

THE ESTATE CHARITY OF WILLIAM HATCLIFFE
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2024

THE ESTATE CHARITY OF WILLIAM HATCLIFFE

LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	Mr A C Blundy (Chair)	
	Mr G Kirby (Vice Chair)	
	Mr R Clough (Vice Chair)	
	Mr R Hough (Treasurer)	
	Mrs W Kirkman	
	Mr J Watson	
	Mr J Nicholson	
	Mr M Reid	(Appointed 4 September 2023)
	Ms H McIntosh	
	Ms C Melville	
	Reverend S Winn	
	Councillor P Slattery	
	Mr A N Dakshy	(Appointed 24 January 2024)
	Reverend M Schmucki	(Appointed 15 September 2024)
Clerk to the Trustees	Mrs S Tearle	
Charity number	227720	
Principal address	St Margaret's Visitor Centre 2 Brandram Road Lewisham London SE13 5EA	
Auditor	Myers Clark Egale 1 80 St Albans Road Watford Hertfordshire WD17 1DL	
Bankers	CAF Bank Limited 25 Kings Hill Avenue Kings Hill West Malling Kent ME19 4JQ	
	Handelsbanken 4th Floor 50 Southwark Street London SE1 1UN	
Solicitors	Grant Saw Solicitors LLP Wood Wharf Building Horseferry Place London SE10 9BB	

THE ESTATE CHARITY OF WILLIAM HATCLIFFE

LEGAL AND ADMINISTRATIVE INFORMATION

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 2024

The Trustees present their annual report and financial statements for the year ended 31 March 2024.

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 charity's governing document, 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 paid due regard to guidance issued by the Charity Commission in deciding what activities the charity should undertake.

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

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 17 properties are subject to statutory tenancies limiting rental returns.

Gross residential income continues to steadily increase, with like-for-like annual growth exceeding 10%. We have successfully undertaken refurbishment works on returned units with a gross return of around 10% on capital employed. Further refurbishments and modernisations are to be reviewed in consultation with the Trustees and prioritised in on a case-by-case basis, in accordance with cash flow and yield objectives.

Planned maintenance works have focused on window upgrades, roof, rainwater goods and brickwork repairs.

The distribution to the Beneficiary charities are decided by Trustees at their meeting in March each year. This consists of an assured minimum paid quarterly with a further distribution at the end of the year decided at the March meeting.

THE ESTATE CHARITY OF WILLIAM HATCLIFFE

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

Achievements and performance (continued)

The continued increase in Gross residential income has enabled the total distributions to the three Beneficiary Charities to be increased by twenty percent to £600,000 for the year ending 31st March 2024 with a minimum assured increased by forty percent to £336,000. This was agreed at the Trustees meeting held on 14th March 2023.

Trustees now consider that the sum of £336,000 should be the minimum assured to the Beneficiary Charities each year, with the total available for distribution being decided by Trustees at their meeting in March each year.

Trustees continue to be of the opinion that the type of accommodation provided by the Trust properties benefits from a high level of demand. They agree with the recommendation of the Managing Agent that as they fall vacant refurbishment to a high standard should be undertaken. Trustees continue to believe that the capital cost is justified by the enhanced rental income that should be achieved, but will continue to carefully monitor cash flow and cost of borrowing to maintain a balance.

All residential and commercial properties are managed by Daniel Watney LLP.

Financial review

Income before grants, and donations for the year amounted to £2,413,287 (2023: £2,230,398). Expenditure was £2,151,652 (2023: £1,808,386). This includes management fees. Total reserves at the year-end amount to £69,788,546 (2023: £69,060,592).

In the context of the strong rental market, the managing agent has taken a balanced approach to renewals with uplifts of 8-10%. The gross residential income now exceeds £2,600,000 pa.

Following the insurance claim for flood damage in July 2021 and a new reinstatement valuation in November 2021 the cost of our building insurance increased dramatically. In addition, the portfolio has also been designated as being in a flood risk area and this together with the claims, has meant the basement units are now effectively uninsured for flood. To mitigate this risk, the trustees are setting aside a regular amount into a Flood Damage and Prevention Fund and will also seek additional or alternative insurance at renewal.

