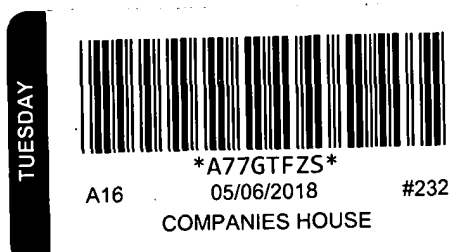


Registered number
02132629

Chandlers House Management Company Limited

Report and Accounts

31 December 2016



Chandlers House Management Company Limited

Registered number: 02132629

Directors' Report

The directors present their report and accounts for the year ended 31 December 2016.

Principal activities

The company's principal activity during the year continued to be the management of flats 1 to 20 at Chandlers House, 34-42 Old London Road, Kingston Upon Thames, KT2 6QF

Directors

The following persons served as directors during the year:

Parmjit Singh Arora - to 22 April 2016

Stephen Brown - from 17 June 2016 to 15 September 2016

Ian Lindsay Macdonald - from 17 June 2016 to 5 September 2016

Gary Tutton - from 17 June 2016 to 1 September 2016

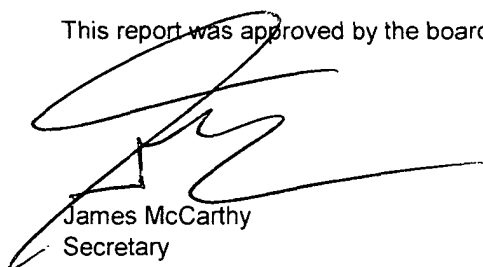
Barry Richard Selwyn

During the periods 22 April 2016 to 17 June 2016 and 15 September 2016 to 31 December 2016, the Board was inquorate and Barry Richard Selwyn ran the company despite the Articles of the company requiring a minimum of two directors. The current directors of the company are Conrad James Edwin Wall (appointed 8 June 2017) and Dr Helen Millier (appointed 14 June 2017).

Small company provisions

This report has been prepared from information that has been provided by third parties relating to the financial records of the company for the year. The Board has made enquiries as to the financial records and accounts for the three years ended 31 December 2015, and believe the accounts that were provided to the shareholders for those years misrepresented the financial position of the company and cannot be relied on. Accordingly, while every effort has been made by the Board to prepare accounts in accordance with the provisions in Part 15 of the Companies Act 2006 applicable to companies subject to the small companies regime, the Board cannot be certain that the Balance Sheet at 31 December 2016 properly reflects the true financial position of the company on that date. The Board would draw particular attention to the matters disclosed in the notes to the accounts.

This report was approved by the board on 31 May 2018 and signed by its order.



James McCarthy
Secretary

Chandlers House Management Company Limited
Profit and Loss Account
for the year ended 31 December 2016

	2016 £	2015 £
Turnover	1,200	-
Administrative expenses	-	(5,421)
Operating profit/(loss)	<u>1,200</u>	<u>(5,421)</u>
Exceptional items	(4,065)	-
Loss before taxation	<u>(2,865)</u>	<u>(5,421)</u>
Tax on loss	-	-
Loss for the financial year	<u>(2,865)</u>	<u>(5,421)</u>

Chandlers House Management Company Limited
Registered number: 02132629
Balance Sheet
as at 31 December 2016

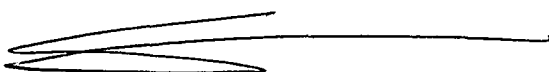
	Notes	2016 £	2015 £
Current assets			
Debtors	2	2,581	1,381
Cash at bank and in hand		101	101
		<u>2,682</u>	<u>1,482</u>
Creditors: amounts falling due within one year	3	(204)	(204)
Net current assets		<u>2,478</u>	<u>1,278</u>
Total assets less current liabilities		<u>2,478</u>	<u>1,278</u>
Creditors: amounts falling due after more than one year	4	(9,486)	(5,421)
Net liabilities		<u>(7,008)</u>	<u>(4,143)</u>
Capital and reserves			
Called up share capital		20	20
Profit and loss account		(7,028)	(4,163)
Shareholders' funds		<u>(7,008)</u>	<u>(4,143)</u>

The directors are satisfied that the company is entitled to exemption from the requirement to obtain an audit under section 477 of the Companies Act 2006.

