

Company Number: 32294R

Leathermarket Community Benefit Society Limited

Report of the Board and Financial Statements

Year Ended

31 March 2020

LEATHERMARKET COMMUNITY BENEFIT SOCIETY LIMITED

Society information

Board

John Paul Maytum MBE (Resigned 14 September 2019)
Christine Parsons
Andy Bates (Secretary)
Paul Munday (Treasurer/Co Chair)
Sarah Hatchard
Deborah Harrington (resigned July 2019)
Dr Cormac Hollingsworth (resigned January 2020)
Sean Jeannette (resigned April 2020)
Joanna Vignola (Co-Chair)
Frank O'Neill (appointed April 2019, Resigned 1 August 2019)
John Paul Lynch
David Hawkins (appointed December 2019)
Liam McGrath
Michael Yates (appointed March 2020)

Leathermarket CBS Staff (at 31 March 2020)

Beverley Nomafo (Programme Director)
Jane Mepham (Community & Communications Manager)
Rachel Brain (Community & Communications Manager)
Michele King (Community & Communications Manager)

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 2020

The Board are pleased to present their report and the audited financial statements for the year ended 31 March 2020.

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 was formed for the benefit of the community with a mission to generate social, economic and environmental benefit for the local residents of the Leathermarket JMB estates through the development of new, genuinely affordable community-led housing and the improvement of existing neighbourhoods.

The primary objectives of the CBS are:

- To build high quality and genuinely affordable homes for rent;
- To democratically develop buildings and public spaces the local community is proud of;
- To build energy efficient homes that reduce energy poverty;
- To ensure the new homes are available for local people in housing need; and
- To empower incoming residents to participate in the design of their homes

The long term ambition of the CBS is to maximise the delivery of new, genuinely affordable, community-led housing on the Leathermarket JMB estates through strong, mutually constructive partnerships with Southwark Council and the GLA. The success of the first CBS Development, as well as the development of CBS's Rolling Programme to deliver over 150 new community-led homes over the next six years (2020 – 2026), have demonstrated its ability to unlock challenging development sites. The CBS plans to continue working collaboratively with Southwark to help the Council reach its target of 11,000 new affordable homes in the borough by 2043.

Achievements for the year

Since the completion of the CBS's first 27 homes at Marklake Court in 2018, we have built on the many strengths of our community-led housing model and have seen considerable enthusiasm for moving forward with an expanded delivery programme of local, social-rent schemes.

The second CBS development is now being constructed on the site of the former Joseph Lancaster nursery building, on the Lawson Estate. The scheme will provide 6 mews houses and 34 flats, as well as new communal gardens and play space for children. Like the first CBS development at Markdale Court, 100% of the new homes will be let at social rent levels. The development received planning permission with enthusiastic support from local residents in 2018 and the main contractor began work on site in Summer 2019. This project, which is expected to be completed in 2022, has been made possible by support and funding from Southwark Council.

LEATHERMARKET COMMUNITY BENEFIT SOCIETY LIMITED

Report of the Board for the year ended 31 March 2020

Achievements for the year (continued)

Feasibility studies, community consultation and design work are also well underway on the third CBS development, on infill sites across the Elim Estate. The Elim Estate scheme is expected to provide up to 37 new social-rent homes, as well as new indoor community hub and sports facilities for residents. Designs will be submitted for planning permission in Autumn 2020.

These schemes form part of a wider rolling programme to deliver over 150 new social rented homes on the Lethermarket JMB Estates over the next 5 years. Having established a strong and collaborative partnership with southwark Council through the delivery of Marklake Court, we were eager to take this partnership further in the delivery of much-needed community-led housing. We are delighted to announce that we signed an Overarching Grant Agreement with Southwark Council in January 2020, which provides a framework agreement for over £50 million of investment in new CBS homes from Southwark Council and the GLA's Homes for Londoners fund.

In order to ensure a coordinated approach between improving our local estates and building new build affordable homes, the CBS continues to work on the priorities set out in its 2018 Estate Improvement Plan, which reflects feedback from over 600 local residents – representing the views of 1,542 households who live on the Leathermarket estates.

