



## Mutual Societies Annual Return Form (AR30)

For societies registered under the Co-operative and Community Benefit Societies Act 2014

### Society name:

Leathermarket Community Benefit Society Limited

### Important information you should read before completing this form

You must use this form if you are a:

- registered society (previously referred to as an 'industrial and provident society')
- co-operative society
- community benefit society

registered under the Co-operative and Community Benefit Societies Act 2014.

You must submit this form and the society's accounts within 7 months of the end of your financial year. Failure to submit is an offence for which the society may be prosecuted.

Please note:

- we have an information note that may assist you in completing this application
- any personal details you give on the form will be placed on the society's public file.
- it is important you give accurate and complete information and disclose all relevant information. If you do not, it may take us longer to process your annual return.

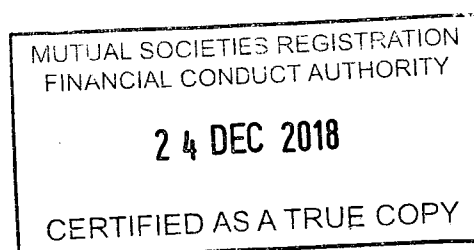
Please keep a copy of the form and supporting documents for future reference.

### Terms in this form

'FCA', 'PRA', 'us' and 'we' refer to the Financial Conduct Authority or Prudential Regulation Authority.

'You' refers to the person signing the form on behalf of the society.

'The 2014 Act' is the Co-operative and Community Benefit Societies Act 2014





## Mutual Societies Annual Return Form (AR30)

For societies registered under the Co-operative and Community Benefit Societies Act 2014

### Filling in the form

**1** If you are using your computer to complete the form:

- use the TAB key to move from question to question and press SHIFT TAB to move back to the previous question; and
- print the completed form and arrange for it to be signed by all relevant individuals.

**2** If you are filling in the form by hand:

- use black ink;
- write clearly; and
- arrange for it to be signed and dated by all relevant individuals.

**3** If you make a mistake, cross it out and initial the changes; do not use correction fluid.

**4** If you:

- leave a question blank;
- do not get the form signed; or
- do not attach the required supporting information

without telling us why, we will treat the application as incomplete. This will increase the time taken to assess your application.

**5** If there is not enough space on the form, you may use separate sheets of paper. Clearly mark each separate sheet of paper with the relevant question number. Any separate sheets should be signed by the signatories to the form.

**6** Email a scanned copy of the signed form and supporting documents to

[mutualsannrtns@fca.org.uk](mailto:mutualsannrtns@fca.org.uk)

or send it by post to:

Mutuals Team  
Financial Conduct Authority  
25 The North Colonnade  
Canary Wharf  
LONDON  
E14 5HS

**7.** Please make sure you include:

- this form
- a set of printed accounts – signed by two members and the secretary (3 signatures in total)
- an audit report or accountant's report where required; and
- any supporting documents.

# 1

## Details of society

### 1.1 Details of the society

Register number	32294R
Registered office address	26 Leathermarket Street London
Postcode	SE1 3HN

### 1.2 Year end date (dd/mm/yyyy)

See Note 1.2

3	1	/	0	3	/	2	0	1	8
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### Committee of management

If you are a club you do not need to give a year of birth in questions 1.3-1.6.

The names of the members of the Committee at the date on which the return is signed should be entered below in BLOCK CAPITALS.

### 1.3 Details of Chairman

Name	
Address	
Postcode	
Year of birth	
Business occupation and other directorships	

### 1.4 Details of Treasurer

Name	Paul Munday
Address	Church Farmhouse Blacksmiths Lane Happisburgh
Postcode	Norfolk NR12 0QY
Year of birth	1959
Business occupation and other directorships	Company director - Paul Munday Ltd Company director - Rosco (UK) Ltd Director - Estuary Housing Association Member - Worstead Church Fabric Trust

Director - Leathermarket Joint Management Board
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## 1.5 Details of Secretary

Name	Andy Bates
Address	5 Bayston Road
Postcode	London N16 7LU
Year of birth	1960
Business occupation and other directorships	Executive manager and company secretary of Leathermarket Joint Management Board Director - St Olave's Charity Trustee - Wenlock Barn Tenant Management Organisation

## 1.6 Details of Members of the Committee

Name	Address	Year of birth	Business occupation and other directorships
Christine Parsons	76 Crosby Road London SE1 3PT	1960	Director - United Charities Director - Bermondsey Village Hall Director - Leathermarket Joint Management Board
Sarah Hatchard	3 Dunsterville Way Kipling Street London SE1 3RJ	1968	Occupation - Local Government Officer Director - Leathermarket Joint Management Board
Deborah Harrington	25A Trinity Street London SE1 4JA	1955	Campaign Organiser
Dr Cormac Hollingsworth			
Sean Jeanette			
Joanna Vignola			

Please use separate sheets of paper if you need more space, following the instructions provided in section 5 above.

