

Redgrave Community Society Ltd

Report of the Management Committee and Financial Statements

for the Period 1 February 2018 to 31 January 2019

for

Redgrave Community Society Ltd

(Registered Society NO. RS007589)

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For the Financial Year Ended 31 January 2019**

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Society Information

Registered Office

Lilac Cottage
The Street
Redgrave
Diss
Norfolk
IP22 1RY

Business Address

The Cross Keys
The Street
Redgrave
Diss
Norfolk
IP22 1RW

Registered Number

RS007589 (England and Wales)

Senior Statutory Auditor

Leslie Newman FCA

Auditors

Waveney Accountants Ltd
T/A Newman & Co
Chartered Accountants & Registered Auditors
4b Church Street
Diss
Norfolk
IP22 4DD

Bankers

Barclays Bank Plc
St Andrews Street
Cambridge
Cambridgeshire
CB 3AA

Management Committee

The Committee confirms that the annual report of the Society complies with current statutory requirements, the Co-operative and Community Benefit Societies Act 2014, and has been prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and the Republic of Ireland.

Management Committee's Responsibilities Statement

The Co-operative and Community Benefit Societies Act 2014 requires the Management Committee to prepare Financial Statements for each financial year which give a true and fair view of the income and expenditure and the state of affairs of the Society for that period. In preparing these financial statements the Management Committee is required to:

1. select suitable accounting policies and apply them consistently
2. make judgement and estimates and apply them consistently
3. prepare financial statements on the going concern basis unless it is inappropriate to assume the Society will continue in business.

The Management Committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Society and to enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014. It has general responsibility for taking reasonable steps to safeguard the assets of the Society and to prevent and detect fraud and other irregularities.

Management Committee's Report

The committee appointed a chef and general manager soon after the acquisition of the property in late 2017. The committee and volunteers and these employees prepared The Cross Keys for the commencement of trading on 3 March 2018.

The Cross Keys incurred a loss of £70,213 during the financial year ending 31 January 2019. £18,078 of this loss was the result of expenditure to refurbish The Cross Keys prior to commencing trading. Approximately £50,000 of the remaining loss was due to unprofitable trading during the period from 3 March 2018 to 30 November 2018.

The magnitude of this loss was largely due to the inexperience of the two managers appointed and the poor quality of information available to the Committee to manage financial performance.

The two managers resigned in November 2018. This affected December takings and trading over the important Christmas season was much worse than might otherwise have been expected.

The committee took over direct responsibility for the running of the Cross Keys after the resignation of these staff. A new bar manager and chef were appointed, and staff costs, stock control and wastage were carefully controlled. Minutes of committee meetings were posted to the Members' website to make them aware of the issues affecting the operation of the Cross Keys. In February 2019 a sub group of four committee members was formed to respond to operational issues in a timely manner.

Trading results improved after November 2018 and the 1st quarter of the 2019/20 financial year showed a small trading profit. This was broadly in line with the new 2019/20 Plan prepared earlier in the year. Management accounts have been posted to the Members' website since May 2019.

The chef appointed in November 2018 resigned without serving out notice at the beginning of May 2019. The committee initially kept the kitchen open using agency staff in an attempt to retain customers. This was abandoned shortly afterwards because the unreliability of staff adversely affected customer perceptions. The Cross Keys traded at a significant loss during this period. Recovery was also affected by the increase in competition locally.

A new chef (Joe Davies) reopened a limited food service on 21 June 2019 with encouraging results. An update on recent trading and prospects for the rest of 2019 will be provided at the Annual General

Redgrave Community Society Ltd

Meeting. The business plan for the 2019/20 financial year has been updated and will be presented to the meeting.

The committee anticipates a small profit for the 2019/20 financial year. It will be launching another share issue to reduce overheads and increase working capital. The committee also hopes to be able to replace the existing short-term borrowings in the 20/21 financial year with a longer-term mortgage with a view to reducing debt servicing costs still further.

Statement of Disclosure of Information to Auditors

So far as the Management Committee is aware there is no relevant audit information (as defined by section 418 of the Companies Act 2006) of which the Society is unaware and each committee member has taken all the steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the Society's auditors are aware of that information.


Auditors

The Society's members will be invited to determine whether for the 2019/20 financial year the Society should have:

- 1. a full statutory audit carried out by a registered Auditor
- 2. an independent examination carried out by a registered Auditor

Option 2 is the preferred option because it is considered to provide an equal level of assurance for Members at a significantly lower cost than a full statutory audit.

On Behalf of the Management Committee


.....

Stephen Eason

Date: 25-7-2019
.....

Income statement

For the year ended 31 January 2019.

