for specific purposes. The purposes and uses of the designated funds are set out in the notes to the financial statements.

Restricted funds are subject to specific conditions by donors as to how they may be used. The purposes and uses of the restricted funds are set out in the notes to the financial statements.

1.4 Incoming resources

Income is recognised when the Charity is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

THE ESTATE CHARITY OF WILLIAM HATCLIFFE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

1.5 Resources expended

Fundraising costs comprise the costs incurred in maintaining and managing the investment properties. Support and governance costs are those which do not directly relate to charitable activities, and include the costs of audit and statutory compliance. Support and governance costs are directly attributed to charitable activities.

Grants are recognised and recorded in the financial statements at full cost at the time the funds are committed by the Board of Trustees.

1.6 Investment properties

Investment property, which is property held to earn rentals and/or for capital appreciation, is initially recognised at cost, which includes the purchase cost and any directly attributable expenditure. Subsequently it is measured at fair value at the reporting end date. The surplus or deficit on revaluation is recognised in profit or loss.

The Trustees commissioned a full revaluation of the Trust property portfolio, both residential and commercial. The residential valuation was undertaken by Daniel Watney LLP. A total of £59,270,000 was advised. All the commercial properties were valued by Linays Commercial Limited. A total of £2,325,000 was advised. Both valuations are as at 31 March 2021.

1.7 Financial instruments

The Charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Charity's balance sheet when the charity becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Derecognition of financial liabilities

Financial liabilities are derecognised when the Charity's contractual obligations expire or are discharged or cancelled.

1.8 Grants payable

Grants are brought into the Statement of Financial Activities on an accruals basis.

THE ESTATE CHARITY OF WILLIAM HATCLIFFE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

2 Critical accounting estimates and judgements

In the application of the charity's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

There were no critical judgements made for the year.

The valuation of the investment properties is the only critical accounting estimate in the financial statements. Further details of the way these have been valued are set out in the relevant accounting policy note.

3 Rental and other investment income

	Unrestricted funds general 2021 £	Unrestricted funds general 2020 £
Property rental income	1,974,044	1,878,756
Interest receivable	245	1,195
	<u>1,974,289</u>	<u>1,879,951</u>

4 Raising funds

	Unrestricted funds general 2021 £	Unrestricted funds designated 2021 £	Total 2021 £	Unrestricted funds general 2020 £	Unrestricted funds designated 2020 £	Total 2020 £
<u>Repairs, management fees and other costs of the investment properties</u>						
Major refurbishments	-	562,357	562,357	-	308,966	308,966
Utilities	22,048	-	22,048	17,604	-	17,604
Legal and professional	183,398	-	183,398	187,658	-	187,658
Other fundraising costs	9,180	-	9,180	16,065	-	16,065
	<u>214,626</u>	<u>562,357</u>	<u>776,983</u>	<u>221,327</u>	<u>308,966</u>	<u>530,293</u>
Repairs, management fees and other costs of the investment properties	214,626	562,357	776,983	221,327	308,966	530,293
<u>Investment management</u>	<u>331,433</u>	<u>-</u>	<u>331,433</u>	<u>247,164</u>	<u>-</u>	<u>247,164</u>
	<u>546,059</u>	<u>562,357</u>	<u>1,108,416</u>	<u>468,491</u>	<u>308,966</u>	<u>777,457</u>

THE ESTATE CHARITY OF WILLIAM HATCLIFFE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

5 Charitable activities

	Grants and donations 2021 £	Grants and donations 2020 £
Grant funding of activities (see note 6)	500,000	500,000
Share of support costs (see note 7)	20,006	18,585
Share of governance costs (see note 7)	13,388	13,048
	<u>533,394</u>	<u>531,633</u>

6 Grants payable

	Grants and donations 2021 £	Grants and donations 2020 £
Grants to institutions:		
Greenwich Charity of William Hatcliffe and the Misses Smith	250,000	250,000
Lee Charity of William Hatcliffe	125,000	125,000
Lewisham Almshouse Charities	125,000	125,000
	<u>500,000</u>	<u>500,000</u>

7 Support costs

	Support costs £	Governance costs £	2021 £	Support costs £	Governance costs £	2020 £
Accountancy	2,100	-	2,100	2,280	-	2,280
Rent and other expenses	6,926	-	6,926	5,325	-	5,325
Clerks fees	10,980	-	10,980	10,980	-	10,980
Audit fees	-	12,000	12,000	-	11,760	11,760
Trustees indemnity insurance	-	1,288	1,288	-	1,288	1,288
Trustees expenses	-	100	100	-	-	-
	<u>20,006</u>	<u>13,388</u>	<u>33,394</u>	<u>18,585</u>	<u>13,048</u>	<u>31,633</u>
Analysed between						
Charitable activities	<u>20,006</u>	<u>13,388</u>	<u>33,394</u>	<u>18,585</u>	<u>13,048</u>	<u>31,633</u>

Governance costs includes payments to the auditors of £12,000 (2020: £11,760) for audit fees.

THE ESTATE CHARITY OF WILLIAM HATCLIFFE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

8 Trustees

None of the Trustees (including any persons connected with them) received remuneration or benefits from the charity during the year.

