

Industrial and provident society no. 28193

**Millbank Estate Management Organisation
Limited**

Report and Financial Statements

31 March 2013

sayer vincent

auditors and advisors

Millbank Estate Management Organisation Limited

Legal and administrative details

For the year ended 31 March 2013

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	Kellie Carson	Estate Director
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 2013

The management committee presents its report and the audited financial statements for the year ended 31 March 2013.

The Income and Expenditure account for the period ended 31st March 2013 shows income in excess of expenditure of £115,006. A proportion of this surplus relates to an uplift of the allowance of £49,815 from the year 2011 to 2012. This uplift concludes the allowance negotiation of some years and the Management Agreement 2005 has now been signed.

The reserve fund has been adjusted to reflect the Major Works Fund as being funds specifically set aside for major works and is not a section of the reserve fund which could be misunderstood as being a MEMO reserve which it is not. This Major Works Fund is shown in the balance sheet as a creditor. Additionally allowances which have not been spent within the account year now show as a contingency element of the reserve fund in line with the Management Agreement 2005 and will cover any shortfalls in expenditure that the allowances cannot meet when those occasions arise.

MEMO is now in an excellent position with its funding and agreement in place to plan and maximise efficiency in maintaining its housing stock by first making a full appraisal of its condition. It is anticipated that the allowance and elements of the contingency will need to be spent in catching up on repairs which could not have been done in earlier years when the allowances were insufficient to cover the costs.

Responsibilities of the management committee

The management committee is 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 2013

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
C Tysall
L Hiscock
M Landman
Phil Hayes
Neil Cocking
David Little
Gwendolyn Morgan
Louise Etherson

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
by

and signed on its behalf

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 2013 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 2013 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.

DATE

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 2013

	Note	2013 £	2012 £
Income			
Management and maintenance allowance		628,102	530,164
Bank interest		247	399
Income from residents		1,346	2,622
Other income		35	259,449
Total income		629,730	792,634
Expenditure			
<u>Repairs and maintenance</u>			
Contractors and materials		152,256	142,813
Staff costs	3	86,481	68,075
Total repairs and maintenance		238,737	210,888
<u>Estate management</u>			
Staff costs	3	140,419	229,297
Board & administrative costs		9,149	-
Compensation costs		1,070	17,290
Audit and accountancy		28,038	14,775
Sundry expenses		9,645	9,664
Training costs		818	19,742
Rent and rates		6,585	6,871
Cleaning		4,974	4,186
Light and heat		-	1,036
Telephone		6,081	4,335
Printing, postage and stationery		8,839	7,670
Office repair & equipment hire		9,461	-
Insurance		6,530	5,889
Projects and activities		5,207	2,968
Legal and professional fees		29,057	36,155
Travel expenses		327	1,448
Gardening		967	127
Depreciation		1,431	625
Bad Debt Provision		(506)	39,044
Bank charges		716	1,225
Computer costs		7,137	6,113
Total estate management costs		275,945	408,460
Total expenditure		514,682	619,348
Surplus for the year prior to taxation	2	115,048	173,286
Taxation	4	42	74
Surplus for the year after taxation		115,006	173,212
Transfer from/(to) general fund		2,806	(173,212)
Transfer to contingency fund		(117,812)	-

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 2013

	Note	2013 £	2012 £
Tangible fixed assets	5	12,773	4,411
Current assets			
Debtors	6	259,408	310,861
Cash at bank and in hand		503,944	400,825
		763,352	711,686
Creditors: amounts due within 1 year	7	(605,235)	(276,667)
Net current assets		158,117	435,019
Net assets		170,890	439,430
 Capital and reserves			
General fund		53,054	55,860
Contingency fund		117,812	-
Major works fund		-	383,545
Share capital		25	25
Total funds	8	170,890	439,430

Approved by the management committee on

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 2013

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 for the year

This is stated after charging / crediting:	2013	2012
	£	£
Depreciation	1,431	625
Management Committee members' remuneration	-	-
Management Committee members' reimbursed expenses	908	951
Auditors' remuneration:		
▪ Audit	6,500	8,500
▪ Over accrual for previous year	(500)	-
Operating lease rentals:		
▪ Property	5,575	5,575
▪ Other	-	4,884
	=====	=====

3 management committee members (2012: 3) received reimbursed expenses of £908 for travel and subsistence in the year (2012 : £951).

