

MARSHAM COURT MANAGEMENT COMPANY LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE
YEAR ENDED 31ST DECEMBER 2010

[Company Number: 01602191]



MARSHAM COURT MANAGEMENT COMPANY LIMITED

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Registered Office	18 Pall Mall, London, SW1Y 5LU
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Company Number	01602191
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DIRECTORS' REPORT FOR THE YEAR ENDED 31ST DECEMBER 2010

The Directors present herewith their Annual Report, together with the audited financial statements of the Company for the year ended 31st December 2010

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- 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 Company will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that, as far as they are aware, there is no relevant audit information of which the Company's Auditors are unaware and that they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

PRINCIPAL ACTIVITY

The Company was formed for the purpose of acquiring and managing the freehold interest in Marsham Court, Marsham Street, London SW1. In 1985 the Company acquired the freehold interest in Marsham Court from the City of Westminster Assurance Company Limited.

The financial statements disclose on pages 5 and 6 the income and expenditure incurred in managing the freehold property, which constituted the Company's main activity for the year.

The Company is a non-profit making body, accordingly it does not make transfers to reserves, nor vote dividends.

THE DIRECTORS

The Directors who served during the year were as follows

Thomas S Corrigan OBE CA (Chairman)
Ms Helen Donoghue (Secretary)
Lord Rodger of Earlsferry
Callum MacPherson
Miss Rosemary E Moodie (Resigned 18th January 2011)
Ms Moya P O'Shea (Resigned 14th December 2010)
Dr Andrew C Parmley
Julian H Prideaux OBE FRICS
David Prince CBE
Rear Admiral David M Pulvertaft CB

The Venerable Christopher Lowson and Esther R A M Van de Geijn were appointed directors on 22nd February 2011

DIRECTORS' REPORT FOR THE YEAR ENDED 31ST DECEMBER 2010

(continued)

DIRECTORS' INDEMNITY INSURANCE

During the year the Company maintained a policy of indemnity insurance for the benefit of all of the Company's Directors

AUDITORS

A resolution for the reappointment of F W Smith, Riches & Co as auditors to the Company is to be proposed at the forthcoming Annual General Meeting in accordance with section 485 of the Companies Act 2006

SMALL COMPANY RULES

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006

This report was approved by the Board of Directors on 22nd February 2011 and signed on its behalf by



Ms H Donoghue
Secretary

Company registration number 01602191

M J ROONEY
D D E CRAWFORD
A C JACKSON

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E J FURNISS – Consultant

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MARSHAM COURT MANAGEMENT COMPANY LIMITED

We have audited the financial statements of Marsham Court Management Company Limited for the year ended 31st December 2010 on pages 4 to 10. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the Company's shareholders, 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 shareholders those matters we are required to state to them in an auditors' 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 Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Directors' Responsibilities Statement set out on page 1, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by Directors, and the overall presentation of the financial statements.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31st December 2010 and of its result for the year then ended, and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

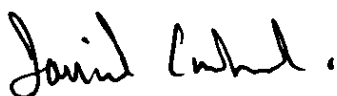
OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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 prepare the financial statements and the Directors' Report in accordance with the small companies regime.



Daniel D E Crawford (Senior Statutory Auditor)
For and on behalf of F W Smith, Riches & Co
Chartered Accountants & Statutory Auditors
London

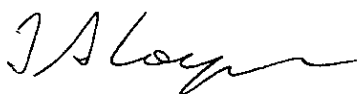
22nd February 2011

BALANCE SHEET AT 31ST DECEMBER 2010

		<u>2010</u>		<u>2009</u>	
	<u>Notes</u>	£	£	£	£
FIXED ASSETS					
Tangible	5a		51,082		51,082
Investments	5b		1		453,386
			<u>51,083</u>		<u>504,468</u>
CURRENT ASSETS					
Debtors	6	82,105		72,917	
Cash in bank		406,766		190,181	
		<u>488,871</u>		<u>263,098</u>	
CREDITORS: amount falling due within one year	7	301,117		181,101	
NET CURRENT ASSETS			187,754		81,997
MEDIUM TERM DEBTORS	6		2,566		2,566
NET ASSETS			<u>241,403</u>		<u>589,031</u>
Representing					
PROVISION FOR LIABILITIES AND CHARGES	8		174,309		521,937
CAPITAL AND RESERVES					
Called up share capital	9	147		147	
Extraordinary fund	10	66,947		66,947	
SHAREHOLDERS' FUNDS			<u>67,094</u>		<u>67,094</u>
			<u>241,403</u>		<u>589,031</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

The financial statements on pages 4 to 10 were approved by the Directors on 22nd February 2011 and were signed on their behalf by



