

**Society number: IP031671
(England and Wales)**

Totnes Community Development Society Limited

**Annual Report
Year Ended 31 December 2017**

Totnes Community Development Society Limited

Annual Report

Year Ended 31 December 2017

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Totnes Community Development Society Limited

Report of the Directors

Year Ended 31 December 2017

Directors:

David Chapman
Frances Northrop
Robert Hopkins
Anna Lodge
Edward Vidler (Resigned 20 Jan 2017)

Secretary:

Frances Northrop

Principal address:

Atmos Totnes Hub
Station Yard
Station Road
Totnes
TQ9 5JR

Professional Advisors:

MAP Accountants & Business Advisors Ltd
2 Bridge Farm Offices
Harberton
Totnes
Devon
TQ9 7PP

Auditors:

Francis Clark LLP
Chartered Accountants
Sigma House
Oak View Close
Edginswell Park
Torquay
TQ2 7FF

Totnes Community Development Society Limited

Report of the Directors

Year Ended 31 December 2017

The Directors present their report along with the consolidated financial statements of the society for the year ended 31 December 2017. Because of the not for profit nature and small size of the organisation the Directors have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and the Republic of Ireland (FRS 102) (effective 1 January 2015).

Reference and Administrative Information

The directors, principal address and particulars of the Society's professional advisors are given on page 1.

Structure, Governance and Management

The Society was established on 9 July 2012 for the benefit of the community. The Society is a Registered Society and is registered with the Financial Conduct Authority under the Co-operative and Community Benefit Societies Act 2014. Its business is directed by the Directors.

Totnes Community Development Society established new rules with the Financial Conduct Authority on the 5th June 2017. The changes provide for more appropriate details around the objectives of the Society, and also provided for an enhanced asset lock for the activities of the organisation. These were subsequently accepted by HMRC who confirmed that TCDS should be treated as a charity for tax purposes from 5th June 2017.

In accordance with the Rules of the Society, membership is formed of founding members and additional members invited at the discretion of the Directors. At 31 December 2017 the Society had a membership of 15.

Objectives and Activities

The society is formed for the benefit of the community. Its charitable objects shall be the promotion for the public benefit of urban and rural regeneration in areas of social and economic deprivation (and in particular in Totnes) by all or any of the following means:

- (a) Maintain or improve the physical, social and economic infrastructure provided that such maintenance or improvement shall not extend to relieving local authorities or other bodies of a statutory duty to maintain or improve;
- (b) Advance education, training or retraining, particularly among unemployed people and providing unemployed people with work experience;
- (c) Provide financial assistance, technical assistance or business advice or consultancy in order to provide training and employment opportunities for unemployed people in cases of financial or other charitable need through help:
 - (i) in setting up their own businesses, or
 - (ii) to existing businesses;
- (d) Create training and employment opportunities by the provision of workspace buildings, and/or land for use on favourable terms;
- (e) Provide housing for those who are in conditions of need and the improvement of housing in the public sector of in charitable ownership provided that such provision shall not extend to relieving local authorities or other bodies of a statutory duty to provide or improve housing;
- (f) Maintain, improve and provide public amenities;
- (g) Provide recreational facilities for the public at large or those who by reason of their youth, age, infirmity or disablement, poverty or social and economic circumstances have need of such facilities;
- (h) Protection or conservation of the environment;
- (i) Facilitate community ownership of renewable energy production;

Totnes Community Development Society Limited

Report of the Directors

Year Ended 31 December 2017

- (j) Promote and support the arts locally;
- (k) Function in accordance with the legal definition of a Community Land Trust;
- (l) Promote and protect local heritage;
- (i) Provide public health facilities and childcare;
- (j) Promote public safety and prevention of crime;
- (k) Any other charitable object that can be carried out from time to time by a charitable Community Benefit Society.

At this time the society's projects are Atmos Totnes (seeking to bring the former Dairy Crest site into community ownership and use), the ongoing management of the King Edward VI College Site Foundation (The Mansion House) in Totnes and partnership with other organisations to support community ownership and use of the buildings and land locally, including with the local community college: KEVICC.

Annual Review and Society Report

2017 was a period of significant development for Totnes Community Development Society. The aim throughout the year was to consolidate and fully establish the systems, processes and new capacity within the Society and across Totnes so as to be best placed to support the development of a multiple community asset base across Totnes. The Society, and many of those the Society works with, recognise that sustaining a single community asset is challenging and is likely to become more challenging when taking place against a backdrop which sees a loss of public services which support community resilience.

In seeking to safeguard the previous years' work, and to take the work of the Society forward, Directors and members had already recognised that multiple asset development and management offered the opportunity for long term viability and sustainability and that the likely impacts and benefits that would result (and are likely to be multiplied many times more than those that arise from a single asset and therefore collectively sustain and support critical service provision that meets local need) were worth exploring. This had always been the intention of the Society, but in the current political and economic circumstances, it was felt more important to fully focus the effort of the Society on this aim.