Please indicate how many separate sheets of paper you have used

one

**Please continue, answering all questions.**

- 1.7 Are any members of the society's committee disqualified as directors under the Company Director Disqualification Act 1986?**

☒ No  
☐ Yes

- 1.8 Does the society carry out any activity which is regulated under the Financial Services and Markets Act 2000?** (e.g. accepting deposits in a form other than withdrawable shares; offering insurance products; undertaking residential mortgage business). If 'yes' please state the society's Financial Services Register firm reference number

☒ No  
☐ Yes

Financial Services Register firm reference number

- 1.9 Is the society a subsidiary of another society?**

☒ No  
☐ Yes

- 1.10 Does the society have one or more subsidiaries?**

☒ No  
☐ Yes

- 1.11 Is the society currently accepted by the HM Revenue and Customs as a charity for tax purposes?**

☐ No  
☒ Yes

Please confirm you have attached a copy of the letter from HM Revenue and Customs confirming charitable tax status:

☒ Yes

- 1.12 Is this society a charity registered with the Office of the Scottish Charity Regulator (OSCR)?**

☒ No  
☐ Yes ▶ provide your Scottish Charity number below

- 1.13 Is the society registered with one of the following (please tick)?**

- ☐ Homes and Communities Agency
- ☐ The Welsh Ministers
- ☐ Scottish Housing Regulator

If so, please provide your register number

**All societies must answer the following questions:**

- if a **bona fide co-operative society** go to question 1.14
- if **existing for the benefit of the community** go to question 1.19

**Bona fide co-operative society**

**1.14 How did members benefit from the business, industry or trade of the society during the year?**

**1.15 Is membership of the society required to obtain the benefits offered by it?**

- ☐ Yes
- ☐ No

**1.16 In what way did members participate in an ongoing basis in the society's primary business during the year?**

**1.17 How did members democratically control the society?**

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**1.18 How did the society use any surplus/profit?**

If the society distributed the surplus/profit to members please explain how this was done.

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Please use separate sheets of paper if you need more space (see section 5 above)

Please indicate how many separate sheets of paper you have used.

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**Continue to 2.1**



**Community benefit society****1.19 Who are the community the society benefited?**

The CBS area as defined by it's constitution, these are residents of the JMB (Joint Management Board) area.

**1.20 How did the society benefit that community during the year?**

Design, feasibility and build of council homes

**1.21 How did the society use any surplus/profit?**

Surplus is ringfenced to new build activity

Please use separate sheets of paper if you need more space (see section 5 above).

Please indicate how many separate sheets of paper you have used.

**Continue to 2.1**

# 2 Statistics

## Account details

### 2.1 You must enter the figures below

See notes for help on items E-T. Enter NIL where applicable

A	Members at beginning of year	20
B	Members ceased during year	0
C	Members admitted during year	0
D	Members at end of year	20
E	Turnover for year	6,494,941
F	Total of income and expenditure (receipts and payments added together)	6,748,097
G	Net surplus/(deficit) for year	6,241,785
H	Fixed assets	7,857,298
I	Current assets	3,275,492
J	Total assets (equal to amount in row O, below)	11,132,790
K	Current liabilities	1,073,386
L	Share capital	20
M	Long-term liabilities	0
N	Reserves	10,059,404
O	Total liabilities, share capital & reserves (K+L+M+N) (equal to amount in J above)	11,132,790
All societies (excluding clubs) must complete boxes P-T		
P	Investments in other registered societies	0
Q	Loans from members	0
R	Loans from Employees' Superannuation Schemes	0
S	Dividends on sales	0
T	Share interest	0

**2.2 Names of subsidiaries as defined in sections 100 and 101 of the Co-operative and Community Benefit Societies Act 2014**

None

**2.3 Names of subsidiaries not dealt with in group accounts (if any) and reasons for exclusions (as approved by the FCA)**

The society must have written authority from us to exclude a subsidiary from group accounts

None

# 3

## The audit

### 3.1 Type of audit used for the attached accounts.

If the society has used a full professional audit or an accountant's report then the report must be prepared by a registered auditor.