The charity has a bank loan of £800,000 which was raised to cover the development works on 79-81 Tuskar street. It is interest only with full repayment due in 2027. The three resulting properties were re-let at a significantly increased rent. (Combined £99,500 per year). Trustees are setting aside the funds for repayment of this loan.

Trustees will need to have recourse to borrowings for the major building development planned over the next three years. As the final budget cost of the development of 47-53 Woolwich Road, Greenwich (the Island Site) becomes clearer and the planning issues are resolved 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. As part of the decision process, trustees will check that the rental income from the residential and commercial units on the redeveloped Island Site will enable them to repay all borrowing within a reasonable time frame.

This should be achieved without detriment to their other activities and the level of distributions to the Beneficiary Charities.

Daniel Watney have carried out a desktop property valuation as of 31 March 2024 and have stated the Fair value as £69,705,000.

Reserves - The Charity has net assets of £69,788,546 of which £68,905,000 represents the Permanent Endowment Fund which is the value of the property portfolio (£69,705,000), less the value of the two bank loans (£800,000). There is a total of £558,868 in Designated funds for property maintenance and for the repayment of the bank loans. This leaves the charity overall with General Unrestricted funds of £324,678 at the year end.

THE ESTATE CHARITY OF WILLIAM HATCLIFFE

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

Risk assessment

Trustees have assessed the major risks to which the Charity is exposed and reviewed a revised Risk register. They are satisfied that systems are in place to mitigate exposure to the major risks which are as follows:

- Damage to trust assets - The entire property portfolio is insured for damage and loss of rent.
- Flood risk – Set aside a Flood Damage and Prevention Fund and seek additional or alternative insurance at renewal.
- Risk that the portfolio will not meet the minimum EPC rating by the deadline – there is a schedule of works to upgrade properties to at least the minimum rating. [The Government has recently removed the deadline, but a future government may re-introduce one.]
- Loss of Computer records – all records backed up offline.
- Loss of physical papers – papers are in locked cabinets and access to the office is limited to known key holders. Older papers archived.
- Financial Control - All bank accounts are operated to their authorised signatory mandates.

Trustees review the Risk assessment at least annually and agreed a revised register at their meeting in March 2024.

Structure, governance and management

The charity is a charity limited 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 the date of signature of the financial statements were:

Mr A C Blundy (Chair)

Mr G Kirby (Vice Chair)

Mr R Clough (Vice Chair)

Mr R Hough (Treasurer)

Reverend S Hall

(Resigned 1 October 2024)

Mrs W Kirkman

Mr J Watson

Mr J Nicholson

Reverend T Goode

(Resigned 4 July 2023)

Mr M Reid

(Appointed 4 September 2023)

Ms H McIntosh

Ms C Melville

Reverend S Winn

Councillor P Slattery

Mr A N Dakshy

(Appointed 24 January 2024)

Reverend M Schmucki

(Appointed 15 September 2024)

THE ESTATE CHARITY OF WILLIAM HATCLIFFE

TRUSTEES' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

Structure, governance and management (continued)

Mr M Reid was appointed as a trustee representative of the Greenwich Charity in September 2023 to fill the vacancy.

Mr Dakshy was appointed as a trustee representative of the Lee Charity in January 2024 to fill the vacancy.

The Reverend T Goode resigned as an Ex officio trustee of the Lee charity and the Estate charity in July 2023 as he is no longer the incumbent at St Margaret's Church.

The Reverend M Schmucki became the new Rector of St Margaret's Church, and is therefore an ex-officio trustee as of 15 September 2024.

The Reverend S Hall retired as Vicar of St Mary's Lewisham, and therefore resigned as an ex-officio trustee as of 1 October 2024.

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. Training has recently been provided for Trustees.

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 Chair 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 2024

Plans for the future

The Trustees continue to accept the advice of the Managing Agent that the demand for rental accommodation will continue to be strong. 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) continues to be 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.

Refurbishments are carried out for the following reasons:

- To comply with the Trust's legal obligations
- To improve the energy efficiency of the properties, ideally to a rating of EPC B or C.
- 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

The Trustees are considering various options for The Island Site. The plan submitted for planning consent is for nine residential units of various sizes and commercial space on the ground floor. This would mean that the development would be in line with the proven successful rebuilding of Sumner House and Avenor House. The plans are still going through the planning process. Other options include a sale of the site or redevelopment in partnership with another organisation.