To this end the work over 2017 focused on establishing the delivery framework for Atmos Totnes, the transfer of the Trusteeship of the Mansion to the Society and the beginning in earnest of work with young people and through the Community Labour Initiative, to help identify the needs of the community into the future, as well as meet current needs, and as a means of growing the capacity to support future generations to continue the work of the Society.

Atmos Totnes

Following the Community Right to Build Order Process during 2015 and 2016, including the local referendum, the Order was made by South Hams District Council on 1st March 2017. This gave Totnes Community Development Society Planning Permission for Atmos Totnes.

Following a six week 'cooling off' period, work was able to commence to move the project to the point of community land ownership and construction. This included the process of agreeing new contracts for sale as a result of the coherence on land configuration coming from the Made Order and the certainty gained through the planning process.

The Made Community Right to Build Order contains a number of Conditions that need to be discharged prior to construction. Therefore work, particularly on the early elements of the scheme including the Brunel Building could commence. Permission to start work on the post planning predevelopment relating to the Brunel Building was granted on 6th December 2017 by Heritage Lottery Fund. A grant had been confirmed by the Fund in March 2017 and provides £199,000 for development work within the next two years as part of a total award of £2,889,200 for the Brunel Building within the Atmos Totnes scheme.

Alongside the commencement of the post planning work on the Brunel Building the next phase of development of the Community Labour Initiative commenced through work with the Mansion, Plymouth University and the local School (KEVICC). The aim is to build capacity around community development and management of assets.

Totnes Community Development Society Limited

Report of the Directors

Year Ended 31 December 2017

Across the year discussions with investors and funders have continued so as to begin to put in place the investment required to purchase and develop the site out.

The King Edward VI College Site Foundation (The Mansion)

In 2013 Devon County Council (the then Sole Trustee of the King Edward VI College Site Foundation - known locally as the Mansion, registered with the Charity Commission in England and Wales with number 307525) asked Totnes Town Council to explore how the Mansion could be run locally within Totnes.

At the request of Totnes Town Council, Totnes Community Development Society undertook initial business modelling. Further discussion through the Town Council resulted in an open invitation across the town for organisations interested in running the Mansion to come forward. No other organisations came forward to this invitation and so Totnes Community Development Society offered to take on management of the Mansion in Totnes.

The Directors of Totnes Community Development Society recognised the importance of maintaining the Mansion as an essential and flexible community space within the centre of Totnes. They also recognised that the work already underway through Totnes Community Development Society was likely to be the route to support the long term sustainability of the Mansion, and possibly its best chance to avoid closure of the Mansion and the loss of essential local provision including the Library, Nursery and Adult Education.

Devon County Council resigned its role as sole Trustee of the King Edward VI College Site Foundation on the 1st of January 2017 and Totnes Community Development Society took over sole Trusteeship and the management of the Mansion.

A number of critical areas were identified as key issues to address in order to reduce or mitigate the risk to the King Edward VI College Site Foundation:

- 1.The Charity was unincorporated which put both the asset and those managing it at risk. Directors had taken on personal responsibility for the Mansion initially but in the long term this was not seen as a sustainable route and was unlikely to facilitate wider development of capacity to manage the building.
- 2.The infrastructure was in urgent need of review. In some critical areas of the building infrastructure was not functioning and immediate repair was needed.
- 3.Systems that had evolved around space use to point of transfer needed to be reviewed and new systems put in place to ensure that the building could be used effectively and safely by an increasing number of people, alongside management without an increasing budget.

On becoming sole Trustee, Totnes Community Development Society:

- 1.Began the process of incorporating the charity to further protect the charity and those working and volunteering within it. As of 1st January 2018 the Mansion exists as a Charitable Incorporated Organisation (registered with the Charity Commission, number 1174184).
- 2.Establishment of a Policy (with associated Trustees resolution) to ensure that those formally using the building (e.g. hiring or leasing space) were doing so in support of the Object of the Foundation. This has enabled an increasing number of community and voluntary not for profit organisations to use the space, across the site, flexibly and in service of the Foundation and it's Object on behalf of the community.
- 3.Offered all those occupying space leases or hire agreements to provide appropriate consistency and security across the Foundation.
- 4.Undertook formalisation of the charities systems and processes in order that the Foundation would require minimal paid staff input into the future, with the aim of facilitating truly community-led management for generations to come.
- 5.Commenced an urgent strategic review of facilities and maintenance within the building to establish any unknown areas of risk to the asset.
- 6.Completed a series of urgent repairs to the building to ensure critical infrastructure would work whilst longer term renovation was planned.
- 7.Undertook initial work and opened pre-application advice and opinion for development of new communal area within the building to increase business viability.
- 8.Began upgrading of the communications system in the Mansion to facilitate more activities within the building, and multiple use of space, including building wide Wi-Fi.