T. S. Corrigan
Chairman

INCOME & EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2010

	<u>Notes</u>	<u>2010</u>	<u>2009</u>
INCOME	2		
Service charges to leaseholders		599,323	588,060
Amounts recoverable from commercial parts		8,336	8,035
		<hr/>	<hr/>
		607,659	596,095
STAFF COSTS			
Porters' salaries		213,013	215,276
Ex gratia payments		6,000	-
Porters' pension costs	4	7,661	5,201
Petty cash		1,044	724
Uniforms		473	1,590
Furniture and sundries		1,472	2,170
		<hr/>	<hr/>
		(229,663)	(224,961)
CLEANING			
Cleaning materials and consumables		1,581	2,419
Cleaning contractors		32,087	29,757
Refuse collection		1,126	1,045
Pest control		4,699	4,988
		<hr/>	<hr/>
		(39,493)	(38,209)
GAS AND ELECTRICITY			
Gas		72,400	54,894
Electricity		20,192	23,611
		<hr/>	<hr/>
		(92,592)	(78,505)
REPAIRS, MAINTENANCE AND RENEWALS			
Heating and hot water repairs and maintenance		11,647	31,881
Heating and hot water tender costs		14,943	
Boiler replacement project	8	415,770	13,725
Water hygiene		4,229	2,559
Lift maintenance and repairs		35,605	11,778
Building maintenance and repairs		18,194	28,327
		<hr/>	<hr/>
		(500,388)	(88,270)
INSURANCE POLICIES			
Flat owners policy		42,659	42,961
Engineering and insurance policies		3,270	3,177
Directors' professional indemnity		990	986
		<hr/>	<hr/>
		(46,919)	(47,124)
(DEFICIT)/SURPLUS CARRIED FORWARD		<hr/>	<hr/>
		(301,396)	119,026

The Income and Expenditure Account continues on page 6

INCOME & EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2010
(continued)

	Notes	2010	2009
		£	£
(DEFICIT)/SURPLUS BROUGHT FORWARD		(301,396)	119,026
SECURITY AND FIRE EQUIPMENT			
Security equipment and maintenance		2,541	396
Telephones, mobiles and broadband		3,035	2,547
Entry phone and TV aerial		11,029	17,006
New TV aerial and systems	8	-	40,316
Fire equipment maintenance		1,857	8,796
		(18,462)	(69,061)
OTHER COSTS			
Annual return		45	45
Meeting expenses		623	823
Stationery and other expenses		2,539	845
Foyer flowers		4,792	4,092
Bank charges		148	145
		(8,147)	(5,950)
PROFESSIONAL FEES			
Management fees		33,781	33,063
Solicitor's fees		8,066	6,549
Accountancy and audit			
- service charge accounts		2,704	2,530
- statutory accounts		2,704	2,530
Secretarial services and registrars		1,528	2,288
Taxation and other professional fees		600	600
		(49,383)	(47,560)
DEFICIT BEFORE INTEREST, TAX AND TRANSFERS		(377,388)	(3,545)
INTEREST RECEIVABLE	1(c)	267	341
TAX ON INTEREST RECEIVABLE	3	(56)	(72)
DEFICIT BEFORE TRANSFERS (TO)/FROM SINKING FUND		(377,177)	(3,276)
Transfer to Sinking Fund account to meet future expenditure	8	(50,552)	(50,000)
Transfer from Sinking Fund to meet expenditure on boiler project, heating and hot water consultancy and new TV aerial and systems	8	415,770	54,041
(DEFICIT)/SURPLUS (PAYABLE BY)/ REPAYABLE TO LEASEHOLDERS	6, 7	(11,959)	765

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2010**1 ACCOUNTING POLICIES****(a) Accounting Conventions**

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

(b) Income & Expenditure Account

The Directors have prepared an Income & Expenditure Account as they are of the opinion that this reflects the activities of the Company better than a profit and loss account

(c) Interest Receivable

Interest arising on monies deposited with banks is accounted for on a receipts basis. Interest on Sinking Fund monies (net of income tax) is accumulated within the Sinking Fund and not dealt with through the Income and Expenditure Account (see note 8 below)

(d) Corporation Tax and Income Tax

A surplus arising in relation to leaseholders' service charges is exempt from taxation. No such exemption applies to investment income, tax is provided on gross income received, including interest on Sinking Fund monies. Investment income arising on monies held in the Sinking Fund and on monies received from leaseholders is subject to income tax at the Trust Rate. Investment income arising from monies held by the Company in its own right is subject to corporation tax.

(e) Depreciation

No depreciation is provided on freehold property as in the opinion of the Directors any element of depreciation would be immaterial.

(f) Investments

Fixed asset investments are stated at cost less provision for any diminution in value.

2 INCOME

Income represents service charges receivable for the year in respect of the management of Marsham Court.

