



EXPLANATORY NOTES TO ACCOMPANY THE ACCOUNTS

We know that people have questions about how plot rent money is collected and spent so we produced these explanatory notes to be read with the accounts.

OVERALL PRINCIPLES

Rent and water charges

Our self-management agreement says **we must collect rents at the levels set by the Council every year** (which is usually at the end of September). We have no discretion to change this. Water costs are again set by the Council and are charged per rod although the Council may be moving to charging sites based on actual water use.

Principles of spending and reserves

One of the key reasons we decided to become self-managed (after discussion with TFAS members in 2014) was that the Council would allow us to keep the majority of the plot rents collected. We could then use this money to improve our site and provide services that TFAS members told us they wanted.

Our high levels of spending over the last three years has been to improve the infrastructure of our site (for example, the water project on the Horseshoe, replacing or repairing taps and water tanks across the site, improving community plots and facilities) as well as buying or hiring equipment to help deliver services (a strimmer and mower for path strimming, communal tools for novice gardeners on Rose Avenue and the provision of skips to help people clear their plots as well as regular manure deliveries and so on).

It's important to us, as a responsible committee, that we carefully balance spending money to improve the site/provide benefits against making sure we have enough savings (reserves) to be able to cover our regular bills (for example our water bill).

We believe it's important to you, our members, to see that you get value from your rent payment. If, at a future date, we decide we don't want to be a self-managed site, Merton would resume collecting rents, via their contractor iDverde. If this happens then the majority of the site improvements funded by the Society would stop as would path strimming, manure deliveries, skip days and a lot of our community activities which we would no longer be able to fund as our only source of income would be the £7 people pay to be part of TFAS.

More detailed notes explaining figures on the balance sheet and income and expenditure accounts are on the following pages.

You will notice on page 4 of the accounts that our spending for both 2020 and 2021 is higher than our income. This was a choice we made to invest in the site with the major Horseshoe water project in 2020 and a number of smaller but necessary projects in 2021. We were only able to do this because we had saved money from our early years of self-management. **Spending in excess of our income is not sustainable in the long term and we will always carefully consider income and expenditure when planning works and ensure we have sufficient reserves set aside.**

NOTES TO THE ACCOUNTS

Balance Sheet (page 3)

The balance sheet is a snapshot in time (30 September 2021) and shows:

- how much money we are owed (debtors)
- how much money we have in the bank (cash at bank)
- how much we owe (creditors)
- our share capital (everyone who joins TFAS has a share in the organisation)

Some key things about the figures on this page:

- **Debtors:** this is plot rent money we haven't collected in 2020 (and in two cases for 2019). There are two reasons why this figure is high.
 - we know many people found 2020 difficult financially and we have tried to work with them to make sure they kept their plots but were also able to pay their rent. This meant we agreed to several short-term payment plans.
 - in 2020 iDverde (on behalf of the Council) mistakenly issued invoices to all Merton's self-managed sites because their contractor who raises invoices was using very old data. This meant that some people have paid iDverde in error. *(Unfortunately – despite promising us they had fixed this issue – they did it again and invoiced all self-managed site last week). We're working with them to resolve this.*

What we've done to reduce the debtors figure: since 30 September we have collected money owed or have agreed payments dates for sums amounting to £1522.

This reduces the debtors total to £1891 and brings the number of people who owe us money down to eleven.

We're working with iDverde and their subcontractor to identify how many of these eleven plot holders may have paid them in 2020. We're also contacting plot holders to ask them to help us do this by giving us proof of payment (a copy of the relevant entry in a bank statement) so we can reclaim this money.

In one case we have had to issue notice that we will be terminating a tenancy unless prompt payment is made.

What about rent collection this year? We've asked our book keeper to help us by chasing payments for all 2021/22 invoices from mid-November so we can complete rent collection quickly. We also aim to complete collection of outstanding rent from previous years by the end of November.

- **Creditors** - £2993 this related to money we owe and covers things like:
 - accrued expenses – expenses which occurred before 30 September which we have written cheques to cover but which were not cashed by 30 September. This mostly relates to costs for repairs and maintenance

- accrued rent payment to Merton – as part of our self-management agreement we pay Merton a percentage of the rent we collect for our continued use of the site. We haven't made the 2020/21 payment yet because of the confusions around the iDverde invoices.
- accrued rent payments - we know some plot holders made payments to iDverde/Merton rather than to TFAS . iDverde have agreed that once we know what this figure is they will deduct it from the rent payment to Merton mentioned above.
- key deposits - we charge a deposit when you get your key and this is refunded when you leave – so we need to make sure we have enough money to cover refunds.