Totnes Community Development Society Limited

Report of the Directors

Year Ended 31 December 2017

As of end of December 2017 approximately 60 groups and organisations were regularly using the Mansion to run activities (as opposed to 17 when the Society took on Trusteeship on 1st January 2017). The Mansion provides one of the only open public access space in Totnes and will continue to be developed so as to offer space for:

- Tenants offering services, activities and undertaking research and projects around health, sustainability, inclusion, childcare and education
- Hirers providing mediation, training, dance, music and therapy
- Self-organised groups focus on arts and creative activities and mental health
- Service providers offering signposting on health issues; and a free legal advice clinic and drug and alcohol support

Additionally, members of the public visit the library and the café.

Based on work with existing building users, and the new approaches to using the space within this single site, it is clear that a range of flexible space is needed into the future to provide for both new and established community services to develop to serve the population of Totnes as well as meeting the Object of the Charity. In this way, the King Edward VI College Site Foundation (as the Mansion) has a significant role to play in the supporting the community of Totnes and ensuring local service provision. However, over the course of 2017 it became clear that the Foundation would not be able to secure income from running the Mansion alone to support the expenditure incurred in running the building.

The Mansion and Totnes Community Development Society into the future

Pro-bono expertise within the Totnes Community Development Society has therefore been provided to aid the development of new and more cost effective ways to support community management of the space offered at the Mansion. Business modelling indicates that it would be possible over the long run to balance the expenditure and income required to run the Mansion through the reduction of expenditure and the increase in income generation if space is offered at full commercial rates. However, this is not seen as a viable option as the Mansion, through the provision of spaces for critical services that were losing their own buildings in light of austerity, it is necessary to offer space as reduced rates so as to sustain these critical services. The emerging business model therefore recognises that the active projects of the Society are likely to be key to developing the on-going capacity of the community to both support a community facility like the Mansion and enable financial cross subsidy which will be required for a building which is likely to struggle to break even without on-going significant investment. The future of the Mansion is therefore felt to be dependent on the experience within, and the developing capacity of Totnes Community Development Society.

Increasing capacity is needed within the community to manage space independently with minimal staff input, in order to ensure it runs effectively and safely. This includes the capacity within the regular organisations using the space as well as generally within the town to recognise the changing shape and collective responsibility around public and community spaces like the Mansion. However, this capacity is yet to be fully established. Therefore, in 2017 increasing the awareness of the role of the Mansion in creating space for critical service delivery and community development increased in priority within the work of the Society.

Following several years of neglect, the age and state of the infrastructure at the Mansion, has had significant implications for Totnes Community Development Society. A considerable amount of time and money has been spent on investigative work as well as immediate upgrading. This work continues and underpins a strategic response to maintenance and development of the Mansion.

Within the Constitution of the King Edward VI College Site Foundation, Totnes Community Development Society is a Member of the King Edward VI College Site Foundation with management of the site formalised through a Service Level Agreement with the Foundation. Through this the Society continues to invest in the long term development of the Foundation through project management, fundraising, and capacity building across and between the different projects it runs.

Development of work with Young People

In March 2017 a young person fell through the roof of one of the buildings on the Atmos Totnes site. Although critically ill for some time the individual has now recovered.

Following the incident Directors of the Society held assemblies alongside the school leadership team at King Edward VI Community College (KEVICC) and with the police, across all of the Colleges year groups, to warn of the dangers of playing on construction sites.

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Report of the Directors

Year Ended 31 December 2017

At the same time Directors of Totnes Community Development Society offered students the chance to work with the Society to run a programme of activities, designed by them to address the challenges they saw in the lack of appropriate space for them in the town. A number of young people came forward to report that they experienced a lack

of affordable activities, and other services locally. A regular session was therefore set up by Directors for those young people wanting to participate in activities focusing on the two key areas identified by the young people; project development around creative arts generally and practical facilities for graffiti.

Golden Iris Festival

Totnes Community Development Society had secured funding from the Lottery Celebrate programme in 2016 in order to run an event and build on the momentum of the community design and commitment to the planning process in the year prior.

Over the course of 2016 and the early part of 2017 the Society had seen that continuing to build engagement and capacity was key to the future of all community development locally, including Atmos Totnes and in anticipation of community management of the Mansion.

As part of this engagement six young people from KEVICC came forward to undertake formal work experience with Totnes Community Development Society in 2017. The Society agreed to undertake a four month work experience programme with the individuals to plan and run a community event. The young team, identified that young people lacked the respect of the wider community, preventing them developing to their full capability and adding to their mental health challenges. These were significant issues for young people in Totnes who were mourning the recent death of two young colleagues. The group want to create a space where people could come together with professionals, to show their talents, develop new skills, and promote the idea that the community was able to support each other and respect all individuals within it - including young people.