- ☒ Full professional audit    ▶ Continue to section 4
- ☐ Accountant's report        ▶ Complete questions 3.2 and 3.3
- ☐ Lay audit                    ▶ Complete questions 3.2 and 3.3
- ☐ Unaudited                   ▶ Complete questions 3.2 and 3.3

### 3.2 Do the society's registered rules allow the society not to undertake a full professional audit?

- ☐ No
- ☐ Yes

### 3.3 Has the membership passed at a general meeting a resolution allowing the society not to undertake a full professional audit for the year of account in question? (In accordance with section 84 of the Co-operative and Community Benefit Societies Act 2014)

- ☐ No
- ☐ Yes

# 4 Accounts and signature

## Accounts

- 4.1 Date on which the accounts and balance sheet will be/were laid before the AGM (dd/mm/yyyy)

2	4	/	1	0	/	2	0	1	8
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- 4.2 Has your society produced accounts to the minimum standard required?

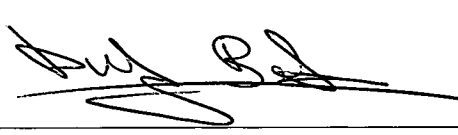
☒ Yes ▶ you must confirm that you have attached the accounts and the audit/accountant's report bearing the original signatures of the auditor (if required by law), the secretary and the two committee members. ☒ Attached

☐ No ▶ you must produce accounts to the minimum standard required, see notes for details.

## Signature – all societies to complete

- 4.3 The Secretary of the society must sign and date below

I certify that the information in this form is correct to the best of my knowledge and belief.

Name	A BATES
Signature	
Phone number	020 7450 8021
Email	andy.bates@leathermarketjmb.org.uk
Date	18 December 2018

**Leathermarket CBS Ltd**  
**Register number 32294R**  
**Mutual Societies Annual Return Form Continuation Sheet**  
**Year ended 31<sup>st</sup> March 2018**

**List of Committee members (continued)**

<u>Name</u>	<u>Address</u>	<u>Year of birth</u>	<u>Occupation</u>
John Paul Lynch			

**Company Number: 32294R**

**Leathermarket Community Benefit Society Limited**

**Report of the Board and Financial Statements**

**Year Ended**

**31 March 2018**

MUTUAL SOCIETIES REGISTRATION  
FINANCIAL CONDUCT AUTHORITY

**24 DEC 2018**

CERTIFIED AS A TRUE COPY

# **LEATHERMARKET COMMUNITY BENEFIT SOCIETY LIMITED**

## **Society information**

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### **Board**

John Paul Maytum MBE (Chair) (Resigned 14 September 2018)  
Christine Parsons  
Andy Bates (Secretary)  
Paul Munday (Treasurer)  
Sarah Hatchard  
Deborah Harrington  
Dr Cormac Hollingsworth  
Sean Jeanette  
Joanna Vignola (Vice chair)  
Frank O'Neill (appointed April 2018, Resigned 1 August 2018)  
John Paul Lynch (appointed October 2017)

### **Community and Communication Officers**

Jane Mephram  
Rachel Brain

### **Registered number**

32294R under the Co-operative and Community Benefit Societies Act 2014

### **Registered office**

26 Leathermarket Street  
London  
SE1 3HN

### **Independent Auditor**

GCN (Auditing) Limited  
Dominique House  
1 Church Road  
Netherton  
Dudley  
DY2 0LY

### **Bankers**

Lloyds Bank plc  
PO Box 72  
Bailey Drive  
Gillingham Business Park  
Kent  
ME8 0LS

### **Solicitors**

Anthony Collins Solicitors LLP  
134 Edmund Street  
Birmingham  
B3 2ES



# LEATHERMARKET COMMUNITY BENEFIT SOCIETY LIMITED

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# **LEATHERMARKET COMMUNITY BENEFIT SOCIETY LIMITED**

## **Report of the Board for the year ended 31 March 2018**

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The Board are pleased to present their report and the audited financial statements for the year ended 31 March 2018.

The Board confirm that the annual report of the Society complies with current statutory requirements, the requirements of the Rules and the provisions of the Statement of Recommended Practice (SORP) 'Accounting and reporting by charities' (FRS 102).

### **Structure, governance and management**

The Society is registered under the Co-operative and Community Benefit Societies Act 2014. Each individual member must hold a share of £1 each. Each board member is elected for a fixed term of office expiring at the conclusion of an annual general meeting (each a 'fixed term'). The fixed term shall be for a term of three annual general meetings unless the board has set a lower number of annual general meetings for the relevant board member on their election. No fixed term shall be set which would cause the relevant board member to serve beyond their ninth consecutive annual general meeting.

