

COMPANY REGISTRATION NUMBER: 00002793

**The Lower Norwood Co-operative Building Company
Limited**

Filleted Financial Statements

31 March 2017



The Lower Norwood Co-operative Building Company Limited

Financial Statements

Year ended 31 March 2017

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The Lower Norwood Co-operative Building Company Limited

Officers and Professional Advisers

The board of directors

R M Balmforth F.R.I.C.S.
Miss E F Paris B.A.(Hons)
M J Renshaw B.Sc.(Hons), M.R.I.C.S.
M A P Fryer B.A.(Hons), A.C.M.A., C.G.M.A.

Registered office

501 Norwood Road
West Norwood
London
SE27 9DJ

Auditor

Shipleys LLP
Chartered accountant & statutory auditor
3 Godalming Business Centre
Woolsack Way
Godalming
Surrey
GU7 1XW

The Lower Norwood Co-operative Building Company Limited

Directors' Responsibilities Statement

Year ended 31 March 2017

The directors are responsible for preparing the directors' 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 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 judgments 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.

The Lower Norwood Co-operative Building Company Limited

Statement of Financial Position

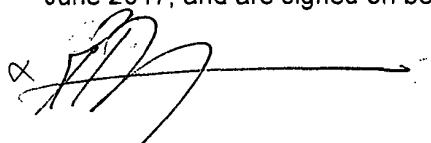
31 March 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	7	26,379,829	25,073,991
Current assets			
Debtors	9	320,620	262,779
Cash at bank and in hand		<u>58,445</u>	<u>124,065</u>
		379,065	386,844
Creditors: amounts falling due within one year	10	<u>936,568</u>	<u>586,640</u>
Net current liabilities		<u>557,503</u>	<u>199,796</u>
Total assets less current liabilities		<u>25,822,326</u>	<u>24,874,195</u>
Creditors: amounts falling due after more than one year	11	3,423,230	3,243,545
Provisions			
Taxation including deferred tax		<u>2,375,847</u>	<u>2,458,669</u>
Net assets		<u>20,023,249</u>	<u>19,171,981</u>
Capital and reserves			
Called up share capital		4,104,000	4,104,000
Profit and loss account	13	<u>15,919,249</u>	<u>15,067,981</u>
Members funds		<u>20,023,249</u>	<u>19,171,981</u>

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In accordance with section 444 of the Companies Act 2006, the statement of income and retained earnings has not been delivered.

These financial statements were approved by the board of directors and authorised for issue on 26 June 2017, and are signed on behalf of the board by:



R M Balmforth F.R.I.C.S.
Director



M A P Fryer B.A.(Hons), A.C.M.A., C.G.M.A.
Director

Company registration number: 00002793

The notes on pages 4 to 10 form part of these financial statements.

The Lower Norwood Co-operative Building Company Limited

Notes to the Financial Statements

Year ended 31 March 2017

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is 501 Norwood Road, West Norwood, London, SE27 9DJ.

2. Statement of compliance

These financial statements have been prepared in compliance with the provisions of FRS 102 Section 1A, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Consolidation

The company has taken advantage of the option not to prepare consolidated financial statements contained in Section 398 of the Companies Act 2006 on the basis that the company and its subsidiary undertakings comprise a small group.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Provisions for doubtful debts

The company maintains provisions for doubtful accounts for estimated losses resulting from the subsequent inability of customers to make required payments. If the financial conditions of customers were to deteriorate and impair their ability to make payments, additional allowances would be required in future periods. The bad debt provision made in the current year is £103,064 (2016: £189,517).

Revenue recognition

Turnover represents the total amount receivable by the company in the ordinary course of business from the rental of property.

Rental income is accrued on a time basis, by reference to the agreements entered.

The Lower Norwood Co-operative Building Company Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

3. Accounting policies *(continued)*

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other 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. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Office equipment	- 33% straight line
Computer software	- 33% straight line

Investment property

Investment properties are initially recorded at cost, which includes purchase price and any directly attributable expenditure.

Investment properties are revalued to their fair value at each reporting date and any changes in fair value are recognised in profit or loss.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

The Lower Norwood Co-operative Building Company Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

3. Accounting policies *(continued)*

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are recognised at amortised cost.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided.

4. Employee numbers

The average number of persons employed by the company during the year, including the directors, amounted to 5 (2016: 5).

The Lower Norwood Co-operative Building Company Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

5. Tax on profit

Major components of tax expense

	2017 £	2016 £
Current tax:		
UK current tax expense	91,485	111,348
Deferred tax:		
Origination and reversal of timing differences	(82,822)	1,237,569
Tax on profit	<u>8,663</u>	<u>1,348,917</u>

6. Dividends

	2017 £	2016 £
Dividends paid during the year (excluding those for which a liability existed at the end of the prior year)	<u>184,680</u>	<u>184,680</u>

The directors propose a final dividend in respect of the financial year ending 31 March 2017 of 30p per share which will absorb £123,120 of shareholders' funds. This will be paid to shareholders who are on the register of members at 31 August 2017.