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.

Mr A C Blundy (Chair)

Trustee

15 October 2024

THE ESTATE CHARITY OF WILLIAM HATCLIFFE

STATEMENT OF TRUSTEES' RESPONSIBILITIES

FOR THE YEAR ENDED 31 MARCH 2024

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 2024 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and 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 Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2024 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.

Extent to which the audit was considered capable of detecting irregularities, including fraud

In identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following;

- The nature of the industry and sector, control environment and business performance including the design of the remuneration policies, key drivers for trustee remuneration, bonus levels and performance targets;
- results of our enquiries of Management about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and review the charitable company's documentation of their policies and procedures relating to;
- identifying, evaluating and complying with laws and regulation and whether they were aware of any instances of non-compliance;
- detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
- the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the charity operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the charity's ability to operate or to avoid a material penalty.

THE ESTATE CHARITY OF WILLIAM HATCLIFFE

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE TRUSTEES OF THE ESTATE CHARITY OF WILLIAM HATCLIFFE

Audit response to risks identified

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

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or 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:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance; and
- enquiring of management as to actual and potential litigation and claims.

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 directors 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 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.

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 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.

Paul Windmill (Senior Statutory Auditor)
for and on behalf of Myers Clark

5 November 2024

Chartered Accountants
Statutory Auditor

Egale 1
80 St Albans Road
Watford
Hertfordshire
WD17 1DL

THE ESTATE CHARITY OF WILLIAM HATCLIFFE

STATEMENT OF FINANCIAL ACTIVITIES

FOR THE YEAR ENDED 31 MARCH 2024

Current financial year

		Unrestricted funds general 2024	Unrestricted funds designated 2024	Endowment funds 2024	Total 2024	Total 2023
	Notes	£	£	£	£	£
Income from:						
Donations and legacies	3	-	-	-	-	4,600
Rental and other investment income	4	2,413,287	-	-	2,413,287	2,225,798
Total income		2,413,287	-	-	2,413,287	2,230,398
Expenditure on:						
Raising funds	5	1,476,811	-	-	1,476,811	1,222,169
Charitable activities	6	674,841	-	-	674,841	586,217
Total expenditure		2,151,652	-	-	2,151,652	1,808,386
Net gains/(losses) on investments	11	-	-	466,319	466,319	3,957,832
Net incoming resources before transfers		261,635	-	466,319	727,954	4,379,844
Gross transfers between funds		(188,681)	160,000	28,681	-	-
Net movement in funds		72,954	160,000	495,000	727,954	4,379,844
Fund balances at 1 April 2023		251,724	398,868	68,410,000	69,060,592	64,680,748
Fund balances at 31 March 2024		324,678	558,868	68,905,000	69,788,546	69,060,592

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)

FOR THE YEAR ENDED 31 MARCH 2024

Prior financial year

		Unrestricted funds general 2023	Unrestricted funds designated 2023	Endowment funds 2023	Total 2023
	Notes	£	£	£	£
Income from:					
Donations and legacies	3	4,600	-	-	4,600
Rental and other investment income	4	2,225,798	-	-	2,225,798
Total income		2,230,398	-	-	2,230,398
Expenditure on:					
Raising funds	5	1,222,169	-	-	1,222,169
Charitable activities	6	586,217	-	-	586,217
Total expenditure		1,808,386	-	-	1,808,386
Net gains/(losses) on investments	11	-	-	3,957,832	3,957,832
Net incoming resources before transfers		422,012	-	3,957,832	4,379,844
Gross transfers between funds		364,832	320,000	(684,832)	-
Net movement in funds		786,844	320,000	3,273,000	4,379,844
Fund balances at 1 April 2022		(454,092)	78,868	65,137,000	64,680,748
Fund balances at 31 March 2023		251,724	398,868	68,410,000	69,060,592