	2019	2018
	£	£
TURNOVER	217,614	7,488
Cost of sales	116,440	21
GROSS PROFIT	<u>101,174</u>	<u>7,467</u>
Administrative expenses	165,961	5,908
Net operating income	<u>(64,787)</u>	<u>1,559</u>
Other operating income	109	6
OPERATING PROFIT	<u>(64,678)</u>	<u>1,565</u>
Interest payable and related expense	5,535	1,270
PROFIT/(LOSS) BEFORE TAXATION	<u>(70,213)</u>	<u>295</u>
Tax on profit	-	894
LOSS FOR THE FINANCIAL PERIOD	<u>(70,213)</u>	<u>(599)</u>

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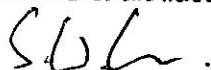
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Balance Sheet As at 31 January 2019

	Notes	2019		2018	
		£	£	£	£
FIXED ASSETS					
Tangible assets	6		267,447		265,962
CURRENT ASSETS					
Inventories	7	7,527		-	
Debtors	8	2,702		6,834	
Cash at bank		6,667		43,243	
		<u>16,896</u>		<u>50,077</u>	
CREDITORS					
Amounts falling due within one year	9	<u>(42,663)</u>		<u>(11,926)</u>	
NET CURRENT ASSETS			<u>(25,767)</u>		<u>38,151</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>241,680</u>		<u>304,113</u>
CREDITORS					
Amounts falling due after more than one year.	10		(93,742)		(85,068)
PROVISIONS FOR LIABILITIES			-		(894)
NET ASSETS			<u>147,938</u>		<u>218,151</u>
CAPITAL AND RESERVES					
Called up share capital	13		218,750		218,750
Retained earnings			(599)		(599)
			<u>(70,213)</u>		<u>-</u>
SHAREHOLDERS FUNDS			<u>147,938</u>		<u>218,151</u>

The financial statements have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014

The financial statements were approved and authorised for issue by the Committee on 25-2-2019 and were signed on their behalf by:



Stephen Eason, Chairman.



John Giddings, Treasurer.



Julie Moore, Secretary.

**Statement of changes in Equity
for the Period 7 July 2017 to 31 January 2019.**

	Called up share capital	Retained earnings	Total equity
	£	£	£
Changes in equity			
Issue of share capital	<u>218,750</u>	-	218,750
Total comprehensive income	-	-599	218,151
Balance at 31 January 2018	<u>218,750</u>	<u>(599)</u>	<u>218,151</u>
Total comprehensive income	-	(70,213)	(70,213)
Balance at 31 January 2019	<u>218,750</u>	<u>(70,812)</u>	<u>147,938</u>

Notes to the Financial Statements

For the Year ended 31 January 2019.

1. STATUTORY INFORMATION

Redgrave Community Society Limited is a private society limited by shares, registered and incorporated in England within the United Kingdom. (Registration No. - RS007589)

2. STATEMENT OF COMPLIANCE

These financial documents have been prepared in accordance with the provisions of Section 1A 'Small Entities' of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Co-operative and Community Benefit Societies Act 2014.

3. ACCOUNTING PROCEDURES

Basis of preparing the financial statements

The financial statements have been prepared under the historical cost convention and on a going concern basis.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life from the commencement of use.

Land and buildings	-	2% on straight line basis
Fixtures and fittings	-	20% on reducing balance
Computer equipment	-	25% on reducing balance

Inventory

Inventory is valued at the lower of cost and net realisable value. Cost is calculated using the average cost method. Net realisable value is the estimated selling price less any costs of disposal.

Taxation

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Going Concern

The company has £50,000 of loan capital. Of this capital, £41,500 falls due for repayment by 30 November 2020 with the remaining £8,500 falling due by 30 September 2021. The company has failed to generate surplus cash over the trading period to date and is therefore seeking other options to raise funds to meet its obligations as they fall due. The directors are seeking to raise additional working capital through a new share issue. The directors are also in discussions with their bankers to raise funds via a mortgage of the Freehold Property owned by the company, known as The Cross Keys. The directors are confident that these fundraising events will secure the additional cash needed to enable the company to meet its obligations as they fall due and will enable the company to continue as a going concern.

4. EMPLOYEES AND DIRECTORS

The average number of employees during the period was 7 (2018 -2)

5. TAXATION	2019	2018
Analysis of the tax charge		
The tax charge on the loss for the year was as follows:		
Deferred tax	Nil	(894)
Tax on loss /profit	<u>Nil</u>	<u>(894)</u>

6. TANGIBLE FIXED ASSETS

	Land and buildings	Plant and machinery	Totals
Cost	£	£	£
At 1 February 2018	261,255	4,707	265,962
Additions	-	9,597	9,597
At 31 January 2019	<u>261,255</u>	<u>14,304</u>	<u>275,559</u>
Depreciation			
At 1 February 2018	-	-	-
Charge for the year	5,225	2,887	8,112
At 31 January 2019	<u>5,225</u>	<u>2,887</u>	<u>8,112</u>
Carrying amount 31 January 2019	<u>256,030</u>	<u>11,417</u>	<u>267,447</u>
Carrying amount at 31 January 2018	<u>261,255</u>	<u>4,707</u>	<u>265,962</u>

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Notes to the Financial Statements - continued
for the Year ended 31 January 2019.

7. INVENTORIES:

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price less any costs of disposal. Cost is calculated using the average cost method.