7. Tangible assets

	Investment property £	Office equipment £	Computer software £	Total £
Cost or valuation				
At 1 April 2016	25,073,991	1,120	546	25,075,657
Additions	827,104	–	1,020	828,124
Revaluations	478,054	–	–	478,054
At 31 March 2017	<u>26,379,149</u>	<u>1,120</u>	<u>1,566</u>	<u>26,381,835</u>
Depreciation				
At 1 April 2016	–	1,120	546	1,666
Charge for the year	–	–	340	340
At 31 March 2017	<u>–</u>	<u>1,120</u>	<u>886</u>	<u>2,006</u>
Carrying amount				
At 31 March 2017	<u>26,379,149</u>	<u>–</u>	<u>680</u>	<u>26,379,829</u>
At 31 March 2016	<u>25,073,991</u>	<u>–</u>	<u>–</u>	<u>25,073,991</u>

The Lower Norwood Co-operative Building Company Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

7. Tangible assets *(continued)*

Cost or valuation at 31 March 2017 is represented by:

	£
Valuation in 2017	16,766,754
Cost	9,612,395
	<u>26,379,149</u>

Investment properties are revalued by R.M. Balmforth F.R.I.C.S. of Stapleton Long on the basis of open market value. R.M. Balmforth is also a director of this company.

The historical cost of the investment properties included above at a valuation of £26,379,149 was £9,612,395 (2016: £8,785,291).

8. Investment in subsidiary

The company has a 100% shareholding in the company The South London Co-operative Building Company Limited. The company did not trade during the year and the value of the investment was considered to be £nil.

9. Debtors

	2017 £	2016 £
Trade debtors	318,563	249,535
Other debtors	2,057	13,244
	<u>320,620</u>	<u>262,779</u>

10. Creditors: amounts falling due within one year

	2017 £	2016 £
Bank loans and overdrafts	297,138	283,823
Trade creditors	332,636	—
Corporation tax	91,485	111,348
Social security and other taxes	18,571	16,368
Other creditors	196,738	175,101
	<u>936,568</u>	<u>586,640</u>

11. Creditors: amounts falling due after more than one year

	2017 £	2016 £
Bank loans and overdrafts	<u>3,423,230</u>	<u>3,243,545</u>

The Lower Norwood Co-operative Building Company Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

11. Creditors: amounts falling due after more than one year *(continued)*

The bank loans and overdraft are secured over the freehold investment properties. The bank loans are repayable over 10, 15 and 20 years. Interest is charged at 1.5% - 2% over the bank base rate.

There was a loan arranged in 2010 with a fixed rate of interest for the first five years at 6.08%.

There was also a fixed loan arranged in the prior year. The loan is secured over certain properties. The total loan is repayable within 20 years. Interest is currently charged at 3.5% over the base rate.

The directors have provided personal guarantees of £5,000 each to a total of £20,000 in respect of the loan facility.

12. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	2017 £	2016 £
Included in provisions	<u>2,375,847</u>	<u>2,458,669</u>

13. Reserves

	Distributable reserves £	Revaluation reserve £	Deferred tax £	Total P&L reserve £
Opening balance 1 Apr 2015	4,054,461	6,334,254	(1,221,100)	9,167,615
Movements	260,843	6,877,092	(1,237,569)	5,900,366
Closing balance 31 Mar 2016	<u>4,315,304</u>	<u>13,211,346</u>	<u>(2,458,669)</u>	<u>15,067,981</u>
Opening balance 1 Apr 2016	4,315,304	13,211,346	(2,458,669)	15,067,981
Movements	290,393	478,053	82,822	851,268
Closing balance 31 Mar 2017	<u>4,605,697</u>	<u>13,689,399</u>	<u>(2,375,847)</u>	<u>15,919,249</u>

The total amount of distributable reserves as at 31 March 2017 was £4,605,697 (2016: £4,315,304). The revaluation reserve, which under FRS 102 1A has been combined with the profit and loss reserve, is part of non-distributable reserves. The deferred tax provision, which has been recognised under FRS 102 1A, is also part of non-distributable reserves.

14. Summary audit opinion

The auditor's report for the year dated ~~30 October~~ 2017. was unqualified.

The senior statutory auditor was Tim Hardy, for and on behalf of Shipleys LLP.

15. Related party transactions

During the year, total dividends of £22,087 (2016: £19,882) were paid to the directors.

The directors have provided personal guarantees of £5,000 each to a total of £20,000 in respect of the loan facility.

The Lower Norwood Co-operative Building Company Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2017

16. Transition to FRS 102

These are the first financial statements that comply with FRS 102. The company transition to FRS 102 on 1 April 2015.

Under FRS 102 1A, a deferred tax provision of £1,221,100 was recognised at the date of transition, 1 April 2015. The deferred tax provision at 31 March 2017 was £2,375,847 (2016: £2,458,669). Movements in the deferred tax provision have been recognised in the profit and loss.

Under FRS 102 1A, the revaluation reserve has been combined with the profit and loss reserve with all gains and losses on revaluation being recognised in the profit and loss. The profit and loss account reserve at the date of transition, after adjusting for deferred tax, was £9,167,615. The profit and loss account reserve at 31 March 2017 was £15,919,249 (2016: £15,067,981).