### **Objectives**

The Society is formed for the benefit of the community to operate as a community right to build body primarily in the Leathermarket area in the London Borough of Southwark (or such other area as the board may determine). Its objects shall be to carry on for the benefit of the community:

- The promotion of the social economic and environmental well-being of individuals living or wanting to live in the area;
- The business of providing and managing housing (including social housing) and providing assistance to help house people and associated facilities and amenities or services;
- The provision of workspace, buildings and/or land for use on such terms as the society shall determine;
- The provision of such other community resources, services and activities in the area of benefit as the board shall determine from time to time for the benefit of the community; and
- The provision, supply and maintenance of renewable forms of energy.

### **Achievements for the year**

We are delighted to report that the CBS has successfully completed its first new housing scheme, 27 new social rent homes, which are now occupied by JMB tenants who were in need of re-housing. Delivering this first housing scheme was made possible by the support of Southwark Council who provided the construction funding. The homes have attracted a wide range of interest, including a visit from the Mayor of London, given these very high quality social rented homes were delivered in central London through a community led model.

The CBS are also progressing with the delivery of its second social housing scheme – 40 social rented homes. We anticipate planning permission will be issued imminently and have appointed a main contractor to undertake the pre-construction services. Our aim is to start construction of these homes in spring 2019. Again, this has been made possible with the support of Southwark Council, who will provide a significant amount of the construction funding.

## **LEATHERMARKET COMMUNITY BENEFIT SOCIETY LIMITED**

### **Report of the Board for the year ended 31 March 2018**

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#### **Achievements for the year (continued)**

We are aiming to deliver a programme of over 100 social rented homes over the next 3-5 years, through our community led model. The CBS is Southwark Council's named delivery partner for Leathermarket sites in the recent bid which successfully secured GLA funding to support delivery of a rolling programme of social rented homes. This funding combined with support from Southwark Council will provide over £30 million of investment for Leathermarket estates.

In order to ensure a co-ordinated approach between improving our estates and increasing the number of new build affordable homes, the CBS has produced an Estate Improvement Plan, which reflects feedback from over 600 local residents – representing the views of 1,542 households who live on the Leathermarket estates. This was made possible by the funding support provided by DCLG and Southwark Council.

As is clear from these achievements the board have worked with both focus and diligence. The resident directors are grateful to the three external co-opted directors for their expertise and advice. Other than the JMB nominee on the CBS board (funded by JMB), all of the directors are unpaid.

#### **CBS Client team**

The CBS has strengthened its client team, to ensure the right skills and expertise are in place to progress the Estate Improvement Plan. The CBS client team now consists of a Programme Director, who has extensive experience of identifying site opportunities, securing funding and delivering affordable housing programmes; and two Community & Communication Project officers whose focus is to work with and support our residents. Strengthening the client team was supported by CBS securing a £50k commercial capacity building grant from DCLG.

#### **CBS Board capacity building**

The CBS Board Directors are further developing their skills and expertise. They received professional training during a Board away day earlier this year and are in the process of completing a series of on-line training courses. The commercial capacity building grant, secured through DCLG, covered the cost of this training.

## **LEATHERMARKET COMMUNITY BENEFIT SOCIETY LIMITED**

### **Report of the Board for the year ended 31 March 2018**

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#### **Financial review**

It is important to offer an explanation of the audited accounts. Although the CBS is shown as having a balance of £10,594,404 in March 2018, this amount includes £7,857,298 spent on construction costs and associated professional fees for the new homes at Kipling and £591,401 professional fees for the Joseph Lancaster Project. Although £7,857,298 is actually an amount incurred, because the new homes will be an asset for the CBS this amount is deemed to be an 'asset under construction' and therefore is recorded as an asset in the accounts. The same applies to the prepaid capital costs of £591,401 relating to Joseph Lancaster House which is recorded as a current asset in the accounts.

The accounts also make a distinction between restricted and unrestricted funds. Restricted funds are grant given by either Southwark council or the GLA and can only be spent on costs directly relating to the new homes at Kipling estates. Within the £10,059,404 balance is £9,702,787 restricted funds, which by the date of the publication of these accounts will have been spent on costs directly relating to the new homes at Kipling and the Joseph Lancaster project.

