

LYNDEN GATE RESIDENTS LIMITED

Registered address: 9 Bridle Close, Surbiton Road, Kingston upon Thames, Surrey KT1 2JW

31st December 2016

NOTICE IS HEREBY GIVEN that a General Meeting of the Members of this Company will be held at The Telegraph Public House, Wildcroft Road, London SW15 on Thursday 19th January 2017 at 8pm.

AGENDA

1. To receive and approve the Minutes of the General Meeting held on 13th January 2016.
2. To receive the Directors reports, the Statement of Accounts for the year ended 30th June 2016 and the report of the Auditors thereon.
3. To re-appoint Messrs James Worley & Sons, Chartered Accountants, as the Auditors to the Company and to authorise the Directors to fix their remuneration.
4. To elect the Directors of the Company. It will be proposed that all eight nominees are elected. Nominees: Anu Barua; Peter Brazier; Polly Conway; Peter Franklin; Mireille Giesen-Onclin; Paul Jagla; Adam Kahan; Alex McPherson.
5. To transact any other Ordinary Business of the Company

By Order of the Board

A.D.Kahan
Company Secretary

A meeting of residents will follow the shareholders' meeting to discuss any matters of interest to all.

PROXY FORM

Any member entitled to attend and vote at the above meeting may appoint a proxy to attend and vote in their stead; a proxy need not be a member of the Company; members wishing to appoint a proxy should sign this proxy form and return it to the Gatehouse by 17th January 2016.

Name of Shareholder:

House number:*Beaufort / *Seaton (* please delete as appropriate)

I am unable to attend the January 2017 General Meeting and I appoint as my proxy:

*the Chairman / *(name of proxy).....

Signature:

Item 1

LYNDEN GATE RESIDENTS LIMITED

9 Bridle Close, Surbiton Road, Kingston upon Thames, Surrey KT1 2JW

14th January 2016

Minutes of a General Meeting of the Members of this Company held at The Telegraph Public House, Wildcroft Road, London SW15 on Wednesday 13th January 2016 at 8pm.

AGENDA

1. The Minutes of the General Meeting held on 21st January 2015 were approved.
2. The Directors reports, the Statement of Accounts for the year ended 30th June 2015 and the report of the Auditors thereon were approved.
5. Messrs James Worley & Sons, Chartered Accountants, were reappointed as the Auditors to the Company and the Directors authorised to fix their remuneration.
6. The following were elected the Directors of the Company: Anu Barua; Peter Brazier; Polly Conway; Peter Franklin; Mireille Giesen-Onclin; Paul Jagla; Adam Kahan; Alex McPherson.
5. There being no other Ordinary Business of the Company the meeting closed.

By Order of the Board

A.D.Kahan
Company Secretary

Minutes of an informal meeting of residents following the shareholders' meeting on 13th January 2016.

There is progress on planning the gardens; in addition to the existing 5 year plan there is the input from the survey of residents. A tender is underway for a garden designer; the intention is that any cost of design should be at least partially mitigated by reduction in costs of seasonal materials.

It was noted that some vehicles speed, especially entering the estate. Residents requested people drive with care.

The CCTV app is available for residents to use on their phones/tablets. Please speak to the gatehouse team.

It was noted that mobile phone reception can be poor. That appears to vary depending on which phone company and equipment is used.

A reminder of the private Facebook group for LG residents. Contact Polly Conway for an invitation to join.

There was a query about the individual responsibilities of the Board Directors. These are shown on the website; they will be changing due to the appointment of several new Directors.

There was a complaint that the public noticeboard was too small. It was noted that there is minimal demand for the board, which had not been used by any resident during the year. The private Facebook group appears more popular for communications between residents.

The 424 bus is changing route. The Board had made a representation to TfL on behalf of residents.

There was a query about why the AGM is held in January. It is because it is a convenient time of year to report to shareholders when planning the major redecorations.

All residents and shareholders were invited to contact the Board of Directors or the Management team at the Gatehouse about anything further you would like to discuss.

LYNDEN GATE RESIDENTS LTD CHAIRMAN'S REPORT 2016

Dear Neighbour,

Firstly, a warm welcome to the new residents who have moved in during the year. We hope that you are enjoying living in Lynden Gate and making friends and that you will come along to meet more of your neighbours at the Annual General Meeting.

This report contains news of those developments that have taken place during the year, as well as key information on how Lynden Gate has been run and where your money goes.

