

Company registration number 11489083 (England and Wales)

LEATHERMARKET COMMUNITY HOUSING LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

LEATHERMARKET COMMUNITY HOUSING LIMITED

COMPANY INFORMATION

Directors Mr J P Lynch
Miss J Vignola (Co Chair)
Mr A N Bates
Mr P C Munday (Treasurer/Co Chair)

Company number 11489083

Registered office 26 Leathermarket Street
London
SE1 3HN

Auditor Jerroms GCN Limited
West Point, Second Floor
Mucklow Office Park
Mucklow Hill
Halesowen
B62 8DY

LEATHERMARKET COMMUNITY HOUSING LIMITED

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LEATHERMARKET COMMUNITY HOUSING LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2023

The directors present their annual report and financial statements for the year ended 31 March 2023.

Principal activities

The principal activity of the company continued to be that of the project management of new build housing for the social housing sector.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr J P Lynch

Miss J Vignola (Co Chair)

Mr A N Bates

Mr P C Munday (Treasurer/Co Chair)

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Small companies exemption

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board

Mr P C Munday (Treasurer/Co Chair)

Director

9 October 2023

LEATHERMARKET COMMUNITY HOUSING LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

LEATHERMARKET COMMUNITY HOUSING LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF LEATHERMARKET COMMUNITY HOUSING LIMITED

Opinion

We have audited the financial statements of Leathermarket Community Housing Limited (the 'company') for the year ended 31 March 2023 which comprise the statement of income and retained earnings, the balance sheet and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

LEATHERMARKET COMMUNITY HOUSING LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF LEATHERMARKET COMMUNITY HOUSING LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors 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 directors 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 directors are responsible for assessing the company'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 directors either intend to liquidate the company 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud is detailed below.

LEATHERMARKET COMMUNITY HOUSING LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBER OF LEATHERMARKET COMMUNITY HOUSING LIMITED

a) Enquiries of management, including obtaining and reviewing supporting documentation, concerning the organisation's policies and procedures relating to:

- Identifying, evaluating and complying with laws and regulations.
- Whether they are aware of any instances of non-compliance.

b) As with all audits performed under ISAs (UK), performance of procedures to respond to the risk of the management override of controls.

c) We obtained an understanding of the legal and regulatory frameworks in which the company operates, focusing on those laws which had a direct effect on the material balances and disclosures in the organisation's financial statements. Key laws and regulations considered in this context were:

- The Companies Act 2006
- The Financial Reporting Standards applicable in the UK and Republic of Ireland (FRS 102)

d) In addition, we considered other laws and regulations that do not have a direct effect on the financial statements, but compliance is necessary for the continued operations of the organisation, or to avoid a material penalty.

Our procedures to respond to the risks identified included the following:

- Reviewing the financial statement disclosures and testing to supporting documentation.
- Enquiring of management concerning any actual or potential litigation or claims.
- Reviewing management estimates to ensure no indication of potential bias.
- Performing analytical procedures to identify any unusual or unexpected relationships.
- Reviewing minutes of meetings of those charged with governance and correspondence with HMRC.
- In assessment of the risk of fraud through management override of controls, we have tested the appropriateness of journal entries, assessed whether the judgements made in the organisation making accounting estimates are indicative of a potential management bias and evaluated the business rationale of any significant transactions that are outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the organisation's members, as a body, in accordance with the Companies Act 2006. Our audit work has been undertaken so that we might state to the company'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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Mr Martin John Bradley FCCA
Senior Statutory Auditor
For and on behalf of Jerroms GCN Limited

Date:

Chartered Certified Accountants
Statutory Auditor

West Point, Second Floor
Mucklow Office Park
Mucklow Hill
Halesowen
B62 8DY

LEATHERMARKET COMMUNITY HOUSING LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS

FOR THE YEAR ENDED 31 MARCH 2023

	2023	2022
	£	£
Turnover	698,368	7,046,306
Cost of sales	(688,305)	(6,993,882)
	<hr/>	<hr/>
Gross profit	10,063	52,424
Administrative expenses	(9,946)	(45,616)
	<hr/>	<hr/>
Profit before taxation	117	6,808
Tax on profit	-	(1,294)
	<hr/>	<hr/>
Profit for the financial year	117	5,514
Retained earnings brought forward	12,478	6,964
	<hr/>	<hr/>
Retained earnings carried forward	12,595	12,478
	<hr/> <hr/>	<hr/> <hr/>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

LEATHERMARKET COMMUNITY HOUSING LIMITED

BALANCE SHEET

AS AT 31 MARCH 2023

	Notes	2023 £	£	2022 £	£
Current assets					
Debtors	3	97,854		953,767	
Cash at bank and in hand		158,128		54,340	
		<u>255,982</u>		<u>1,008,107</u>	
Creditors: amounts falling due within one year	4	<u>(243,287)</u>		<u>(995,529)</u>	
Net current assets			12,695		12,578
			<u>12,695</u>		<u>12,578</u>
Capital and reserves					
Called up share capital			100		100
Profit and loss reserves			12,595		12,478
			<u>12,695</u>		<u>12,478</u>
Total equity			<u>12,695</u>		<u>12,578</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 9 October 2023 and are signed on its behalf by:

Mr P C Munday (Treasurer/Co Chair)
Director

Company Registration No. 11489083

LEATHERMARKET COMMUNITY HOUSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

Company information

Leathermarket Community Housing Limited is a private company limited by shares incorporated in England and Wales. The registered office is 26 Leathermarket Street, London, SE1 3HN.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, [modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value]. The principal accounting policies adopted are set out below.

