

Registered number: 02987890

Leathermarket Joint Management Board
(A company limited by guarantee)

Directors' report and financial statements

For the year ended 31 March 2017

Leathermarket Joint Management Board
(A company limited by guarantee)

Company Information

Directors

Jean Ellen Davies
George Ronald Grime
Sarah Hatchard
Nigel David Koch
John Paul Maytum
Afolahan Ogunkola
Christine Parsons
Nareen Thompson
Jackie Scorer
Tracy Fowler
Michael Adu
John Paul Lynch
Lee Page
Desmond Mainda

Company secretary

Andrew Bates

Registered number

02987890

Registered office

26 Leathermarket Street
Bermondsey
London
SE1 3HN

Independent auditors

Kreston Reeves LLP
Chartered Accountants & Statutory Auditor
Third Floor
24 Chiswell Street
London
EC1Y 4YX

Leathermarket Joint Management Board
(A company limited by guarantee)

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Leathermarket Joint Management Board
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Directors' report
For the year ended 31 March 2017

The directors present their report and the audited financial statements for the year ended 31 March 2017.

Principal activity

The company's principal activity during the year was the management and administration of land and properties on the Leathermarket Estates.

Directors

The directors who served during the year were:

Peter Coulthard (resigned 20 January 2017)
Jean Ellen Davies
George Ronald Grime (Co-opted for housing management experience)
Sarah Hatchard
Cormac Hollingsworth (Co-opted for housing management experience) (resigned 20 October 2016)
Nigel David Koch
John Lynch (resigned 20 October 2016)
John Paul Maytum (Co-opted for housing management experience) (resigned 20 October 2016, appointed 1 December 2016)
Paul Charles Munday (Co-opted for housing management experience) (resigned 20 October 2016)
Afolahan Ogunkola
Christine Parsons
Nareen Thompson (appointed 20 October 2016)
Jackie Scorer
Sean Jeanette (resigned 20 October 2016)
Tracy Fowler (appointed 20 October 2016)
Michael Adu (Co-opted for housing management experience) (appointed 1 December 2016)
John Paul Lynch (appointed 20 October 2016)
Lee Page (Co-opted for housing management experience) (appointed 12 January 2017)
Desmond Mainda (appointed 6 February 2017)

A strong financial position in difficult times

Leathermarket JMB continues to be in a strong financial position with day to day running costs covered by the annual rent income from tenants and revenue service charge income from homeowners. All money paid by residents is spent on delivering services to residents and paying off our fair share of Southwark Council's housing debt that was used to build council estates and homes across the borough.

The strong financial position has helped us navigate some difficult financial headwinds. 2016/17 was the first year of four that tenants received a 1% cut in their rent. This has given a little relief to tenants with other bills going up. During the year Leathermarket JMB took on the management of 21 new social housing properties at Villiers Court which protected us from an actual cut in rental income during the year. However we would have to do something similar each year for the four years to offset four years of reducing rental income.

The JMB is also in a pilot area for Universal Credit. This is government policy that the JMB has no control over. Early in 2016/17 it was very difficult to support tenants as they moved onto universal credit as the JMB staff had no easy way to contact the Department of Work and Pensions. As the year progressed, these links improved.

The move to universal credit is very difficult for tenants who receive no payments for 6 weeks. The JMB has set up a small hardship fund to help tenants who are in a desperate situation, with no money for food or heating, to help them cover the cost of essentials until their benefit payments start.

The element of government legislation that causes most financial risk for Leathermarket JMB is the right to buy for housing association tenants. This is to be funded by making councils sell 'high-value' properties as they became vacant, rather than re-letting to people in housing need. This was anticipated to dramatically affect Leathermarket JMB as property prices are so high in this area. At worst every JMB property would be sold when the tenant moved out to fund this policy. However the implementation of this policy has been delayed and government is very quiet on what is happening. The JMB hopes this quietness continues.

Leathermarket Joint Management Board
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Directors' report (continued)
For the year ended 31 March 2017

Please note leasehold income is from revenue service charges (excluding major works contributions). The large increase is due to an accounting change rather than an increase in costs. For the first time, Southwark have given the JMB all money collected, and are then reclaiming the buildings insurance and ground rents elements after year end. This shows as more income for the JMB in 2016/17, with a corresponding increase in expenditure.

