

Hearth Historic Buildings Trust

Members' Report and Financial Statements

For the Year Ended 31 March 2018

Hearth Historic Buildings Trust

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Hearth Historic Buildings Trust

Reference and Administrative Details of the Fund, its Trustees and Advisers For the Year Ended 31 March 2018

Members

Mr A Rankin, Chairman
Mr A Coey (resigned 18 September 2017)
Ms U Cregan
Ms R Harkin
Dr P Harron
Mr E Johnston
Mrs K Latimer OBE
Ms A Lynch
Mr D McIlldoon
Mr C McMurray MBE
Mr M Patton OBE
Mr G Sloan (appointed 12 March 2018)
Mr C Thirkettle
Mr R Williamson

Industrial and Provident Society number

IP 145

HMRC Charity No.

XN 48404

Registered office

Old Museum Building, 7 College Square North, Belfast, BT1 6AR

Secretary

Ms A Lynch

Independent auditors

ASM (B) Ltd, 20 Rosemary Street, Belfast, BT1 1QD

Bankers

Danske Bank, 6 Donegall Square West, Belfast, BT1 6JS

Solicitors

Johns Elliot, 40 Linenhall Street, Belfast, BT2 8BA

Hearth Historic Buildings Trust

Members' Report For the Year Ended 31 March 2018

The Members present their annual report together with the audited financial statements for the 1 April 2017 to 31 March 2018. The Members confirm that the Annual Report and financial statements of the charity comply with the current statutory requirements, the requirements of the charity's governing document and the provisions of the Statement of Recommended Practice (SORP), 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 2015) as amended by Update Bulletin 1 (effective 1 January 2015).

Objectives and Activities

a. History and purposes

Hearth Historic Buildings Trust was initially formed in 1972 as a charity that would borrow money to restore buildings and repay the loans on selling the finished products. After a few years it became apparent that in the political and economic climate of the time Hearth could operate more successfully as a housing association and Hearth Housing Association was duly registered in 1978 as a sister organisation to take advantage of the newly created funding for such bodies, with the same committee involved in both bodies.

Over the years both charities expanded and changed but they remained closely involved, with the housing association staff available to carry out work for the revolving fund on a fee-earning basis and each body able to tackle different schemes in different ways. Sadly, government policy in recent years has sought to reduce the number and variety of housing associations and after some years of negotiation Hearth Housing Association duly merged with Clanmil Housing Association in December 2016.

With its housing association arm now gone, Hearth has reverted to its original form as a building preservation trust, but now as the holder of a number of properties that have been retained and provide regular income.

With the change in status and address the committee decided to change its name from Hearth Revolving Fund to Hearth Historic Buildings Trust, reflecting the fact that there is now only one Hearth charity and that it also manages property as well as selling it. This report covers the first full year of the renamed Trust.

b. Activities for achieving objectives

Hearth Historic Buildings Trust continues to restore historic buildings in Northern Ireland which are at risk of dereliction or loss. The charity generally restores historic buildings for re-sale, but also manages some properties, and is not restricted to housing uses.

The charity concentrates on schemes which for one reason or another might be considered financially unattractive by a private developer. It aims to restore buildings of importance which would otherwise be lost, rather than to make profits from its operations.

c. Main activities undertaken to further the charity's purposes for the public benefit

In setting objectives and planning for activities, the Members have given due consideration to general guidance published by the charity commission relating to public benefit and in particular to its supplementary public benefit guidance on buildings preservation.

Hearth Historic Buildings Trust

Members' Report (continued) For the Year Ended 31 March 2018

Achievements and performance

a. Review of activities

Without staffing, Hearth has renewed its links to one of its associated bodies, the Ulster Architectural Heritage Society, and is now based at the new UAHS offices in a building at risk, The Old Museum in College Square North. Our committee is now better able to concentrate on its conservation work, and the Members are taking on roles that would formerly have been carried out by staff.

Sion Mills Stables remains leased to Sion Mills Building Preservation Trust and now has a secure and ambitious tearoom operator.

