

Brampford Speke, Upton Pyne & Cowley Community Land Trust

Report & accounts for the year ending 31st October 2020

1 Financial overview

Financially the CLT has had another uneventful year, with only 17 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 (31.10.2020) it had a cash balance of over £13,000, which is more than enough to cover its expenses and its anticipated outlay on projects.

2 Notes on the accounting statements

2.1 Debtors

Debtors are not shown on the balance sheet because there are none.

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.

Because ground rent due in July 2019 was actually received after the year-end, and ground rent due in July 2020 was actually received October 2020, ground rent for 2 years appears in this year's P&L

2.3 Accrued expenses

FCA fees are paid after the accounting year to which they relate, and are accrued for in the year, then paid when they are due.

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

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 2020	Year ended October 2019	Year ended October 2018
Trading income chargeable to CT	2,946.94	1,456.00	1,456.00
Trading expenses allowable to CT	-1,159.10	-1,064.48	-1,118.14
Allowances brought forward	-2,126.14	-2,517.66	-3,635.80
Net taxable	0	0	0
Allowances carried forward	-338.30	-2,126.14	-2,517.66
Tax rate	n/a	n/a	n/a
Corporation tax payable	Nil	Nil	Nil

Note that it is the collection of 2 years' worth of ground rent in one financial year that has brought forward the time when the CLT will become liable for CGT.

2.6 Year-end transfers

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 2020	Year ended October 2019	Year ended October 2018
B/F from previous period	6,453.58	6,062.06	5,724.20
Net income (loss) for period	1,787.84	391.52	337.86
Retained earnings C/F	8,241.42	6,453.58	6,062.06

2.7 Normal subscriptions

The number of members of the CLT may be estimated 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 31.10.2020 there were therefore (£52/£1), about 52 members. At 31.10.2019 there were about 50 members. Two new members paid subscriptions to the CLT during the current year.

The normal subscriptions paid figure of £52 (52 members) at the balance sheet date (31.10.2020) could be reconciled to the members' register maintained by the membership secretary, if people moving away are taken into account.

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

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

Section

1. Current Balance Sheet (31/10/2020)
2. Previous Balance Sheet (31/10/2019)
3. Current year's Profit & Loss (2019-20)
4. Previous year's Profit & Loss (2018-19)

Simon Grundy
Hon. Treasurer
Brampford Speke, Upton Pyne & Cowley Community Land Trust Limited
12 November 2020



BSUPC CLT 1 Current Balance Sheet 31/10/2020

Assets

Assets

Current Assets

Bank current

£13,784.22

Total Current Assets

£13,784.22

Total Assets

£13,784.22

Total Assets

£13,784.22

Liabilities

Liabilities

Accrued expenses

£67.00

Total Liabilities

£67.00

Total Liabilities

£67.00

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

£52.00

Total Capital subscribed by members

£70.00

Retained earnings C/F

B/F from previous period

£6,453.58

Net income for period

£1,787.84

Total Retained earnings C/F

£8,241.42

Total Equity

£13,763.42

Total Liabilities & Equity

£13,830.42

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BSUPC CLT 2 Previous 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

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BSUPC CLT 3 Current year Profit & Loss For Period Covering 01/11/2019 to 31/10/2020

Revenues

Income		
Ground rent income	£2,946.94	
Total Income		£2,946.94
Total Revenue		£2,946.94

Expenses

Expense		
Trading expenses		
Amenity land maintenance	£761.20	
Bank charges	£72.00	
FCA fees	£67.00	
Insurance	£305.10	
Total Trading expenses		£1,205.30
Total Expense		£1,205.30
Total Expenses		£1,205.30
Net income for Period		£1,741.64

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BSUPC CLT 4 Previous 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
Total Revenue		£1,456.00

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
Total Expenses		£1,064.48
Net income for Period		£391.52