

Netherne Management Limited

Company Number: 04026814 Registered Office: One Jubilee Street, Brighton, BN1 1GE

Minutes of the Extraordinary General Meeting and Annual General Meeting held on Saturday 14 March 2015, commencing at 10:40 am in the Village Hall at Netherne on the Hill.

(Please note: within these minutes "QFTF" indicates Question From The Floor and "CFTF" Comment From The Floor as it was not possible to record the names of all attendees asking questions and making comments during the meeting)

1. Attendees

Directors NML: Steven Buczek (SB), Robert Murdoch (RM), Rajen Shah (RS), Joanna Robins (JB) and Nicolette Le Cluse (NLC)

Residents: Mr L.G. Sheldon, M Fitzmaurice, Mr S. Gabriah and Mrs A. Gabriah, Ms R. Banks, Ms S Chappell, Mrs A.L. Odhams, Ms D. Gardner, Ms A. Kelly, Mrs L. Voss, Mrs J. Shah, Mr R. Ponsford, Ms K. Wallace, Mr K. Foreman, Mr M. Smith, Ms V. McDonnell, Mr I. Ross, Ms C. Froix, Mr B. Cooper, Mr P. Dalton.

Michele Gallagher (MG) from SHW

Guest: David Brant (DB)

Apologies received: None

Proxy votes were received from 3 members.

2. Introduction

The meeting was chaired by Steven Buczek who introduced the other Directors.

3. EGM Agenda

RS – Explained that there had been significant service issues experienced with the preparation of 2012 and 2013 accounts, which had been done by an audit firm called A J Wheeler. That firm has now been dis-instructed.

RS noted that when the Board began thinking about the 2014 accounts, we wondered if we could give ourselves greater flexibility on the firm or person who signs off the accounts, and not be constrained by the current requirement in our articles to appoint an Auditor. Hence we set out proposal to change our articles to give us greater flexibility.

However, we have since had a discussion with one of our residents – Michael Chinn, who used to be an auditor himself. We concluded that we do still need to appoint an auditor. The Board is therefore in the process of approaching another audit firm to quote for the work.

RS summed up by saying that we would keep the Articles of Association as they are, and that we would simply be asking (later in the AGM) for member approval to permit the Board – in consultation with Michael Chinn – to appoint a suitable audit firm.

4. Approval of the Minutes of the AGM held on 15 March 2014.

Proposed by Steve Buczek. Seconded by Roger Ponsford . Unanimously accepted by members present at the AGM and approved. SB noted that there had been one proxy vote, from someone who did not attend the last AGM, to reject the minutes.

5. The Directors Report, and draft financials for year ending 31 December 2014.

RS presented the Directors Report for the year ending December 2014. Please visit <http://nman.co.uk/financial-information/> to view the full report which was discussed.

RS noted that 2014 had been a particularly busy year, a lot of work was done and a lot was achieved. A hand was given in appreciation for MG of SHW for all her help in getting NML to where we are today.

RS recapped on the objectives set by resident directors when they took responsibility for NML in January 2011:

- Recover the debt
- Get the reserves healthy
- Maximise cost efficiency (with a view to reducing service charges whilst not reducing services)

The Board has continued to work on these objectives in 2014. In addition, the Board has begun to focus on the maintenance of our assets. That follows a report we commissioned about possible expenditure we may have over the next 5-10 years for the upkeep of the hall, the leisure centre and the estate. RS reminded members that the report indicated projected expenditure (in excess of service charge budgets) of over £1M. RS commented that although this is a big number, NML does have significant reserves, as well as other income streams supporting those reserves, as would be explained later in the meeting.