We continue to manage and let out houses at Alexandra Park Gate Lodge and College Green House, both in Belfast, People's Park Gate Lodge in Ballymena and 47 Queen's Parade, Bangor. AirBnB is proving an efficient way of advertising our two holiday let properties in College Green and Curry's Cottage, Derrylin. The commercial tenant at Molly's Yard Belfast are well established and we have a new tenant at Irish Street Downpatrick.

Financial review

Net incoming resources were £69,971 before fair value adjustment on land and buildings of (£50,529). Net movement in funds was therefore £19,442.

The directors have considered projected costs and income for the forthcoming year against a background of continuing difficult economic times. They are cognisant of the need to broaden the charity's ability to secure funding and will continue to work towards this goal in the next financial year.

After making appropriate enquiries, the Members have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Mount Royal is on the market for sale and it is to be hoped that this will release over £200,000 in cash to the charity. Negotiations are also at an advanced stage in relation to the sale of Navigation House, which would release further funds to the charity. For these reasons they continue to adopt the going concern basis in preparing the financial statements.

a. Reserves policy

The Members have set a strategic financial policy to maintain a level of reserves sufficient to fund working capital, unexpected expenditure and shortfalls in income. The Members reviews the liquidity position of the charity on a regular basis and will seek to sell owned properties to release cash to the charity.

Structure, governance and management

a. Constitution

The charity is a registered industrial and provident society.

The principal object of the charity is to restore historic buildings in Northern Ireland which are at risk of dereliction or loss.

b. Method of appointment or election of Members

The management of the charity is the responsibility of the Members who are elected and co-opted under the rules of the charity.

Hearth Historic Buildings Trust

Members' Report (continued) For the Year Ended 31 March 2018

Plans for future periods

a. Future developments

Our main focus for the future is still on Riddel's Warehouse in Belfast. An application to the Heritage Lottery Fund for Heritage Resilience funding was successful, and work was commissioned at the end of the financial year to strengthen governance and assist with the refining of the Riddels project. The building is being used for a variety of "meanwhile" uses, including filming, theatre and music events and it is kept in repair pending its full restoration.

The first phase of work at Navigation House, Lisburn was completed with the demolition of the later return, and the Lagan Navigation Trust hopes to have funds shortly to acquire the building from us.

The charity has decided to sell the house at Mount Royal, Bangor in order to realise some liquid funds.

Members' responsibilities statement

The Members are required to prepare accounts for each financial period which give a true and fair view of the state of the charity's affairs and of its surplus or deficit for that period. In preparing those accounts the Members are required to:

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

The Members are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity. 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.

Hearth Historic Buildings Trust

Members' Report (continued) For the Year Ended 31 March 2018

Disclosure of information to auditors

Each of the persons who are Members at the time when this Members' Report is approved has confirmed that:

- so far as that Member is aware, there is no relevant audit information of which the charity's auditors are unaware, and
- that Member has taken all the steps that ought to have been taken as a Member in order to be aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

This report was approved by the Members, on 24 July 2018 and signed on their behalf by:

Alastair J Rankin



Chairman

Hearth Historic Buildings Trust

Independent Auditors' Report to the Members of Hearth Historic Buildings Trust

Opinion

We have audited the financial statements of Hearth Historic Buildings Trust for the year ended 31 March 2018 set out on pages 9 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2018 and of its incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Co-operative and Community Benefit Societies Act (Northern Ireland) 1969

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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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.

Use of our report

This report is made solely to the Members in accordance with section 43 of the Co-operative and Community Benefit Societies Act (Northern Ireland) 1969. Our audit work has been undertaken so that we might state to the Members 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 Members for our audit work, for this report, or for the opinions we have formed.

Conclusions relating to going concern

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

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

Other information

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

Hearth Historic Buildings Trust

Independent Auditors' Report to the Members of Hearth Historic Buildings Trust

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters

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

- the information given in the Members' Report for which the financial statements are prepared is consistent with the financial statements.
- the Members' Report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Members' Report.