THE ESTATE CHARITY OF WILLIAM HATCLIFFE

BALANCE SHEET

AS AT 31 MARCH 2024

		2024		2023	
	Notes	£	£	£	£
Fixed assets					
Investment properties	12		69,705,000		69,210,000
Current assets					
Debtors	13	87,025		90,890	
Cash at bank and in hand		897,488		662,117	
		984,513		753,007	
Creditors: amounts falling due within one year	14	(100,967)		(102,415)	
Net current assets			883,546		650,592
Total assets less current liabilities			70,588,546		69,860,592
Creditors: amounts falling due after more than one year	15		(800,000)		(800,000)
Net assets			69,788,546		69,060,592
Capital funds					
Endowment funds	16		68,905,000		68,410,000
Income funds					
Designated funds	17	558,868		398,868	
General unrestricted funds		324,678		251,724	
			883,546		650,592
			69,788,546		69,060,592

The financial statements were approved by the Trustees on 15 October 2024

Mr A C Blundy (Chair)
Trustee

THE ESTATE CHARITY OF WILLIAM HATCLIFFE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2024

		2024		2023	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash absorbed by operations	21		(2,149,235)		(1,963,324)
Investing activities					
Capital expenditure on investment property		(28,681)		(115,168)	
Investment income received		2,413,287		2,225,798	
Net cash generated from investing activities			2,384,606		2,110,630
Financing activities					
Proceeds from new bank loans		-		8,000	
Net cash (used in)/generated from financing activities			-		8,000
Net increase in cash and cash equivalents			235,371		155,306
Cash and cash equivalents at beginning of year			662,117		506,811
Cash and cash equivalents at end of year			897,488		662,117

THE ESTATE CHARITY OF WILLIAM HATCLIFFE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

1 Accounting policies

Charity 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.

1.1 Accounting convention

The financial statements have been prepared in accordance with the charity's governing document, the Charities Act 2011, FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Charities SORP "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 the revaluation of investment properties at fair value]. The principal accounting policies adopted are set out below.

1.2 Going concern

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.

Endowment funds represent assets which must be held permanently by the charity. Income arising on the endowment funds can be used in accordance with the objects of the charity and is included as unrestricted income. Any capital gains or losses on the assets form part of the fund.

1.4 Income

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.

Legacies are recognised on receipt or otherwise if the charity has been notified of an impending distribution, the amount is known, and receipt is expected. If the amount is not known, the legacy is treated as a contingent asset.

THE ESTATE CHARITY OF WILLIAM HATCLIFFE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

1 Accounting policies

(Continued)

1.5 Expenditure

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit 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.

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.

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

1.6 Investment property

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 the statement of financial activities.

The investment property portfolio is subject a full professional valuation every three years. In intervening years, the portfolio valuation is derived with reference to a desktop valuation.

1.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.8 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 payments 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.

THE ESTATE CHARITY OF WILLIAM HATCLIFFE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

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.

3 Donations and legacies

	Unrestricted 2023 £
Donations for 400th year event	4,600

4 Rental and other investment income

	Unrestricted funds general 2024 £	Unrestricted funds general 2023 £
Rental income	2,384,644	2,142,186
Other income	13,025	82,052
Interest receivable	15,618	1,560
	<u>2,413,287</u>	<u>2,225,798</u>

Other income in the year ended 31 March 2024, relates to rental sundry recharges. Other income in the year ended 31 March 2023 of £82,052, relates to one off insurance claims.

THE ESTATE CHARITY OF WILLIAM HATCLIFFE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

5 Raising funds

	Unrestricted funds general 2024 £	Unrestricted funds general 2023 £
Repairs and other costs of the investment properties		
Insurance costs	77,724	74,283
Repairs, maintenance and refurbishment costs	752,487	574,868
Utilities	60,739	57,815
Legal and professional	153,082	104,011
Other fundraising costs	1,378	10,555
Repairs and other costs of the investment properties	1,045,410	821,532
<u>Investment management</u>	<u>431,401</u>	<u>400,637</u>
	<u>1,476,811</u>	<u>1,222,169</u>

6 Charitable activities

	Grants and donations 2024 £	Grants and donations 2023 £
Grant funding of activities (see note 7)	600,000	500,000
Share of support costs (see note 8)	55,033	59,759
Share of governance costs (see note 8)	19,808	26,458
	<u>674,841</u>	<u>586,217</u>

7 Grants payable

	Grants and donations 2024 £	Grants and donations 2023 £
Grants to institutions:		
Greenwich Charity of William Hatcliffe and the Misses Smith	300,000	250,000
Lee Charity of William Hatcliffe	150,000	125,000
Lewisham Almhouses Charities	150,000	125,000
	<u>600,000</u>	<u>500,000</u>

The payments made to institutions are in line with the charity's objects, as outlined on page 1 of the Trustees' Report.