Income and expenditure account (page 4)

Income

Our main income is from the plot rentals, water rates, key deposits and the TFAS membership fee – which are shown on your invoices. In previous years we've also had income from things like the Kings Seed orders and our seed and seedling swap and sale days. With COVID restrictions we weren't able to do those so our miscellaneous income was very small.

Expenditure

Much of our expenditure is self-explanatory but there are some large figures which we wanted to provide more detail about.

Community sheds: cover two main areas – a small amount spent on improvements to the two sheds on the community plot on the Horseshoe. The majority spent here was to buy a secure metal lock up with limited access to contain equipment we purchased to help with site strimming and maintenance.

Rent: this is the percentage of the plot rent collected which we pay to Merton. We've been able to let more plots this year because we've taken a more robust attitude to non-cultivation which means we've been able to let plots quickly, improve income and reduce our waiting list.

Manure: people asked us to look at alternative suppliers to the Compost Centre this year. We bought in manure from 3 different suppliers – but concluded that we cannot afford significant increased cost from the two new suppliers we tried. We've also secured a supply of fresh stable manure which we can bring in on a regular basis (this would need to be composted for 12 months before use).

Water rates: these are less than last year as we negotiated a decrease in our direct debit from Castle Water to reflect our decreased use for the winter months (when the water is switched off). We've also asked them to work with us to improve the way we are charged so that we can plan our budget more effectively.

Tools and equipment: we restocked some tools for novice gardeners on the Rose Avenue site (this is covered by their way their rents are calculated) and also invested in a strimmer and mower to help us strim main paths across all three sites.

Professional fees: we've allocated a small budget to work with a web designer to improve our much neglected website. We have a sub-group steering improvements and have done a lot of research on how other self-managed sites use their websites.

Social events: now that we can meet face to face we spent some money on our social events and work days.

Printing, postage and stationery: covers costs of paper, ink, printing and when needed photocopying. Most people have provided us with email details which means we can minimise our postal costs but we do have around 20 people who are not online. We want to make sure everyone has the same information so we will be posting our monthly updates out to them. This also covers sending people printed copies of important documents like duplicate invoices and requests for payment as well as termination of tenancy notices if they're not responding to emails.

Keys and locks: we have a budget for replacing locks when they reach the end of their life and we also need to get replacement keys cut to cover losses or on the few occasions where people don't return them after they have moved away from London.

Subscriptions: covers our National Allotment Society membership (*National Society of Allotment & Leisure Gardeners Ltd.*) our membership fees for the Information Commissioners Office (to show we are handling your data correctly and abide by GDPR principles) and a small charge for our own website domain name (tamworthfarmallotments.org)

Insurance: in previous years our insurance covered us for the very basic liability (public liability and employer's liability). Because we have invested a lot in our site (for example with buildings and tools) we spoke to our broker who recommended we increase our insurance. We will review this every year and look for competitive quotes which still give us the level of cover we feel appropriate.

Book keeping: we decided not to audit our accounts so we have a book keeper who works with our treasurer and chair and provides external validation that our expenditure is legitimate, provides us with regular updates on debtors, raises and issues our annual invoices and works with the lettings officer on contracts and invoicing for new plot holders. She monitors our monthly expense and produces our annual accounts.

Plants and fruit trees: we purchased some fruit trees for the communal plot on the Horseshoe and to provide screening along the fence of Rose Avenue. We've also bought additional spikey plants to help discourage people from climbing over the fence by the Horseshoe community shed.

Water project: following the success of the Horseshoe water project last year we had intended to carry out work on the Farm improving some areas. Unfortunately further lockdowns meant we had to delay this project.

Repairs and maintenance: this is the cost for strimming the main paths, regular skip hire and rubbish clearance at least twice a year so people can clear their plots of unwanted (non-compostable) items at the beginning and end of the growing season, plus some smaller spending on items needed for the upkeep of our water tanks and taps.