We have nothing to report in respect of the following matters in relation to which the Co-operative and Community Benefit Societies Act (Northern Ireland) 1969 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Members' remunerations specified by law not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the Members' Responsibilities Statement, the Members 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 Members 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 Members 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 Members either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Hearth Historic Buildings Trust

Independent Auditors' Report to the Members of Hearth Historic Buildings Trust

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' 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.

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



Mr Brian Clerkin (Senior Statutory Auditor)

for and on behalf of

ASM (B) Ltd

Chartered Accountants and Statutory Auditors

20 Rosemary Street

Belfast

BT1 1QD

24 July 2018

Hearth Historic Buildings Trust

Statement of Financial Activities incorporating Income and Expenditure Account For the Year Ended 31 March 2018

| | Note | Unrestricted funds 2018 £ | Total funds 2018 £ | Total funds 2017 £ |
|--|------|------------------------------------|-----------------------------|-----------------------------|
| Income from: | | | | |
| Grants and donations receivable | 2 | 25,750 | 25,750 | 49,818 |
| Charitable activities | 3 | 117,146 | 117,146 | 116,008 |
| Investments | 4 | 25 | 25 | 1 |
| Other income | 5 | 8,606 | 8,606 | 2,493 |
| Total income | | 151,527 | 151,527 | 168,320 |
| Expenditure on: | | | | |
| Charitable activities: | | | | |
| Direct costs | | 53,999 | 53,999 | 123,802 |
| Support costs | | 27,557 | 27,557 | 37,589 |
| Total expenditure | | 81,556 | 81,556 | 161,391 |
| Net income before other recognised gains and losses | | 69,971 | 69,971 | 6,929 |
| Fair value adjustment of fixed assets | 10 | (50,529) | (50,529) | (1,307,688) |
| Net movement in funds | | 19,442 | 19,442 | (1,300,759) |
| Reconciliation of funds: | | | | |
| Total funds brought forward | | 1,916,743 | 1,916,743 | 3,217,502 |
| Total funds carried forward | | 1,936,185 | 1,936,185 | 1,916,743 |

The notes on pages 12 to 21 form part of these financial statements.

Hearth Historic Buildings Trust
Registered number: IP 145

Balance Sheet
As at 31 March 2018

| | Note | £ | 2018 £ | £ | 2017 £ |
|--|------|------------------|------------------|------------------|--------------------|
| Fixed assets | | | | | |
| Tangible assets | 10 | | 3,307,665 | | 3,300,569 |
| Current assets | | | | | |
| Debtors | 11 | 40,640 | | 14,536 | |
| Cash at bank and in hand | | 6,669 | | 6,669 | |
| | | <u>47,309</u> | | <u>21,205</u> | |
| Creditors: amounts falling due within one year | 12 | <u>(872,776)</u> | | <u>(314,855)</u> | |
| Net current liabilities | | | <u>(825,467)</u> | | <u>(293,650)</u> |
| Total assets less current liabilities | | | <u>2,482,198</u> | | <u>3,006,919</u> |
| Creditors: amounts falling due after more than one year | 13 | | <u>(546,013)</u> | | <u>(1,090,176)</u> |
| Net assets | | | <u>1,936,185</u> | | <u>1,916,743</u> |
| Charity Funds | | | | | |
| Unrestricted funds | 14 | | <u>1,936,185</u> | | <u>1,916,743</u> |
| Total funds | | | <u>1,936,185</u> | | <u>1,916,743</u> |

The financial statements were approved and authorised for issue by the Members on 24 July 2018 and signed on their behalf, by:

Alastair J Rankin



Chairman

The notes on pages 12 to 21 form part of these financial statements.

