



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

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

mutualsannrts@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	6
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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	JOHN PAUL MAYTUM MBE
Address	41 Nashe House Lawson Estate
Postcode	London SE1 4ET
Year of birth	1969
Business occupation and other directorships	Occupation - Communications Lead Director of Leathermarket Joint Management Board Limited

1.4 Details of Treasurer

Name	SARAH HATCHARD
Address	3 Dunsterville Way Kipling Street
Postcode	SE1 3RJ
Year of birth	1968
Business occupation and other directorships	Occupation - Local Government Officer Director of Leathermarket Joint Management Board Limited

1.5 Details of Secretary

Name	CLAY MCKENZIE
Address	Leathermarket CBS 26 Leathermarket Street London
Postcode	SE1 3HN
Year of birth	1960
Business occupation and other directorships	CBS Project Officer

1.6 Details of Members of the Committee

Name	Address	Year of birth	Business occupation and other directorships
CHRISTINE PARSONS	76 Crosby Row London SE1 3PT	1960	Director of United Charities Director of Bermondsey Village Hall, Director (Vice Chair) Leathermarket Joint Management Board
ANDY BATES	5 Bayston Road London N16 7LU	1960	Executive Manager & Company Secretary of Leathermarket Joint Management Board Director of St Olave's Charity Trustee of Wenlock Barn Tenant Management Organisation
CLAIRE HICKSON	Flat 508, 83 Crampton Street, London SE1 3BU	1972	Company Director of Trio Policy, Trustee of Pancreatic Cancer UK
PAUL MUNDAY	Church Farmhouse Blacksmiths Lane Happisburgh Norfolk NR12 0QY	1959	Company Director, Paul Munday Limited, Company Director of Rosco (UK) Limited, Director of Estuary Housing Association, Member of Worstead Church Fabric Trust, Director of Leathermarket Joint Management Board
PETER COULTHARD	101 Symington House Deverell Street London SE1 4AB	1958	Director of Leathermarket Joint Management Board
DEBORAH HARRINGTON	25A Trinity Street London SE1 4JA	1955	Campaign Organiser

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

1

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?

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.

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

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 and feasibility work completed to build 27 council-rent homes.

1.21 How did the society use any surplus/profit?

surplus 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	473,707
F	Total of income and expenditure (receipts and payments added together)	516,512
G	Net surplus/(deficit) for year	430,902
H	Fixed assets	0
I	Current assets	828,816
J	Total assets (equal to amount in row O, below)	828,816
K	Current liabilities	71,564
L	Share capital	20
M	Long-term liabilities	0
N	Reserves	757,232
O	Total liabilities, share capital & reserves (K+L+M+N) (equal to amount in J above)	828,816

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)

1 7 / 1 0 / 2 0 1 6

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.

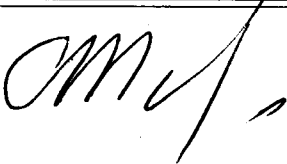
Attached

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	Clay Mckenzie
Signature	
Phone number	0207 450 8023
Email	clay.mckenzie@leathermarketcbs.org.uk
Date	2 November 2016

LEATHERMARKET COMMUNITY BENEFIT SOCIETY LIMITED

MANAGEMENT COMMITTEE'S REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

LEATHERMARKET COMMUNITY BENEFIT SOCIETY LIMITED

SOCIETY INFORMATION

COMMITTEE MEMBERS	John Paul Maytum MBE (Chair) Christine Parsons (Vice Chair) Andy Bates Claire Hickson George Grime (resigned 19 October 2015) Paul Munday Peter Coulthard Sarah Hatchard (Treasurer) Deborah Harrington Dr Cormac Hollingsworth Sean Jeanette (appointed 30 November 2015) Joanna Vignola (appointed 30 November 2015) Ewurasi Brako (appointed 6 March 2014, resigned 13 July 2015)
PROJECT OFFICER	Jane Mephram (until 29 July 2016) Clay McKenzie (from 18 July 2016)
REGISTERED NUMBER	32294R under the Co-operative and Community Benefit Societies Act 2014
REGISTERED OFFICE	26 Leathermarket Street London SE1 3HN
INDEPENDENT AUDITOR	MHA MacIntyre Hudson Chartered Accountants & Statutory Auditors New Bridge Street House 30-34 New Bridge Street London EC4V 6BJ
BANKERS	Lloyds Bank 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

COMMITTEE MEMBERS' REPORT FOR THE YEAR ENDED 31 MARCH 2016

The Committee Members are pleased to present their report and the audited financial statements for the year ended 31 March 2016.