The members have not required the company to obtain an audit in accordance with section 476 of the Act.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of accounts.

The accounts have been prepared and delivered in accordance with the special provisions applicable to companies subject to the small companies regime.



Conrad Wall
 Director
 Approved by the board on 31 May 2018

Chandlers House Management Company Limited
Statement of Changes in Equity
for the year ended 31 December 2016

	Share capital	Share premium	Re- valuation reserve	Profit and loss account	Total
	£	£	£	£	£
At 1 January 2015	20	-	-	1,258	1,278
At 31 December 2015	20	-	-	1,258	1,278
Correction of prior year errors				(5,421)	(5,421)
At 1 January 2016	20	-	-	(4,163)	(4,143)
Loss for the financial year				(2,865)	(2,865)
At 31 December 2016	20	-	-	(7,028)	(7,008)

Chandlers House Management Company Limited
Notes to the Accounts
for the year ended 31 December 2016

1 Accounting policies

Basis of preparation

The accounts have been prepared under the historical cost convention and in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland (as applied to small entities by section 1A of the standard).

Turnover

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover includes revenue earned from the sale of goods and from the rendering of services. Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have transferred to the buyer. Turnover from the rendering of services is recognised by reference to the stage of completion of the contract. The stage of completion of a contract is measured by comparing the costs incurred for work performed to date to the total estimated contract costs.

Debtors

Short term debtors are measured at transaction price (which is usually the invoice price), less any impairment losses for bad and doubtful debts. Loans and other financial assets are initially recognised at transaction price including any transaction costs and subsequently measured at amortised cost determined using the effective interest method, less any impairment losses for bad and doubtful debts.

Creditors

Short term creditors are measured at transaction price (which is usually the invoice price). Loans and other financial liabilities are initially recognised at transaction price net of any transaction costs and subsequently measured at amortised cost determined using the effective interest method.

2 Debtors	2016	2015
	£	£
Other debtors	<u>2,581</u>	<u>1,381</u>
3 Creditors: amounts falling due within one year	2016	2015
	£	£
Other creditors	<u>204</u>	<u>204</u>
4 Creditors: amounts falling due after one year	2016	2015
	£	£
Other creditors	<u>9,486</u>	<u>5,421</u>

Chandlers House Management Company Limited
Notes to the Accounts
for the year ended 31 December 2016

5 Other information

Chandlers House Management Company Limited is a private company limited by shares and incorporated in England. Its registered office is:

Sunnyside
Green Lane
Chessington
Surrey
KT9 2DT

6 Prior year adjustment and exceptional items

1 Financial information from previous directors

The Board have not received from the previous directors Barry Selwyn and Grant Panhorst the books and records of the company for the year ended 31 December 2016 which they were in possession of when they resigned on 15 May 2017.

The only financial information provided by the above directors relating to the year was comprised in a letter to shareholders written by Grant Panhorst on 5 April 2017 which indicated that in August 2016 the company had outstanding liabilities amounting to £121,000. These were stated to include:

- a) Loans of £18,500 from Eaglecrest Services Limited a company wholly owned by Barry Selwyn and Mrs Selwyn.
- b) A sum of £12,500 for legal advice taken by Eaglecrest Services Limited in contemplation of the forfeiture of the lease which the company has over flats 1 to 20 at Chandlers House.
- c) A sum of £44,000 for consulting fees payable in relation for work performed in defending the company in relation to ongoing litigation with leaseholders and stated as potentially recoverable from said leaseholders.
- d) An amount of £44,000 payable to Attwells Solicitors LLP as costs of litigation in a case involving the leaseholders of Flat 10 Chandlers House. He stated that a contribution of £14,000 was due from the leaseholders of Flat 10 Chandlers House so the net liability would be £30,000.
- e) A statement that the company was not insolvent because the main creditors had "reserved their positions" but it would be insolvent if payment was enforced and the company could not then pay.

The company wrote to Grant Panhorst a number of times to provide the records and other information upon which this advice was based and he chose not to reply.

The company also wrote to Tony Arora and Barry Selwyn as former directors for information relating to the books, records and transactions relevant to the 2016 accounts and the correction of the accounts for prior years when both were directors. They did not respond.