Hearth Historic Buildings Trust

Statement of Cash Flows For the Year Ended 31 March 2018

| | Note | 2018 £ | 2017 £ |
|--|------|------------------------|------------------------|
| Cash flows from operating activities | | | |
| Net cash provided by operating activities | 16 | <u>90,222</u> | <u>60,758</u> |
| Cash flows from investing activities: | | | |
| Purchase of tangible fixed assets | | <u>(9,993)</u> | <u>(339,894)</u> |
| Net cash used in investing activities | | <u>(9,993)</u> | <u>(339,894)</u> |
| Cash flows from financing activities: | | | |
| Repayments of borrowings | | (84,420) | (67,356) |
| Cash inflows from new borrowing | | - | 341,051 |
| Transfer of loan | | <u>16,051</u> | <u>-</u> |
| Net cash (used in)/provided by financing activities | | <u>(68,369)</u> | <u>273,695</u> |
| Change in cash and cash equivalents in the year | | 11,860 | (5,441) |
| Cash and cash equivalents brought forward | | <u>(43,205)</u> | <u>(37,764)</u> |
| Cash and cash equivalents carried forward | 17 | <u>(31,345)</u> | <u>(43,205)</u> |

The notes on pages 12 to 21 form part of these financial statements.

Hearth Historic Buildings Trust

Notes to the Financial Statements For the Year Ended 31 March 2018

1. Accounting Policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Hearth Historic Buildings Trust meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

1.2 Going concern

The Members of the charity have reviewed the resources available and believe that the charity has adequate resources to continue in operational existence for the foreseeable future. Accordingly, Hearth Historic Buildings Trust continue to adopt the going concern basis in preparing the financial statements.

1.3 Income

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Donated services or facilities are recognised when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use of the charity of the item is probable and that economic benefit can be measured reliably.

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

Income tax recoverable in relation to investment income is recognised at the time the investment income is receivable.

**Notes to the Financial Statements
For the Year Ended 31 March 2018**

1. Accounting Policies (continued)

1.4 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. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Charitable activities and Governance costs are costs incurred on the charity's educational operations, including support costs and costs relating to the governance of the charity apportioned to charitable activities.

1.5 Tangible fixed assets and depreciation

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities incorporating Income and Expenditure Account.

Land and buildings were revalued by the Members at the year end and as a result no depreciation was charged on land and buildings. The Members will review the position again the following financial year. Other tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

| | | |
|-------------------|---|-------------------------|
| Freehold property | - | No depreciation charged |
| Office equipment | - | 20% straight line |

1.6 Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity; this is normally upon notification of the interest paid or payable by the Bank.

1.7 Debtors

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

1.8 Cash at Bank and in hand

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

**Notes to the Financial Statements
For the Year Ended 31 March 2018**

1. Accounting Policies (continued)

1.9 Liabilities and provisions

Liabilities are recognised when there is an obligation at the Balance Sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the charity anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

1.10 Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

1.11 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Members in furtherance of the general objectives of the charity and which have not been designated for other purposes.

2. Income from grants, donations and legacies

| | Unrestricted funds 2018 £ | Total funds 2018 £ | Total funds 2017 £ |
|------------------------------|--|---------------------------------------|---------------------------------------|
| Donations | 750 | 750 | - |
| Grants receivable | 25,000 | 25,000 | 49,818 |
| | <hr/> | <hr/> | <hr/> |
| Total donations and legacies | 25,750 | 25,750 | 49,818 |
| | <hr/> | <hr/> | <hr/> |
| Total 2017 | 49,818 | 49,818 | |
| | <hr/> | <hr/> | |

Hearth Historic Buildings Trust

Notes to the Financial Statements For the Year Ended 31 March 2018

3. Income from charitable activities

| | Unrestricted funds 2018 £ | Total funds 2018 £ | Total funds 2017 £ |
|---|------------------------------------|-----------------------------|-----------------------------|
| Rent and rates receivable | 91,542 | 91,542 | 100,221 |
| Ground rents and service charges receivable | 2,338 | 2,338 | 2,980 |
| Holiday lets | 13,266 | 13,266 | 12,807 |
| Sion Mills Management charges | 10,000 | 10,000 | - |
| | <u>117,146</u> | <u>117,146</u> | <u>116,008</u> |
| Total 2017 | <u>116,008</u> | <u>116,008</u> | |

