LUDSHOTT MANAGEMENT COMPANY LIMITED

MINUTES OF ANNUAL GENERAL MEETING

held at

LIPHOOK MILLENNIUM HALL

on

WEDNESDAY 22 AUGUST 2012 AT 7.30 PM

Present: Ezra Alisha (no. 11), Roger & Madge Dancey (no. 6), Richard & Pam Farmer (no. 20), Susan Garnett (no. 3), Jennifer Gayler (no. 12), Roger & Kate Hinxman (no. 22), Roger Kent (no. 5), Frank & Val Levene (no. 4), Richard Loversidge (no. 9), Pino & Linda Minelli (no. 1), Elena Parker (no. 19), Geoff & Gill Pye (no. 10), Alex Russo (no. 17), Royston & Lynn Sargeant (no. 15), Neville & Enid Whitehead (no. 13)

In attendance: Martin Growse (Countrywide), Amanda Rickwood (Countrywide), Samantha Simpson (Countrywide)

Apologies: Jonathan & Susan Cole (no. 23), Andrew & Carol Church (nos. 2 & 7), John Heaton-Armstrong (no. 16), Henry & Betty Jones (no. 8), Chris Loversidge (no. 9), Eddie & Lucy Rhoades (no. 18)

Absent: Kevin Garnett (no. 3), Val Kent (no. 5), Andy Parker (no. 19), Keith & Heather Richards (no. 14), Phil & Sandra Stanton (no. 21)

Proxies: These were received from the following: Henry Jones, Carol Church (2 votes), John Heaton-Armstrong*, Lucy Rhoades and Jonathan & Susan Cole. *Proxy vote invalid as named proxy not present.

1. Minutes of previous meeting:
The Minutes of the AGM held on 24 August 2011 had been issued last year. No further comments had been received. The Minutes were approved, proposed by Royston Sargeant and seconded by Kate Hinxman.

2. Accounts for the year ending 31 December 2011:
The Service Charge (SC) accounts had been circulated to all Residents on 8 May 2012 and with the AGM Notice for information only. The Statutory Accounts had previously been approved and signed by the Directors and sent to the Registrar of Companies and HMRC as appropriate. No concerns had been raised.

3. Election of Directors:
There are four Directors at present. The arrangements for rotation require one director to retire in 2012. Consequently, Henry Jones stood down but offered himself for re-election and the meeting unanimously reappointed him. Three new directors were nominated and voted upon at the meeting by a show of hands and the proxy votes added. Roger Hinxman was
nominated by Royston Sargeant and seconded by Richard Farmer and the votes were 15 by show of hands and five by proxy (20); Richard Loversidge was nominated by Richard Farmer and seconded by Royston and the votes were 15 by show of hands and five by proxy (20); Neville Whitehead was nominated by Henry Jones and seconded by Richard Loversidge and the votes were 15 and five by proxy (20). All were therefore unanimously voted in and congratulated.

4. Appointment of Accountants:
The Accounts were prepared by Wheelers, who had been recommended by Countrywide. It was agreed to continue with this company as Royston Sargeant advised that they now understood the workings of LMCL. Proposed by Alex Russo and seconded by Royston Sargeant. The vote was carried unanimously.

5. Special resolutions:
The Chairman advised the meeting that a paper had been produced by Susan Garnett prior to the meeting but appeared not to have been received by owners in advance by e-mail as intended by Susan Garnett. However, copies of her paper were distributed at the meeting. He asked Susan to present her paper at the meeting, covering both the rationale and how the mandate proposed would operate in practice.