1.2 Going concern

The company is reliant upon its parent company, Leathermarket Community Benefit Society Ltd, for the majority of its trading income. If the parent company was to cease this income stream that could cast doubt upon the going concern of the company. However, as the management for both organisations is similar and the nature of the income relates to long term projects, in the opinion of the directors this income stream will not be withdrawn in the near future and so the financial statements have been prepared on a going concern basis. 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 organisation to be able to continue as a going concern.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

When cash inflows are deferred and represent a financing arrangement, the fair value of the consideration is the present value of the future receipts. The difference between the fair value of the consideration and the nominal amount received is recognised as interest income.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

1.4 Cash and cash equivalents

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

LEATHERMARKET COMMUNITY HOUSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.5 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

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 company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.6 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.7 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

LEATHERMARKET COMMUNITY HOUSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.8 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Debtors

	2023	2022
Amounts falling due within one year:	£	£
Amounts owed by group undertakings	94,347	915,759
Other debtors	3,507	38,008
	<hr/>	<hr/>
	97,854	953,767
	<hr/> <hr/>	<hr/> <hr/>

LEATHERMARKET COMMUNITY HOUSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

4 Creditors: amounts falling due within one year

	2023 £	2022 £
Trade creditors	18,022	263,069
Corporation tax	-	1,294
Accruals and deferred income	225,265	731,166
	<u>243,287</u>	<u>995,529</u>

5 Related party transactions

Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Sales 2023 £	Sales 2022 £	Purchases 2023 £	Purchases 2022 £
Entities with control, joint control or significant influence over the company	698,366	7,046,306	3,278	34,950
	<u>698,366</u>	<u>7,046,306</u>	<u>3,278</u>	<u>34,950</u>

The following amounts were outstanding at the reporting end date:

	2023 £	2022 £
Amounts due from related parties		
Entities with control, joint control or significant influence over the company	94,347	915,759
	<u>94,347</u>	<u>915,759</u>

Other information

During the year management costs amounting to £10,062 (2022: £52,424) were recharged to Leathermarket Community Benefit Society (CBS) Limited.

During the year capital expenditure relating to the planning, development and construction of the Joseph Lancaster, Elim and JMB office projects amounting to £688,304 (2022: £6,993,882) were recharged to Leathermarket Community Benefit Society (CBS) Limited.

During the year Leathermarket Community Benefit Society (CBS) Limited recharged costs amounting to £3,278 (2022: £34,950) to the company for administrative costs.

At the statement of financial position date a balance amounting to £94,347 (2022: £915,759) on an unsecured interest free basis repayable on demand was payable to the company from Leathermarket Community Benefit Society (CBS) Limited.

6 Parent company

The controlling party is Leathermarket Community Benefit Society (CBS) by virtue of its ownership of 100% of the issued share capital of the company (LCH).

LEATHERMARKET COMMUNITY HOUSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

7 Auditor's liability limitation agreement

The company will, by resolution at the forthcoming AGM, confirm the decision to waive the need for approval of the auditors' limitation liability, which has been set at £2,000,000 within the letter of engagement. This approval has been confirmed in the letter of representation dated 9th October 2023.

LEATHERMARKET COMMUNITY HOUSING LIMITED

DETAILED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2023

	2023		2022	
	£	£	£	£
Turnover				
Project management fees		5,193		52,424
Project costs recharged Joseph Lancaster		451,153		6,379,832
Project costs recharged Elim		73,167		252,427
Project costs recharged JMB office site		163,985		361,623
Recharge of admin costs		4,870		-
		<hr/>		<hr/>
		698,368		7,046,306
Cost of sales				
Project costs recharged Joseph Lancaster	451,153		6,379,832	
Project costs recharged Elim	73,167		252,427	
Project costs recharged JMB office site	163,985		361,623	
	<hr/>		<hr/>	
	688,305		6,993,882	
		<hr/>		<hr/>
		(688,305)		(6,993,882)
Gross profit		10,063		52,424
Administrative expenses				
Management charges payable	3,278		34,950	
Legal and professional fees	-		4,870	
Audit fees	5,288		4,275	
Bank charges	1,137		1,259	
Sundry expenses	243		262	
	<hr/>		<hr/>	
		(9,946)		(45,616)
Operating profit		<hr/>		<hr/>
		117		6,808
		<hr/>		<hr/>