#### **Policy on remunerating key members of staff**

The only direct staffing cost was £33,623 spent on wages, national insurance and pension contribution of the CBS Officers.

#### **Reserves policy**

The balance of unrestricted funds is £356,597. The immediate priority of the CBS board is to continue with the feasibility and design work for the Joseph Lancaster nursery site. The medium term priority of the CBS board is to build up an emergency reserve fund of £250,000. Any unrestricted funds above this amount will be re-cycled into future projects.

#### **Risk policy**

The CBS operates a robust risk management process designed to identify, evaluate and manage risks. A project team has been employed to support the CBS in this, particularly in relation to development risk, a primary function of the CBS. The CBS can also draw on the extensive knowledge of the Leathermarket JMB in relation to asset management, under its support agreement.

Risks are categorised as internal (CBS controlled) and external (market controlled). The key steps of the CBS risk management strategy are:

1. Risk identification
2. Risk Analysis
3. Risk Allocation
4. Risk Monitoring and Action Planning

The highest ranking risks are reviewed on a regular basis, both at Board level for key business risks, and project level for development risks. Particular focus is given to establishing management strategies to reduce risk, and ensuring ownership is clear.

## **LEATHERMARKET COMMUNITY BENEFIT SOCIETY LIMITED**

### **Report of the Board for the year ended 31 March 2018**

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The largest risk facing the CBS is the possibility of an overspend on the construction of the new homes. The CBS has a contract with its chosen contractor on a fixed price basis. This will substantially reduce the likelihood of this risk occurring.

#### **Responsibilities of the Board**

The Co-operative and Community Benefit Societies Act 2014 requires the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Society and its income and expenditure for that period. In preparing those financial statements the Board are required to:

- Select suitable accounting policies and then apply them consistently;
- 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 a going concern basis (unless it is inappropriate to presume that the Society will continue in operation).

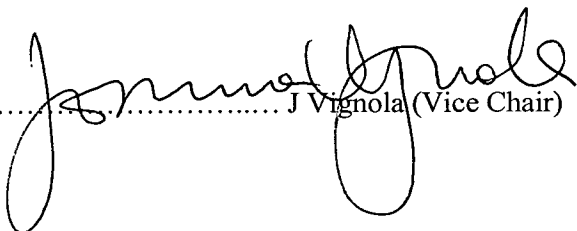
The Board are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Society and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014. They have general responsibility for taking reasonable steps to safeguard the assets of the Society and to prevent and detect fraud and other irregularities.

The Board are responsible for the maintenance and integrity of the corporate and financial information included on the Society's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

#### **Auditors**

The Society's auditors GCN (Auditing) Limited have indicated their willingness to continue in office and offer themselves for re-appointment as such, under the Co-operative and Community Benefit Societies Act 2014.

This report was approved and authorised for issue by the Board on 30th October 2018 and signed on its behalf by:

  
..... J Vignola (Vice Chair)

## **LEATHERMARKET COMMUNITY BENEFIT SOCIETY LIMITED**

### **Independent Auditors report to the Members of Leathermarket Community Benefit Society Limited**

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#### ***Opinion***

We have audited the financial statements of Leathermarket Community Benefit Society Limited (the 'organisation') for the year ended 31 March 2018 which comprise the statement of income and retained earnings, statement of financial position and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the organisation's members, as a body, in accordance with chapter 1 - 5 of section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the organisation's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the organisation and the organisation's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the organisation's affairs as at 31 March 2018 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014.

#### ***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 organisation 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***

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 committee's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- The committee have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the organisation'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.

## **LEATHERMARKET COMMUNITY BENEFIT SOCIETY LIMITED**

### **Independent Auditors report to the Members of Leathermarket Community Benefit Society Limited**

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#### ***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 committee are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

#### ***Opinions on other matters prescribed by the Co-operative and Community Benefit Societies Act 2014***

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

- the information given in the committee's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the committee's report has been prepared in accordance with applicable legal requirements.

#### ***Matters on which we are required to report by exception***

In the light of the knowledge and understanding of the organisation and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the management committee report.

We have nothing to report in respect of the following matters in relation to which the Co-operative and Community Benefit Societies Act 2014 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 the committee's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the committee members were not entitled to prepare the financial statements and the report in accordance with the small companies regime.

## **LEATHERMARKET COMMUNITY BENEFIT SOCIETY LIMITED**

### **Independent Auditors report to the Members of Leathermarket Community Benefit Society Limited**

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#### ***Responsibilities of the committee***

As explained more fully in the committee's responsibilities statement set out on page 4, the committee 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 committee 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 committee are responsible for assessing the organisation'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 committee either intend to liquidate the organisation or to cease operations, or have no realistic alternative but to do so.