Maintaining Clear Priorities

The Board has continued, as in previous years, to focus on the fundamental principle that our money should, wherever possible, be spent in ways that maintain or add value to our properties. It remains clear that no shareholder will wish their money to be wasted, and one of the strengths of Lynden Gate is that the people involved in determining expenditure have to pay an equal share of the costs themselves.

Expenditure continues to be aimed at those aspects of managing the development that are known both to add value to the properties and to enhance the pleasure of living here. In particular: redecoration, gardens, security and staff.

Service Charges

Our financial position remains sound. The low cost of the last redecoration and the prudent long term financial plan means that the reserves are healthy and it has been possible to hold the service charges at £4000pa for the five years 2012-17. The Board proposes to hold that steady for a further year to 2018. It is likely that in order to provide for the redecoration after next, planned for 2025, it may be prudent to resume a small gradual annual increase in the service charges after 2018. That will be subject to what shareholders all decide together when planning for the future redecoration and maintenance of Lynden Gate.

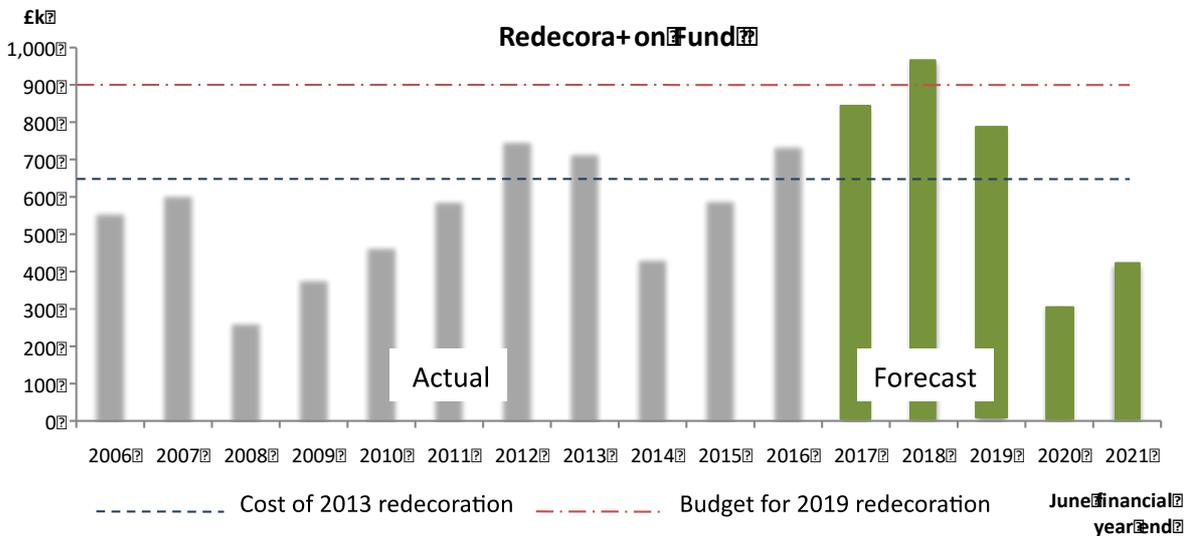
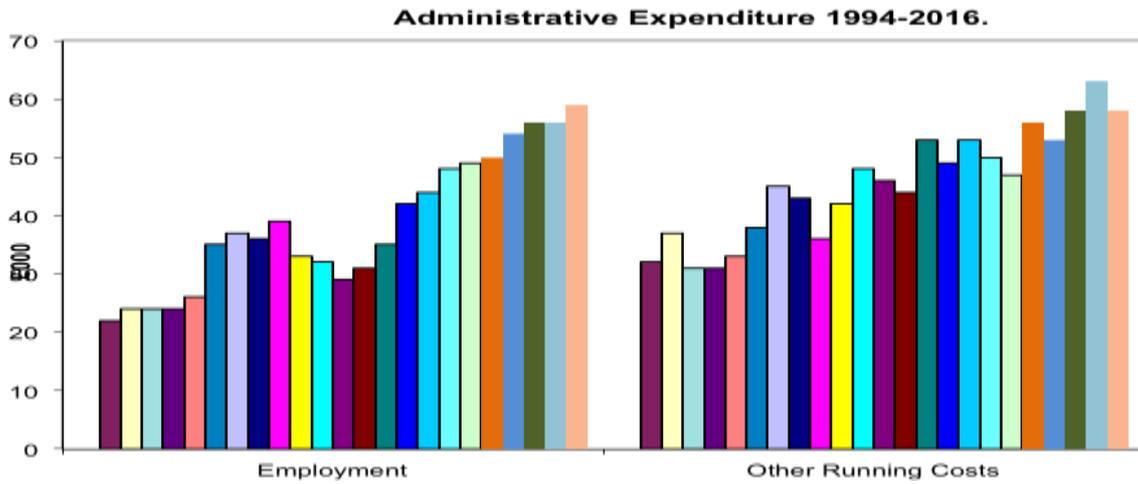
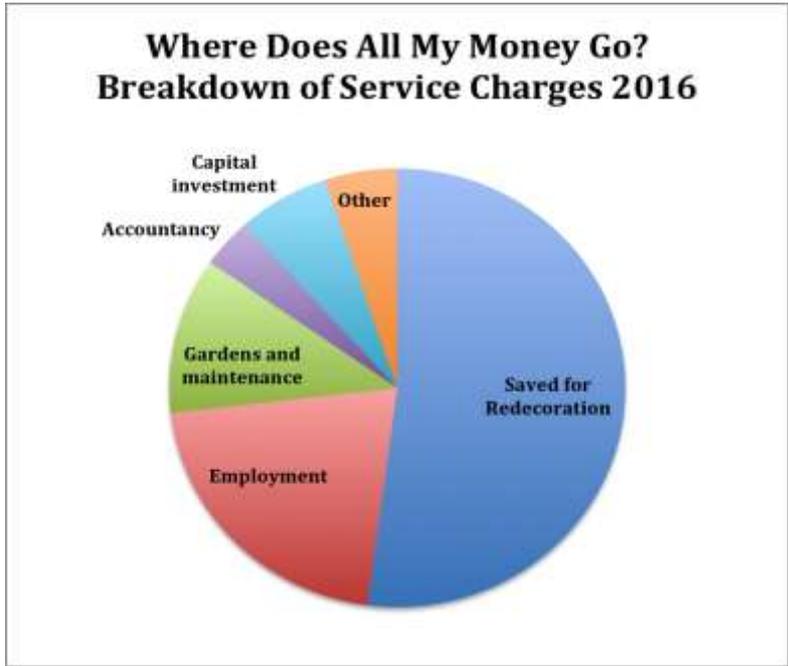
Our Money