Millbank Estate Management Organisation Limited

Notes to the financial statements

For the year ended 31 March 2013

3. Staff costs and numbers

Staff costs were as follows:

	2013 £	2012 £
Salaries and wages	205,163	235,849
Social security costs	12,817	22,743
Agency and temp staff costs	<u>8,518</u>	<u>14,096</u>
	<u><u>226,498</u></u>	<u><u>272,688</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 (2012 : 9)

Staff costs can be attributed as follows:-

	2013 £	2012 £
Repairs and maintenance	86,481	68,075
Estate management	<u>140,419</u>	<u>229,297</u>
	<u><u>226,900</u></u>	<u><u>297,372</u></u>

4. Taxation

	2013 £	2012 £
UK corporation tax at 20% (2012 : 20%)	<u>42</u>	<u>74</u>

Millbank Estate Management Organisation Limited

Notes to the financial statements

For the year ended 31 March 2013

5. Tangible fixed assets

	Computer Equipment £	Fixtures and equipment £	Total £
Cost			
At 1 April 2012	1,070	4,434	5,504
Additions	<u>6,129</u>	<u>3,663</u>	<u>9,792</u>
At 31 March 2013	<u>7,199</u>	<u>8,097</u>	<u>15,296</u>
Depreciation			
At 1 April 2012	295	798	1,093
Charge for the year	<u>528</u>	<u>903</u>	<u>1,431</u>
At 31 March 2013	<u>823</u>	<u>1,701</u>	<u>2,524</u>
Net book value At 31 March 2013	<u>6,376</u>	<u>6,396</u>	<u>12,772</u>
At 31 March 2012	<u>775</u>	<u>3,636</u>	<u>4,411</u>

6. Debtors

	2013 £	2012 £
Trade and other debtors	234,333	285,958
Other debtors	18,140	17,484
Prepayments and accrued income	<u>6,935</u>	<u>7,420</u>
	<u>259,408</u>	<u>310,861</u>

7. Creditors : amounts due within 1 year

	2013 £	2012 £
Trade creditors	74,349	79,073
Taxation and social security	6,380	18,007
Accruals and deferred income	161,958	179,587
Other creditors	<u>362,548</u>	<u>-</u>
	<u>605,235</u>	<u>276,667</u>

Millbank Estate Management Organisation Limited

Notes to the financial statements

For the year ended 31 March 2013

8. Movements in reserves

	At 1 April 2012 £	Income £	Expenditure £	Transfers £	At 31 March 2013 £
Major works fund	383,545	-	(21,071)	(362,474)	-
Contingency fund	-	-	-	117,812	117,812
General fund	<u>55,860</u>	<u>629,730</u>	<u>(514,724)</u>	<u>(117,812)</u>	<u>53,054</u>
Total reserves	<u>439,405</u>	<u>629,730</u>	<u>(535,795)</u>	<u>(362,474)</u>	<u>170,866</u>

Purposes of 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.

The organisation has agreed that future responsibility for major works will lie with City West Homes. As such it is expected that the funds currently held for Major Works will be returned to City West Homes and a creditor has been included for this amount.

Contingency fund

This consists of allowances which have not been spent within the year shown as a reserve fund in line with the Management Agreement 2005. This will cover any future shortfalls in expenditure that the allowances cannot meet when those occasions arise.

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 2013

9. Share capital

	2013 £	2012 £
At the start and 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	
	2013 £	2012 £	2013 £	2012 £
Due within one year	-	-	5,575	5,575
Within 2-5 years	-	1,142	-	-
	<u>-</u>	<u>1,142</u>	<u>5,575</u>	<u>5,575</u>