

Industrial and provident society no. 28193

**Millbank Estate Management Organisation
Limited**

Report and Financial Statements

31 March 2011

sayer vincent

consultants and auditors

Millbank Estate Management Organisation Limited

Legal and administrative details

For the year ended 31 March 2011

Status	The organisation is a Co-operative society, incorporated on 1 January 1984	
Industrial and provident society number	28193	
Registered office and Operational address	Erasmus Street London SW1P 4HR	
Honorary officers	W Rimensberger P Johnstone N Cocking	Chair Secretary Treasurer
Principal staff	Annelie Sernevall	Estate Director
Bankers	National Westminster Bank P. O. Box 3038 57 Victoria Street London SW1H 0HN	
Auditors	Sayer Vincent Chartered accountants and statutory auditors 8 Angel Gate City Road London EC1V 2SJ	

Millbank Estate Management Organisation Limited

Report of the management committee

For the year ended 31 March 2011

The management committee presents its report and the audited financial statements for the year ended 31 March 2011.

The accounts for the year ended 31 March 2011 show a deficit of £43,561. The deficit is as a result of MEMO being underfunded. Over the past years MEMO have actively been negotiating with City West Homes (CWH) and we have secured an increase of our allowances by approximately 20% which equates to £85,952 for the financial year. In other words, this increase will recover our position with the ongoing deficit as shown in the table below.

The longstanding debtors and creditors balance relating to CWH remains unresolved as at 31 March 2011. We are currently negotiating a settlement with CWH and WCC for both balances.

The day-to-day expenses have been managed with utmost caution and expenditure has been prudent throughout the year. We secured additional income of £102,493 inclusive of bank interest - without which, the financial position of the organisation would have been much weaker.

We regret that, along with other Westminster TMO's, we are still negotiating our 2011/12 allowance and we are also arguing for a backdated payment.

The table below shows the total income and expenditure projected over 5 years. It demonstrates that with the assumptions of an annual uplift of 3% and no inflation on expenditures, we will recover our financial position.

The deficit in this year's accounts (and in previous years) would be resolved by a backdated one-off allowance payment.

	Previous/Current Year			3 Year Plan			
	2009/10	2010/11	2011/12	2012/13	2013/14	Total	Assumption
Management Allowance & Other Income	449,430	532,199	532,199	532,199	532,199	2,578,228	No Change
Management allowance uplift			85,952	88,531	91,186	265,669	Plus inflation @ 3%
Expenses	(478,042)	(575,760)	(576,339)	(576,339)	(576,339)	(2,782,819)	No inflation
Surplus/(Loss)	(28,612)	(43,561)	41,812	44,391	47,046	61,078	

Responsibilities of the management committee

The management committee are responsible for preparing the management committee's report and the financial statements in accordance with applicable law and regulations.

The law governing Co-operative societies requires the management committee to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the society as at the balance sheet date and of its incoming resources and application of resources including income and expenditure for the year then ended.

Millbank Estate Management Organisation Limited

Report of the management committee

For the year ended 31 March 2011

In preparing those financial statements which give a true and fair view, the management committee should follow best practice and:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the society will continue on that basis.

The management committee is responsible for keeping proper books of account such as are necessary to give a true and fair view of the society's state of affairs and to explain its financial transactions.

The society must also establish and maintain a satisfactory system of control of its books of account, its cash holdings and all its receipts and remittances, and hence is responsible for safeguarding the assets and taking reasonable steps for the prevention and detection of fraud and other irregularities.

Members of the management committee

Members of the management committee during the year and up to the date of this report were as follows:

W Rimensberger
P Johnstone
B Charalambous
L Hiscock
M Landman
Phil Hayes
Neil Cocking
Gwendolyn Morgan
Obi Nwosu

All members of the management committee are members of the society and subscribe to one share or if they are a representative from another organisation, the organisation holds one share. Members of the management committee have no beneficial interest in the society and are not remunerated.

Auditors

Sayer Vincent were re-appointed as the society's auditors during the year and have expressed their willingness to continue in that capacity.

Approved by the management committee on 8 September 2011 and signed on its behalf by

W Rimensberger

Independent auditors' report

To the members of

Millbank Estate Management Organisation Limited

We have audited the financial statements of Millbank Estate Management Organisation Limited for the year ended 31 March 2011 which comprise the income and expenditure account and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the society's members, as a body, in accordance with section 9 of the Friendly and Industrial and Provident Societies Acts 1968. Our audit work has been undertaken so that we might state to the society's members 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 society and the society's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the board and the auditors

As explained more fully in the statement of the responsibilities of the management committee, the management committee is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on 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 association's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the board; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the report of the management committee 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 society's affairs as at 31 March 2011 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Industrial and Provident Societies Acts, 1965 to 2002.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Industrial and Provident Societies Acts, 1965 to 2002 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the society has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we need for our audit.