The Golden Iris Festival that took place on the 6th and 7th of October 2017 was staged by one of the youngest festival teams in the country. The young team worked with 15 businesses, 31 adult volunteers and a further 78 young people as volunteers. The event overall involved over 1500 people, coming together from a whole range of backgrounds in support to young empowerment and a positive approach to mental health.

The group continue to work with Directors of Totnes Community Development Society to look at the need and capacity to develop a range of spaces for activities managed by and for young people, and other vulnerable people within Totnes. Using the knowledge they had gained through the process the group were invited to give evidence as part of the first joint inquiry by the Education and Health Select Committees on their response to The Government's Green Paper on mental health "Transforming Children and Young People's Mental Health Provision"

<https://www.parliament.uk/business/committees/committees-a-z/commons-select/health-and-social-care-committee/news/green-paper-on-mental-health-report-published-17-19/>

The Elmhirst site

Directors had previously agreed Heads of Terms with King Edward VI Community College for use of the Elmhirst Site in 2016. During 2017 the process of drafting the legal documentation took place. A licence for occupation was agreed and Totnes Community Development Society will take occupancy once the handover material is in place for delivery of activities in 2018 and ongoing.

The Elmhirst site is the ideal location for ongoing activities with young people in Totnes. The activities of the Golden Iris Festival team, and the 78 young people that mobilised through this, will evolve into the Elmhirst building as well as through other organisations and self-organised groups.

The work at the Elmhirst site will continue to develop young people's capacity to co-ordinate the service and provision of space that will support their development and develop the skills to manage facilities within the community. Both areas are critical to the long term sustainability of Totnes and central to ensuring the future of community assets.

Totnes Community Development Society: Organisation Development

Totnes Community Development Society established new rules with the Financial Conduct Authority on the 5th June 2017. The changes provide for more appropriate details around the objectives of the Society, and also provided for an enhanced asset lock for the activities of the organisation. These were subsequently accepted by HMRC who confirmed that TCDS should be treated as a charity for tax purposes from 5th June 2017.

Totnes Community Development Society Limited

Report of the Directors

Year Ended 31 December 2017

During 2017 the Society developed its capacity to support the development of a multiple community-owned and managed asset base. Its focus continued to be on mixed development of community buildings and therefore to support local provision of education, services and onward community driven activities as per its Objects, through the provision of space to others. This work supports the diversity of need in Totnes but also ensures the sustainability of community

facilities which were likely to be unviable in the short term without a shift to community management processes. In the long-term this development has been to prepare for appropriate cross subsidy between community assets.

In the five years since its inception, the Society, having previously run only on volunteer input, recruited the first employee of the organisation in May 2017. The Systems Administrator was brought in to support the development of systems that would facilitate community led management of live projects. This was a significant and important contribution to the systems of the Mansion, both in terms of managing the processes around users of the building but also the significant number of contractors that were needed during the year at the Mansion.

The Systems Administrator also enabled the development of education and training through the organisation on a new scale, including through the Golden Iris Festival, Atmos Totnes and Mansion. These are all part of a pilot of the Community Labour Initiative which seeks to develop practical skills and experience of those in need to support community-led development in Totnes. Several participants in the Community Labour Initiative now receive training and undertake activities across two of the three projects, being developed or managed by the Society, showing the potential of a new generation of community developers. This work gained momentum towards the end of the year with the commencement of work through the Heritage Lottery Fund which will see the further development of the Community Labour Initiative model and then through the Brunel Building and the construction elements of the Atmos Totnes site.

With new systems in place at the Mansion and the licence for use of the Elmhurst Building being finalised, in December 2017 the Society began the process of establishing a second employee with caretaking responsibilities. This individual will commence work in 2018.

Financial Review

The Society is operated through donations, grants, philanthropic giving, trading to raise funds and through loan facilities, as set out in the notes to the accounts. The Society operates within the terms of those loans and is constantly working to secure further income.

The Directors believe it is reasonable to rely on the continuation of the loan facilities and of obtaining the necessary grants for continuation of activities and projects in accordance with the objectives of the organisation.

Therefore the Directors do not consider a reserve is necessary at the date of this report. However, Directors acknowledge that as the organisation develops projects, capital assets and direct beneficiaries, such as staff, there will need to be a consistent and regular review of this reserves policy to account for more complex risks and liabilities.