#### ***Auditor's responsibilities for the audit of the financial statements***

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the committee.
- Conclude on the appropriateness of the committee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organisation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organisation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



## LEATHERMARKET COMMUNITY BENEFIT SOCIETY LIMITED

### Independent Auditors report to the Members of Leathermarket Community Benefit Society Limited

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We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

  
Martin Bradley FCCA (Senior Statutory Auditor)

For and on behalf of  
GCN (Auditing) Limited  
Chartered Certified Accountants & Statutory Auditors  
Dominique House  
1 Church Road  
Netherton  
Dudley  
West Midlands  
DY2 0LY

10 December 2019

# LEATHERMARKET COMMUNITY BENEFIT SOCIETY LIMITED

## Statement of Financial Activities (including an Income and Expenditure Account) for the ended 31 March 2018

	Unrestricted Funds £	Restricted funds £	Year ended 31 March 2018 £	Year ended 31 March 2017 £
<b>Income from:</b>				
DCLG	50,000	445,395	495,395	-
GLA	-	-	-	-
Southwark Council	299,587	5,692,162	5,991,749	3,143,502
Interest received	7,797	-	7,797	370
<b>Total income</b>	<b>357,384</b>	<b>6,137,557</b>	<b>6,494,941</b>	<b>3,143,872</b>
<b>Expenditure on:</b>				
Auditors' remuneration	4,500	-	4,500	5,040
Project costs and administration	105,435	-	105,435	25,488
Operating expenses (including £50,000 repayment to Leathermarket JMB)	103,135	-	103,135	33,311
Staff costs	33,623	-	33,623	19,666
Advertising	6,463	-	6,463	-
<b>Total expenditure</b>	<b>253,156</b>	<b>-</b>	<b>253,156</b>	<b>83,505</b>
 Net income/(expenditure)	 104,228	 6,137,557	 6,241,785	 3,060,367
 <b>Reconciliation of funds:</b>				
Total funds brought forward (excluding share capital)	252,369	3,565,230	3,817,599	757,232
<b>Total funds carried forward (excluding share capital)</b>	<b>356,597</b>	<b>9,702,787</b>	<b>10,059,384</b>	<b>3,817,599</b>

All income and expenditure derive from continuing activities.

In 2017 the Southwark Council grant of £2,983,927 was restricted and the Southwark Council grant of £159,575 were unrestricted.

In 2017 restricted expenditure was £Nil, unrestricted expenditure was £83,505.

# LEATHERMARKET COMMUNITY BENEFIT SOCIETY LIMITED

Statement of Financial Position at 31 March 2018

Company registration number: 32294R

	Note	2018	2017
		£	£
<b>Assets under construction</b>	6	7,857,298	1,837,937
<b>Current assets</b>			
Debtors	7	1,310,484	1,575,921
Cash at bank and in hand		1,965,008	839,214
		<u>3,275,492</u>	<u>2,415,135</u>
<b>Creditors: amounts falling due within one year</b>	8	(1,073,386)	(435,453)
		<u></u>	<u></u>
<b>Net current assets</b>		2,202,106	1,979,682
		<u></u>	<u></u>
<b>Total Assets Less Current Liabilities</b>		10,059,404	3,817,619
		<u></u>	<u></u>
<b>Capital and reserves</b>			
Called up share capital	9	20	20
Unrestricted funds	12	356,567	252,369
Restricted funds	12	9,702,787	3,565,230
		<u></u>	<u></u>
<b>Total society funds</b>		10,059,404	3,817,619
		<u></u>	<u></u>

It should be noted that the Kipling Garages Development shown in the accounts, as an asset under construction of £7,857,298, which when completed will rise to £9,813,003. This development has an EUV-SH valuation of £3,790,000, the balance up to £7,857,298 of £4,067,298 is represented by restricted undistributable government funding. If the development could be sold on the open market its anticipated valuation would be £26,180,000.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', and were approved and authorised for issue by the Board and were signed on its behalf on 30<sup>th</sup> October 2018.

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J Vignola (Vice Chair)

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P Munday (Treasurer)

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# LEATHERMARKET COMMUNITY BENEFIT SOCIETY LIMITED

## Notes forming part of the financial statements for the year ended 31 March 2018

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### 1 Summary of Significant Accounting Policies

#### *General information and basis of preparation*

Leathermarket Community Benefit Society Limited is a registered Society under the Co-operative and Community Benefit Societies Act 2014 with exempt charitable status. The address of the registered office is given in the Society information at the beginning of these financial statements. The nature of the Society's operations and principal activity is to operate a Community Right to Build Body primarily in the Leathermarket area in the London borough of Southwark.