As it is clear from these achievements, the board have worked with both focus and diligence on an expanding rolling programme of community-led development. The resident directors are grateful to the 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 delivery of the ambitious rolling programme in the upcoming years. 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 Managers whose focus is to work closely with Leathermarket residents and the JMB. A Finance & Administration officer was successfully recruited (and started 1st April 2020) to provide internal financial expertise and administration; and an experienced Senior Project Manager was successfully recruited (and started 1st June 2020) to provide internal project and development management on upcoming schemes. This expanded client team is funded through rental income from Marklake Court and client funding from Southwark Council, as agreed under the Project Grant Agreement for each CBS development.

CBS Board capacity building

The CBS Board director are further developing their skills and expertise. They have completed a series of online training courses, with a commercial capacity building grant (secured through the DCLG) covering the cost of this training. A review of Board training requirements and a series of internal training workshops, facilitated by members of the CBS client team, is also underway as of March 2020.

LEATHERMARKET COMMUNITY BENEFIT SOCIETY LIMITED

Report of the Board for the year ended 31 March 2020

Financial review

It is important to offer an explanation of the audited accounts. Although the CBS is shown as having reserves of £9,208,578 at 31 March 2020, this amount includes £9,160,019 spent on construction costs and associated professional fees for the new homes at Marklake Court. Although £9,160,019 is actually an amount incurred, because the new homes are an asset for the CBS this amount is deemed to be ‘land and buildings’, 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 Marklake Court. Within the £9,208,578 reserves are £9,160,019 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 Marklake Court. The balance of any grants regarding the Joseph Lancaster and Elim Projects are shown as deferred grants in creditors.

Policy on remunerating key members of staff

The only direct staffing cost was £93,578 spent on wages, national insurance and pension contribution of the CBS Officers.

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.

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.

LEATHERMARKET COMMUNITY BENEFIT SOCIETY LIMITED

Report of the Board for the year ended 31 March 2020

Responsibilities of the Board

The Co-operative and Community Benefit Societies Act 2014 require 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 2020 and signed on its behalf by:

..... P Munday (Treasurer/Co-Chair)

LEATHERMARKET COMMUNITY BENEFIT SOCIETY LIMITED

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

Opinion

We have audited the financial statements of Leathermarket Community Benefit Society Limited (the 'organisation') for the year ended 31 March 2020 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 2020 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

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' 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

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**

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

LEATHERMARKET COMMUNITY BENEFIT SOCIETY LIMITED

**Statement of Financial Activities (including an Income and Expenditure Account)
for the ended 31 March 2020**

	Unrestricted Funds £	Restricted funds £	Year ended 31 March 2020 £	Re-stated Year ended 31 March 2019 £
Income from:				
Gas Income – Marklake Court	12,925	-	12,925	-
Rents Received – Marklake Court	208,643	-	208,643	138,697
Southwark Council	182,337	4,219,424	4,401,761	1,750,303
Other Income	21,553	-	21,553	2,243
Interest received	6,290	-	6,290	4,691
Total income	431,748	4,219,424	4,651,172	1,895,934
Expenditure on:				
Project costs:				
J Lancaster	-	3,847,040	3,847,040	477,296
Elim	-	314,332	314,332	-
Marklake Court Costs:				
Management and Maintenance	83,398	-	83,398	61,202
Rates	-	-	-	7,213
Heat and Light	9,557	-	9,557	7,675
Legal and professional	12,995	-	12,995	-
Auditors' remuneration	5,304	-	5,304	4,500
Project costs and administration	86,520	-	86,520	84,836
Operating expenses	98,670	-	98,670	58,441
Board and staffing costs	93,578	-	93,578	65,049
Advertising	-	-	-	-
Total expenditure	390,022	4,161,372	4,551,394	766,212
Net income/(expenditure)	41,726	58,052	99,778	1,129,722
Reconciliation of funds:				
Total funds brought forward (excluding share capital) re-stated at 1 April 2019	6,813	9,101,967	9,108,780	10,059,384
Prior year adjustment re JMB loan etc	-	-	-	(200,000)
Prior year adjustment re Joseph Lancaster and Marklake	-	-	-	(1,880,326)
Total funds carried forward (excluding share capital)	48,539	9,160,019	9,208,558	9,108,780

All income and expenditure derive from continuing activities.