THE ESTATE CHARITY OF WILLIAM HATCLIFFE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

8 Support costs

	Support costs	Governance costs	2024	Support costs	Governance costs	2023
	£	£	£	£	£	£
Accountancy	2,424	-	2,424	3,000	-	3,000
Rent and bank charges	5,484	-	5,484	5,338	-	5,338
Clerks fees	12,500	-	12,500	16,458	-	16,458
Loan interest	34,625	-	34,625	34,963	-	34,963
Audit fees	-	15,840	15,840	-	22,212	22,212
Trustees indemnity insurance	-	1,460	1,460	-	1,390	1,390
Arrangement fees	-	1,600	1,600	-	1,800	1,800
Trustees expenses	-	908	908	-	1,056	1,056
	<u>55,033</u>	<u>19,808</u>	<u>74,841</u>	<u>59,759</u>	<u>26,458</u>	<u>86,217</u>
Analysed between						
Charitable activities	<u>55,033</u>	<u>19,808</u>	<u>74,841</u>	<u>59,759</u>	<u>26,458</u>	<u>86,217</u>

Governance costs includes payments to the auditors of £12,840 for audit fees for the year ended 31 March 2024 (2023: £13,200).

Governance costs also include payments to the auditors of £3,000 for accountancy fees (2023: £9,012 additional costs incurred for the audit for the year ended 31 March 2022).

9 Trustees

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

1 trustee was reimbursed for expenses in relation to meetings during the year of £109 (2023 - 1 trustee: £103).

10 Employees

The average monthly number of employees during the year was nil (2023: nil).

11 Gains and losses on investments

	Endowment funds 2024	Endowment funds 2023
	£	£
Gains/(losses) arising on:		
Revaluation of investment properties	<u>466,319</u>	<u>3,957,832</u>

THE ESTATE CHARITY OF WILLIAM HATCLIFFE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

12 Investment property

	2024 £
Fair value	
At 1 April 2023	69,210,000
Capital expenditure on property	28,681
Net gains or losses through fair value adjustments	466,319
	<hr/>
At 31 March 2024	69,705,000
	<hr/>

Investment property comprises 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 by Daniel Watney LLP, Chartered Surveyors, who are not connected to the charity. The valuations were made on an open market basis by reference to market evidence of transaction prices for similar properties.

The entire investment property portfolio was professionally revalued at 31 March 2023. The valuation at 31 March 2024 is based on a desktop valuation that has been undertaken by Daniel Watney LLP, with the next full professional valuation due to be undertaken at 31 March 2026, as per the accounting policy.

13 Debtors

	2024 £	2023 £
Amounts falling due within one year:		
Other debtors	29,722	35,871
Prepayments and accrued income	57,303	55,019
	<hr/>	<hr/>
	87,025	90,890
	<hr/>	<hr/>

14 Creditors: amounts falling due within one year

	2024 £	2023 £
Other creditors	10,975	10,975
Accruals and deferred income	89,992	91,440
	<hr/>	<hr/>
	100,967	102,415
	<hr/>	<hr/>

15 Creditors: amounts falling due after more than one year

	2024 £	2023 £
Notes		
Bank loans	800,000	800,000
	<hr/>	<hr/>

In respect of the two 'property Investment Loans' of £400,000 each, both of these have a 'Fixed Priority Legal Charge' over the office and commercial buildings at Avener House held under title deed TGL304152.

THE ESTATE CHARITY OF WILLIAM HATCLIFFE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

16 Endowment funds

Endowment funds represent assets which must be held permanently by the charity. Income arising on the endowment funds can be used in accordance with the objects of the charity and is included as unrestricted income. Any capital gains or losses arising on the assets form part of the fund.

	Balance at 1 April 2022 £	Transfers £	Gains and losses £	Balance at 1 April 2023 £	Transfers £	Gains and losses £	Balance at 31 March 2024 £
Permanent endowments							
Endowment fund	65,137,000	(684,832)	3,957,832	68,410,000	28,681	466,319	68,905,000
	<u>65,137,000</u>	<u>(684,832)</u>	<u>3,957,832</u>	<u>68,410,000</u>	<u>28,681</u>	<u>466,319</u>	<u>68,905,000</u>

The transfer from unrestricted funds represents the additions to the investment property, £28,681.