Alongside this report you will find the accounts for 2016 and a detailed financial report from Peter Brazier. Costs are well controlled and directed towards the agreed priorities. The majority of our money continues to be saved towards the cost of redecorating our houses and the common areas of the estate. In this way we all benefit from the expenditure.

The three charts below show a summary of how our money has been spent over the years as follows:

- in 2016 52% of service charges were saved for redecoration, the remainder spent on operating costs and improvements
- between 1994 and 2016 employment and general operating costs have risen generally in line with inflation

- the redecoration fund increases annually except in years where redecoration is undertaken. The projection indicates that the target of £900,000 for the next redecoration will be achieved by December 2017



Redecoration

The paint quality of the exterior of the houses is holding up very well at present, with far fewer of the interim touch-up requirements that were needed between major redecorations in 2010. The metalwork on the Gatehouse and gate pillars is rusting, which is unsightly, so this and other touch ups to the common areas will be addressed once the weather improves in Spring 2017. Currently it is anticipated that the next major redecoration will commence in Spring 2019.

Estate Services

Services have continued, as in previous years, to run smoothly under the excellent direction of Nick Bedford. John Sullivan and Allan Gallacher continue to bring their own cheerfulness to the team, resulting in a consistent and helpful service to residents. This year the whole team has quietly and without fuss put in extra time and effort when needed to cover for illness. The Directors wish to record their appreciation to each of Nick, John and Allan for their conscientious approach, responsibility and sheer hard work.

Housing Market

The housing market has continued to be active this year. Lynden Gate has remained steady, much in keeping with general market trends. Houses on the estate are currently being offered at £1.25-£1.35m.

Gardens

The gardens are a key feature of Lynden Gate, providing daily pleasure to residents and also assisting in the overall presentation of the estate. Following the consultation in 2014 various older trees and shrubs have been replaced. Peter Brazier and Mireille Onclin are leading the project to review aspects of the gardens to ensure that they remain smart and up to date, while simultaneously seeking to invest in key areas and reduce seasonal planting costs. Details of the latest stage of the work are in the December 2016 newsletter. Peter and Mireille will welcome your views so as to ensure that the wide-ranging opinions put forward by residents are all properly represented.