In 2019 the Southwark Council grant of £1,726,765 was restricted and the Southwark Council grant of £23,538 was unrestricted.

In 2019 restricted expenditure was £477,296, unrestricted expenditure was £288,916.

LEATHERMARKET COMMUNITY BENEFIT SOCIETY LIMITED

Statement of Financial Position at 31 March 2020

Company registration number: 32294R

	Note	2020		Re-stated 2019	
		£	£	£	£
Assets under construction	6		-		-
Land and Buildings	6		9,160,019		9,101,967
Investments	11		100		100
Current assets					
Debtors	7		352,754		218,753
Cash at bank and in hand			3,900,426		545,835
			4,253,180		764,588
Creditors: amounts falling due within one year	8		(4,204,721)		(757,855)
Net current assets			48,459		6,733
Total Assets Less Current Liabilities			9,208,578		9,108,800
Capital and reserves					
Called up share capital	9		20		20
Unrestricted funds	12		48,539		6,813
Restricted funds	12		9,160,019		9,101,967
Total society funds			9,208,578		9,108,800

It should be noted that Marklake Court (formerly known as the Kipling Garages Development) is shown in the accounts, as an asset under land and buildings of £9,160,019. This development has an EUV-SH valuation of £3,790,000, the balance up to £9,160,019 of £5,370,019 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 2020.

.....
A Bates (Secretary)

.....
P Munday (Treasurer/Co-Chair)

LEATHERMARKET COMMUNITY BENEFIT SOCIETY LIMITED

Notes forming part of the financial statements for the year ended 31 March 2020

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 2019.

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 2020

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 (2019 : £2,500 plus VAT), accounts preparation services of £1,250 plus VAT (2019 : £1,250 plus VAT) and tax compliance services of Nil (2019 : £Nil plus VAT).

LEATHERMARKET COMMUNITY BENEFIT SOCIETY LIMITED

Notes forming part of the financial statements for the year ended 31 March 2020

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 £93,578 was paid to the other members of Key Management Personnel (2019 : £55,143).

5 Staffing costs and employee benefits

	2020 £	2019 £
Wages and salaries	84,594	51,327
Social security costs	5,796	1,758
Other pension costs	3,188	2,058
Other wage related costs	-	-
Board Training and other costs	-	9,906
	<hr/>	<hr/>
	93,578	65,049
	<hr/>	<hr/>

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

	2020 £	2019 £
Administrative staff	3	2
	<hr/>	<hr/>

6 Assets under construction

	Assets under construction £	Land and Buildings £	Total £
As at 1 April 2019 - restated	-	9,101,967	9,101,967
Construction costs and associated professional fees incurred during the period	-	58,052	58,052
Transfers on completion	<hr/>	<hr/>	<hr/>
As at 31 March 2020	-	9,160,019	9,160,019
	<hr/>	<hr/>	<hr/>

It is important to offer an explanation of the audited accounts. Although the CBS is shown as having reserves of £9,208,578 at 31 March 2020, this amount includes £9,160,019 spent on construction costs and associated professional fees for the new homes at Marklake Court. Although £9,160,019 is actually an amount financed, because the new homes are an asset for the CBS this amount is therefore 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 2020

7 Debtors

	2020 £	Re-stated 2019 £
Trade Debtors	2,464	47,829
Prepaid administrative expenses	3,080	2,615
Grant debtor - Restricted	314,332	-
Grant debtor – Unrestricted	32,878	-
Other debtors	-	168,309
	<hr/>	<hr/>
	352,754	218,753
	<hr/>	<hr/>

8 Creditors: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	43,719	27,352
Other creditors	200,000	150,000
Accruals	126,206	245,940
Deferred grants – Restricted	1,804,710	334,563
Deferred grants - Unrestricted	30,915	-
Amount owed to subsidiary	1,999,171	-
	<hr/>	<hr/>
	4,204,721	757,855
	<hr/>	<hr/>

LEATHERMARKET COMMUNITY BENEFIT SOCIETY LIMITED

Notes forming part of the financial statements for the year ended 31 March 2020

9 Share capital

	2020 £	2019 £
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 £3,188 (2019: £2,058). There were no outstanding contributions at the year end (2019 : £Nil).