Debtors:

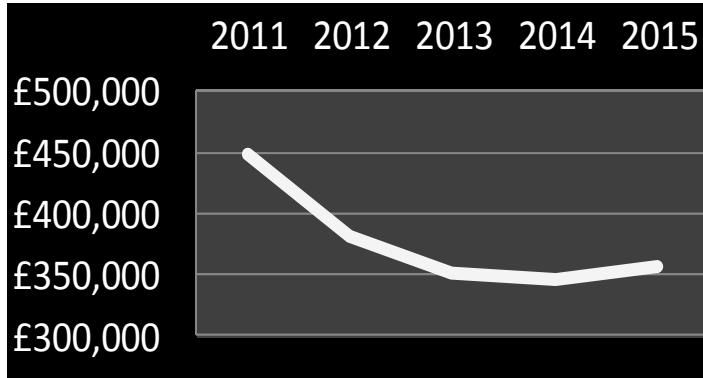
- The service charge debt has been reduced from £449,000 at the end of 2010 to £74,000 at the end of 2014. During 2014 alone the debt reduced by £110,000.
- We have been helped by SHW in the debt recovery process as well as a very determined firm of solicitors.
- In many cases we have pursued mortgage lenders to settle debts, and this has proved to be an expensive way for members to settle their service charge arrears as they have had to pay all of NML's legal costs, plus interest for late payment.
- Most of the residual £74K of debt is under management with members on agreed repayment plans.
- There are now only seven residents who now have debt of in excess of £2,000.
- There are nearly 80 residents owing small amounts of less than £250 known as "nuisance debtors". All debtors are now under close watch.
- It is being encouraged that residents set up direct debits to avoid the inadvertent non payment of a service charge bill.

CFTF – NML/SHW have done a fantastic job on debt recovery.

RS asked the audience to estimate what the debt had reduced to at the end of February 2015. One member guessed correctly that the figure was now £56K, and was rewarded with an Easter Egg for her answer.

Service Charges

- Total service charge budgets have reduced by nearly 25% since the resident directors took over, although a slight increase of around 3% has been required this year due to inflationary pressures. We had also introduced security patrols around the estate, which had also added to our annual costs.
- The service charge budget for 2015 had therefore increased from £345,000 to £355,000



- QFTF – We have not seen any security patrols, are they coming and when?
RS explained that these are in the evenings, and are at deliberately random times for one hour three times per week.
- QFTF – Do the security patrols have any powers?
RS said that if they see anyone loitering then they would be asked to move on. MG - explained that they will call the police if they suspect anything suspicious.

Cash and Reserves Position

With the recovery of debt, our cash position has been improving. However, during 2014, we also incurred significant expenditure for various improvements, repairs and works (not covered by the service charge budget). This included village hall roof repairs, deployment of traveller prevention methods, various improvements to the leisure centre facilities and extension of the children's playpark (following an EGM vote). The total major works expenditure for the year was £102,000. These costs have been met from our reserves, which started the year at £708K.

Our reserves fell during 2014, but only by £42,000, to £666,000.

Draft balance sheet at 31 Dec 2014

Current assets:

- Cash at bank = £615,000
- Service charge debtors = £74,000
- Other debtors = £18,000

Current liabilities:

- Creditors = (£41,000)
- Total reserves = £666,000



End of Year	Cash in Bank	Total Reserves (inc. debt)
2010	£9,000	£485,000
2011*	£301,000	£613,000
2012	£381,000	£680,000
2013	£523,000	£708,000
2014	£615,000	£666,000

Our increasing cash position has led us to open a new deposit account with Aldermore Bank, in addition to the Shawbrook Bank and Bath Building Society accounts. We now have around £250K of cash on deposit, with the balance held in a client account with SHW. We may open another deposit account with another organisation, to receive some more interest.

Other income streams supporting our reserves.

Although we had significant major works expenditure in the year of over £100,000 our reserves only fell by £42,000 over the year. This is because of other income streams we received during the year, including exit fees (£31K), telephone mast rent (£9K), hall and pool hire (£9K), bank interest (£5K) and interest on late payments (£6K). These other income streams totalled around £60,000 in 2014.

RS noted that, assuming we can achieve similar other income streams in future years, and that we continue to manage our finances prudently, then NML is in a quite healthy financial position.

Leisure Centre

RM provided a review of the Leisure Centre with particular reference to the introduction of new turnstiles driven by non-members and debtors who had previously been using the facilities.

A new pool cover had been introduced which should reduce heating costs; there was an improved hot water supply for the showers; roller blinds had been installed as well as more CCTV cameras outside the leisure centre.

In addition the gym equipment voted on at the EGM in November is on order and awaiting delivery and installation. It should be installed in the next eight weeks.

RM went on to say that, to try to improve access to the leisure centre (particularly during the winter months), stepping stones have been installed on the green, and additional low level lighting is also being considered.

