

Industrial and provident society no. 28193

**Millbank Estate Management Organisation
Limited**

Report and Financial Statements

31 March 2012

sayer vincent

auditors and advisors

Millbank Estate Management Organisation Limited

Legal and administrative details

For the year ended 31 March 2012

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 (until March 2012)
Bankers	Barclays Bank Plc Artillery Row London	
	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 2012

The management committee presents its report and the audited financial statements for the year ended 31 March 2012.

The Income and Expenditure account for the period ended 31st March 2012 shows a surplus of £173,212. This surplus is made up of the writing back of £227,536 which was a provision of funds set aside for a liability that did not arise. A trading deficit of £54,324 would have otherwise been the result for the year.

The £54,324 is largely made up of the commitment of MEMO in resolving the on-going allowance dispute which has resulted in legal and professional fees of £15,640, other professional fees of £18,000 and a staffing compensation of £17,000. In addition a bad debt provision of £39,000 has been set aside against City West Homes for very old debts which have not been realised. Without these issues MEMO would have had a strong financial year redressing the previous trend of overspending year on year.

Notwithstanding the above there have been moves where in principle City West Homes and MEMO are close to agreeing a new annual budget of £575,000 per annum which will include some form of back payments of allowances. This has yet to be calculated but it is anticipated that this new allowance and back payment will strengthen the ability of MEMO to remain on target with its future budgets and to build a small but steady reserve to be used where needed for the future.

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.

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.

Millbank Estate Management Organisation Limited

Report of the management committee

For the year ended 31 March 2012

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.

Each of the management committee confirms that to the best of his/her knowledge there is no information relevant to the audit of which the auditors are unaware. Each of the management committee also confirms that he/she has taken all necessary steps to ensure that he/she is aware of all relevant audit information and that this information has been communicated to the auditors.

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 25 September 2012 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 2012 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 Act 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 2012 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.

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 2012

	Note	2012 £	2011 £
Income			
Management and maintenance allowance		530,164	430,401
Bank interest		399	558
Income from residents		2,622	1,878
Other income		259,449	99,362
Total income		792,634	532,199
Expenditure			
<u>Repairs and maintenance</u>			
Contractors and materials	2	142,813	158,766
Staff costs	3	68,075	34,850
Total repairs and maintenance		210,888	193,616
<u>Estate management</u>			
Staff costs	3	229,297	225,676
Compensation costs		17,290	33,109
Audit and accountancy		14,775	11,311
Sundry expenses		9,664	8,865
Training costs		19,742	18,655
Rent and rates		6,871	5,575
Cleaning		4,186	8,474
Light and heat		1,036	13,708
Telephone		4,335	5,351
Printing, postage and stationery		7,670	8,016
Insurance		5,889	5,740
Projects and activities		2,968	6,006
Legal and professional fees		36,155	15,101
Travel expenses		1,448	2,085
Gardening		127	621
Depreciation		625	468
Bad Debt Provision		39,044	-
Bank charges		1,225	967
Computer costs		6,113	12,299
Total Estate management costs		408,460	382,027
Total expenditure		619,348	575,643
Surplus/(Deficit) for the year prior to taxation	2	173,286	(43,444)
Taxation	4	74	117
Surplus/(Deficit) for the year after taxation		173,212	(43,561)
Transfer (to)/from general fund		(173,212)	43,561

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 2012

	Note	£	2012 £	2011 £
Tangible fixed assets	5		4,411	2,653
Current assets				
Debtors	6	310,861		283,628
Cash at bank and in hand		400,825		437,883
		711,686		721,511
Creditors: amounts due within 1 year	7	(276,667)		(332,378)
Net current assets			435,019	389,133
Net assets			439,430	391,786
Capital and reserves				
General fund			55,860	(117,352)
Major works fund			383,545	509,113
Share capital			25	25
Total funds	8		439,430	391,786

Approved by the management committee on 25 September 2012 and signed on its behalf by

_____ Chair

_____ Secretary

_____ Member

Millbank Estate Management Organisation Limited

Notes to the financial statements

For the year ended 31 March 2012

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.
- 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.