Security

The security of the estate was improved in 2015 by the new digital CCTV system and additional high definition cameras. The mobile app for the system provides a streaming video link to the gates. In 2016 the audio entryphone has also been replaced with a new system that includes a video camera showing who is at the entryphone and this is also linked to the app. For more information on how to use the app please speak to Nick.

Marketing and Communications

The Lynden Gate website www.lyndengate.co.uk is our public face, particularly for potential purchasers. The website performs a valuable function and enquiries from people interested about houses available for sale or rent can be received through the site. If you are not familiar with the site please do take a few minutes to have a look through it as it contains lots of useful information for residents. We would like to continue to improve and update the site to make it even more attractive

and useful for both prospective purchasers and residents so if you have any suggestions your comments will be welcome and should be sent to Peter Franklin.

Directors and helpers

The Directors are keen to ensure that residents are engaged in the running of the estate. The Board represents all residents and shades of opinion and we will continue with the policy of engaging residents to help, criticise or simply observe what goes on. We do understand that you might see the Board as something remote or the role of company director may seem too much of a commitment, however it is really straightforward and a way of both being part of and giving back to the community in which we live. If you have any questions about Lynden Gate, want to offer help or would like to take part in managing Lynden Gate please contact the Board via lyndengate@gmail.com for an informal chat. Or simply contact any of the directors.

Dogs

Dog owners are kindly asked to remember that it is for their own safety that there is a policy that dogs should be kept on leads while inside the estate on the paths and roadways. There have been some incidents where dogs have run out in front of moving cars and narrowly avoided injury. Nobody wishes to see an accident. It is polite also to seek that dogs do not foul the gardens or roads and that any deposits are immediately removed.

Parking

The parking consultation and guidance, details of which are available on the website, has provided a realistic framework that allows all residents somewhere to park. The cooperation that was evident during the consultation and that has largely been evident in the years since then gives strong reason to expect that we can continue to live together peacefully. In general, if we all continue to cooperate then we shall all have reasonable ability to park. Naturally there are the occasional issues, however if we are prepared to follow the framework and show a little general neighbourliness we will all continue to cope.

Social Events

This year there have been several popular social events at Lynden Gate, including: an Easter Egg Hunt; the Summer BBQ party; Halloween night and the recent Christmas Carols. All of these have helped neighbours get to know one another. We will be organizing more events in 2017 and would like to hear your ideas. Please contact Polly Conway or Anu Barua.

Our Lynden Gate Facebook page (which is a secure private group) is a great way to get in touch with neighbours, share ideas, arrange a coffee morning or a kids party. To join the group please contact Polly Conway either directly or via the Gatehouse.

We look forward to seeing you at the General Meeting on 19th January. In particular, if we have not met before please do come along and say hello. Any queries – please get in touch via the Gatehouse, lyndengate@gmail.com or directly with any of the directors or staff.

Best wishes from all the directors and staff for a peaceful New Year.

Adam Kahan
Chairman

11th December 2016

Lynden Gate Residents Limited

Accounts for the year to 30 June 2016 and service charge projection

In summary, expenses in the year to June 2016 were within expectations; ongoing costs were £117,634 (budget £120,000) and planned one-off costs were £18,288 (budget £20,000). The planned interim redecoration (budget £40k) will be undertaken in the spring of 2017 so money saved this year will be spent next.

Contribution to reserves for the year was £145,000 (budget £102,000) making the total of funds set aside for redecoration £741,250. The target reserve of £900,000 for the redecoration planned for 2019 will likely be achieved as forecast by the end of December 2018.

Service charges are proposed to remain at £4,000 p.a. for the financial year 2017 i.e. through to 30 June 2018.

The “Directors’ Report and Financial Statements” have been circulated with the AGM papers. In this note I explain in more detail our expenditure and financial position, both now and for a few years into the future. I also discuss the level of service charges that we will need to levy, outlining the unknown factors with which we have to contend and the choices that we will have to make.

The Basics

In very simple terms the annual service charge covers two types of expenditure:

- Administrative Expenses, currently around £120,000 per annum for such things as salaries, garden maintenance, utilities, insurance and general running costs. Routine repairs and maintenance costs (of the gates and pumps for example) are included in Administrative Expenses.
- Exceptional Items, mainly periodic or one-off maintenance costs, of which the periodic redecoration is by far the largest. The last redecoration cost £654,000 but the expense may be around £900,000 in future depending on the project specification. In some years there have also been abnormal non-recurring expenses, mainly legal costs relating to litigation.