17 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 2022 £	Transfers £	Balance at 1 April 2023 £	Transfers £	Balance at 31 March 2024 £
Property development fund	78,868	-	78,868	-	78,868
Bank loan repayment fund	-	320,000	320,000	160,000	480,000
	<u>78,868</u>	<u>320,000</u>	<u>398,868</u>	<u>160,000</u>	<u>558,868</u>

The property development fund has been established by the Trustees and authorised by the Charities Commission on 4 January 2008 in order to provide for the repair, improvement and rebuilding of investment properties.

In 2022/23, the Trustees agreed to establish a Bank Loan Repayment Fund to set aside the funds to repay the principal value of the bank loan when it falls due, in 2027. In order to do so, the Trustees have agreed to transfer £160,000 each year from the unrestricted funds over the five year loan term.

The transfer from unrestricted funds in 2022/23 includes two years' worth of transfers, due to the fund being established after the 2021/22 financial year, which was the year of the loan drawdown.

THE ESTATE CHARITY OF WILLIAM HATCLIFFE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

18 Analysis of net assets between funds

	Unrestricted funds general 2024 £	Unrestricted funds Designated 2024 £	Endowment funds 2024 £	Total 2024 £
At 31 March 2024:				
Investment properties	-	-	69,705,000	69,705,000
Current assets/(liabilities)	324,678	558,868	-	883,546
Long term liabilities	-	-	(800,000)	(800,000)
	<u>324,678</u>	<u>558,868</u>	<u>68,905,000</u>	<u>69,788,546</u>
	Unrestricted funds general 2023 £	Unrestricted funds Designated 2023 £	Endowment funds 2023 £	Total 2023 £
At 31 March 2023:				
Investment properties	-	-	69,210,000	69,210,000
Current assets/(liabilities)	251,724	398,868	-	650,592
Long term liabilities	-	-	(800,000)	(800,000)
	<u>251,724</u>	<u>398,868</u>	<u>68,410,000</u>	<u>69,060,592</u>

19 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 £159,808 (2023: £288,208).

20 Related party transactions

Mr A C Blundy, Mr M Reid, 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 £300,000 (2023: £250,000) to this entity during the year. At the year end, £nil (2023: £nil) grants were outstanding to be paid to the Greenwich Charity of William Hatcliffe and the Misses Smith.

Mrs W Kirkman, Mr R Clough and Mr A N Dakshy, Trustees of the Charity, are also Trustees of the Lee Charity of William Hatcliffe. The Charity granted £150,000 (2023: £125,000) to this entity during the year. At the year end, £nil (2023: £nil) grants were outstanding to be paid to the Lee Charity of William Hatcliffe.

Reverend S Hall, Mr J Watson and Mr J Nicholson, Trustees of the Charity are also Trustees of the Lewisham Almshouse Charity of William Hatcliffe and Abraham Colfe. The Charity granted £150,000 (2023: £125,000) to this entity during the year. At the year end, £nil (2023: £nil) grants were outstanding to be paid to the Lewisham Almshouse Charity of William Hatcliffe and Abraham Colfe.

THE ESTATE CHARITY OF WILLIAM HATCLIFFE

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2024

21	Cash generated from operations	2024 £	2023 £	
	Surplus for the year	727,954	4,379,844	
	Adjustments for:			
	Investment income recognised in statement of financial activities	(2,413,287)	(2,225,798)	
	Fair value gains and losses on investment properties	(466,319)	(3,957,832)	
	Movements in working capital:			
	Decrease/(increase) in debtors	3,865	(30,028)	
	(Decrease) in creditors	(1,448)	(129,510)	
	Cash absorbed by operations	(2,149,235)	(1,963,324)	
22	Analysis of changes in net funds/(debt)			
	At 1 April 2023	Cash flows	At 31 March 2024	
	£	£	£	
	Cash at bank and in hand	662,117	235,371	897,488
	Loans falling due after more than one year	(800,000)	-	(800,000)
		(137,883)	235,371	97,488