The audited deficit is planned as directors released reserves for major works

Directors have prioritised extra money for major works since the JMB became self financing. This is to catch up in a backlog in works to keep our estates in good condition. Spending on major works in 2016/17 was more than double that given to us by Southwark Council in 2012/13 before self financing:

Increases in spending on major works

2012/13	£1.45m	Last year before self financing
2013/14	£1.58m	9% increase
2014/15	£1.871m	18% increase
2015/16	£2.173m	16% increase
2016/17	£2.952m	36% increase

Total increase £1.502m 104% increase since 2012/13

With the increase in budget, the JMB has been able to prioritise funding for two large schemes that needed to be completed urgently: the replacement of the Meakin Estate district heating system; and the water mains pipes renewal in Simla House and Burwash House.

Directors have funded the recent increase in the major works budget by releasing money from reserves. Spending reserves leads to a planned deficit in the accounts when the reserves spend is greater than the day-to-day operating surplus.

In 2016/17 the JMB have made an audited deficit of £103k because of planned spend from reserves on major works. This leaves very healthy reserves of just under £3.2 million. These are being used to fund releases for major works in 2017/18.

A larger planned deficit is expected in 2017/18 whilst the JMB deals with the surge in major works schemes. However when reserves are reduced, the major works programme will return to a more consistent level.

The JMB cannot do it without you

98% of JMB funding comes from rent payments and homeowner revenue service charges and major works contributions. Without you paying us promptly we would not have the money to deliver the services on the estates when we need it. JMB tenants and homeowners are amongst the best payers of rent and service charges in the country. Thank you.

Leathermarket Joint Management Board
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Directors' report (continued)
For the year ended 31 March 2017

Directors' responsibilities statement

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

Company law requires the directors to prepare audited financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 Section 1A - Small Entities 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 surplus or deficit of the Company for that period. In preparing these audited financial statements, the directors are required to:

- select suitable accounting policies for the Company financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the audited 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 audited 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.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

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


Auditors

Under section 487 of the Companies Act 2006, Kreston Reeves LLP will be deemed to have been reappointed as auditors) 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 25 October 2017 and signed on its behalf.


Andrew Bates
Secretary

Leathermarket Joint Management Board
(A company limited by guarantee)

Independent auditors' report to the members of Leathermarket Joint Management Board

We have audited the financial statements of Leathermarket Joint Management Board for the year ended 31 March 2017. The relevant financial reporting framework that has been applied in their preparation is applicable law, and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of 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.

Respective responsibilities of Directors and Auditors

As explained more fully in the Directors' responsibilities statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they 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 Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' 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 Company's affairs as at 31 March 2017 and of its profit or loss 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with those accounts and this report has been prepared with applicable legal requirements.

Leathermarket Joint Management Board
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Independent auditors' report to the members of Leathermarket Joint Management Board (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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 take advantage of the small companies' exemption from the requirement to prepare a Strategic report or in preparing the Directors' report.



Peter Hudson FCA (Senior Statutory Auditor)
for and on behalf of

Kreston Reeves LLP
Chartered Accountants
Statutory Auditor
Third Floor
24 Chiswell Street
London
EC1Y 4YX

25 October 2017

Leathermarket Joint Management Board
(A company limited by guarantee)

Income and expenditure account
For the year ended 31 March 2017

	Note	2017 £	2016 £
Income	2	7,177,611	7,744,551
Direct costs		(6,545,072)	(5,855,554)
Gross surplus		632,539	1,888,997
Administrative expenses		(739,424)	(788,799)
Operating (deficit)/surplus	3	(106,885)	1,100,198
Interest receivable		4,287	8,450
(Deficit)/surplus on ordinary activities before taxation		(102,598)	1,108,648
Tax on interest receivable	6	(857)	(1,690)
(Deficit)/surplus for the financial year		(103,455)	1,106,958

There was no other comprehensive income for 2017 (2016: £NIL).

The notes on pages 9 to 14 form part of these financial statements.

Leathermarket Joint Management Board
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Registered number: 02987890

Balance sheet
As at 31 March 2017

	Note	£	2017 £	£	2016 £
Fixed assets					
Tangible assets	7		11,220		7,798
Current assets					
Debtors: amounts falling due within one year	8	1,357,913		1,539,869	
Cash at bank and in hand		3,056,897		2,602,297	
		<u>4,414,810</u>		<u>4,142,166</u>	
Creditors: amounts falling due within one year	9	(1,236,535)		(857,014)	
Net current assets			3,178,275		3,285,152
Net assets			3,189,495		3,292,950
Capital and reserves					
Reserve fund	10		597,899		583,640
Income and expenditure account	10		2,591,596		2,709,310
			<u>3,189,495</u>		<u>3,292,950</u>

The Company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - Small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 25 October 2017.