The annual accounts always show a profit and cash surplus in a year when there is no redecoration. This profit is accumulated and held as a “Reserve for redecoration” which recognises the future liability to redecorate. Likewise, the balance of cash built up in the balance sheet will eventually be spent on the redecoration. In the years in which we carry out a redecoration the accounts will show a loss rather than a surplus, reducing both the balance of that reserve and the balance of cash in the balance sheet. Then we start all over again.

There are 70 houses on the estate and last year the annual fees were £4,000 per property. In very rough terms £1,700 of this covered the Administrative Expenses and £2,300 was accumulated to provide for the Exceptional Items, that is, the periodic redecoration and other one-off maintenance costs.

The last few pages of the Directors’ Report and Financial Statements show the accounts in summary over the last 5 years.

Administrative Expenses

There are no major issues relating to normal Administrative Expenses although residents may wish to quiz directors over their stewardship. Actual costs in the financial year to June 2016 were £117,634 (£119,224 in 2015). Expenses include; salaries, which were increased in line with London's living wage rate, plus the usual gardening, audit, accountancy and general running costs. Savings were achieved through renegotiating contracts for both electricity and telephone/broadband

Overall Administrative Expenses are projected to remain around £120,000 in future years though subject to any underlying inflation and fluctuations in the amount of repair and maintenance work required in any one year.

Exceptional Items

Exceptional Items occur in the normal running of the estate but are typically one-off costs above the normal recurring expenses, typically where the benefits are realised over more than one year.

The cost of estate redecoration is the single most expensive item, accounting for about 60% of the service charges, although we currently only spend the money once every 6 years.

Annually £20,000 is budgeted for smaller one-off maintenance costs and, as the estate ages, we need to be prepared for such expenditures. In 2015/16 there were two exceptional items the new security CCTV system, £14,340 and one-off garden costs of £3,950 including the improvements to the areas around the gatehouse.

In the balance sheet the outstanding debtor balance represents service charges due from shareholders plus pre-payments e.g. amounts paid on the proportion of long-term contracts after the end of the financial year. The amounts due to creditors comprise pre-payment of services fees, outstanding contractors' invoices plus Corporation Tax due on interest earned as at the accounting year-end.

There are several choices that we have to make in managing these costs and providing the funds for them. These are discussed below in the context of a review of our long-term maintenance requirements.

The Key Cost Drivers

The King Sturge 10-year maintenance review in 2009 identified 4 main areas which will drive our costs:

- continual one-off repairs such as road patching or drain repairs;
- the periodic redecoration;
- replacement of the total road surface;
- replacement or repair of all underground services – drains and electricity.

Continual one-off repairs covers items such as the repairs to the road surface as it ages, plus maintenance and repairs for drains, other utility services, walls or any parts of the common estate. This does not cover routine and minor maintenance costs which are included in Administrative Expenses.

It is impossible to forecast the level of continual one-off repair costs with any accuracy. For the purposes of fee calculations we have assumed £20,000 per annum for the foreseeable future.

The periodic redecoration cost of £654,000 for the recent redecoration is considerably cheaper than the £900,000 that we had been expecting and which we might need to spend next time. So we were right to avoid the Olympics year, and we also benefited from a particularly competitive period in the construction industry.

Although originally the redecoration was every 3 years we now believe that, given the improvements in paint technology over the past 30 years, the current consensus among residents is that we should continue with a 6-year gap. Increasing the gap between redecoration has a substantial impact on reducing the annual service charges. The longer the time between redecoration allows more years over which we can save up the required funds though the renovation work may need to be somewhat more extensive given the elapsed time since the last maintenance cycle. Typically, a “Mid-term” mini redecoration is undertaken to address the more pressing maintenance matters.

The replacement of the total road surface would cost at least £1,000,000. It would be a major logistical exercise, probably involving the demolition of some garages to allow alternative access to the site. Something of a nightmare but, as has been discussed in previous years, we do not believe that this work actually needs to be done. The subject was first raised – prior to the recession - as a cosmetic exercise, possibly increasing the value of our properties by having a better looking road. Time has passed and economic circumstances have changed and we do not believe there would now be any consensus of residents’ opinion in favour of such a project unless it became absolutely necessary. We might well face the need to carry out underground repairs or replacement of substantial *parts* of the road surface but we would do this using our patching methodology and not as a total surface replacement.