4. Investment income

| | Unrestricted funds 2018 £ | Total funds 2018 £ | Total funds 2017 £ |
|---------------------|------------------------------------|-----------------------------|-----------------------------|
| Interest receivable | 25 | 25 | 1 |
| | <u>1</u> | <u>1</u> | |
| Total 2017 | <u>1</u> | <u>1</u> | |

5. Other incoming resources

| | Unrestricted funds 2018 £ | Total funds 2018 £ | Total funds 2017 £ |
|---------------|------------------------------------|-----------------------------|-----------------------------|
| Sundry income | 8,606 | 8,606 | 2,493 |
| | <u>2,493</u> | <u>2,493</u> | |
| Total 2017 | <u>2,493</u> | <u>2,493</u> | |

Hearth Historic Buildings Trust

Notes to the Financial Statements For the Year Ended 31 March 2018

6. Direct costs

| | Unrestricted funds £ | Total 2018 £ | Total 2017 £ |
|--------------------------------------|----------------------------|--------------------|--------------------|
| Property repairs and maintenance | 18,345 | 18,345 | 84,478 |
| Holiday let expenses | 4,237 | 4,237 | 5,674 |
| Property management charges and fees | 5,841 | 5,841 | 3,301 |
| Rent and rates | 10,495 | 10,495 | 16,628 |
| Insurance | 12,562 | 12,562 | 11,903 |
| Rent write off | (211) | (211) | - |
| Heat and light | 2,730 | 2,730 | 1,818 |
| | <u>53,999</u> | <u>53,999</u> | <u>123,802</u> |
| Total 2017 | <u>123,802</u> | <u>123,802</u> | |

7. Support costs

| | Unrestricted funds £ | Total 2018 £ | Total 2017 £ |
|--|----------------------------|--------------------|--------------------|
| Bank interest, charges and loan interest | 26,700 | 26,700 | 13,897 |
| Property management charges | (6,000) | (6,000) | 2,622 |
| Sundry expenditure | 1,728 | 1,728 | 10,515 |
| Professional and legal costs | 1,203 | 1,203 | 5,809 |
| Audit fees | 3,730 | 3,730 | 4,550 |
| Depreciation | 196 | 196 | 196 |
| | <u>27,557</u> | <u>27,557</u> | <u>37,589</u> |
| Total 2017 | <u>37,589</u> | <u>37,589</u> | |

8. Auditors' remuneration

The Auditor's remuneration includes an Audit fee of £2,500 (2016: £4,250).

Hearth Historic Buildings Trust

Notes to the Financial Statements For the Year Ended 31 March 2018

9. Staff costs

The charity has no employees other than the Members, who did not receive any remuneration (2017 - £NIL).

No employee received remuneration amounting to more than £60,000 in either year.

10. Tangible fixed assets

| | Freehold property | Office equipment £ | Total £ |
|--------------------------|----------------------|--------------------------|------------------|
| Cost or valuation | | | |
| At 1 April 2017 | 3,300,000 | 18,300 | 3,318,300 |
| Additions | 73,872 | - | 73,872 |
| Impairment charge | (66,580) | - | (66,580) |
| At 31 March 2018 | <u>3,307,292</u> | <u>18,300</u> | <u>3,325,592</u> |
| Depreciation | | | |
| At 1 April 2017 | - | 17,731 | 17,731 |
| Charge for the year | - | 196 | 196 |
| At 31 March 2018 | <u>-</u> | <u>17,927</u> | <u>17,927</u> |
| Net book value | | | |
| At 31 March 2018 | <u>3,307,292</u> | <u>373</u> | <u>3,307,665</u> |
| At 31 March 2017 | <u>3,300,000</u> | <u>569</u> | <u>3,300,569</u> |

The Members agreed an internal valuation of the cost of property schemes owned across the charity at 31 March 2017. The Members do not believe the fair values of the land and buildings have materially changed from the last revaluation at 31 March 2017, other than an impairment of £13,880 at Navigation House to reduce its value to £300,000 and an impairment at Mount Royal to reduce its value to £200,000. Both properties are due to be sold in the financial year to 31 March 2019.