Responsibilities of the Directors

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and UK Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The Directors are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the society and of the incoming resources and application of resources of the society for that period. In preparing these financial statements The Directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP (FRS 102);
- Make judgements and estimates that are reasonable and prudent;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

Totnes Community Development Society Limited

Report of the Directors

Year Ended 31 December 2017

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Society and which enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014. They are also responsible for safeguarding the assets of the Society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Signed on behalf of the Board of Directors

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Frances Northrop
Secretary

Date:

Totnes Community Development Society Limited

Independent Auditors Report to the Members of Totnes Community Development Society Limited

Opinion

We have audited the financial statements of Totnes Community Development Society Ltd (the “society”) and its subsidiaries (“the group”) for the year ended 31 December 2017 which comprise the Consolidated Statement of Financial Activities, the Balance Sheet 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).

In our opinion, the financial statements:

- give a true and fair view of the state of the group’s and of the society’s affairs as at 31 December 2017 and of the group’s income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 group and society 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.

Conclusions relating to going concern

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 directors use of the going concern basis of accounting in the preparation of the group and society financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group’s and society’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.

Totnes Community Development Society Limited

Independent Auditors Report to the Members of Totnes Community Development Society Limited

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, 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 in relation to which 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;
- 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 directors

As explained more fully in the board of directors responsibilities statement set out on page 6, the directors are 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 they determine 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 directors are 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 directors either intend to liquidate the society or to cease operations, or have 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.

Totnes Community Development Society Limited

Independent Auditors Report to the Members of Totnes Community Development Society Limited

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/apb/scope/private.cfm]. This description forms part of our auditor's report.

Use of our report

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.

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Edginswell Park
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Totnes Community Development Society Limited

Consolidated Statement of Financial Activities

Year Ended 31 December 2017

	Notes	Restricted Fund £	Funds General £	Total 2017 £	Restricted Fund £	Funds General £	Total 2016 £
Income from:							
Donations and grants	3		2,500	2,500	11,556	28,260	39,816
Transfer on acquisition of subsidiary	6		1,499,023	1,499,023	-	-	-
Charitable activities	5		2,882	2,882	-	-	-
Other trading activities			92,995	92,995	-	-	-
Investments	4				-	17	17
Other		196,157	11,955	208,112	-	1,338	1,338
Total income		196,157	1,609,355	1,805,512	11,556	29,615	41,171
Expenditure on:							
Raising funds							
Trading activities			(124,830)	(124,830)	-	-	-
Charitable activities	7/8	(34,267)	(71,748)	(106,015)	(1,556)	(36,680)	(38,236)
Total expenditure		(34,267)	(196,578)	(230,845)	(1,556)	(36,680)	(38,236)
Transfer between funds		(127,000)	127,000	-	-	-	-
Net income/(expenditure) and net movement in funds		34,890	1,539,777	1,574,667	10,000	(7,065)	2,935
Reconciliation of funds:							
Total funds brought forward		120,471	(32,742)	87,729	110,471	(25,677)	84,794
Total funds carried forward		155,361	1,507,035	1,662,396	120,471	(32,742)	87,729

The notes on pages 14 to 22 form part of these financial statements.

Totnes Community Development Society Limited

Balance Sheet

31 December 2017

		Group		Society	
	Notes	2017 £	2016 £	2017 £	2016 £
Fixed assets					
Tangible fixed assets	12	1,500,000	-	-	-
		<u>1,500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Current assets					
Debtors	13	714,404	640,711	679,608	640,711
Cash at bank and in hand		65,775	21,112	17,794	21,112
		<u>780,179</u>	<u>661,823</u>	<u>697,402</u>	<u>661,823</u>
Creditors - Amounts falling due within one year	14	(617,783)	(574,094)	(603,633)	(574,094)
		<u>162,396</u>	<u>87,729</u>	<u>93,769</u>	<u>87,729</u>
Net current assets		162,396	87,729	93,769	87,729
Total net assets		1,662,396	87,729	93,769	87,729
Funds					
Unrestricted funds		1,507,035	(32,742)	(61,592)	(32,742)
Restricted fund	15	155,361	120,471	155,361	120,471
	16	<u>1,662,396</u>	<u>87,729</u>	<u>93,769</u>	<u>87,729</u>

The notes on pages 14 to 22 form part of these accounts.

Approved by the Directors on and approved on their behalf by:-

.....
 Anna Lodge
 Director

Totnes Community Development Society Limited

Notes and Accounting Policies

Year Ended 31 December 2017

1 Accounting Policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

a) **Basis of preparation**

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) – (Charities SORP (FRS 102)) and the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Totnes Community Development Society Limited meets the definition of a public benefit entity under FRS 102.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

b) **Going Concern**

The Society meets its day to day working capital requirements for its principle project (Atmos Totnes) through loan facilities. Each of these loans is unsecured and at risk and are dependant upon the development and delivery of Atmos Totnes.

The day to day running costs associated with other activities of the society are met through grants and donations to the organisation.