3 TAX ON INTEREST RECEIVABLE

	<u>2010</u> £	<u>2009</u> £
Tax on Service Charge interest at 20.10 % (2009 21.11 %)	56	72
	<u>56</u>	<u>72</u>
Tax on Sinking Fund interest at 31.65 % (2009 27.52 %) (see note 8)	2,398	6,350
Over provision in prior year	(308)	(81)
	<u>2,090</u>	<u>6,269</u>

4 PENSION COSTS

Contributions to defined contribution schemes	7,661	5,201
	<u>7,661</u>	<u>5,201</u>

At the year end there were accrued but unpaid contributions of £986 (2009 £696)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2010
(continued)

5 FIXED ASSETS

(a) Tangible

The freehold interest in Marsham Court, London, SW1 vested in the Management Company on 7th October 1985. The consideration payable for the interest on transfer to the Company was £1. The reinstatement cost of the building for fire insurance purposes at 31st December 2010 was £34,925,000 (2009 £34,000,000).

The tangible fixed assets comprise the following

	<u>Property enhancement</u>	<u>Freehold property</u>	<u>Total Costs</u>
	£	£	£
Balance at beginning and end of year	51,081	1	51,082
	<u>=====</u>	<u>==</u>	<u>=====</u>

The property enhancement represents expenditure incurred in creating the Head Porter's flat in 1996.

(b) Investments

	<u>2010</u>	<u>2009</u>
	£	£
Cost		
Listed	-	453,385
Unlisted	1	1
	<u>1</u>	<u>453,386</u>
	<u>=====</u>	<u>=====</u>

The listed investments were sold during the year.

The unlisted investment is the cost of one share issued by Marsham Court Services Limited, a wholly owned subsidiary. The subsidiary has not traded in the year to 31st December 2010 and at 31st December 2010 the aggregate of the company's share capital and reserves was £1.

6 DEBTORS

	<u>2010</u>	<u>2009</u>
	£	£
Amounts falling due within one year		
Amounts due from leaseholders (excess of expenditure over income for year)	11,959	-
Amounts due from leaseholders (service charge arrears)	17,076	9,529
Prepayments	52,599	63,388
Other debtors	471	-
	<u>82,105</u>	<u>72,917</u>
	<u>=====</u>	<u>=====</u>
Medium term loans (repayable in more than 1 year)	2,566	2,566
	<u>=====</u>	<u>=====</u>

NOTED TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2010
(continued)

7	CREDITORS: Amounts falling due within one year	<u>2010</u>	<u>2009</u>
		£	£
	Amounts due to leaseholders (excess of income over expenditure for year)	-	765
	Taxation and social security	-	6,645
	Corporation tax	44	17
	Income tax	-	2,929
	Other creditors	28,299	38,572
	Accruals	272,774	132,173
		<u>301,117</u>	<u>181,101</u>

8 PROVISIONS FOR LIABILITIES AND CHARGES

Provision for certain future expenditure is dealt with in the Sinking Fund account, which is interest bearing

The movement on the Sinking Fund account is as follows

Balance at beginning of year	521,937	504,908
Transfer from Income and Expenditure Account	50,552	50,000
Transfer to Income and Expenditure Account	(415,770)	(54,041)
Broker's charges- custodian fees	(1,021)	(656)
Interest received for the year	3,286	23,071
Profit on sale of investments	17,415	4,924
Tax on interest received (see note 3)	(2,090)	(6,269)
Balance at end of year	<u>174,309</u>	<u>521,937</u>

The Sinking Fund has been established for the purpose of providing for any non-annually recurring future major expenditure

The transfer to the Income and Expenditure Account represents expenditure on the boiler project of £415,770 (2009 heating and hot water consultancy and a new TV aerial and systems of £13,725 and £40,316 respectively)

The provision is based on the estimated current cost of the future major expenditure without taking into account the future annual income earned on the Sinking Fund monies. The Directors are, therefore, of the opinion that the amount included within the Sinking Fund is equivalent to the net present value of the estimated cost of the future major expenditure

9 CALLED UP SHARE CAPITAL

Authorised		
147 ordinary shares of £1 each	<u>147</u>	<u>147</u>
Allotted, called up and fully paid		
147 ordinary shares of £1 each	<u>147</u>	<u>147</u>

NOTED TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2010
(continued)**10 EXTRAORDINARY FUND**

The Extraordinary Fund account represents the profit after tax on the sale of an additional flat

The movement on the Extraordinary Fund account is as follows

	<u>2010</u>	<u>2009</u>
	£	£
Balance at the beginning and end of year	<u>66,947</u>	<u>66,947</u>

11 RELATED PARTY DISCLOSURES

The Company had no controlling party in either 2010 or 2009