The carrying value of the property schemes are as follows: Alexandra Park £125,000, People's Park £110,000, Curry's Cottage £70,000, College Green House (including Molly's Yard) £1,000,000, Irish Street, Downpatrick £25,000, Sion Mills £703,292, Navigation House £300,000, Riddels £554,000, Mount Royal £200,000 and Queen's Parade £220,000.

11. Debtors

| | 2018 £ | 2017 £ |
|--------------------------------|---------------|---------------|
| Other debtors | 37,168 | 12,329 |
| Prepayments and accrued income | 3,472 | 2,207 |
| | <u>40,640</u> | <u>14,536</u> |

Hearth Historic Buildings Trust

Notes to the Financial Statements For the Year Ended 31 March 2018

12. Creditors: Amounts falling due within one year

| | 2018 £ | 2017 £ |
|---|----------------|----------------|
| Loans and overdrafts | 683,280 | 220,397 |
| Hearth Housing Association/Clanmill Housing Association | - | 6,000 |
| Other taxation and social security | 483 | 2,658 |
| Other creditors | 13,055 | 13,809 |
| Accruals and deferred income | 175,958 | 71,991 |
| | <u>872,776</u> | <u>314,855</u> |

Deferred income shown under one year is grant income received in advance from the Heritage Lottery Fund for £55,700. Deferred income shown due after more than one year is £15,000 for the shortfall at Sion Mills Stables. There was no deferred income carried forward from the last financial period.

13. Creditors: Amounts falling due after more than one year

| | 2018 £ | 2017 £ |
|------------------------------|----------------|------------------|
| Bank and other loans | 531,013 | 1,090,176 |
| Accruals and deferred income | 15,000 | - |
| | <u>546,013</u> | <u>1,090,176</u> |

Included within the above are amounts falling due as follows:

| | 2018 £ | 2017 £ |
|-----------------------------------|----------------|----------------|
| Between one and two years | | |
| Bank and other loans | <u>210,000</u> | <u>631,945</u> |
| Between two and five years | | |
| Bank and other loans | <u>282,703</u> | <u>433,231</u> |
| Over five years | | |
| Bank and other loans | <u>38,309</u> | <u>25,000</u> |

Hearth Historic Buildings Trust

Notes to the Financial Statements For the Year Ended 31 March 2018

13. Creditors: Amounts falling due after more than one year (continued)

Creditors include amounts not wholly repayable within 5 years as follows:

| | 2018 £ | 2017 £ |
|--------------------------|---------------|---------------|
| Repayable by instalments | <u>38,309</u> | <u>25,000</u> |

During the year the previous National Trust loan of £25,000 was reclassified as grant income, with confirmation from the National Trust.

Interest on the Danske Bank loans are at variable rates and are secured by mortgages on the related property at College Green, Belfast.

Interest is charged on the Esme Mitchell loan at 5% per annum, with interest paid at quarterly intervals in arrears. The loan balance is due to be repaid within one year.

The Ulster Garden Villages loans and mortgages are interest-free with the balance due to be repaid at varying rates of under one year and between one to two years.

The Architectural Heritage Fund loan is a mortgage secured on Alexandra Park. The interest is 5% and is due to be repaid within one year.