The society is operating within the agreed terms and in view of this the Directors believe it is reasonable to rely on the continuation of these facilities. The financial statements have therefore been prepared on a going concern basis and do not contain any adjustments that might be necessary if the loan facilities were withdrawn.

c) **Group accounts**

The statement of financial activities and balance sheet consolidate the financial statements of the society and its wholly owned subsidiary The King Edward VI College Site Foundation. The results of the subsidiary are consolidated on a line by line basis. A separate Statement of Financial Activities is not presented for the Society itself.

The Society's other subsidiary the charitable incorporated organisation The King Edward VI College Site Foundation had no income or expenditure or assets or liabilities in the year ended 31 December 2017.

d) **Income recognition**

All incoming resources are included in the statement of financial activities when the Society is entitled to the income and the amount can be quantified with reasonable accuracy.

Income from donations and grants, including capital grants, is included in incoming resources when these are receivable, except as follows:

- when donors specify that donations and grants given to the Society must be used in future accounting periods, the income is deferred until those periods; and
- when donors impose conditions, which have to be fulfilled before the Society becomes entitled to such income the income is not included in incoming resources until the pre-conditions for use have been met.

Totnes Community Development Society Limited

Notes and Accounting Policies

Year Ended 31 December 2017

1 **Accounting Policies** *(continued)*

e) **Expenditure recognition**

Liabilities are recognised as resources expended when there is a legal or constructive obligation committing the Society to the expenditure. All expenditure is accounted for on an accruals basis and includes irrecoverable VAT.

Expenditure attributable to meeting the Society's objectives, including the support costs, is included in Charitable Activities.

Governance costs comprise the costs involving the public accountability of the Society, and its compliance with regulation and good practice. These costs include the costs related to the preparation of the financial statements and legal fees.

Overhead costs incurred wholly or mainly in support of expenditure on the objectives of the Society, and being an integral part of the costs of carrying out those activities, are separately analysed within the Charitable Expenditure in the Statement of Financial Activities.

f) **Fixed assets and depreciation**

No depreciation is provided in the accounts for the freehold property as the Trustees consider that the useful life of the asset and the residual value of the asset are sufficiently high that any depreciation would be immaterial.

g) **Fund accounting**

i The Society's general funds consist of funds which the Society may use for its charitable purposes at its discretion.

ii Funds have been designated for specific purposes by the Directors.

iii Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the society for particular purposes. The costs of raising and administering such funds are charged against the relevant fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

h) **Taxation**

No liability to taxation arises for the year ended 31 December 2017.

The Society obtained confirmation from HMRC that it is to be treated as a charity for taxation purposes from 5 June 2017.

i) **Irrecoverable VAT**

Irrecoverable VAT is included in the Statement of Financial Activities and is reported as part of the expenditure to which it relates.

Totnes Community Development Society Limited

Notes and Accounting Policies

Year Ended 31 December 2017

1 Accounting Policies *(continued)*

j) Prepayments

Pre-development expenditure incurred in respect of Atmos Totnes during the year has been included as a prepayment within Debtors on the Balance Sheet, in the sum of £664,527 (2016: £640,351).

In the unlikely event that the project does not progress the expenditure would need to be released from the balance sheet in future accounting periods.

k) Concessionary loans

Loans received that are not repayable on demand and are for the purposes of furthering the objectives of the Society are initially recognised at the amount received and subsequently adjusted for repayments and interest payable accrued.

2 Related party transactions and Directors' expenses and remuneration

During the year ended 31 December 2016 payments totalling £20,000 were made to a director, Frances Northrop, for work carried out on facilitating community engagement and the Society's projects. This contract was temporary and ceased in 2016.

During the year ended 31 December 2017 the following payments were made to directors for expenses incurred on behalf of the Society:-

A Lodge £1,366 (2016 - £1,123)
F Northrop £163

3 Donations and grants

	2017 £	2016 £
Unrestricted funds	2,500	28,260
Restricted funds	-	11,556
	<hr/> 2,500	<hr/> 39,816

4 Investment income

	2017 £	2016 £
Bank interest receivable	-	17

5 Income from charitable activities

	2017 £	2016 £
Community Development	2,882	-

Totnes Community Development Society Limited

Notes and Accounting Policies

Year Ended 31 December 2017

6 Subsidiaries

Included in the current years Consolidated Statement of Financial Activities are the results of the charity's wholly owned UK subsidiary The King Edward VI College Site Foundation.

The subsidiary's principal activity is the operation of The Mansion building in Totnes. The Turnover represented room hire and lease income. Trading results, extracted from its accounts are shown below:

	2017 £
Income	197,733
Expenditure	(128,135)
Income/Expenditure	<u>69,598</u>

The aggregate of the assets, liabilities and funds was:

Assets	1,582,771
Liabilities	(14,147)
Funds	<u>1,568,624</u>

Charity Registration Number 307525

Principal Address The Atmos Project, Station Yard, Station Road, Totnes, Devon. TQ9 5JR

Trustee Totnes Community Development Society

The financial year end of the subsidiary is 31 March, the above figures relate to the year ended 31 December 2017.

