

Report of the Directors and
Financial Statements for the Year Ended 31 March 2021
for
DEMO RTM Company Limited

Contents of the Financial Statements
for the Year Ended 31 March 2021

	Page
Company Information	1
Report of the Directors	2
Report of the Independent Auditors	3
Statement of Comprehensive Income	5
Balance Sheet	6
Statement of Changes in Equity	7
Notes to the Financial Statements	8

DEMO RTM Company Limited

Company Information
for the Year Ended 31 March 2021

DIRECTORS:

A P Morgan
Y Aksoy
S M Barry
V Matten
J M Nicholson
P Opendi
S Lamothe
N Dibba
M Barry
D A Roy
N Yussif
H J Koroma

REGISTERED OFFICE:

5 Kingsdown House
Amhurst Road
London
E8 2AS

REGISTERED NUMBER:

06195287 (England and Wales)

AUDITORS:

Peter Upton (Statutory Auditor)
PO Box 782
Maidenhead
Berks
SL6 1FR

Report of the Directors
for the Year Ended 31 March 2021

The directors present their report with the financial statements of the company for the year ended 31 March 2021.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of a Residential Tenant Management Organisation (TMO).

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2020 to the date of this report.

A P Morgan
Y Aksoy
S M Barry
V Matten
J M Nicholson
P Opendi
S Lamothe
N Dibba

Other changes in directors holding office are as follows:

J A O Fotabon - resigned 19 October 2020
M Barry - appointed 19 October 2020
D A Roy - appointed 19 October 2020
N Yussif - appointed 19 October 2020
H J Koroma - appointed 19 October 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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 of 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 judgements 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:

A P Morgan - Director

30 September 2021

Report of the Independent Auditors to the Members of
DEMO RTM Company Limited

Opinion

We have audited the financial statements of DEMO RTM Company Limited (the 'company') for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income, 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).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its profit 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 Companies Act 2006.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company 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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

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 this gives rise to a material misstatement in the financial statements themselves. 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.

Report of the Independent Auditors to the Members of
DEMO RTM Company Limited

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page two, 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 the directors determine 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 company'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 company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 a Report of the Auditors 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We exercise professional judgement and maintain professional scepticism throughout the audit. It is our responsibility to identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, to design and perform audit procedures responsive to those risks and to obtain evidence that is sufficient and appropriate to provide a basis for our opinion.

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/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Peter Upton Senior Statutory Auditor
For and on behalf of Peter Upton (Statutory Auditor)
PO Box 782
Maidenhead
Berks
SL6 1FR

15 October 2021

Statement of Comprehensive Income
for the Year Ended 31 March 2021

	Notes	31.3.21 £	31.3.20 £
TURNOVER		225,461	212,456
Administrative expenses		<u>195,549</u>	<u>216,933</u>
OPERATING PROFIT/(LOSS)	4	<u>29,912</u>	<u>(4,477)</u>
Interest receivable and similar income		<u>672</u>	<u>524</u>
PROFIT/(LOSS) BEFORE TAXATION		<u>30,584</u>	<u>(3,953)</u>
Tax on profit/(loss)	5	<u>128</u>	<u>-</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		30,456	(3,953)
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>30,456</u></u>	<u><u>(3,953)</u></u>

DEMO RTM Company Limited (Registered number: 06195287)**Balance Sheet**
31 March 2021

	Notes	31.3.21 £	£	31.3.20 £	£
FIXED ASSETS					
Tangible assets	6		2,386		3,573
CURRENT ASSETS					
Debtors	7	551		87,598	
Cash at bank		<u>303,422</u>		<u>179,755</u>	
		303,973		267,353	
CREDITORS					
Amounts falling due within one year	8	<u>108,308</u>		<u>103,331</u>	
NET CURRENT ASSETS			<u>195,665</u>		<u>164,022</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>198,051</u>		<u>167,595</u>
RESERVES					
Reserve fund	9		56,755		56,755
Retained earnings	9		<u>141,296</u>		<u>110,840</u>
			<u>198,051</u>		<u>167,595</u>