The Committee Members 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.

The majority of the Board are members of Leathermarket (JMB) and the JMB is one of the main donors to the organisation as referred to below.

Objects

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 will be building 27 new homes to be let at council rents for JMB tenants who need re-housing. Our aim is for construction work to start in late October/ early November 2016. The anticipated completion date is early 2018.

The largest financial contribution is being made by Southwark Council to fund the construction of the new homes, £9.7m. The GLA's Community Right to Build fund paid for feasibility and design work. A £200,000 contribution from the JMB, 2014-15, has meant that the CBS had the financial resilience to be able to deal with grants being paid in arrears and delays in funding being received. Seed-fund grants from the Community Land Trust fund and St. Olaves charity made an important contribution to the CBS taking its first steps.

This year has been incredibly hard work for CBS board members; ultimately it has been fulfilling, but at times extremely exasperating. The seven resident directors are grateful for the advice of three external co-opted directors for their expertise and advice. Other than the JMB nominee on to the board (funded by JMB), all of the directors are unpaid.

Having achieved its objective of getting its first project fully funded the CBS board has agreed a process with Southwark Council to promote greater separation between the CBS and JMB boards.

LEATHERMARKET COMMUNITY BENEFIT SOCIETY LIMITED

COMMITTEE MEMBERS' REPORT FOR THE YEAR ENDED 31 MARCH 2016

The CBS is grateful for the support that has been provided by JMB staff. This is being formalised into a service level agreement between the two organisations.

The board is very pleased with the project team it has been able to assemble. Principally, our development manager, igloo and architect, Bell Phillips.

The next site that the CBS would like to develop is the Joseph Lancaster nursery site. The CBS have also identified other potential development sites within or close to the JMB's management area, such as the JMB's own office site. CBS directors are currently reviewing funding options.

Financial review

It is important to offer an explanation of the audited accounts. Although the CBS is shown as having a balance of £757,252 in March 2016, this amount includes £456,911 spent on project management fees for the new homes at Kipling. Although £456,911 is actually an amount spent, because the new homes will be an asset for the CBS this amount is deemed to be a 'pre-paid capital expenses' and therefore is recorded as an 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 £757,252 balance is £581,303 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.

Policy on remunerating key members of staff

The only direct staffing cost was £29,584 spent on the wages, national insurances and pension contribution of the CBS Project Officer.

After helping to get the new homes at Kipling estate from an aspiration to a reality, Jane Mephram, Project Manager, decided that it was the right time for her to leave. She has been replaced by Clayeon McKenzie, who is working on a part-time basis. As the Kipling garage site has reached the construction phase and the board have ambitious plans for the future directors have decided it is the right time to recruit a Project Manager, who will have extensive development experience.

Reserves policy

The balance on unrestricted funds is £175,929. The immediate priority of the CBS board is to recommence 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 £200,000. 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, the 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

COMMITTEE MEMBERS' REPORT
FOR THE YEAR ENDED 31 MARCH 2016

The largest risk facing the CBS is the possibility of an overspend on the construction of the new homes. The CBS is close to concluding a contract with its chosen contractor, through a two stage process, on a fixed price contract. This will substantially reduce the likelihood of this risk occurring.

Training and induction of CBS Board

A new board is being elected in October 2016. Structured training is planned for existing and new board members.

Responsibilities of Committee Members

The Co-operative and Community Benefit Societies Act 2014 requires the Committee Members 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 Committee Members 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 Committee Members 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 Committee Members 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 MHA MacIntyre Hudson have indicated their willingness to continue in office and offer themselves for re-appointment as such, under Section 485 of the Companies Act 2006.

This report was approved and authorised for issue by the Committee Members on 17 October 2016 and signed on its behalf by:



CHRISTINE PARSONS
VICE CHAIR

~~John Paul Maytum MBE~~
Chair

LEATHERMARKET COMMUNITY BENEFIT SOCIETY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LEATHERMARKET COMMUNITY BENEFIT SOCIETY LIMITED

We have audited the financial statements of Leathermarket Community Benefit Society Limited for the year ended 31 March 2016 which comprise the Statement of Financial Activities (including an Income and Expenditure Account), the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the Society's Members, as a body, in accordance with 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 Society'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 Society and the Society's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF MANAGEMENT COMMITTEE MEMBERS AND AUDITORS

As explained more fully in the Management Committee Members' report, the Management Committee Members are responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Society's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Management Committee Members; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Management Committee's Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Society's affairs as at 31 March 2016 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and with the Co-operative and Community Benefit Societies Act 2014.