Independent auditors' report

To the members of

Millbank Estate Management Organisation Limited

Emphasis of matter

We draw attention to Note 1a to the financial statements, which indicates that the society incurred a deficit for the year and has a negative general reserve of £117,352 at 31 March 2011. Note 1a explains that the management committee has plans to increase the general reserve and has sufficient cash resources to operate and pay liabilities as they fall due, which indicates the society will continue as a going concern. However, in isolation, the negative general reserve indicates the existence of an uncertainty about the society's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the charitable company was unable to continue as a going concern. Our opinion is not qualified in respect of this matter.

9 September 2011

Sayer Vincent, Statutory Auditors, 8 Angel Gate, City Road, LONDON EC1V 2SJ

Millbank Estate Management Organisation Limited

Income and expenditure account

For the year ended 31 March 2011

	Note	2011 £	2010 £
Incoming resources			
Management and maintenance allowance		430,401	431,483
Bank interest		558	410
Income from residents		1,878	6,437
Other income		99,362	11,100
Total income		532,199	449,430
Expenditure			
<u>Repairs and maintenance</u>			
Contractors and materials	2	158,766	97,604
Staff costs	3	34,850	39,613
Total repairs and maintenance		193,616	137,217
<u>Estate management</u>			
Staff costs	3	225,676	224,587
Compensation costs		33,109	3,426
Audit and accountancy		11,311	23,902
Sundry expenses		8,865	3,089
Training costs		18,655	12,933
Rent and rates		5,575	4,203
Cleaning		8,474	5,999
Light and heat		13,708	25,566
Telephone		5,351	4,081
Printing, postage and stationery		8,016	5,475
Insurance		5,740	4,550
Projects and activities		6,006	-
Legal and professional fees		15,101	9,080
Travel expenses		2,085	-
Gardening		621	41
Depreciation		468	-
Loss on disposal		-	10,527
Bank charges		967	683
Computer costs		12,299	2,597
Total Estate management costs		382,027	340,739
Total expenditure		575,643	477,956
Deficit for the year before taxation	2	(43,444)	(28,526)
Taxation	4	117	86
Deficit for the year after taxation		(43,561)	(28,612)
Transfer from general fund		43,561	28,612

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements on reserves are disclosed in Note 8 to the financial statements.

Millbank Estate Management Organisation Limited

Balance sheet

As at 31 March 2011

	Note	£	2011 £	2010 £
Tangible fixed assets	5		2,653	-
Current assets				
Debtors	6	283,628		400,258
Cash at bank and in hand		437,883		349,460
		721,511		749,718
Creditors: amounts due within 1 year	7	(332,378)		(333,977)
Net current assets			389,133	415,741
Net assets			391,786	415,741
Capital and reserves				
Unrestricted funds				
General fund			(117,352)	(73,791)
Major works fund			509,113	489,507
Share capital			25	25
Total funds	8		391,786	415,741

Approved by the management committee on 8 September 2011 and signed on its behalf by

_____ Chair

_____ Secretary

Millbank Estate Management Organisation Limited

Notes to the financial statements

For the year ended 31 March 2011

1. Accounting policies

- a) The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards and the the Industrial and Provident Societies Acts 1965 to 2002.

The general fund has been in deficit for several years and there has been another deficit of £43,561 for the financial year to 31 March 2011. This has led to the general fund deficit of £117,352 as at 31 March 2011. As of April 2011, MEMO has managed to secure and has received an increase of £85,952 annually. This means that the financial position will be recovered within 3 years. However the management committee is in negotiations to ensure that the allowance increased is backdated. Such a one-off payment would resolve the deficit immediately. The Organisation will continue to work towards generating additional income in the current year, in order to rebuild the general reserve. In the meantime and as a result of the increase in allowances, there are sufficient cash resources to enable the society to operate and pay liabilities as they fall due. Therefore the management committee considers the going-concern basis to be appropriate and will reduce year on year.

- b) Management and maintenance allowances received are credited to the income and expenditure account in the period in which they are receivable, and are shown net of VAT.
- c) The general fund represents funds available to MEMO after transfers to other funds.
- d) Depreciation is provided on all tangible fixed assets, at annual rates calculated to write off the cost or valuation of each asset over its expected useful life, as follows:-

Fixtures and equipment	- 15% reducing balance
Computer equipment	- 20% reducing balance

- e) Rentals payable under operating leases, where substantially all the risks and rewards of ownership remain with the lessor, are charged to the income and expenditure account on a straight line basis over the length of the lease.
- f) The organisation makes payments to defined contribution pension schemes on behalf of employees. The pension cost charge in the income and expenditure account represents contributions payable by the organisation in the period. The organisation has no liabilities with regard to the schemes other than for the payment of these contributions.