The financial statements were approved by the Board of Directors and authorised for issue on 30 September 2021 and were signed on its behalf by:

J M Nicholson - Director

DEMO RTM Company Limited (Registered number: 06195287)

Statement of Changes in Equity
for the Year Ended 31 March 2021

	Retained earnings £	Reserve fund £	Total equity £
Balance at 1 April 2019	114,793	56,755	171,548
Changes in equity			
Total comprehensive income	(3,953)	-	(3,953)
Balance at 31 March 2020	110,840	56,755	167,595
Changes in equity			
Total comprehensive income	30,456	-	30,456
Balance at 31 March 2021	141,296	56,755	198,051

The notes form part of these financial statements

**Notes to the Financial Statements
for the Year Ended 31 March 2021**

1. STATUTORY INFORMATION

DEMO RTM Company limited is a private company, limited by guarantee, registered in England and Wales. the company's registered number and registered office address can be found on the Company Information page.

the presentation currency of the financial statements is the Pound Sterling (£).

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Financial Reporting Standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemption in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows.

Turnover

Turnover is measured at the fair value of the consideration receivable, excluding discounts and value added tax. Income from the London Borough of Hackney is recognised in the period to which it relates. Other income is recognised as it arises.

Tangible fixed assets

Tangible fixed assets are capitalised at cost and subsequently measured at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of the fixed assets, less their residual value, over their expected useful lives on the following basis:

Plant and machinery	20% straight line
Fixtures, fittings and ground works	20% or 25% straight line
Office equipment	20% or 25% straight line

Purchases of tangible fixed assets over the value of £500 are capitalised at cost. Assets of a lower amount are capitalised at the discretion of the directors.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income. Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference. 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.

Pension costs and other post-retirement benefits

The company contributes to employees personal pension schemes through Auto Enrolment and defined contributions. Contributions are charged to the profit and loss account in the period to which they relate.

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2021****2. ACCOUNTING POLICIES - continued****Financial instruments**

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of 3 months or less from the date of acquisition or opening of the deposit or similar account.

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discount due.

Creditors and provisions are recognised where the company has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discount due.

3. EMPLOYEES AND DIRECTORS

	31.3.21	31.3.20
	£	£
Wages and salaries	94,016	89,125
Social security costs	9,308	8,475
Other pension costs	3,001	2,844
	<u>106,325</u>	<u>100,444</u>

The average number of employees during the year was as follows:

31.3.21	31.3.20
<u>3</u>	<u>3</u>

Key management personnel are the directors, who receive no remuneration for their services and to whom no expenses were paid during the year.

	31.3.21	31.3.20
	£	£
Directors' remuneration	<u>-</u>	<u>-</u>

4. OPERATING PROFIT/(LOSS)

The operating profit (2020 - operating loss) is stated after charging:

	31.3.21	31.3.20
	£	£
Depreciation - owned assets	1,808	3,765
Auditors' remuneration	<u>3,050</u>	<u>3,150</u>

5. TAXATION**Analysis of the tax charge**

The tax charge on the profit for the year was as follows:

	31.3.21	31.3.20
	£	£
Current tax:		
UK corporation tax	128	-
Tax on profit/(loss)	<u>128</u>	<u>-</u>

**Notes to the Financial Statements - continued
for the Year Ended 31 March 2021****5. TAXATION - continued****Reconciliation of total tax charge included in profit and loss**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	31.3.21 £	31.3.20 £
Profit/(loss) before tax	<u>30,584</u>	<u>(3,953)</u>
Profit/(loss) multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	5,811	(751)
Effects of:		
Profits not taxable	<u>(5,683)</u>	<u>751</u>
Total tax charge	<u>128</u>	<u>-</u>