2 trustees (2020: nil) were reimbursed for expenses in relation to postage and document certification during the year, of £40 (2020: £nil).

9 Employees

The average monthly number of employees during the year was:

	2021 Number	2020 Number
Total	-	-

10 Net gains/(losses) on investments

	Unrestricted funds general 2021 £	Total 2020 £
Revaluation of investment properties	841,392	-

11 Investment property

	2021 £
Fair value	
At 1 April 2020	60,512,911
Capital expenditure on property	240,697
Net gains or losses through fair value adjustments	841,392
At 31 March 2021	61,595,000

Investment property comprises of a mixture of both residential and commercial units. The fair value of the investment property has been arrived at on the basis of valuations carried out in November 2021 and January 2022 by Daniel Watney LLP and Linays Commercial Limited, Chartered Surveyors, who are not connected with the charity. The valuations were made on an open market value basis by reference to market evidence of transaction prices for similar properties.

THE ESTATE CHARITY OF WILLIAM HATCLIFFE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

12 Debtors

	2021	2020
	£	£
Amounts falling due within one year:		
Escrow account	-	50,000
Other debtors	13,807	13,807
Prepayments and accrued income	246,313	197,582
	<u>260,120</u>	<u>261,389</u>

The escrow account seen above for the year ended 31 March 2020 relates to monies held by a firm of solicitors in relation to the sale of an investment property, which has been released this year.

13 Creditors: amounts falling due within one year

	2021	2020
	£	£
Other creditors	10,975	10,975
Accruals and deferred income	341,592	660,492
	<u>352,567</u>	<u>671,467</u>

14 Designated funds

The income funds of the Charity include the following designated funds which have been set aside out of unrestricted funds by the Trustees for specific purposes:

	Balance at 1 April 2019	Resources expended	Transfers	Balance at 1 April 2020	Resources expended	Transfers	Balance at 31 March 2021
	£	£	£	£	£	£	£
Property Development Fund	206,954	(308,966)	102,012	-	(562,357)	622,549	60,192
	<u>206,954</u>	<u>(308,966)</u>	<u>102,012</u>	<u>-</u>	<u>(562,357)</u>	<u>622,549</u>	<u>60,192</u>

The designated fund has been established by the Trustees and authorised by the Charity Commission on 4 January 2008 in order to provide for the repair, improvement and rebuilding of investment properties. The transfer relates to the net surplus generated this year which has been designated to the Property Development Fund in preparation to meet the significant programme of refurbishments and extensions to the residential portfolio.

THE ESTATE CHARITY OF WILLIAM HATCLIFFE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

15 Analysis of net assets between funds

	Unrestricted funds 2021 £	Designated funds 2021 £	Total 2021 £	Unrestricted funds 2020 £	Designated funds 2020 £	Total 2020 £
Fund balances at 31 March 2021 are represented by:						
Investment properties	61,595,000	-	61,595,000	60,512,911	-	60,512,911
Current assets/(liabilities)	-	60,102	60,102	(31,680)	-	(31,680)
	<u>61,595,000</u>	<u>60,102</u>	<u>61,655,102</u>	<u>60,481,231</u>	<u>-</u>	<u>60,481,231</u>

16 Operating lease commitments

Lessor

The leases are negotiated over terms of 5-15 years and rentals are fixed for 5-15 years. Some leases include a provision for five-yearly upward rent reviews according to prevailing market conditions. There are no options in place for either party to extend the lease terms.

At the reporting end date the charity had contracted with tenants the total minimum lease payments of £440,591 (2020: £305,062).

17 Related Parties

Mr A C Blundy, Mr A Austin, Mr G Kirby, Mr R Hough, Ms H McIntosh, Mrs C Melville, Reverend S Winn and Councillor P Slattery, Trustees of the Charity, are also Trustees of the Greenwich Charity of William Hatcliffe and the Misses Smith. The Charity granted £250,000 (2020: £250,000) to this entity during the year. At the year end, £nil (2020: £575,000) grants were outstanding to be paid to the Greenwich Charity of William Hatcliffe and the Misses Smith.

Mrs W Kirkman, Reverend T Goode and Mr C Jeal, Trustees of the Charity, are also Trustees of the Lee Charity of William Hatcliffe. The Charity granted £125,000 (2020: £125,000) to this entity during the year.

Mr G A Coulson, Reverend S Hall, Mr J Watson and Mrs G Phillips, Trustees of the Charity, are also Trustees of the Lewisham Almshouse Charity of William Hatcliffe and Abraham Colfe. The Charity granted £125,000 (2020: £125,000) to this entity during the year.

18 Cash generated from operations

	2021 £	2020 £
Surplus for the year	1,173,871	570,861
Adjustments for:		
Fair value gains and losses on investment properties	(841,392)	-
Movements in working capital:		
Decrease/(increase) in debtors	1,269	(24,926)
(Decrease) in creditors	(318,900)	(131,386)
Cash generated from operations	<u>14,848</u>	<u>414,549</u>

THE ESTATE CHARITY OF WILLIAM HATCLIFFE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

19 **Analysis of changes in net funds**

The charity had no debt during the year.