2. Surplus/(Deficit) for the year

This is stated after charging / crediting:	2012	2011
	£	£
Depreciation	625	468
Management Committee members' remuneration	-	-
Management Committee members' reimbursed expenses	951	448
Auditors' remuneration:		
▪ Audit	8,500	8,500
▪ Under accrual for previous year	-	2,811
Operating lease rentals:		
▪ Property	5,575	5,575
▪ Other	4,884	1,221

3 management committee members (2011: 2) received reimbursed expenses of £951 for travel and subsistence in the year (2011 : £448).

Millbank Estate Management Organisation Limited

Notes to the financial statements

For the year ended 31 March 2012

3. Staff costs and numbers

Staff costs were as follows:

	2012 £	2011 £
Salaries and wages	235,849	218,502
Social security costs	22,743	23,700
Other staff costs	-	8,212
Agency and temp staff costs	<u>14,096</u>	<u>10,112</u>
	<u><u>272,688</u></u>	<u><u>260,526</u></u>

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

The average number of employees (full-time equivalent) during the year was 9 (2011 : 11)

Staff costs can be attributed as follows:-

	2012 £	2011 £
Repairs and maintenance	68,075	34,850
Estate management	<u>229,297</u>	<u>225,676</u>
	<u><u>297,372</u></u>	<u><u>260,526</u></u>

4. Taxation

	2012 £	2011 £
UK corporation tax at 21% (2011 : 21%)	<u><u>74</u></u>	<u><u>117</u></u>

Millbank Estate Management Organisation Limited

Notes to the financial statements

For the year ended 31 March 2012

5. Tangible fixed assets

	Computer Equipment £	Fixtures and equipment £	Total £
Cost			
At 1 April 2011	1,070	2,051	3,121
Additions	<u>-</u>	<u>2,383</u>	<u>2,383</u>
At 31 March 2012	<u>1,070</u>	<u>4,434</u>	<u>5,504</u>
Depreciation			
At 1 April 2011	161	307	468
Charge for the year	<u>134</u>	<u>491</u>	<u>625</u>
At 31 March 2012	<u>295</u>	<u>798</u>	<u>1,093</u>
Net book value At 31 March 2012	<u>775</u>	<u>3,636</u>	<u>4,411</u>
At 31 March 2011	<u><u>909</u></u>	<u><u>1,744</u></u>	<u><u>2,653</u></u>

6. Debtors

	2012 £	2011 £
Trade and other debtors	285,958	61,062
Other debtors	17,484	144,088
Prepayments and accrued income	<u>7,420</u>	<u>78,478</u>
	<u>310,861</u>	<u>283,628</u>

7. Creditors : amounts due within 1 year

	2012 £	2011 £
Trade creditors	79,073	71,917
Taxation and social security	18,007	5,252
Accruals and deferred income	179,587	27,672
Other creditors	<u>-</u>	<u>227,537</u>
	<u>276,667</u>	<u>332,378</u>

Millbank Estate Management Organisation Limited

Notes to the financial statements

For the year ended 31 March 2012

8. Movements in reserves

	At 1 April 2011 £	Income £	Expenditure £	Transfers £	At 31 March 2012 £
Major works fund	509,113	153,413	(278,981)	-	383,545
General fund	<u>(117,352)</u>	<u>792,634</u>	<u>(619,422)</u>	<u>-</u>	<u>55,860</u>
Total reserves	<u>391,761</u>	<u>946,047</u>	<u>(898,403)</u>	<u>-</u>	<u>439,405</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 represents 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.

Millbank Estate Management Organisation Limited

Notes to the financial statements

For the year ended 31 March 2012

9. Share capital

	2012 £	2011 £
At the start of the year	25	25
Subscribed in year	<u>-</u>	<u>-</u>
At the end of the year	<u><u>25</u></u>	<u><u>25</u></u>

10. Operating lease commitments

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

	Equipment		Property	
	2012 £	2011 £	2012 £	2011 £
Due within one year	-	-	5,575	5,575
Within 2-5 years	<u>1,142</u>	<u>1,142</u>	<u>-</u>	<u>-</u>
	<u><u>1,142</u></u>	<u><u>1,142</u></u>	<u><u>5,575</u></u>	<u><u>5,575</u></u>