14. Statement of funds

Statement of funds - current year

| | Balance at 1 April 2017 £ | Income £ | Expenditure £ | Gains/ (Losses) £ | Balance at 31 March 2018 £ |
|---|---------------------------------|----------------|------------------|-------------------------|-------------------------------------|
| Unrestricted funds | | | | | |
| General Fund Reserve | 802,866 | 151,527 | (81,556) | (50,529) | 822,308 |
| Conservation Area Revolving Fund Surplus Account | 123,066 | - | - | - | 123,066 |
| Capital Fund | 715,811 | - | - | - | 715,811 |
| Conservation Area Revolving Fund | 275,000 | - | - | - | 275,000 |
| | <u>1,916,743</u> | <u>151,527</u> | <u>(81,556)</u> | <u>(50,529)</u> | <u>1,936,185</u> |

Hearth Historic Buildings Trust

Notes to the Financial Statements For the Year Ended 31 March 2018

14. Statement of funds (continued)

Statement of funds - prior year

| | Balance at 1 April 2016 £ | Income £ | Expenditure £ | Balance at 31 March 2017 £ |
|--|---------------------------------|----------------|--------------------|-------------------------------------|
| General funds | | | | |
| General Fund Reserve | 2,103,625 | 168,320 | (1,469,079) | 802,866 |
| Conservation Area Revolving Fund Surplus Account | 123,066 | - | - | 123,066 |
| Capital Fund | 715,811 | - | - | 715,811 |
| Conservation Area Revolving Fund | 275,000 | - | - | 275,000 |
| | <u>3,217,502</u> | <u>168,320</u> | <u>(1,469,079)</u> | <u>1,916,743</u> |

15. Analysis of net assets between funds

Analysis of net assets between funds - current year

| | Unrestricted funds 2018 £ | Total funds 2018 £ |
|-------------------------------------|------------------------------------|-----------------------------|
| Tangible fixed assets | 3,307,665 | 3,307,665 |
| Current assets | 47,309 | 47,309 |
| Creditors due within one year | (872,776) | (872,776) |
| Creditors due in more than one year | (546,013) | (546,013) |
| | <u>1,936,185</u> | <u>1,936,185</u> |

Analysis of net assets between funds - prior year

| | Unrestricted funds 2017 £ | Total funds 2017 £ |
|-------------------------------------|------------------------------------|-----------------------------|
| Tangible fixed assets | 3,300,568 | 3,300,568 |
| Current assets | 21,206 | 21,206 |
| Creditors due within one year | (314,855) | (314,855) |
| Creditors due in more than one year | (1,090,176) | (1,090,176) |
| | <u>1,916,743</u> | <u>1,916,743</u> |

Hearth Historic Buildings Trust

Notes to the Financial Statements For the Year Ended 31 March 2018

16. Reconciliation of net movement in funds to net cash flow from operating activities

| | 2018 £ | 2017 £ |
|--|---------------|---------------|
| Net income for the year (as per Statement of Financial Activities) | 69,971 | 6,929 |
| Adjustment for: | | |
| Depreciation charges | 196 | 196 |
| Losses on investments | - | (1) |
| (Increase)/decrease in debtors | (26,104) | 20,024 |
| Increase in creditors | 46,159 | 33,610 |
| Net cash provided by operating activities | 90,222 | 60,758 |

17. Analysis of cash and cash equivalents

| | 2018 £ | 2017 £ |
|--|-----------------|-----------------|
| Cash in hand | 6,669 | 6,669 |
| Overdraft facility repayable on demand | (38,014) | (49,874) |
| Total | (31,345) | (43,205) |

18. Related party transactions

Within the year loans were made by a Trustee, which was subsequently paid back in full. The amount outstanding at 31 March 2018 is nil (2017:nil).

None of the trustees have been paid any remuneration or received any other benefits from any involvement with the charity.