11 Related party transactions

The majority of the board of Leathermarket Community Benefit Society (CBS) are members of Leathermarket Joint Management Board (JMB). The JMB is one of Southwark's largest resident managed housing organisations, managing 1,500 homes on the Leathermarket estate.

During the year JMB recharged £133,827 (2019: £110,700) to the CBS for operating costs.

During the year CBS recharged £208,643 (2019: £138,697) to the JMB for the rent of Marklake Court.

During the year CBS recharged £454 (2019: £360) to the JMB for operating costs.

As at the year end date JMB provided loans to CBS in the sum of £200,000 on an unsecured interest free basis, repayable on demand.

The company owns 100% of the issued share capital of Leathermarket Community Housing Limited (LCH). The LCH is responsible for project managing development of residential housing on the Leathermarket and other estates.

During the year LCH recharged £31,763 (2019: £10,891) to the CBS for management costs.

During the year LCH recharged £4,235,152 (2019: £455,046) to the CBS for capital expenses related to the planning, development and construction costs of the Joseph Lancaster and Elim projects.

During the year CBS recharged £21,553 (2019: £1,883) to the LCH for administrative costs.

As at the year end date CBS owed to LCH the sum of £1,999,171 on an unsecured interest free basis, repayable on demand.

LEATHERMARKET COMMUNITY BENEFIT SOCIETY LIMITED

Notes forming part of the financial statements for the year ended 31 March 2020

12 Fund reconciliation

	Previously Reported Balance at 1 April 2019 £	Income £	Expenditure £	Prior yr Adjustment £	Balance at 31 March 2020 £
Share capital					
Share capital	20	-	-	-	20
	<u>20</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20</u>
Unrestricted funds					
Southwark Council	5,745	182,337	(154,072)	(34,010)	-
General funds	215,767	249,411	(235,950)	(180,689)	48,539
DCLG	4,369	-	-	(4,369)	-
	<u>225,881</u>	<u>431,748</u>	<u>(390,022)</u>	<u>(219,068)</u>	<u>48,539</u>
Restricted funds					
Greater London Authority	279,212	-	-	-	279,212
Southwark Council	9,755,383	4,219,424	(4,161,372)	(932,628)	8,880,807
DCLG	445,395	-	-	(445,395)	-
	<u>10,479,990</u>	<u>4,219,424</u>	<u>(4,161,372)</u>	<u>(1,378,023)</u>	<u>9,160,019</u>
Total	10,705,891	4,618,294	(4,551,394)	(1,612,752)	9,175,700

The restricted funds relate to grant funding from the Greater London Authority and Southwark Council towards the development and construction of Marklake Court. Capital costs for Marklake Court of £9,160,019 (£279,212, and £8,880,807 relating to the funding from the Greater London Authority and Southwark Council respectively) have been treated as land and buildings.

The prior year adjustments of £219,068 and £1,378,023 relates to a reclassification of the loan due to Leathermarket JMB, and also the reclassification of prepaid capital expenses as restricted payments under the new grant system, and treating any unspent grant thereon as deferred income.

LEATHERMARKET COMMUNITY BENEFIT SOCIETY LIMITED

Notes forming part of the financial statements for the year ended 31 March 2020

13 Financial instruments

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

Financial assets

Debt instruments measured at amortised cost:

	2020 £	2019 £
Grant debtor - Restricted	314,332-	-
Grant debtor – Unrestricted	32,878	-
Trade debtor	2,464	47,829
Other debtors	-	168,309
Prepayments	3,080	2,615
Bank and cash	3,900,426	545,835
	<u>4,253,180</u>	<u>764,588</u>

Financial liabilities

Liability instruments measured at amortised cost:

	2020 £	Re-stated 2019 £
Trade creditors	43,719	27,352
Other creditors and inter-company balances	2,199,171	150,000
Accruals	126,206	245,940
Deferred grants – Restricted	1,804,710	334,563
Deferred grants – Unrestricted	30,915	-
	<u>4,204,721</u>	<u>757,855</u>