

MARSHAM COURT MANAGEMENT COMPANY LIMITED

ANNUAL REPORT

FOR THE

YEAR ENDED 31ST DECEMBER 2012

[Company Number: 01602191]

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MARSHAM COURT MANAGEMENT COMPANY LIMITED

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Registered Office	15 Whitehall, London, SW1A 2DD
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Company Number	01602191
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DIRECTORS' REPORT FOR THE YEAR ENDED 31ST DECEMBER 2012

The Directors present herewith their Annual Report, together with the audited financial statements of the Company for the year ended 31st December 2012

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 vote dividends.

THE DIRECTORS

The Directors who served during the year were as follows

David Prince CBE (Chairman from 23rd May 2012)
Thomas S Corrigan OBE CA (Chairman to 23rd May 2012) (resigned 23rd May 2012)
Ms Helen Donoghue (Secretary)
Callum Macpherson
Anthony W F Curl (appointed 16th July 2012)
Miss Esther R A M van de Geijn
Miss Jacqueline A Little
Mrs Susan Lowson (appointed 16th July 2012)
Frederick R Mingay CMG
Rear Admiral David M Pulvertaft CB
Geoffrey Shepherd (resigned 24th June 2012)
Richard J Thompson

DIRECTORS' REPORT FOR THE YEAR ENDED 31ST DECEMBER 2012
(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 18th April 2013 and signed on its behalf by

C Macpherson
Director

A handwritten signature in dark ink, appearing to be 'C Macpherson', followed by a horizontal line and a period.

Company registration number 01602191

M J. ROONEY
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D M PEIRSON

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A C JACKSON – 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 2012 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 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 the Directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2012 and of its result for the year then ended,
- 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 in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Directors' Report.



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

18th April 2013

BALANCE SHEET AT 31ST DECEMBER 2012

		<u>2012</u>		<u>2011</u>	
	<u>Notes</u>	£	£	£	£
FIXED ASSETS					
Tangible	5a		51,082		51,082
Investments	5b		1		1
			<u>51,083</u>		<u>51,083</u>
CURRENT ASSETS					
Debtors	6	64,227		67,836	
Cash in bank		518,131		456,843	
		<u>582,358</u>		<u>524,679</u>	
CREDITORS: amount falling due within one year	7	218,435		219,857	
NET CURRENT ASSETS			363,923		304,822
MEDIUM TERM DEBTORS	6		2,566		2,566
NET ASSETS			<u>417,572</u>		<u>358,471</u>
Representing					
CAPITAL AND RESERVES					
Called up share capital	8		147		147
Sinking Fund reserve	9		350,478		291,377
Extraordinary fund	10		66,947		66,947
SHAREHOLDERS' FUNDS			<u>417,572</u>		<u>358,471</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 18th April 2013 and were signed on their behalf by



D Prince
Chairman

INCOME & EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2012

	<u>Notes</u>	<u>2012</u>	<u>2011</u>
		£	£
INCOME	2		
Service charges to leaseholders		648,677	624,303
Amounts recoverable from commercial parts		9,787	6,744
		<u>658,464</u>	<u>631,047</u>
STAFF COSTS			
Porters' salaries		222,855	224,083
Ex gratia payments		-	3,000
Porters' pension costs	3	7,969	8,481
Petty cash		863	1,981
Uniforms		-	1,329
Furniture and sundries		900	1,554
Health and safety courses		-	4,320
		<u>(232,587)</u>	<u>(244,748)</u>
CLEANING			
Cleaning contractors, materials and consumables		46,232	35,963
Refuse collection		1,104	1,119
Pest control		6,053	4,941
		<u>(53,389)</u>	<u>(42,023)</u>
GAS AND ELECTRICITY			
Gas		50,433	33,113
Electricity		16,777	23,289
		<u>(67,210)</u>	<u>(56,402)</u>
REPAIRS, MAINTENANCE AND RENEWALS			
Heating and hot water repairs and maintenance		14,503	5,074
Boiler replacement project	9	27,689	(20,063)
Water hygiene		5,018	2,964
Lift maintenance and repairs		10,189	11,742
Building maintenance and repairs		25,629	24,116
Lobby redecoration	9	3,255	-
		<u>(86,283)</u>	<u>(23,833)</u>
INSURANCE POLICIES			
Flat owners policy		54,626	42,501
Engineering and insurance policies		3,562	3,479
Directors' professional indemnity		991	961
		<u>(59,179)</u>	<u>(46,941)</u>
SURPLUS CARRIED FORWARD		<u>159,816</u>	<u>217,100</u>

The Income and Expenditure Account continues on page 6.

INCOME & EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2012
(continued)

	<u>Notes</u>	<u>2012</u>	<u>2011</u>
		£	£
SURPLUS BROUGHT FORWARD		159,816	217,100
SECURITY AND FIRE EQUIPMENT			
Security equipment and maintenance		100	354
Telephones, mobiles and broadband		3,037	3,322
Entry phone and TV aerial		13,093	12,497
Fire equipment maintenance		7,425	4,622
		<u>(23,655)</u>	<u>(20,795)</u>
OTHER COSTS			
Annual return		28	28
Meeting expenses		986	464
Stationery and other expenses		1,317	1,151
Foyer flowers		4,412	4,982
Bank charges – service charge		244	238
Bank charges – Sinking Fund reserve	9	38	-
		<u>(7,025)</u>	<u>(6,863)</u>
PROFESSIONAL FEES			
Management fees		36,159	34,500
Solicitor's fees		10,914	10,136
Other professional fees		6,811	-
Surveyors' and inspection fees	9	10,020	-
Accountancy and audit			
- service charge accounts		2,776	2,716
- statutory accounts		2,776	2,716
Secretarial services and registrars		1,528	1,529
Taxation and other professional fees		1,800	600
		<u>(72,784)</u>	<u>(52,197)</u>
SURPLUS BEFORE INTEREST, TAX AND TRANSFERS		56,352	137,245
INTEREST RECEIVABLE AND SIMILAR INCOME	1(d)	1,781	2,075
TAX ON INTEREST RECEIVABLE AND SIMILAR INCOME	4	<u>(350)</u>	<u>(406)</u>
SURPLUS BEFORE TRANSFERS TO SINKING FUND RESERVE		57,783	138,914
Transfers to Sinking Fund reserve	9	<u>(59,101)</u>	<u>(117,068)</u>
(DEFICIT)/SURPLUS (PAYABLE)/REPAYABLE (BY)/TO LEASEHOLDERS	7	<u><u>(1,318)</u></u>	<u><u>21,846</u></u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2012**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) Basis of preparation