LEATHERMARKET COMMUNITY BENEFIT SOCIETY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LEATHERMARKET COMMUNITY BENEFIT SOCIETY LIMITED

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- the Society has not kept proper books of account, and not maintained a satisfactory system of control over its transactions in accordance with the requirements of the legislation, returns adequate for our audit have not been received from branches not visited by our; or
- the revenue account, any other accounts to which our report relates and the balance sheet are not in agreement with the Society's books of account; or
- we have not obtained all the information and explanations necessary for the purpose of our audit.

MHA MacIntyre Hudson

MHA MacIntyre Hudson

Chartered Accountants & Statutory Auditors

New Bridge Street House
30-34 New Bridge Street
London
EC4V 6BJ

Date:

8th November 2016

LEATHERMARKET COMMUNITY BENEFIT SOCIETY LIMITED

**STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 MARCH 2016**

	Unrestricted funds £	Restricted funds £	Year ended 31 March 2016 £	Period 20 January 2014 - 31 March 2015 £
Income from:				
Leathermarket JMB	29,948	-	29,948	176,738
GLA	-	97,842	97,842	181,370
Southwark Council	15,000	330,917	345,917	-
Total income	44,948	428,759	473,707	358,108
Expenditure on:				
Auditors' remuneration	8,160	-	8,160	6,000
Project costs	2,791	1,721	4,512	25,560
Sundry expenses	549	-	549	218
Staff costs	2,479	27,105	29,584	-
Total expenditure	13,979	28,826	42,805	31,778
Net income / (expenditure)	30,969	399,933	430,902	326,330
Reconciliation of funds:				
Total funds brought forward (excluding share capital)	144,960	181,370	326,330	-
Total funds carried forward (excluding share capital)	175,929	581,303	757,232	326,330

All income and expenditure derive from continuing activities.

In 2015 the GLA grant of £181,370 was restricted and the grant from Leathermarket Joint Management Board (JMB) of £176,738 was unrestricted.

In 2015 all expenditure was unrestricted.

The notes on pages 8 to 13 form part of these financial statements.

LEATHERMARKET COMMUNITY BENEFIT SOCIETY LIMITED
REGISTERED NUMBER: 32294

BALANCE SHEET
AS AT 31 MARCH 2016

	Note	£	2016 £	£	2015 £
CURRENT ASSETS					
Debtors	6	457,082		362,740	
Cash at bank and in hand		371,734		49,156	
		<u>828,816</u>		<u>411,896</u>	
CREDITORS: amounts falling due within one year					
	7	(71,564)		(85,546)	
NET CURRENT ASSETS			<u>757,252</u>		<u>326,350</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>757,252</u>		<u>326,350</u>
CAPITAL AND RESERVES					
Called up share capital	8		20		20
Unrestricted funds	11		175,929		144,960
Restricted funds	11		581,303		181,370
TOTAL SOCIETY FUNDS			<u>757,252</u>		<u>326,350</u>

The financial statements were approved and authorised for issue by the Management Committee and were signed on its behalf on 17 October 2016 by:-



John Paul Maytum MBE
 Chair

CHRISTINE PARSONS
VICE CHAIR

The notes on pages 8 to 13 form part of these financial statements.

LEATHERMARKET COMMUNITY BENEFIT SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 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 as 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 Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), 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 2016.

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.

1.2 Funds

Unrestricted funds are available for use at the discretion of the Committee Members in furtherance of the general objectives of the society and which have not 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.

1.3 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.

1.4 Expenditure recognition

All expenditure (including VAT) is accounted for on an accruals basis and has been classified under headings that 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.

1.5 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 are recognised in expenditure.

LEATHERMARKET COMMUNITY BENEFIT SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

1.6 Going concern

The financial statements have been prepared on a going concern basis as the Committee Members believe that no material uncertainties exist. The Committee Members 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.

1.7 Judgements and key sources of estimation uncertainty

There have been no judgements involved in the process of applying the above accounting policies (apart from those involving estimates).

1.8 Reconciliation with previous Generally Accepted Accounting Practice

In preparing these accounts, the Committee Members have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP (FRS 102) the restatement of comparative items was required. They concluded that no significant changes to accounting policies, material transitional adjustments or restatements of comparative items were required.

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 is not liable to corporation tax on its main activity.

