

Report of the Directors and
Unaudited Financial Statements
for the Period 8 May 2015 to 31 May 2016
for
St. Michael's Apartments Management
Limited

**St. Michael's Apartments Management
Limited (Registered number: 09581151)**

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for the Period 8 May 2015 to 31 May 2016**

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**St. Michael's Apartments Management
Limited**

**Company Information
for the Period 8 May 2015 to 31 May 2016**

DIRECTORS: Susanne Luise Crane
Mr Steven Key

SECRETARY: Susanne Luise Crane

REGISTERED OFFICE: Wood Farm
Marsham
Norwich
Norfolk
NR10 5QQ

REGISTERED NUMBER: 09581151 (England and Wales)

ACCOUNTANT: Michael R Delph CPFA FMAAT AIBC
Delph & Co
Accountancy & Business Advisory Services
8 Home Farm Bus Park
Norwich Road
Marsham
Norwich
Norfolk
NR10 5PQ

**Report of the Directors
for the Period 8 May 2015 to 31 May 2016**

The directors present their report with the financial statements of the company for the period 8 May 2015 to 31 May 2016.

ACQUISITION OF FREEHOLD LAND

The company acquired (Legal Completion) the purchase of Freehold Land (see below) on 25th April 2016; and commenced its responsibilities as an ongoing Property Management Company from that date.

REVIEW OF BUSINESS

The company was formed by the individual long-leaseholders (125 year leases) of 8 individual Apartments (no's 28-42) located at Ex-St Michaels Hospital at Aylsham - for the purpose of -

collectively purchasing the freehold land from Hopkins Homes Ltd the property developers (development having been brand new build and some 5-6 years earlier); and with the leases having commenced in January 2008; and for

subsequently managing the internal and external common areas and environs of the Apartments, by and for the long-leaseholders collectively, (self-supply); and on a not-for-profit basis.

Each Apartment owner agreed to take 10 (Ten) ordinary shares of £1.00 in the Company, with 80 shares to be issued; and £80 to be the total share capital of the company.

The services for the Apartments had previously been managed by Watsons Property Surveyors, who assessed and received service charges levied upon the leaseholders up to 31st December 2015.

The annual ground rent year (£115 per property); and the service charge year, run on a calendar year basis.

The freehold completion of the purchase occurred on 25th April 2016, just prior to the end of the Company's First Accounting period, being to 31st May 2016.

Watsons made up a schedule of expenditure on services which is included in Appendix 1, for the inclusive period 1st Jan 2016 to 28th May 2016 which amounted to a spend of £1,519.81.

Watsons were already holding a small service charge surplus balance of £140 as at 1st January 2016 within their service charge account.

Watsons were also holding Reserve Funds (carved out from previous service charge contributions) which had been built up over time and which was held separately invested. These were in respect of three areas of envisaged and likely need which would be relatively expensive and therefore programmed and undertaken on a planned and regular basis, being well over and beyond day-to-day management.

These were as follows, together with the respective amounts, as at 28th May 2016

External Redecorations £3,680.86
Internal Decorations £1,926.02
Common Area Floor Covering £1,314.66
Total £6,921.54

The Directors of the company, and the shareholders should, and do consider this to be a good position. The funds whilst being reserves, and could be treated as earmarked for the likely specific needs, are not to be restricted funds, meaning only being treated and maintained for that specific named purpose.

The Apartments may / will definitely need over time other maintenance work - undertaken over the 125 (now say 120) year lease term - which these headings do not or would not specifically cover or encompass.

**Report of the Directors
for the Period 8 May 2015 to 31 May 2016**

The funds should therefore be seen as general maintenance reserve funds which are available for major type planned and programmed matters, or indeed for anything if an emergency-type situation arises, which needed fixing, outside of normal day to day routine.

Whilst ordinarily service charges are due to be levied 1st January and 1st July each year, no service charges had been collected by Watsons in January 2016. The expenditure which they incurred £1,519.81 per Appendix 1 they funded (reimbursed themselves) from the Reserve Funds.

This is fully satisfactory - the freehold purchase transaction was of a long duration, by nature of what it was, and the complications of bringing of the company and the monies together, and the lengthy progression of the purchase completion. The leaseholders had also just contributed to the cost of the land, and legal fees, being £2,875 and £626.50 pr individual property respectively.

Watsons therefore only paid over (from their client account) to the company by direct credit £5,541.73 on the very last day of the accounting period 31st May 2016.

The expenditure which Watsons made, was treated as to be recovered as 2016 service charge expenditure. In other words the Company, in starting its activities took on, and will have to consider whether, to invoice the long leaseholders, in full or in part, the £1,379.81, (or £172.47 per property), or not.

The accounts for the period to 31st May 2016, show the receipt of capital contributions (total £23,000) and (£5,012) other contributions being brought into the company in respect of each long leaseholder, who is also a shareholder, to cover the land purchase £23,000 and the associated £5,012 solicitor's costs for the purchase transaction completion.

These are therefore part of the permanent monies within the company, represented in the land. They are not, and will not, be able to be repaid to the leaseholders. They are not loaned money repayable in any sense.

The company, as the landlord, has the power to levy the necessary service charges to cover its outgoings, and will do this in the subsequent year(s).

Ground Rent (as stated above - £115 per Apartment per year) had also not been levied by Hopkins Homes for the 2016 Calendar year.

The directors will prepare a service charge account (reporting actual incurred expenditure) for the year to 31st December 2016.