The former directors Steve Brown, Iain MacDonald and Gary Tutton cooperated with the board relating to their short periods as directors during 2016.

2 Funding by Eaglecrest Services Limited

Barry Selwyn resigned as director of the company on 15 May 2017 and did not pass over the books and records of the company for the year ended 31 December 2016. His company Eaglecrest Services Limited commenced various legal actions against the company shortly after his resignation. These included the claim that Eaglecrest Services Limited had made loans to the company (see 1 a) above) and interest was payable on those loans. In the absence of records to substantiate these loans and the failure of Grant Panhorst to cooperate, the Board had to defend the company against the claim.

Prior to mediation of the claim, evidence was produced in support of moneys transferred between Eaglecrest Services Limited and the company. There were no Board minutes sanctioning the transfers as borrowings, as would have been expected given Barry Selwyn's conflict of interest. The Board was advised by Counsel at the mediation held on 20 February 2018 that notwithstanding this, the company should settle the claim so as to avoid incurring irrecoverable legal costs anticipated to exceed the amount claimed by Eaglecrest Services Limited. The settlement of all the loans made by Eaglecrest Services Limited in the period 18 November 2013 to 15 May 2017, interest payable on these loans and contribution towards legal costs of Eaglecrest Services Limited was £20,000.

The money transferred by Eaglecrest Services Limited to the company included an amount of £960 during the year ended 31 December 2013 which was not reported in the 2013 accounts. The money transferred during the year ended 31 December 2015 of £4,461 was not reported in the company accounts for that year. The 2013 and 2015 accounts were signed by Barry Selwyn and misrepresented the financial position of the company at each year end. These accounts include a prior year errors adjustment of £5,421 to correct for the failure to reflect these transactions in prior accounts.

The money transferred to the company by Eaglecrest Services Limited during the year ended 31 December 2016 was £4,065.

The accounts for 2016 reflect an amount of £9,486 as outstanding to Eaglecrest Services Limited at 31 December 2016; the balance of monies transferred during 2017 of £1,093 will be included in the 2017 accounts and the additional amount paid to settle interest of £717 and contribution towards the legal costs of Eaglecrest Services Limited of £8,704 will be reflected in the 2018 accounts.

3 Legal advice taken by Eaglecrest Services Limited

The board has not received any information to substantiate any liability for costs incurred by Eaglecrest Services Limited of £12,500 for advice stated by Grant Panhorst as taken by it in contemplation of the forfeiture of the lease which the company has over flats 1 to 20 at Chandlers House (see 1 b) above). No claim has been made by Eaglecrest Services Limited and the board see no reason why it should provide for such a liability in the 2016 accounts

4 Liability to Eaglecrest Services Limited for consulting fees

The board has not received any information to substantiate a liability for costs of £44,000 incurred by the company with Eaglecrest Services Limited as consulting fees. This was stated by Grant Panhorst as having been performed by Eaglecrest Services in defending the company in relation to ongoing litigation with leaseholders (see 1 c) above).

The board has seen a letter dated 1 August 2016 written by Attwells Solicitors LLP to Barker Gillette acting for the leaseholders of flat 10. This purported to set out the litigation costs incurred by the company. It referred to the exclusion from the litigation costs of an amount of £15,768 originally estimated for the time costs of Eaglecrest Services Limited in assisting with the litigation. This was struck out as a legitimate claim for costs by order of the Court dated 11 March 2014.

The board has not seen any invoice(s) or claim for payment made by Eaglecrest Services Limited for any consultancy payments and the Board see no reason why it should provide for such a liability in the 2016 accounts.

5 Liability for legal advice provided by Attwells Solicitors LLP

In his letter to shareholders of 5 April 2017 Grant Panhorst stated that an amount of £44,000 was payable to Attwells Solicitors LLP as the balance of the costs of litigation in the case involving the leaseholders of Flat 10 Chandlers House. This appears to have been based on a letter dated 1 August 2016 written by Attwells to solicitors acting for the leaseholders of flat 10. The letter stated that the flat 10 litigation costs, after excluding the Eaglecrest Services Limited costs of £15,768 (see 4 above), amounted to £59,202 (inclusive of VAT) which, after deduction of £15,000 already paid to Attwells Solicitors LLP by the leaseholders of flat 10, resulted in a net amount payable to Attwells Solicitors LLP of £44,202.