The subsidiary was transferred to the society on 1 January 2017, the fair value of the assets acquired was £1,499,023, comprising a freehold property of £1,500,000 and other assets and liabilities of (£977).

The society's other subsidiary, the charitable incorporated organisation, The King Edward VI College Site Foundation, charity number 1174184, with the same address and trustee as above was not active during the year.

Totnes Community Development Society Limited

Notes and Accounting Policies

Year Ended 31 December 2017

7	Charitable Activities by activity type	Activities Undertaken Directly	Support Costs	Total 2017	Total 2016
		£	£	£	£
	Regeneration of Dairy Crest Site	-	33,302	33,302	15,071
	Community Development	47,780	666	48,446	20,825
	King Edward VI College Site Foundation	-	24,267	24,267	2,340
		<hr/>	<hr/>	<hr/>	<hr/>
		47,780	58,235	106,015	38,236

8	Charitable Activities by fund type	Unrestricted Funds	Restricted Funds	Total 2017	Total 2016
		£	£	£	£
	Regeneration of Dairy Crest Site	-	-	-	3,611
	Community Development	37,780	10,000	47,780	20,825
	King Edward VI College Site Foundation	-	-	-	2,340
	Support Costs	33,968	24,267	58,235	11,460
		<hr/>	<hr/>	<hr/>	<hr/>
		71,748	34,267	106,015	38,236

9 Support Costs

Support costs (including governance costs) comprise:

	2017	2016
	£	£
Office rent and utilities	18,790	3,660
Office and administration costs	5,321	2,363
Bank charges	46	25
Governance costs	34,078	5,412
	<hr/>	<hr/>
	58,235	11,460

10 Net income/expenditure for the year

This is stated after charging:

	2017	2016
	£	£
Accountancy fees	7,045	3,252
Audit fees	5,700	2,160
	<hr/>	<hr/>
	12,745	5,412

Totnes Community Development Society Limited

Notes and Accounting Policies

Year Ended 31 December 2017

11 Staff costs

Total staff costs for the year ended 31 December 2017 were:

2017 £	2016 £
13,596	-

The society employed one member of staff as an administrator.

12 Fixed Assets - Tangible Group

	Land and Buildings £
Cost or valuation	
At 1 January 2017	-
Acquisitions	1,500,000
At 31 December 2017	1,500,000
Depreciation	
At 1 January 2017	-
Charge for year	-
At 31 December 2017	-
Net book value	
At 31 December 2017	1,500,000
At 31 December 2016	-

Land and buildings comprise the Mansion in Totnes. It's value on acquisition is based on an existing use valuation prepared by an independent valuer. The directors are likely to review this to consider a full market valuation of the Mansion during the year.

Totnes Community Development Society Limited

Notes and Accounting Policies

Year Ended 31 December 2017

13 Debtors	Group		Society	
	2017 £	2016 £	2017 £	2016 £
Amounts due within one year:				
Trade debtors	34,164	-	13,175	-
Prepayments and accrued income	678,627	640,711	666,433	640,711
Other Debtors	1,613	-	-	-
	<u>714,404</u>	<u>640,711</u>	<u>679,608</u>	<u>640,711</u>
14 Creditors				
Amounts falling due within one year:				
Trade creditors	11,110	379	5,841	379
Other creditors	541,402	540,000	541,402	540,000
Accruals and deferred income	64,985	33,715	56,104	33,715
PAYE creditor	286	-	286	-
	<u>617,783</u>	<u>574,094</u>	<u>603,633</u>	<u>574,094</u>

Other creditors include loans that are both unsecured and at risk, with repayment only necessitated by the commencement of the development of the former Dairy Crest Site.

1. a loan from Environmental Research Association, totalling £50,000. This loan is unsecured and at risk, interest free and is repayable on the commencement of the development of the south side of the former Dairy Crest Site. Commencement of the development is anticipated within 2018.
2. a loan from Venturesome of £70,000. This loan is unsecured and at risk with an agreed charge on repayment of £17,500. This loan was due for repayment at the latest of 31 December 2016, however the loan has been extended by Venturesome to December 2018.
3. a loan of £120,000 to the society from a private investor. This loan is unsecured and at risk with an agreed interest charge of 2%, to a maximum charge of £2,400. This loan is repayable on the commencement of construction.
4. a loan of £50,000 to the society from a private investor. This loan is unsecured, at risk and interest free. If the society defaults on payments then interest is chargeable daily at a rate of 4% above LIBOR. The loan is due for repayment on either the first day of commencement of the construction work or 1 April 2018. Interest is calculated from 9 months following this date.
5. a loan of £25,000 to the society from a private investor. This loan is unsecured and at risk with an agreed interest charge of 2%, to a maximum charge of £2,400. The loan has been re-negotiated and the loan is now due for repayment at the latest of 31 December 2018.
6. a loan from Charities Aid Foundation (CAF) of £225,000. This loan is unsecured and at risk with an agreed interest rate of 5%, to a maximum charge of £11,250. This loan is due for repayment at the latest of 30 June 2019.