6. TANGIBLE FIXED ASSETS

	Plant and machinery £	Fixtures and fittings £	Office & sundry equipment £	Totals £
COST				
At 1 April 2020	435	23,921	13,247	37,603
Additions	-	-	621	621
At 31 March 2021	<u>435</u>	<u>23,921</u>	<u>13,868</u>	<u>38,224</u>
DEPRECIATION				
At 1 April 2020	435	21,825	11,770	34,030
Charge for year	-	1,128	680	1,808
At 31 March 2021	<u>435</u>	<u>22,953</u>	<u>12,450</u>	<u>35,838</u>
NET BOOK VALUE				
At 31 March 2021	<u>-</u>	<u>968</u>	<u>1,418</u>	<u>2,386</u>
At 31 March 2020	<u>-</u>	<u>2,096</u>	<u>1,477</u>	<u>3,573</u>

7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.21 £	31.3.20 £
Trade debtors	551	67,244
Other debtors	-	185
Tax	-	20,169
	<u>551</u>	<u>87,598</u>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.3.21 £	31.3.20 £
Trade creditors	18,106	19,834
Tax	128	-
Social security and other taxes	10,261	9,794
Other creditors	24,437	18,125
Deferred income	<u>55,376</u>	<u>55,578</u>
	<u>108,308</u>	<u>103,331</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2021

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR - continued

Within trade creditors is an invoice for £8,730 (inc VAT) from the London Borough of Hackney (LBH) dated 22 April 2014 in relation to the void allowance paid to the company for the year ended 31 March 2014, when the allowance for refurbishing empty properties (voids) to the required standard for renting was overspent. The combination of high costs and the number of void properties led to this expenditure for the 9 months to December being £33,455 against funding of £29,101 per annum. LBH gave the company no support or indication of assistance and the directors were left with no alternative to handing this service back to LBH, who suggested that they may seek repayment of the funding for the fourth quarter of the funding year, but this invoice was not received by the company until May 2017. The directors obviously dispute this invoice and fully expect that it will be cancelled in due course.

9. RESERVES

Retained earnings

Retained earnings have arisen from cost and efficiency savings accumulated over the life of the TMO and are held for the benefit of the estate and its residents.

Reserve fund

The Reserve Fund is for operational contingencies and amounts to three months' allowance for the year of the accounts. In the event of the TMO folding it would be returned to the London Borough of Hackney.

10. RELATED PARTY DISCLOSURES

All related party transactions relate to the London Borough of Hackney.

Entities with control, joint control or significant influence over the entity

	31.3.21	31.3.20
	£	£
Income	222,311	211,291
Debtors	551	67,243
Accrued expenditure	<u>6,500</u>	<u>6,500</u>

11. ULTIMATE CONTROLLING PARTY

The company is controlled by the directors.

12. COMPANY STATUS

The company is a private company incorporated in England and Wales, registered office 5 Kingsdown House, Amhurst Road, London E8 2AS. It is limited by guarantee and consequently does not have share capital. Each of the members is liable to contribute an amount not exceeding £1 towards the assets of the company in the event of liquidation.

13. CONVERTING FROM DEMO RTM LTD TO DEMO CIC

Over the last 12 months the Company has been investigating the possibility of converting to a CIC. This will enable an asset lock to be put in place and possibly allow applications for funding for activities for the benefit of residents, particularly children and young people.

DEMO RTM Co Ltd engaged Anthony Collins Solicitors to advise on the process and to prepare a new constitution that would enable the existing company to convert to a CIC. The new Memorandum and Articles were circulated to the membership and an Extraordinary General Meeting was held on 25th March 2019 at which the following resolutions were adopted:

a) The name of the company shall be changed to DEMO CIC;

b) That the company shall be a Community Interest Company;

c) That the Articles of Association of the Company shall be rescinded in their entirety and replaced with the version attached to this notice calling the Extraordinary General Meeting. The Articles being amended so as to comply with requirements in connection with becoming a community interest company.

The constitution has now been forwarded to the London Borough of Hackney for formal approval and will then be submitted formally using Form CIC37 to Companies House.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.