Village Hall

RM and RS met a planning officer at Reigate and Banstead Council to discuss the scope to re-develop the existing village hall, and to build a new village hall in a new location. We were told it was unlikely that permission would be given for such a project. Having received this

advice, we will now need to revisit some of the village hall issues that have been put on hold whilst we considered its future. This includes the basement, which is suffering from damp.

RM noted 3 incidents of vandalism to the hall windows. In one case, we had pursued the parents of the offender to pay for the repair costs.

In response to the vandalism, we have implemented increased security including CCTV being installed and window protection being installed soon.

- QFTF – What is the position on swimming pool lessons for people outside the village? It has been suggested that there may be people using the pool for lessons who have no connection to the village.

Response: MG – if they are, for example, grandchildren of villagers then this is acceptable. The pool is hired out to the swimming instructor. Everyone has to have a card in order to access the pool as a guest, i.e. there is likely to be a connection to the village.

- QFTF - Was the cost of repairing the roof of the village hall covered by insurance?

Response: MG – an element was covered under our insurances but most came from reserves. Following initial inspection of the storm damage other defects were found and the cost of putting these right had to come from our reserves.

Estate

Various points relating to the estate were raised

- Traveller intrusion in April
- Traveller prevention methods employed – Boulders installed. An additional six to be installed.
- Implemented random security patrols
- Looking to install more CCTV around the village
- Re-instated old football pitch (+ junior pitch)
- Children's play park extended
- Recently received small grant (£3,000) from SCC – this would be used towards some form of lighting on the Hooley footpath. This is being researched.

- QFTF – Has solar power been looked at in regards to the leisure centre/village?

Response : RM – Yes this is being looked at and we are liaising with Caroline Cattini, a resident who works for English Heritage and is advising.

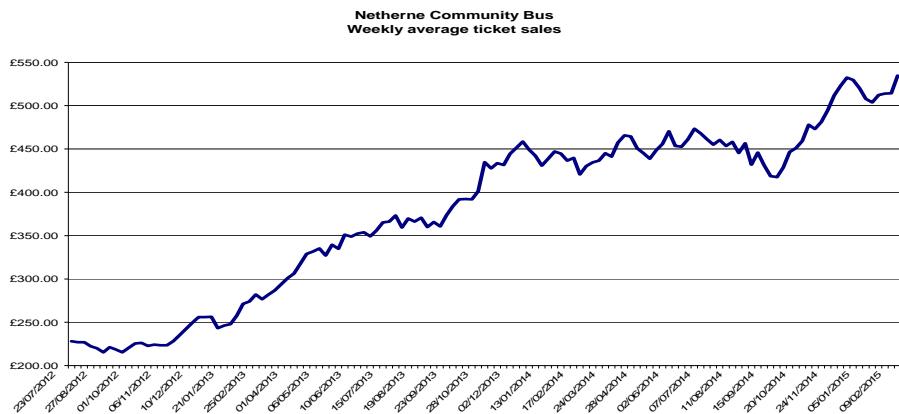
- QFTF – Is lighting being looked at around Chapel Walk?

Response: RM – This is being investigated around the path which is owned by NML

Community Bus

- RM gave an overview of the community bus with ticket sales increasing to date as graph shows. The Bus company had been set up with section 106 funding of £55k. The Bus is not funded by the service charge budget and is reliant on fare income from passengers. The Bus company assets have been eaten into as the Bus has not yet been covering its operating

costs, but with ticket sales now averaging over £500 per week we hope to be achieving break-even status soon.



- Many enquiries from prospective residents about the bus service; selling point for the village
- Twitter account started during the year, to aid communication between drivers and passengers with positive feedback
 - CFTF- When the car park closes down in Coulsdon (Lion Green) the demand for the Bus will probably increase.
 - QFTF- How is the timetable of the bus going to be improved from the station to Netherne?

Response : RS - Because of the schedule, the bus has to return straight away from dropping off at the station to return to Netherne, in order to make the next scheduled departure time. Similarly in the evenings, once passengers have been dropped off at Netherne the bus returns straight away to the station to collect passengers from the next train.

- QFTF – is there an option to get a bigger bus due to increased demand?