The principal activity of the Company is the management of a building containing mainly residential flats. As such the Company expends monies received from residential service charges. Under Section 42 of the Landlord and Tenant Act 1987 unexpended service charge monies are required to be held on trust by the Company. These financial statements include the service charges receivable, the expenditure incurred and the assets and liabilities of this trust. The assets and the liabilities of this trust are set out in Note 11 to the financial statements.

(c) 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.

(d) Interest Receivable

Interest arising on monies deposited with banks is accounted for on a receipts basis.

(e) 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. Investment income arising 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.

(f) Depreciation

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

(g) Investments

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

(h) Pension Costs

The company operates a stakeholder pension scheme for its employees. The annual contributions payable are charged to the profit and loss account in the period to which they relate.

2 INCOME

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

3 PENSION COSTS

	<u>2012</u> £	<u>2011</u> £
Contributions to defined contribution schemes	7,969	8,481

At the year end there were accrued but unpaid contributions of £1,163 (2011 £1,001)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2012
(continued)

4	TAX ON INTEREST RECEIVABLE	<u>2012</u>	<u>2011</u>
		£	£
	Tax on interest received – service charge	59	109
	Tax on interest received – Sinking Fund reserve	296	307
	Over provision in prior year – Sinking Fund reserve	(5)	(10)
		<u>350</u>	<u>406</u>

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 2012 was £56,468,224 (2011 £42,171,938).

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

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

(b) Investments

	<u>2012</u>	<u>2011</u>
	£	£
Cost		
Unlisted	1	1

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 2012 and at 31st December 2012 the aggregate of the company's share capital and reserves was £1.

6 **DEBTORS**

Amounts falling due within one year

Amounts due from leaseholders (service charge arrears)	4,725	5,025
Prepayments	57,163	62,334
Other debtors	2,339	477
	<u>64,227</u>	<u>67,836</u>
Medium term loans (repayable in more than 1 year)	<u>2,566</u>	<u>2,566</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2012
(continued)

7	CREDITORS: Amounts falling due within one year	<u>2012</u>	<u>2011</u>
		£	£
	Amounts due to leaseholders (cumulative excesses of income over expenditure) (see below)	-	23,164
	Service charges received in advance	94,546	23,605
	Taxation and social security	7,552	8,186
	Corporation tax	-	26
	Other creditors	5,108	12,418
	Accruals	111,229	152,458
		<u>218,435</u>	<u>219,857</u>
	Excess of income over expenditure brought forward	23,164	1,318
	(Deficit)/surplus in year	(1,318)	21,846
	Repaid in year	(21,846)	-
	Balance carried forward	-	23,164
8	CALLED UP SHARE CAPITAL		
	Allotted, called up and fully paid		
	147 ordinary shares of £1 each	<u>147</u>	<u>147</u>
9	SINKING FUND RESERVE		
	The Sinking Fund reserve has been established for the purpose of providing for any non-annually recurring future major expenditure		
	The movement on the Sinking Fund reserve was as follows		
	Balance at beginning of year	<u>291,377</u>	<u>174,309</u>
	Transfers from/(to) Income and Expenditure Account		
	Annual contribution	98,912	95,766
	Expenditure in year (see below)	(41,002)	20,063
	Interest received for the year	1,482	1,536
	Tax on interest received (see note 4)	(291)	(297)
		<u>59,101</u>	<u>117,068</u>
	Balance at end of year	<u>350,478</u>	<u>291,377</u>
	Expenditure in year		
	Heating and hot water project	27,689	(20,063)
	Lobby redecoration	3,255	-
	Surveyors' fees	8,700	-
	Lift inspections	1,320	-
	Bank charges	38	-
		<u>41,002</u>	<u>(20,063)</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2012 (continued)**10 EXTRAORDINARY FUND**

The Extraordinary Fund account represents the profit after tax on the sale of an additional flat in 1996

The movement on the Extraordinary Fund account is as follows

	<u>2012</u> £	<u>2011</u> £
Balance at the beginning and end of year	66,947 =====	66,947 =====

11 ASSETS AND LIABILITIES OF THE TRUST UNDER SECTION 42 LANDLORD AND TENANT ACT 1987**CURRENT ASSETS**

Debtors	64,227	67,836
Cash in bank	502,120	439,316
	<u>566,347</u>	<u>507,152</u>

CREDITORS: amount falling due within one year

<u>215,869</u>	<u>215,775</u>
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NET ASSETS

<u>350,478</u>	<u>291,377</u>
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Represented by

SINKING FUND RESERVE

<u>350,478</u>	<u>291,377</u>
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12 RELATED PARTY DISCLOSURES

The Company had no controlling party in either 2012 or 2011