The Directors will prepare and propose a service charge budget up to 31st December 2017, and contributions to be made..

Going forward the company is a small property management company. Its day to day responsibility is to undertake day to day cleaning and pay for lighting and repairs and maintenance of common areas. For this it will have very modest income and expenditure. It will also insure the properties.

The company will seek to keep itself solvent, and will keep reasonable balances for its needs and responsibilities. It will not make profits falling within the scope of a charge to Corporation Tax, and there will be no dividend or capital distributions to the shareholders who are currently and would be and remain long leaseholders.

The Directors will deem that reserves should be maintained at all times around and above a suitable minimum level taking one year with another, to enable the company to remain financially robust and solvent.

**St. Michael's Apartments Management
Limited (Registered number: 09581151)**

**Report of the Directors
for the Period 8 May 2015 to 31 May 2016**

DIRECTORS

The directors who have held office during the period from 8 May 2015 to the date of this report are as follows:

Susanne Luise Crane - appointed 8 May 2015

Mr Steven Key - appointed 8 May 2015

Both the directors who are eligible offer themselves for election at the forthcoming first Annual General Meeting.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:

Susanne Luise Crane - Director

8 February 2017

**St. Michael's Apartments Management
Limited (Registered number: 09581151)**

**Profit and Loss Account
for the Period 8 May 2015 to 31 May 2016**

	Notes	£
TURNOVER		28,090
Administrative expenses		<u>1,144</u>
OPERATING PROFIT and PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	26,946
Tax on profit on ordinary activities	3	<u>-</u>
PROFIT FOR THE FINANCIAL PERIOD		<u><u>26,946</u></u>

The notes form part of these financial statements

**St. Michael's Apartments Management
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**Balance Sheet
31 May 2016**

	Notes	£	£
FIXED ASSETS			
Tangible assets	4		28,012
CURRENT ASSETS			
Debtors	5	644	
Cash at bank		<u>5,897</u>	
		6,541	
CREDITORS			
Amounts falling due within one year	6	<u>1,985</u>	
NET CURRENT ASSETS			<u>4,556</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>32,568</u>
CAPITAL AND RESERVES			
Called up share capital	7		80
Profit and loss account	8		<u>32,488</u>
SHAREHOLDERS' FUNDS			<u>32,568</u>

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the period ended 31 May 2016.

The members have not required the company to obtain an audit of its financial statements for the period ended 31 May 2016 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.
- (b)

The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2015).

The financial statements were approved by the Board of Directors on 8 February 2017 and were signed on its behalf by:

Susanne Luise Crane - Director

**Notes to the Financial Statements
for the Period 8 May 2015 to 31 May 2016**

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2015).

Turnover

Turnover represents net invoiced sales of services, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

2. OPERATING PROFIT

The operating profit is stated after charging:

Formation costs	£ 12
Directors' remuneration and other benefits etc	-

3. TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the period.

4. TANGIBLE FIXED ASSETS

	Land and buildings £
COST	
Additions	28,012
At 31 May 2016	28,012
NET BOOK VALUE	
At 31 May 2016	28,012

Included in cost of land and buildings is freehold land of £ 23,000 which is not depreciated.

Freehold Purchase of Plots 110-117 St Michael's Avenue, Aylsham
(from Hopkins Homes Limited 25/4/2016)

The Acquisition Cost was £23,000 consideration plus £5,012 Solicitors Fees, and expenses, being £28,012 overall.

**Notes to the Financial Statements - continued
for the Period 8 May 2015 to 31 May 2016**

5. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Other debtors

£
644

Debtors comprise:

Prepaid Insurance £643.92. Taken out 25th April 2016 at a cost of £712.22, and being only part (£68.20) expired and expensed to 31st May 2016.

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Other creditors

£
1,985

Creditors Comprise:

Long Leaseholders Ground Rents Paid in Advance (1st June - 31st Dec 2016) £549.48

Long Leaseholders Balance Remaining (for Service Charges / future rent) £388.00

Accrued Book-keeping, Accountancy & Taxation Fees £768.00

Accrued Company Secretary Fees £180.00

Accrued Cleaning Costs £100.00

7. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number: Class:

Nominal
value:

8 Ordinary Shares

10

£
80

**Notes to the Financial Statements - continued
for the Period 8 May 2015 to 31 May 2016**

8. RESERVES

	Profit and loss account £
Profit for the period	26,946
Monies Received from Watsons	5,542
At 31 May 2016	<u>32,488</u>

The Maintenance Reserve Funds accumulated via Leaseholder Contributions from commencement in 2011 through to 31st December 2015 - being under the Managing Agent (Watsons Property Services) which acted through to 28th May 2016 - and from which the company then took over management included -

External Redecorations £3,680.86 (was assessed as £3,500 over 5 years)
Internal Redecorations £1,926.02 (was assessed as £2,600 over 8 years)
Common Area Floor Covering £1,314.66 (was assessed as £2,500 over 10 years)
Total £6,921.54

The company received an amount of £5,541.73 (being the above £6,921.54 amount less £1,379.81 Watsons itself had expended in the period 1st Jan 2016 - 28th May 2016 on Services and their Fees.

These funds were received right at the end of the year, to the main bank account. The Directors will consider and make a proposal to the Long-Leaseholders regarding the taken over reserves, and the policy and intention re future reserves.

9. CONTROL

The shares of the company are owned and held by the long-leaseholders. Ordinarily each holder has 10 of 80 shares, hence 12.5% of the overall holding. On person has two properties, and hence 25%. Nobody has overall control.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.