Totnes Community Development Society Limited

Notes and Accounting Policies

Year Ended 31 December 2017

15 Restricted Funds

The income funds of the Society include restricted funds. At 31 December 2017 there were restricted funds of £155,361 unexpended.

The restricted funds received in the year were in relation to the Trusteeship of King Edward VI College Site Foundation, a total of £196,157 was received and at the end of the year £151,267 of this fund had been expended.

During the year the Society spent the restricted funds of £10,000 from The Big Lottery Fund, received in 2016, as part of the running of the Golden Iris Festival.

To reflect the contribution of the Society in the setting up, running, managing and maintaining of the King Edward VI College Site Foundation the directors have transferred £27,000 from The Mansion Trustee Fund into the General Fund.

A further £100,000 has been transferred to reflect the funds donated to the subsidiary to fund its operations giving a total transfer between the funds of £127,000.

16 Analysis of group funds

	Balance b/fwd £	Income £	Expenditure £	Transfers £	Gains & Losses £	Funds c/fwd £
Analysis of Fund movements						
– current year						
Restricted funds:						
Pre-development funding	110,471	-	-	-	-	110,471
Restricted funds	10,000	-	(10,000)	-	-	-
The Mansion Trustee Fund	-	196,157	(24,267)	(127,000)	-	44,890
Unrestricted fund:						
Share capital	5	-	-	-	-	5
General		1,605,837	(163,276)	127,000		1,569,561
Regeneration of Dairy Crest Site	(32,747)	3,518	(33,302)	-	-	(62,531)
Total	87,729	1,805,512	(230,845)	-	-	1,662,396
Analysis of Fund movements						
– previous year						
Restricted funds:						
Pre-development funding	110,471	1,556	(1,556)	-	-	110,471
Restricted funds	-	10,000	-	-	-	10,000
The Mansion Trustee Fund						
Unrestricted fund:						
Share Capital	5	-	-	-	-	5
Regeneration of Dairy Crest Site	(25,682)	29,615	(36,680)	-	-	(32,747)
	84,794	41,171	(38,236)	-	-	87,729

Totnes Community Development Society Limited

Notes and Accounting Policies

Year Ended 31 December 2017

17 Analysis of Net Assets Between Funds – current year

Group	Restricted Funds £	Unrestricted Funds £	Total 2017 £
Tangible fixed assets		1,500,000	1,500,000
Current assets/liabilities	155,361	7,035	162,396
	<hr/>	<hr/>	<hr/>
	155,361	1,507,035	1,662,396

Analysis of Net Assets Between Funds – previous year

Group	Restricted Funds £	Unrestricted Funds £	Total 2017 £
Tangible fixed assets			
Current assets/liabilities	120,471	(32,742)	87,729
	<hr/>	<hr/>	<hr/>
	120,471	(32,742)	87,729

18 Capital commitments

Totnes Community Development Society (TCDS) obtained a lease for the whole of the former Dairy Crest Totnes Creameries site, Totnes, TQ9 5JP in February 2015. This lease enables the Society to take forward the pre-development work required to bring the land forward for development.

Currently the site is owned by Dairy Crest Group Plc (under the name Unigate Dairies Limited). Through the legal agreements established in August 2014 Totnes Community Development Society and McCarthy and Stone Retirement Lifestyles Ltd. have an interest in the land. The key elements of these agreements are as follows:

TCDS contract with Unigate Dairies Limited for the south of site:

The sale price is for £1.00. The key points are that the Society obtain a Community Right to Build Order and undertake works on the Brunel Building to complete on the contract. These works need to be completed within 30 months of obtaining the Order.

McCarthy and Stone Retirement Lifestyles Ltd. contract with Unigate Dairies Limited:

This contract enables McCarthy and Stone Retirement Lifestyles Ltd. to purchase a specified piece of land within the Atmos Totnes. This contract can be assigned to the Society if McCarthy and Stone Retirement Lifestyles Ltd. decide not to develop.

Co-operating agreement between TCDS and McCarthy and Stone Retirement Lifestyles Ltd.:

This set out how TCDS will share information with McCarthy and Stone Retirement Lifestyles Ltd..

Option Agreement for the north of the site between TCDS and Unigate Dairies Limited:

The option is priced at £1.00. The residual land value is calculated by taking 84% of gross development value (open market) less the development costs as defined.