£	£
<u>7,527</u>	<u>-</u>

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Other debtors
VAT
Prepayments

£	£
376	92
-	3,666
<u>2,326</u>	<u>3,076</u>
<u>2,702</u>	<u>6,834</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Bank loans and overdrafts (see note 10)
Trade creditors
Other creditors

£	£
-	5,646
10,288	4,455
32,375	1,825
<u>42,663</u>	<u>11,926</u>

10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

Bank loans
Other creditors

£	£
43,742	43,568
50,000	41,500
<u>93,742</u>	<u>85,068</u>

Amounts falling due in more than five years:

Repayable by instalments
Bank loans

£	£
Nil	15,923

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Notes to the Financial Statements - continued
for the Year ended 31 January 2019.

11. LOANS

	£	£
An analysis of the maturity of loans is given below:		
Amounts falling due within one year or on demand:		
Bank loans	-	5,646
Other loans	17,500	-
	<u>17,500</u>	<u>5,646</u>
Amounts falling due between one and two years:		
Bank loans	6,552	6,113
Other loans	41,500	-
	<u>48,052</u>	<u>6,113</u>
Amounts falling due between two and five years:		
Bank loans	21,377	21,532
Other loans	8,500	41,500
	<u>29,877</u>	<u>63,032</u>
Amounts falling due in more than five years:		
Repayable by instalments		
Bank loans	<u>15,813</u>	<u>15,923</u>

12. SECURED DEBTS

	£	£
The following secured debts are included within creditors:	<u>43,742</u>	<u>49,214</u>

A fixed and floating charge exists over all the assets and undertakings of the Society.

13. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:		
4,375	Ordinary	£50	<u>218,750</u>	<u>218,750</u>

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Trading and Profit and Loss Account
for the Year ended 31 January 2019.

	2019		2018	
	£	£	£	£
Turnover				
Sales	214,840		-	
Fundraising income	1,520		6,851	
Events	1,254		-	
Donations received	-		637	
		217,614		7,488
Cost of sales				
Gas	3,055		-	
Cost of goods sold	113,385		-	
Fundraising expenses	-	116,440	21	21
GROSS PROFIT		101,174		7,467
Other income				
Interest	4		-	
Sundry receipts	105	109	6	6
		101,283		7,473
Expenditure				
Advertising	770		195	
Cleaning	1,701		-	
Computer	49		-	
Courier ,delivery charges	100		-	
Depreciation	8,112		-	
Entertainer hire	1,067		-	
Equipment leasing	450		-	
Insurance	1,829		158	
Legal & professional	9,737		1,825	
Licences	1,592		364	
Light & heat	10,833		406	
Office, repairs & maintenance	2,405		1,503	
Printing & Stationery	2,188		358	
Rates & Water	2,116		140	
Recruitment	-		293	
Refurbishment	18,078		-	
Repairs and renewals	7,959		-	
Subscriptions	436		13	
Sundry expenses	962		72	
Telephone	1,768		-	
Training	321		480	
Travel	25		43	
Wages & salaries	91,845	164,343	-	5,850
		(63,059)		1,623
Finance costs				
Bank charges	481		58	
Card fees and charges	1,138		-	
Loans	5,535	7,154	1,270	1,328
NET (LOSS) / PROFIT		(70,213)		295

Independent Auditor's Report to the Members of Redgrave Community Society Limited

Opinion

We have audited the financial statements of Redgrave Community Society Limited (the 'Society') for the period ended 31st January 2019 which comprise the Income Statement, Balance Sheet, Statement of Changes in Equity and notes to the financial statements, 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 Financial Reporting Standard 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 society's members, as a body, in accordance with 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 society'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 society and the society'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 society's affairs as at 31st January 2019 and of its income and expenditure 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 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 club 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.

Material uncertainty relating to going concern

We draw attention to note 3 in the financial statements, which indicates that the company has loan capital of £50,000 due for repayment by January 2020. As at the date of approval of the financial statements, the company has not secured any means to ensure funds are available to meet this obligation by the due date. Until such funding is approved, a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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 of management's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the committee of management has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the club'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.

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Other Information

The committee of management is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and 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.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- the society has not kept proper books of account, and not maintained a satisfactory system of control over its transactions, in accordance with the requirements of the legislation; or
- the revenue account, any other accounts to which our report relates, and the balance sheet are not in agreement with the society's books of account; or
- we have not obtained all the information and explanations necessary for the purposes of our audit.

Responsibilities of the committee of management

As explained more fully in the committee of management's responsibilities statement set out on page 4, the committee of management is 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 it determines 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 of management is responsible for assessing the society'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 of management either intends to liquidate the club or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

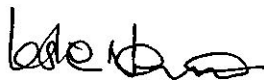
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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.

Redgrave Community Society Ltd

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, except to the extent otherwise explicitly stated in our report, not for the purpose of expressing an opinion on the effectiveness of the society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the committee of management.
- Conclude on the appropriateness of the committee of management'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 society'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 society 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.

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.



Leslie Newman FCA (Senior Statutory Auditor)
For and on behalf of Waveney Accountants Ltd
t/a Newman & Co
4b Church Street
Diss
Norfolk
IP22 4DD

Date: 25 July 2019