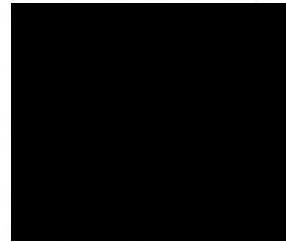


Appendix 10 - Bill's matter of concern 2015 AGM



Ponders End & District Small Holders Association Ltd
Falcon Fields
Church Rd
Ponders End
Enfield
Middlesex
EN3 4NY

22.10.2015

Dear Sirs

I refer to the Agenda for the Annual General Meeting ("AGM") of Ponders End & District Smallholders Association Limited (the "Club") to be held on 25 October 2015 at 10am, and the documents included therein. I refer, in particular, to the following :

1. Unaudited Accounts of the Club for the year ended 31 December 2014 (the "Accounts"); and
2. Accountants' Report of the Accounts, dated 5 October 2015.

As a member of the Club, I received a copy of the Agenda on 18 October 2015. I was unable to attend the general meeting of the Club, held on 18 October 2015, at which the Agenda was distributed to all members; instead another member collected an Agenda on my behalf and passed it on to me later that day.

The Agenda states that *"to ensure that a full answer to any matters concerning the Financial Statements and the previous year's A.G.M. can be given, Members are requested to put all queries in writing to the Secretary no later than noon on 18 October 2015."*

As I only received a copy of the Agenda on 18 October 2015, I was unable to meet this deadline.

Notwithstanding the above, it is my position that the Accounts should not be approved for the following two reasons :

1. The Accounts fail to refer to the Co-Operative and Communities Benefit Societies Act 2014 (the "2014 Act");

2. The Accounts are unaudited. This is contrary to the duties imposed by the 2014 Act; and
3. There are irregularities in the Accounts which call for further explanation.

I particularise the basis for the complaints, below.

Failure to refer to the 2014 Act.

The Accountants' report refers to the Club's duty under the Industrial & Provident Societies Act 1965 ("1965 Act") and the Industrial and Provident Societies Act 1968 ("1968 Act").

It is incorrect to refer to the 1965 Act and the 1968 Act. The 2014 Act came into force on 1 August 2014. As the Club was a registered society under the 1965 Act, the 2014 Act applies to the Club.

The duties of the Club to keep proper accounting records and prepare financial statements are therefore now pursuant to the 2014 Act. The Accounts should be amended to reflect this.

Unaudited Accounts

The Accounts are unaudited.

The Accountants' report on the Accounts notes that "You consider that the Club is exempt from the statutory requirement for an audit for the year".

Section 83 of the 2014 Act provides that a registered society must appoint one or more qualified auditors to audit its accounts and balance sheets for that year. Although a society can rely on section 84 of the 2014 Act to disapply the requirement to have its accounts audited, a resolution to do so must be passed at a general meeting. The Club has not passed a resolution at a general meeting to disapply the auditor requirement. Therefore, the Accounts must be audited.

Failure to appoint an auditor where one is required is an offence under the 2014 Act.

Accounting irregularities

The Club has a duty, under section 75 of the 2014 Act, to ensure that the Accounts give a *true and fair view of the state of the society's affairs*. It is my position that the Accounts do not give a true and fair view of the state of the Club's affairs.

Based on i) **allotment rent** collected by me, and ii) my calculations as to the allotment rent that should have been collected by either Mrs L March, Mrs M Lawes and/or Mr A Philips, the total allotment rent should be **£10,324** rather than £7,978. Similarly, the actual **rent paid** to the Council was **£8,842** rather than £5,722. I enclose supporting documents with this letter.

The Accounts should be either amended in line with my figures, or an explanation provided for the figures currently included.

Failure to ensure the Accounts give a true and fair view of the state of the Club's affairs is an offence under the 2014 Act.


Offences under the 2014 Act

Failure to appoint an auditor where one is required, and failure to ensure that the Accounts give a true and fair view of the state of the Club's affairs are both general offences under the 2014 Act. Such offences can be committed by both the Club and an officer or member of the Club.

Any person guilty of these offences is liable to a fine not exceeding £1000.

In order to ensure that neither the Club, nor its officers or members are guilty of the offences outlined above, we must ensure that the Accounts are audited (or a resolution is passed to set aside the statutory requirement that the Accounts are audited) and that any accounting irregularities are resolved. Accordingly, we should not approve the Accounts enclosed with the Agenda until the above steps are taken.

Yours faithfully



William Hayes