Millbank Estate Management Organisation Limited

Notes to the financial statements

For the year ended 31 March 2011

2. Deficit for the year

This is stated after charging / crediting:	2011	2010
	£	£
Depreciation	468	-
Loss on disposal of fixed assets	-	10,527
Management Committee members' indemnity insurance	Nil	Nil
Management Committee members' remuneration	Nil	Nil
Management Committee members' reimbursed expenses	448	607
Auditors' remuneration:		
▪ Audit	8,500	6,700
▪ Under accrual for previous year	2,811	17,202
Operating lease rentals:		
▪ Property	5,575	5,575
▪ Other	1,221	705

2 management committee members (2010: 2) received reimbursed expenses of £448 for travel and subsistence in the year (2010 : £607).

3. Staff costs and numbers

Staff costs were as follows:

	2011	2010
	£	£
Salaries and wages	218,502	192,610
Social security costs	23,700	20,150
Other staff costs	8,212	13,257
Agency and temp staff costs	10,112	38,183
	260,526	264,200

No employee earned more than £60,000 during the year.

The average number of employees (full-time equivalent) during the year was 11 (2010 : 9)

Staff costs can be attributed as follows:-

	2011	2010
	£	£
Repairs and maintenance	34,850	39,613
Estate management	225,676	224,587
	260,526	264,200

Millbank Estate Management Organisation Limited

Notes to the financial statements

For the year ended 31 March 2011

4. Taxation

	2011	2010
	£	£
UK corporation tax at 21% (2010 : 21%)	<u>117</u>	<u>86</u>

5. Tangible fixed assets

	Computer Equipment	Fixtures and equipment	Totals
	£	£	£
<u>Cost</u>			
At 1 April 2010	-	-	-
Additions	<u>1,070</u>	<u>2,051</u>	<u>3,121</u>
At 31 March 2011	<u>1,070</u>	<u>2,051</u>	<u>3,121</u>
<u>Depreciation</u>			
At 1 April 2010	-	-	-
Charge for the year	<u>161</u>	<u>307</u>	<u>468</u>
At 31 March 2011	<u>161</u>	<u>307</u>	<u>468</u>
Net book value			
At 31 March 2011	<u>909</u>	<u>1,744</u>	<u>2,653</u>
At 31 March 2010	<u>-</u>	<u>-</u>	<u>-</u>

6. Debtors

	2011	2010
	£	£
Trade and other debtors	61,062	252,349
Other debtors	144,088	144,088
Prepayments and accrued income	<u>78,478</u>	<u>3,821</u>
	<u>283,628</u>	<u>400,258</u>

Millbank Estate Management Organisation Limited

Notes to the financial statements

For the year ended 31 March 2011

7. Creditors : amounts due within 1 year

	2011	2010
	£	£
Trade creditors	71,917	89,581
Taxation and social security	5,252	10,160
Accrued expenses	27,672	6,700
Other creditors	<u>227,537</u>	<u>227,536</u>
	<u>332,378</u>	<u>333,977</u>

8. Movements in reserves

	At 1 April 2010	Income	Expenditure	Transfers	At 31 March 2011
	£	£	£	£	£
Major works fund	489,507	183,291	(163,685)	-	509,113
General fund	<u>(73,791)</u>	<u>532,199</u>	<u>(575,760)</u>	-	<u>(117,352)</u>
Total reserves	<u>415,716</u>	<u>715,490</u>	<u>(739,445)</u>	-	<u>391,761</u>

Purpose of designated funds

Major works fund

Under the terms of the arrangement with Westminster City Council, the organisation receives periodic grants to fund future expenditure on cyclical works. These funds are for external decoration and painting. Any other capital funds must be sought as and when necessary from the Council's agent CWH.

The authority for expenditure on cyclical and major works is subject to prior approval by Westminster City Council up to which time the funds are held in separate bank deposit accounts.

General fund

The general fund should represent a provision to meet anticipated future costs resulting from underspends in repairs and services, known commitments for future work in addition to the Major works fund and a contingency against the costs arising from unforeseen circumstances. Operating deficits in recent years have been funded from this reserve and it is currently in deficit. The intention is to build this reserve back again in future accounting periods.

Millbank Estate Management Organisation Limited

Notes to the financial statements

For the year ended 31 March 2011

9. Share capital

	2011	2010
	£	£
At the start of the year	25	23
Subscribed in year	<u>-</u>	<u>2</u>
At the end of the year	<u>25</u>	<u>25</u>

10. Operating lease commitments

The society had annual commitments under operating leases expiring as follows:

	Equipment		Property	
	2011	2010	2011	2010
	£	£	£	£
Due within one year	-	1,267	5,575	5,575
Within 2-5 years	<u>1,142</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>1,142</u>	<u>1,267</u>	<u>5,575</u>	<u>5,575</u>