Response : RS – Possibly, but we would prefer two buses which would mean that one bus could be at the station whilst the other is at Netherne. The prospect for next year could be a service during the day for the bus to take residents to hospital appointments etc. This is being researched and (if we get such work) would mean revenue increasing, thereby supporting the possibility of a second bus.

- QFTF – Has sponsorship for the bus been considered?

Response : RS – This will be taken as a suggestion.

Issues

RS noted that whilst a lot of work had gone into improving the village and there have been many positives, there had also been some things that had not gone as we would have liked. These have not always been in our control, but in the interests of being up-front with everyone he summarised what didn't go so well:

- Issues with auditors (as previously discussed during the meeting)
- Delays with other suppliers e.g. late delivery of boulders, and securing the village hall

gate.

- Goats Rue – due to other work priorities this had not been given due attention in 2014. It would be a priority for Dave Brant and Sean in 2015, and if necessary we would appoint specialist contractors to deal with it.
- Issues with Q1 service charge bills – due to an administrative error by SHW, the Q1 2015 service charge bills had been slightly understated, by around £5-£6. The understatements will be spread over the Q2, Q3 and Q4 2015 service charge bills.

Looking Ahead

RM set the agenda for the current year – 2015

Priorities for 2015 are:

- Continue the debt recovery process
- To carry out some of the maintenance work identified in the 10 Year Plan (including addressing the damp issues in the Village Hall)
- To address the access pathways to the Leisure Centre, including some form of lighting
- To improve village security where appropriate
- To install energy efficient lighting on the footpath to Hooley

CFTF – There is to be a litter pick Sunday 22nd March 2015, meeting at the village shop.

- QFTF – is it possible to take the logs off the green outside the leisure centre as it is used as a congregation area and litter is just strewn over the area even though bins are provided?

Response : RM – We feel that if they are taken away, these people may just congregate in another area and leave their rubbish there, e.g. the tipping fields.

6. Election of Board Members

SB - The Board recommend the re-appointment of current Directors

• S Buczak	Proposed by	Steve Buczak	Seconded by Roger Ponsford
• J Robins	Proposed by	Steve Buczak	Seconded by Roger Ponsford
• RL Murdoch	Proposed by	Steve Buczak	Seconded by Roger Ponsford
• RH Shah	Proposed by	Steve Buczak	Seconded by Roger Ponsford
• N Le Cluse	Proposed by	Steve Buczak	Seconded by Roger Ponsford

Unanimously approved by members present at the meeting.

It was however noted that one proxy vote had been received rejecting the re-appointment of any of the current Directors.

7. Appointment of Auditor -

As previously noted, A J Wheeler have been dis-instructed.

The Board asked for permission, in consultation with Michael Chinn (a member of NML & a Company Finance Director), to appoint another auditor for the 2014 accounts.

Proposed by Roger Ponsford, seconded by Steve Buczak. Unanimously accepted and approved.

8. Pictorial History of Netherne

NML have sponsored the reprinting of this, which is available to buy for £8 with all proceeds going to charity. Copies are normally available from the estate office.

9. A.O.B.

The following matters were discussed:

- QFTF - Can anything be done about the parking situation at Bowen Way – parking on kerbs etc?

Response: RM - There is no space for additional parking. If anyone is breaking the law by parking on corners, then it is suggested to use 101 and report it. The Police want to know. Bad/inconsiderate parking is a hazard. The roads are due to be adopted and pressure may be able to be brought to bear for the implementation of yellow lines.

- RM made residents aware that NOTHRA will fold if no one takes up the Chair position. It will fold in 28 days time as of Wednesday, 11th March 2015. There were only 16 people who attended the NOTHRA AGM meeting on 11th March 2015.
- QFTF - Are horses allowed on NML land?

Response: RM - Horses are not allowed on NML land but they cannot be stopped on public roads. Gates onto NML land are going to be made bigger so that horses cannot get through. The stables have been written to advising that further action will be taken if they do not stop using NML land for riding their horses.

- QFTF - Where are you proposing extra parking for the village hall?

Response: RM – additional parking for the village hall is proposed at the strip of land leading to the locked gate by the villas.

The Chairman declared the meeting closed at 12.25 pm.