The Board corresponded with Attwells Solicitors LLP after the appointment of Conrad Wall and Helen Millier as directors in June 2017. That correspondence failed to establish the actual amount payable by the company as Attwells Solicitors LLP suggested that this be part of a separate discussion after the flat 10 leaseholders settled the further contribution that had been claimed from them of £14,601.

During the course of this correspondence, Attwells Solicitors LLP admitted on 12 July 2017 to having overstated the costs set out in their 1 August 2016 letter to the solicitors acting for the leaseholders of flat 10. The amount of costs overstated being £8,972 (inclusive of VAT). The Board were concerned at the misrepresentation of the costs incurred and the refusal of Attwells Solicitors LLP to answer accounting queries raised by the company accountant. On instructing the solicitor for the company to deal with these matters, Attwells Solicitors LLP claimed a lien on the papers held by them against payment of costs.

The Board believed that progress had been made in recent weeks towards reaching a settlement with Attwells Solicitors LLP but it appears the opportunity to do so have receded. During these discussions with Attwells Solicitors LLP they provided a copy of their letter of engagement and the email correspondence between that firm and Mr May, a solicitor of BladeLaw, setting out the terms for his acting on behalf of the company at the Court hearing of the flat 10 litigation. Much to the surprise of the Board, this email correspondence disclosed that Mr May had been retained on a contingency basis which depended on recoverability of costs from the flat 10 leaseholders.

In the circumstances set out above, the Board does not consider it is in a position to include any provision for payment of costs to Attwells Solicitors LLP. Neither is the board in a position to determine the legal liability of the leaseholders of flat 10 to make any further contribution towards the costs of the company.

6 Involvement of Barry Selwyn and Eaglecrest Services Limited in dealing with leaseholder matters

The board was made aware of correspondence which indicated that the accountants Richardson Watson & Co, who prepared the 2013 and 2014 accounts, had not been informed by Barry Selwyn of the receipt through Attwells Solicitors LLP of amounts paid by leaseholders in connection with the granting by the company of licences and in settlement of costs for alleged breach of lease by leaseholders. The amounts receivable from leaseholders and the costs incurred during 2013, 2014 and 2015 were omitted from the accounts for those years and no related party disclosures were made relating to amounts stated as having been charged by Eaglecrest Services Limited and paid over to that company by Attwells Solicitors LLP.

The amounts apparently agreed by leaseholders as payable for licences and alleged breaches of lease in the years 2013, 2014 and 2015 amounted to £74,287. Barry Selwyn has stated that in setting the amounts payable by the leaseholders he included amounts to provide a "fighting fund" for legal costs of Chandlers House Management Company Limited. It appears that Eaglecrest Services Limited continues to hold this fighting fund which Solicitors acting for the company have been instructed to recover and make any other relevant claims relating to loss or damage suffered by the company.

7 Amounts due from other leaseholders

The Board are aware that not all amounts apparently due under the agreements with leaseholders referred to in 6 above have been paid and that an amount of just over £20,000 would appear to be payable. Until Attwells Solicitors LLP have passed over their files relating to these matters, the Board is unable to state whether the amounts apparently outstanding from leaseholders are properly payable.

8 Legal action

The Board is concerned that it is not yet in a position to correct the accounts for earlier years because of the lack of cooperation from Barry Selwyn, Eaglecrest Services Limited and Attwells Solicitors LLP. Solicitors acting for the company have been instructed to take whatever legal action is required to obtain the relevant records from Barry Selwyn, Eaglecrest Services Limited, Attwells Solicitors LLP and any other person(s) they consider hold such information.

9 HM Revenue & Customs

The Board has taken all steps necessary to inform HMRC of the concerns it has over the accounts and tax returns filed for earlier years so as to protect the interests of the company. The Board cannot presently establish the extent of any outstanding corporation tax liability or penalties payable for any failure to submit correct corporation tax returns.

7 Related party transactions

The Board considers transactions between the company and Eaglecrest Services to be related party transactions as Barry Selwyn was a common director of the company and Eaglecrest Services Limited during 2016 as well as being a common shareholder in both companies. The related transactions known and understood to have taken place during 2016 and those not reported in accounts of prior years are set out and described in Note 6 above