3. AUDITOR'S REMUNERATION

The auditor's remuneration amounts to an audit fee of £4,500 + VAT (2015: £4,500 + VAT), accounts preparation services of £1,250 + VAT (2015: £1,000 + VAT) and tax compliance services of £550 + VAT (2015: £NIL).

4. KEY MANAGEMENT PERSONNEL REMUNERATION AND EXPENSES

The Management Committee Members 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 Committee Members are not remunerated. During the year remuneration totalling £29,075 was paid to the other members of Key Management Personnel (2015: £NIL).

LEATHERMARKET COMMUNITY BENEFIT SOCIETY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

5. STAFF COSTS AND EMPLOYEE BENEFITS

	2016 £	2015 £
Wages and salaries	28,099	-
Social security costs	509	-
Other pension costs	976	-
	<u>29,584</u>	<u>-</u>

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

	2016 No.	2015 No.
	<u>1</u>	<u>0</u>

No employees received total employee benefits (excluding employer pension costs) of more than £60,000 in either year.

6. DEBTORS

	2016 £	2015 £
Prepayments	171	-
Accrued income	-	181,370
Prepaid capital expenses	456,911	181,370
	<u>457,082</u>	<u>362,740</u>

LEATHERMARKET COMMUNITY BENEFIT SOCIETY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

**7. CREDITORS:
Amounts falling due within one year**

	2016	2015
	£	£
Trade creditors	49,125	37,034
Other creditors	2,081	-
Accruals	20,358	48,512
	<u>71,564</u>	<u>85,546</u>

8. SHARE CAPITAL

	2016	2015
	£	£
Allotted, called up and fully paid		
20 Ordinary shares of £1 each	<u>20</u>	<u>20</u>

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.

9. PENSION COMMITMENTS

The Society operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Society in an independently administered fund. The pension cost charge represents contributions payable by the Society to the fund and amounted to £976 (2015: £NIL). There were no outstanding contributions at the year end (2015: £NIL).

10. 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 £29,948 (2015: £176,738) was donated to the CBS from the JMB. The donations were ratified by independent members of the JMB.

During the year JMB recharged £2,479 (2015: £NIL) to the CBS for staff costs, this balance is outstanding at year end and is included in accruals (note 7).

LEATHERMARKET COMMUNITY BENEFIT SOCIETY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

11. FUND RECONCILIATION

	Balance at 1 April 2015 £	Income £	Expenditure £	Transfers £	Balance at 31 March 2016 £
Share capital					
Share capital	20	-	-	-	20
	<u>20</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20</u>
Unrestricted funds					
Southwark Council	-	15,000	(11,040)	-	3,960
General funds	144,960	29,948	(2,939)	-	171,969
	<u>144,960</u>	<u>44,948</u>	<u>(13,979)</u>	<u>-</u>	<u>175,929</u>
Restricted funds					
Greater London Authority	181,370	97,842	-	-	279,212
Southwark Council	-	330,917	(28,826)	-	302,091
	<u>181,370</u>	<u>428,759</u>	<u>(28,826)</u>	<u>-</u>	<u>581,303</u>
Total	<u>326,350</u>	<u>473,707</u>	<u>(42,805)</u>	<u>-</u>	<u>757,252</u>

The restricted funds relate to grant funding from the Greater London Authority and Southwark Council towards the development of the Kipling Estate. Capital costs of £456,911 - £279,212, £1,058 and £176,641 relating to the funding from the Greater London Authority, General fund and Southwark Council respectively - have been prepaid at the year end, per note 6.

12. FINANCIAL INSTRUMENTS

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

Financial assets

Debt instruments measured at amortised cost:

	2016 £	2015 £
Accrued income	-	181,370

LEATHERMARKET COMMUNITY BENEFIT SOCIETY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

Financial liabilities

Liability instruments measured at amortised cost:

	2016	2015
	£	£
Trade creditors	49,125	37,034
Other creditors	2,081	-
Accruals	20,358	48,512
	<hr/> 71,564 <hr/>	<hr/> 85,546 <hr/>

In addition, the Society held cash of £371,734 (2015 : £49,156) at face value.

13. POST BALANCE SHEET EVENTS

The significant balance sheet events relating to the new homes at Kipling estate are as follows:

- July 2016 Southwark Council Cabinet: agreed the transfer of the land on a 125 year lease and the release of a third of the construction funding
- September 2016 Southwark Council Planning committee: agreed the release of the other two-thirds funding and the section 106 agreement.

The effect of the two decisions means that the construction of 27 new homes is definitely going to happen.