The Society constitutes a public benefit entity as defined by FRS 102. The financial statements have been prepared in accordance with Accounting and Reporting by charities: Statement of Recommended Practice issued on 16 July 2014 and applicable to charities preparing their accounts in accordance with the, the Financial reporting standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and UK Generally Accepted Practice as it applies from 1 January 2015. The Society has taken advantage of early adoption of the Charity SORP 2015 Update Bulletin issued on 2 February 2017.

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are prepared in sterling which is the functional currency of the society and are rounded to the nearest £1.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

#### **Funds**

Unrestricted funds are available for use at the discretion of the Board in furtherance of the general objectives of the society and which have been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Society for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

#### **Income recognition**

All incoming resources are included in the Statement of Financial Activities (SoFA) when the society is legally entitled to the income and the amount can be quantified with reasonable accuracy. Performance related grants are recognised as the project delivery is confirmed.

#### **Expenditure recognition**

All expenditure (including) VAT is accounted for on an accruals basis and has been classified under headings and aggregate all costs related to the category. Expenditure is recognised where there is a legal or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably.

#### **Debtors and creditors receivable/payable within one year**

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment and recognised in expenditure.

# LEATHERMARKET COMMUNITY BENEFIT SOCIETY LIMITED

*Notes forming part of the financial statements for the year ended 31 March 2018*

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## **1 Summary of Significant Accounting Policies (continued)**

### **Fixed assets**

Assets under construction are valued at cost less, impairment. No depreciation has been charged in the year.

### **Financial instruments**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

### **Going concern**

The financial statements have been prepared on a going concern basis as the Board believe that no material uncertainties exist. The Board have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the Society to be able to continue as a going concern.

### **Judgements and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

## **2 Taxation**

Leathermarket Community Benefit Society Limited is a registered Society under the co-operative and community Benefit Societies Act 2014 with exempt charitable status, so it not liable for corporation tax on its main activity.

## **3 Auditors remuneration**

The auditors remuneration amounts to an audit fee of £2,500 plus VAT (2017 : £2,500 plus VAT), accounts preparation services of £1,250 plus VAT (2017 : £1,000 plus VAT) and tax compliance services of Nil (2017 : £Nil plus VAT).

# LEATHERMARKET COMMUNITY BENEFIT SOCIETY LIMITED

## Notes forming part of the financial statements for the year ended 31 March 2018

### 4 Key management personnel remuneration and expenses

The Management Board and the project Officer listed at the beginning of the financial statements are considered to be the Key Management Personnel for reporting purposes. The Management Board are not remunerated. During the year remuneration totalling £18,917 was paid to the other members of Key Management Personnel (2017 : £9,623).

### 5 Staffing costs and employee benefits

	2018 £	2017 £
Wages and salaries	30,948	19,089
Social security costs	-	-
Other pension costs	879	577
Other wage related costs	1,796	-
	<u>33,623</u>	<u>19,666</u>

The average monthly number of employees during the year was as follows:

	2018 £	2017 £
	3	1
	<u>3</u>	<u>1</u>

### 6 Assets under construction

	2018 £	2017 £
As at 1 April 2017	1,837,937	456,911
Construction costs and associated professional fees incurred during the period	6,019,361	1,381,026
	<u>7,857,298</u>	<u>1,837,937</u>
<b>As at 31 March 2018</b>	<b>7,857,298</b>	<b>1,837,937</b>

It is important to offer an explanation of the audited accounts. Although the CBS is shown as having a balance of £10,059,404 in March 2018, this amount includes £7,857,298 spent on construction costs and associated professional fees for the new homes at Kipling. Although £7,857,298 is actually an amount financed, because the new homes will be an asset for the CBS this amount is deemed to be an 'asset under construction' and therefore is recorded as an asset in the accounts.

# LEATHERMARKET COMMUNITY BENEFIT SOCIETY LIMITED

## Notes forming part of the financial statements for the year ended 31 March 2018

### 7 Debtors

	2018 £	2017 £
Grant debtor	719,083	1,575,921
Prepaid capital expenses	591,401	-
	<u>1,310,484</u>	<u>1,575,921</u>

The grant debtor relates to a claim made by the organisation from Southwark Council during the year to 31 March 2018 but the monies were not received until after the end of the year.