Christine Parsons
 Director



The notes on pages 9 to 14 form part of these financial statements.

Leathermarket Joint Management Board
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Statement of changes in equity
For the year ended 31 March 2017

	Reserve fund	Income and expenditure account	Total equity
	£	£	£
At 1 April 2016	583,640	2,709,310	3,292,950
Deficit for the year	-	(103,455)	(103,455)
Transfer to/from income and expenditure account	14,259	(14,259)	-
At 31 March 2017	597,899	2,591,596	3,189,495

Statement of changes in equity
For the year ended 31 March 2016

	Reserve fund	Income and expenditure account	Total equity
	£	£	£
At 1 April 2015	569,709	1,616,283	2,185,992
Surplus for the year	-	1,106,958	1,106,958
Transfer to/from income and expenditure account	13,931	(13,931)	-
At 31 March 2016	583,640	2,709,310	3,292,950

The notes on pages 9 to 14 form part of these financial statements.

Leathermarket Joint Management Board
(A company limited by guarantee)

Notes to the financial statements
For the year ended 31 March 2017

1. General information

Leathermarket Joint Management Board is limited by guarantee and incorporated and domiciled in England & Wales. The principal place of business is the same as its registered office being 26 Leathermarket Street, Bermondsey, London, SE1 3HN. The company's principal activity can be found on page 1.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Income

The company is entitled to an allowance, exclusive of Value Added Tax, equal to total rent collected. Rent income becomes due to the company when rent is collected and is therefore recorded on a cash basis.

Other Income

This is included in the income and expenditure account on a receivable basis for funded programmes and on an accruals basis in respect of projects not completed at the end of the financial year.

2.3 Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	- 20% straight line
Furniture, fittings and equipment	- 20 - 33% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Income and expenditure account.

2.4 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Leathermarket Joint Management Board
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Notes to the financial statements
For the year ended 31 March 2017

2. Accounting policies (continued)

2.5 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities such as trade and other accounts receivable and payable.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Income and expenditure account.

Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

2.6 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payments obligations.

The contributions are recognised as an expense in the Income and expenditure account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

3. Operating (deficit)/surplus

The operating (deficit)/surplus is stated after charging:

	2017	2016
	£	£
Depreciation of tangible fixed assets	2,633	4,594
Defined contribution pension cost	38,573	28,505

During the year, no director received any emoluments (2016 - £NIL).

4. Auditors' remuneration

	2017	2016
	£	£
Fees payable to the Company's auditor for the audit of the Company's annual accounts	10,750	9,000

Leathermarket Joint Management Board
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Notes to the financial statements
For the year ended 31 March 2017

5. Employees

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

	2017	2016
	No.	No.
Administration and repairs	41	41

6. Taxation

	2017	2016
	£	£
Corporation tax		
Current tax on bank interest received for the year	857	1,690

Factors affecting tax charge for the year

There were no factors that affected the tax charge for the year which has been calculated on the profits on ordinary activities before tax at the standard rate of corporation tax in the UK of 20% (2016 - 20%).

The company is a not for profit operation with any surplus made is reinvested in the properties of the members. Accordingly only investment income is taxable.

Leathermarket Joint Management Board
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Notes to the financial statements
For the year ended 31 March 2017

7. Tangible fixed assets

	Plant and machinery £	Fixtures, fittings and equipment £	Total £
Cost			
At 1 April 2016	20,998	211,281	232,279
Additions	3,014	4,721	7,735
Disposals	(7,275)	-	(7,275)
At 31 March 2017	<u>16,737</u>	<u>216,002</u>	<u>232,739</u>
Depreciation			
At 1 April 2016	14,301	210,180	224,481
Charge for the year	1,751	882	2,633
Disposals	(5,595)	-	(5,595)
At 31 March 2017	<u>10,457</u>	<u>211,062</u>	<u>221,519</u>
Net book value			
At 31 March 2017	<u>6,280</u>	<u>4,940</u>	<u>11,220</u>
At 31 March 2016	<u>6,697</u>	<u>1,101</u>	<u>7,798</u>

8. Debtors

	2017 £	2016 £
Trade debtors	229,757	219,954
Other debtors	1,045,671	1,304,785
Prepayments	82,485	15,130
	<u>1,357,913</u>	<u>1,539,869</u>

Leathermarket Joint Management Board
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Notes to the financial statements
For the year ended 31 March 2017

9. Creditors: Amounts falling due within one year

	2017	2016
	£	£
Trade creditors	594,565	103,745
Corporation tax	857	1,690
Taxation and social security	236,708	447,749
Other creditors	26,139	26,414
Accruals and deferred income	378,266	277,416
	<u>1,236,535</u>	<u>857,014</u>

10. Reserves

Income & expenditure account

The income & expenditure account comprises all current and prior period retained surpluses and deficits, less transfers to the reserve fund.

