

# **Brampford Speke, Upton Pyne & Cowley Community Land Trust**

## **Report & Accounts for the year ending 31<sup>st</sup> October 2019**

### **1 Financial overview**

Financially the CLT has had another uneventful year, with only 11 transactions passed across the bank account. The only revenue transaction was the ground rent received from Hastoe, and the only expenses were for maintenance of amenity land, bank charges, FCA fees and insurance.

One or two simplifications in the accounting have been made; these are explained in the accounting notes below.

The time has not yet arrived when the CLT is showing a liability for corporation tax. It is being deferred legitimately by charging allowable initial legal expenses, and by moving to accounting on a cash basis instead of an accruals basis. The detailed CGT position is shown in the accounting notes below.

The CLT is in a healthy financial position, with no liabilities; its assets are all cash in the bank; at the year-end (31.10.2019) it had a cash balance of over £11,900, which is more than enough to cover its expenses and its anticipated outlay on projects.

### **2 Notes on the accounting statements**

#### **2.1 Debtors**

The Debtors figure on the previous balance sheet of £238 has been written off. It was a claim against Hastoe for trees that the CLT bought hoping to recover the cost from Hastoe. Since no apparent effort has been made to recover this since 25/07/16, from an accounting point of view it is treated as uncollectable.

#### **2.2 Income from ground rent**

HMRC have said that they regard income from ground rent as trading income, which is subject to corporation tax (net of expenses). The treatment of ground rent income has been revised to recognise it in the year it is received (i.e. on a cash basis) rather than when it is due (accrual basis); it also has its own category in the accounting statements.

#### **2.3 Accrued expenses**

FCA fees are paid after the accounting year to which they relate, and have previously been accrued for in the year, then paid when they are due. They are now treated on a cash basis consistent with the treatment of ground rent income, which removes the need for an "Accrued expenses" line on the balance sheet.

#### **2.4 Corporation tax policy**

The CLT was required to make a corporation tax return for the year-end Oct 2015, because it had income of £1,456 deemed to be trading income. However legal fees paid in that year plus trading expenses resulted in a net loss. HMRC said that as long as the CLT is reporting a (cumulative) loss on trading income, because the CLT is so

small, they will waive the requirement for a return, effectively regarding it as dormant.

## 2.5 Corporation tax calculation – add 2019

A balance sheet account has been raised to show “provision for corporation tax” and an income & expense category for “corporation tax payable”. Calculations have been made and are shown below for each year, based on Trading income chargeable to date net of Expenses allowable to date. The CLT is still reporting a loss on trading income net of trading expenses chargeable to CT and allowances brought forward; it is therefore is not yet required to make a corporation tax return,

£	Year ended October 2019	Year ended October 2018
Trading income chargeable to CT	1,456.00	1,456.00
Trading expenses allowable to CT	-1,064.48	-1,118.14
Allowances brought forward	-2,517.66	-3,635.80
Net taxable	0	0
Allowances carried forward	-2,126.14	-2,517.66
Tax rate	n/a	n/a
Corporation tax payable	Nil	Nil

## 2.6 Year-end transfers – add 2019, del 2017

The year-end transfer of Net income from the Profit & Loss account to Retained earnings in the Equity section of the Balance Sheet is detailed below. The Net income (or loss) would include the estimated Corporation tax payable for the period as calculated above (if it were not zero).

£	Year ended October 2019	Year ended October 2018
B/F from previous period	6,062.06	5,724.20
Net income (loss) for period	391.52	337.86
Retained earnings C/F	6,453.58	6,062.06

## 2.7 Normal subscriptions

The number of members of the CLT may be calculated easily from the amount of “Normal subscriptions” under “Capital subscribed by members” in the balance sheet, based on normal subscriptions being £1 per member.

As at 31.10.2019 there were therefore (£50/£1 =) 50 members. At 31.10.2018 there were also 50 members, so no new members paid subscriptions to the CLT during the current year.

The normal subscriptions paid figure of £50 (50 members) at the balance sheet date (31.10.2019) should be reconciled to the members’ register maintained by the membership secretary, which should be authoritative.

## 3 Accounting statements

These statements (attached) are produced directly from the accounting system; they have section numbers that are not repeated if the section overflows the page. The statements

are presented in the order: Balance Sheets current & previous then Profit & Loss current & previous.

*Section*

1. Current Balance Sheet (31/10/2019)
2. Previous Balance Sheet (31/10/2018)
3. Current year's Profit & Loss (2018-19)
4. Previous year's Profit & Loss (2017-18)

*S.P. Grundy.*

Simon Grundy  
Hon. Treasurer

Brampford Speke, Upton Pyne & Cowley Community Land Trust Limited  
21 February 2020

# BSUPC CLT 1 Current Balance Sheet 31/10/2019

## Assets

### Assets

#### Current Assets

Cash with Treasurer £2.00

Bank current £11,971.58

Total Current Assets £11,973.58

Total Assets £11,973.58

**Total Assets £11,973.58**

## Liabilities

**Total Liabilities £0.00**

## Equity

### Capital from grants

County councillors fund £1,500.00

Gifts & donations £250.00

Parishes together fund £702.00

TAF £3,000.00

Total Capital from grants £5,452.00

### Capital subscribed by members

Additional capital £18.00

Normal subscriptions £50.00

Total Capital subscribed by members £68.00

### Retained earnings C/F

B/F from previous period £6,062.06

Net income for period £391.52

Total Retained earnings C/F £6,453.58

**Total Equity £11,973.58**

**Total Liabilities & Equity £11,973.58**

# BSUPC CLT 2 Previous Balance Sheet 31/10/2018

## Assets

### Assets

#### Current Assets

Cash with Treasurer £2.00

Debtors £234.38

Bank current £11,345.68

Total Current Assets £11,582.06

Total Assets £11,582.06

**Total Assets £11,582.06**

## Liabilities

**Total Liabilities £0.00**

## Equity

### Capital from grants

County councillors fund £1,500.00

Gifts & donations £250.00

Parishes together fund £702.00

TAF £3,000.00

Total Capital from grants £5,452.00

### Capital subscribed by members

Additional capital £18.00

Normal subscriptions £50.00

Total Capital subscribed by members £68.00

### Retained earnings C/F

B/F from previous period £5,724.20

Net income for period £337.86

Total Retained earnings C/F £6,062.06

**Total Equity £11,582.06**

**Total Liabilities & Equity £11,582.06**

# BSUPC CLT 3 Current year Profit & Loss For Period Covering 01/11/2018 to 31/10/2019

## Revenues

Income

Ground rent income	£1,456.00	
Total Income		£1,456.00
<b>Total Revenue</b>		<b>£1,456.00</b>

## Expenses

Expense

Trading expenses		
Amenity land maintenance	£620.38	
Bank charges	£72.00	
FCA fees	£67.00	
Insurance	£305.10	
Total Trading expenses		£1,064.48
Total Expense		£1,064.48
<b>Total Expenses</b>		<b>£1,064.48</b>
Net income for Period		£391.52

# BSUPC CLT 4 Previous year Profit & Loss For Period Covering 01/11/2017 to 31/10/2018

## Revenues

Income		
Ground rent income	£1,456.00	
Total Income		£1,456.00
<b>Total Revenue</b>		<b>£1,456.00</b>

## Expenses

Expense		
Trading expenses		
Amenity land maintenance	£756.79	
Bank charges	£72.00	
Insurance	£289.35	
Total Trading expenses		£1,118.14
Total Expense		£1,118.14
<b>Total Expenses</b>		<b>£1,118.14</b>
Net income for Period		£337.86