Prepaid capital expenses relates to the feasibility study costs of the Joseph Lancaster project.

### 8 Creditors: Amounts falling due within one year

	2018 £	2017 £
Trade creditors	153,361	53,571
Other creditors	227	-
Accruals	919,798	381,882
	<u>1,073,386</u>	<u>435,453</u>

Creditors contain £965,360 (2017 : £369,703) which is included in assets under construction and £21,538 prepaid capital expenses.

# LEATHERMARKET COMMUNITY BENEFIT SOCIETY LIMITED

## Notes forming part of the financial statements for the year ended 31 March 2018

### 9 Share capital

	2018 £	2017 £
Allotted, called up and fully paid 20 ordinary shares of £1 each	20	20

Shares carry a nominal value of £1 each and are not transferable, nor can they be withdrawn. They carry no right to interest, dividend or bonus and are forfeited and cancelled on cessation of membership.

### 10 Pension commitments

The Society operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Society in an independently administered fund. The pension cost charge includes contributions payable by the Society to the fund which amounted to £279 (2017: £577). There were no outstanding contributions at the year end (2017 : £Nil).

### 11 Related party transactions

The majority of the board of Leathermarket (CBS) are members of Leathermarket (JMB). The JMB is one of Southwark's largest resident managed housing organisation which manages 1,500 homes on the Leathermarket estate.

During the year JMB recharged £50,392 (2017: £29,617) to the CBS for operating costs, no balance is outstanding at the year end.

During the year CBS recharged £117 (2017: £Nil) to the JMB for operating costs, no balance is outstanding at the year end.

During the year the CBS returned £50,000 to the JMB in respect of a contribution made to the CBS by the JMB some years ago.



# LEATHERMARKET COMMUNITY BENEFIT SOCIETY LIMITED

Notes forming part of the financial statements for the year ended 31 March 2018

## 12 Fund reconciliation

	Balance at 1 April 2017 £	Income £	Expenditure £	Transfers £	Balance at 31 March 2018 £
<b>Share capital</b>					
Share capital	20	-	-	-	20
	<u>20</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20</u>
<b>Unrestricted funds</b>					
Southwark Council	80,030	299,587	(157,525)	-	222,092
General funds	172,339	7,797	(50,000)	-	130,136
DCLG	-	50,000	(45,631)	-	4,369
	<u>252,369</u>	<u>357,384</u>	<u>(253,156)</u>	<u>-</u>	<u>356,597</u>
<b>Restricted funds</b>					
Greater London Authority	279,212	-	-	-	279,212
Southwark Council	3,286,018	5,692,162	-	-	8,978,180
DCLG	-	445,395	-	-	445,395
	<u>3,565,230</u>	<u>6,137,557</u>	<u>-</u>	<u>-</u>	<u>9,702,787</u>
<b>Total</b>	<u><b>3,817,619</b></u>	<u><b>6,494,941</b></u>	<u><b>(253,156)</b></u>	<u><b>-</b></u>	<u><b>10,059,404</b></u>

The restricted funds relate to grant funding from the Greater London Authority Southwark Council and DCLG towards the development and construction of the Kipling and Joseph Lancaster Estates. Capital costs for the Kipling Estate of £7,857,298 (£279,212, £1,058 and £7,577,028 relating to the funding from the Greater London Authority, General fund and Southwark Council respectively) have been treated as assets under construction. Professional fees of £591,401 relating to the Joseph Lancaster Project represented by funding from DCLG have been shown in debtors as prepaid capital expenses. The restricted fund of £8,978,180 from Southwark Council also includes grant funding not received at the year end date amounting to £683,129.

# LEATHERMARKET COMMUNITY BENEFIT SOCIETY LIMITED

Notes forming part of the financial statements for the year ended 31 March 2018

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## 13 Financial instruments

The carrying amounts of the Society's financial instruments are as follows:

### *Financial assets*

Debt instruments measured at amortised cost:

	2018 £	2017 £
Grant debtor	719,083	1,575,921
Bank and cash	1,965,008	839,214
	<u>2,684,091</u>	<u>2,415,135</u>

### *Financial liabilities*

Liability instruments measured at amortised cost:

	2018 £	2017 £
Trade creditors	153,361	53,571
Other creditors	-	-
Accruals	919,798	381,882
	<u>1,073,159</u>	<u>435,453</u>

In addition, the society held cash of £1,965,008 (2017: £839,214) at face value.