Hearth Historic Buildings Trust

Detailed Income and Expenditure Account
For the Year Ended 31 March 2018

| | | 2018 £ | 2017 £ |
|--|---------------|----------------|--------------------|
| Income | | | |
| Grant receivable | 25,000 | | 49,818 |
| Rent and rates receivable | 91,542 | | 100,221 |
| Ground rents and service charges receivable | 2,338 | | 2,980 |
| Holiday lets | 13,266 | | 12,807 |
| Investment income | 25 | | 1 |
| Sundry income | 8,606 | | 2,493 |
| Donations | 750 | | - |
| Management income | 10,000 | | - |
| | | | |
| Total Income | | 151,527 | 168,320 |
| Less: Charitable expenditure | | | |
| Direct costs | | | |
| Property repairs maintenance | 18,345 | | 84,478 |
| Holiday let expenses | 4,237 | | 5,674 |
| Property management charges and fees | 5,841 | | 3,301 |
| Rent and rates payable | 10,495 | | 16,628 |
| Insurance | 12,562 | | 11,903 |
| Rent write off | (211) | | - |
| Heat and light | 2,730 | | 1,818 |
| | | | |
| | 53,999 | | 123,802 |
| Support costs | | | |
| Audit fees | 3,730 | | 4,550 |
| Sundries | 1,728 | | 10,515 |
| Professional fees | 1,203 | | 5,809 |
| Bank interest, charges and loan interest | 26,700 | | 13,897 |
| Management charges | (6,000) | | 2,622 |
| Depreciation | 196 | | 196 |
| | | | |
| | 27,557 | | 37,589 |
| | | | |
| Total charitable expenditure | | 81,556 | 161,391 |
| | | | |
| Net income from charitable sources | | 69,971 | 6,929 |
| | | | |
| Other expenditure | | | |
| Fair value movement in tangible fixed assets | | (50,529) | (1,307,688) |
| | | | |
| Net income/(expenditure) for the year | | 19,442 | (1,300,759) |

Hearth Historic Buildings Trust

Detailed tangible fixed asset note

For the Year Ended 31 March 2018

PROPERTY COMPLETED

| | College Green Belfast £ | Curry's Cottage £ | Irish Street Downpatrick £ | Alexandra Park Gate Lodge £ | People's Park Ballymena £ | Total £ |
|---------------------|----------------------------------|-------------------------|-------------------------------------|--------------------------------------|------------------------------------|------------|
| Cost or valuation | | | | | | |
| At 1 April 2017 | 1,000,000 | 70,000 | 25,000 | 125,000 | 110,000 | 1,330,000 |
| Additions | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | - |
| Impairment charge | - | - | - | - | - | - |
| At 31 March 2018 | 1,000,000 | 70,000 | 25,000 | 125,000 | 110,000 | 1,330,000 |
| Depreciation | | | | | | |
| At 1 April 2017 | - | - | - | - | - | - |
| Charge for the year | - | - | - | - | - | - |
| At 31 March 2018 | - | - | - | - | - | - |
| Net book value | | | | | | |
| At 31 March 2018 | 1,000,000 | 70,000 | 25,000 | 125,000 | 110,000 | 1,330,000 |
| At 31 March 2017 | 1,000,000 | 70,000 | 25,000 | 125,000 | 110,000 | 1,330,000 |

Hearth Historic Buildings Trust

Detailed tangible fixed asset note For the Year Ended 31 March 2018

PROPERTY UNDER DEVELOPMENT

| | Sion Mills £ | Mount Royal £ | Queen's Parade £ | Navigation House £ | Riddel's W'house £ | Total £ |
|---------------------|--------------------|---------------------|------------------------|--------------------------|--------------------------|------------|
| Cost or valuation | | | | | | |
| At 1 April 2017 | 700,000 | 250,000 | 220,000 | 250,000 | 550,000 | 1,970,000 |
| Additions | 3,292 | 2,700 | - | 63,880 | 4,000 | 73,872 |
| Disposals | - | - | - | - | - | - |
| Impairment charge | - | (52,700) | - | (13,880) | - | (66,580) |
| At 31 March 2018 | 703,292 | 200,000 | 220,000 | 300,000 | 554,000 | 1,977,292 |
| Depreciation | | | | | | |
| At 1 April 2017 | - | - | - | - | - | - |
| Charge for the year | - | - | - | - | - | - |
| At 31 March 2018 | - | - | - | - | - | - |
| Net cost | | | | | | |
| At 31 March 2018 | 703,292 | 200,000 | 220,000 | 300,000 | 554,000 | 1,977,292 |
| At 31 March 2017 | 700,000 | 250,000 | 220,000 | 250,000 | 550,000 | 1,970,000 |