Reserve fund

The reserve fund holds a contingency amount in case of unexpected major works.

11. Company status

The company is a company limited by guarantee and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding £1 towards the assets of the company in the event of liquidation.

12. Capital commitments

At 31 March 2017 the Company had capital commitments as follows:

	2017	2016
	£	£
Contracted for but not provided in these financial statements	<u>150,000</u>	<u>-</u>

The above commitment is in relation to a party wall dispute.

13. Pension commitments

The company operates a defined contribution group personal pension scheme.

The pension cost charge represents contributions payable by the company to the scheme and amounted to £59,713 (2016: £50,127). The outstanding contributions at the balance sheet date amounted to £557 (2016: £1,307).

Leathermarket Joint Management Board
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Notes to the financial statements
For the year ended 31 March 2017

14. Commitments under operating leases

At 31 March 2017 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2017 £	2016 £
Not later than 1 year	3,731	2,306
Later than 1 year and not later than 5 years	51,323	71,281
Total	55,054	73,587

15. Related party transactions

The directors, who comprise the key management of the company, are not remunerated for their services.

The majority of directors are tenants or leaseholders of properties managed by the company, and all transactions are in accordance with normal trading terms.

During the year Leathermarket Joint Management Board loaned £70,000 to Leathermarket Community Benefit Society Limited, a company with directors in common, which was fully repaid before the year end.

16. Controlling party

The residents of the properties that the company manages are members of the company. The members have delegated control to the Directors who are deemed to be the controlling party.

17. Continuation ballot

Continuation of Leathermarket Joint Management Board is dependent on the continuation ballot in Autumn 2021. For the company to continue to manage the Leathermarket Estates, 50% of all responding including at least 50% of responding secure tenants must vote in favour of the JMB to continue.

Leathermarket Joint Management Board
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Detailed income and expenditure account
For the year ended 31 March 2017

	2017 £	2016 £
Income	7,177,611	7,744,551
Direct costs	<u>(6,545,072)</u>	<u>(5,855,554)</u>
Gross surplus	<u>632,539</u>	<u>1,888,997</u>
Gross surplus %	8.8 %	24.4 %
Less: overheads		
Administrative expenses	<u>(739,424)</u>	<u>(788,799)</u>
Operating (deficit)/loss	3 <u>(106,885)</u>	<u>1,100,198</u>
Interest receivable	<u>4,287</u>	<u>8,450</u>
(Deficit)/surplus for the year	<u>(102,598)</u>	<u>1,108,648</u>

Leathermarket Joint Management Board
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Schedule to the detailed accounts
For the year ended 31 March 2017

Income

	2017	2016
	£	£
Net rent receivable	6,272,633	6,265,412
Leaseholder income	556,375	455,532
General income	337,298	1,004,414
Income from external contracts	11,305	19,193
	<u>7,177,611</u>	<u>7,744,551</u>

Direct costs

	2017	2016
	£	£
Planned and responsive repairs	1,275,754	1,417,375
Cleaning	336,047	334,588
Ground maintenance	63,162	70,287
Major works	2,951,751	2,173,068
Lifts	65,213	57,981
Rent collection costs	130,584	122,661
Court and legal fees	65,487	70,488
London Borough of Southwark costs	1,503,980	1,470,416
Estate costs	153,094	138,690
	<u>6,545,072</u>	<u>5,855,554</u>

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Schedule to the detailed accounts
For the year ended 31 March 2017

Administrative expenses

	2017 £	2016 £
Office staffing costs	487,068	479,131
Staff pension costs	38,573	28,505
Staff training	2,554	8,255
Directors' training	5,762	7,015
Office costs	73,147	101,532
Printing, postage and stationery	16,502	18,890
Auditors' remuneration	10,750	9,000
Grants and projects	12,348	24,111
Accountancy fees	5,300	8,908
Events	14,334	8,778
Insurance	32,733	31,156
Business plan development	-	1,679
Information technology support	37,210	38,692
CBS payments	-	12
Computer costs	1,463	23,396
Loss/(profit) on sale of tangible assets	1,680	(261)
	<u>739,424</u>	<u>788,799</u>

Interest receivable

	2017 £	2016 £
Bank interest receivable	<u>4,287</u>	<u>8,450</u>