Replacement or repair of all underground services would only arise if we were to undertake the replacement of the total road surface. In those circumstances it would be foolish not to take the opportunity to replace the underground services simultaneously. However, since we do not believe we will go for total surface replacement, we are similarly unlikely to go for total replacement of underground services although we might well have to deal with piecemeal repairs.

There are several variables that allow us a degree of flexibility and options for the continual maintenance of the estate. The last major redecoration commenced in the spring of 2013. Some minor repairs will be undertaken in 2017 as part of the normal “Mid-term” mini redecoration. Planning for the next major redecoration is currently scheduled for 2018, allowing plenty of time for consultation with residents before any work commences in subsequent years. The programme of work for the next major redecoration will be an essential input to the long-term financial plan. The financial plan also includes allowance for the operating cost of the estate plus savings to fund future redecoration and discretionary works.

Meanwhile, let us now turn to the level of service charges that is appropriate given the current situation, foreseeable anticipated expenses and the uncertainties.

Service Charges

We believe that residents do not wish to be faced with cash demands out of the blue to deal with emergencies or unforeseen circumstances and that, given the degree of uncertainty in requirements, it is better to build reserves and prepare for generously estimated costs. The lower than expected cost of the current redecoration has given us a cushion that leaves us comfortably placed to deal with any likely future requirements. But we should prudently allow for a much higher cost (around £900,000) for the next redecoration.

It was agreed at the AGM in December 2012 that we would set service charges at £4,000, probably for the foreseeable future thereafter. The word “probably” was inserted because although this feels like a long-term commitment, in practice we only make the decision for one year at a time and all assumptions are reviewed before setting the charges for the next year. We have been successful in being able to hold the service charges steady for the five years to 2017.

The impact of all the current assumptions, as shown in the financial projections in the attachment, is:

- service charges stay at £4,000 per annum for 2018
- general administrative expenses are assumed to increase on average at 2.5% per annum and we are making prudent provision for up to a 20% uplift in total staffing costs to allow for possible changes in the future staffing mix
- there is an underlying annual contribution to reserves (accumulated for redecoration and one-off repairs) of around £135,000 on average over the 5 year forecast
- there is an interim “touch-up” in the spring/summer of 2017 (budgeted at £40,000) and, assuming a 6-yearly redecoration cycle, the next redecoration would start in 2019 and for budget purposes is expected to cost £900,000 (£300,000 in 2019 and £600,000 in the financial year ending June 2020)
- we have allowed £20,000 per annum for one-off repairs
- there is no allowance for any substantial road resurfacing or underground work in the period
- there is no specific building of reserves for future road resurfacing or underground works although we do have a cushion created by the lower-than expected cost of the previous redecoration ...
- so, if our assumptions here prove to be wrong, or if residents choose to increase the level of services provided, it might be necessary in the future to increase service charges.

These projections are similar to those made last year. We believe that they remain reasonable (although, as I am bound to say, we might have to face unforeseen circumstances). Therefore it will be proposed at the AGM in January 2017 that service charges for 2017/18 (i.e. through to 30 June 2018) be kept at £4,000 per annum as discussed above.

Peter Brazier
16 Beaufort Close

07 December 2016

Attachment

5-Year Financial Forecast

	Actual	Forecast				
Year ending 30th June	2016	2017	2018	2019	2020	2021
	£	£	£	£	£	£
Annual service charge £/house	4,000	4,000	4,000	4,000	4,000	4,000
Profit and Loss Account	2016	2017	2018	2019	2020	2021
	£,000	£,000	£,000	£,000	£,000	£,000
Turnover	280	280	280	280	280	280
Administrative expenses	-118	-121	-136	-139	-143	-146
Operating Profit	162	159	144	141	137	134
External decorating		-40		-300	-600	
Other maintenance / exceptional	-18	-20	-20	-20	-20	-20
Profit before interest and tax	144	99	124	-179	-483	114
Interest receivable	2	2	2	2	2	1
Tax	0	0	0	0	0	0
Profit trans'd to redeco'n reserve	146	101	126	-177	-481	114
Balance Sheet	2016	2017	2018	2019	2020	2021
	£'000	£'000	£'000	£'000	£'000	£'000
Debtors and cash	770	875	997	870	440	455
Less Creditors	-25	-30	-26	-77	-127	-28
Net Assets	745	845	971	794	312	427
Called up share capital	4	4	4	4	4	4
Reserve for redecoration	741	841	967	790	308	423
Shareholders' funds	745	845	971	794	312	427