Susan Garnett stated that she was one of the original purchasers and her reason for proposing the two resolutions was that she felt that the service charges (SC) were getting away from residents. She produced facts and figures claiming that in 2006 her own SC was £2,852 and had increased to £5,185 in 2012, with an increase of over 10% between 2011 and 20121. In the early years, increases were justified as MacLeod had under-budgeted for future maintenance needs. However, Susan believed that in 2013 the shareholders should have the opportunity to comment on the budget before it is implemented. One reduction that she believed could be made is to carry out the CoSec duties in-house. She stated that in her view all the shareholders needed to discuss the SC, as all have the same concerns on the upkeep of their individual properties but the SC needed to be controlled. She thanked the Chairman for producing more information and documents for this year’s AGM and applauded the Committee for their hard work. She believed that LMCL could save at least 5% pa and that in her opinion the rapid turnover of residents is due to the high SC. Susan wanted the following years’ SC budget figures looked at earlier and discussed with residents prior to the AGM and not to hold the AGM in the school holidays.

Richard Farmer advised that some contract costs had decreased (e.g. cleaning) and the gardening contract had not increased for several years. The arboreal work in 2011 was organised by the directors and the managing agents were not involved and did not charge for this. Richard advised that each year the SC can and does contain new provisions which had not previously been foreseen.

Neville Whitehead agreed with Susan Garnett and was concerned but unsure how a reduction in the SC could be achieved. However, he claimed an increase of 18.8% in his own SC over two years was a very significant and serious worry.

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1 The SC for number 3 in 2011 was actually £4711.30 and in 2012 was actually £4967.39 – an increase of 5.4%.
Pam Farmer stated that she was aware of the huge amount of work undertaken by Committee members on behalf of LMCL and wanted the standards maintained and was prepared to pay the SC and stated that owning her previous property was expensive to run.

Roger Hinxman reflected that 5% of the £90,000 SC budget, once divided between 23 properties, amounted to a weekly charge of only £4 which was the cost of a glass of wine – so quite reasonable!

Roger Kent raised the query regarding the recent exceptional charge and Royston Sargeant explained this was due to a deficit in the 2011 Accounts, in which there was an overspend, mainly due to the cost of removing the copper beech tree. Royston continued to explain the two main sides of the SC budget – maintenance and non-maintenance (the latter being only 30% of the overall SC budget). He explained that LMCL starts to prepare the SC budget in September and discusses the work to be done and obtains quotations, and if required advice from professionals. Improvements are not included.

Alex Russo stated that the SC budget has increased from £55,000 in 2006 to £88,000 in 2012 but increase was mainly due to maintenance requirements and inflation/VAT.

Richard Loversidge stated that every attempt is made to reduce the figures and the amount of time and effort put in by the committee is immense.

Roger Hinxman stated that the having a reserve fund is an advantage, as when selling a property it is an asset and adds value to the selling price. Alex Russo stated that the reserves have not been spent for unplanned maintenance, as it would not be good financial control to do so. The reserves should not be used as an overdraft facility and this was confirmed by the managing agents. Alex stated that any increases in the SC were mainly the burden of the leaseholders and not the freeholders.

Richard Farmer asked the new owners of numbers 1 and 10 their reasons for choosing to live at Ludshott Manor. Mr Pye stated that other properties had the same SC but one had more land that they rented out, plus had 49 properties to share the costs. However another had a lower SC but the property was run down and there were no reserves. They agreed with Mr and Mrs Minelli that they do not want to pay excessive SC but wanted to maintain the standards of Ludshott Manor.

Following the discussion, the votes for the Special Resolutions were respectively:

**A. THAT the directors are mandated to produce and adhere to a budget for the annual accounting period beginning 1 January 2013 of not more than 95% of the budget for the current year.**

In favour: 7 (Church (P), Church (P), Garnett, Kent, Parker, Rhoades (P), Whitehead; 3 by proxy + 4 by hand.

Against: 13 (Alisha, Cole (P), Dancey, Farmer, Gayler, Hinxman, Jones (P), Levene, Loversidge, Minelli, Pye, Russo, Sargeant); 2 by proxy + 11 by hand.

One proxy (Heaton-Armstrong) invalid.
Special Resolution 1 was not carried.

B. THAT for the accounting year beginning 2014 and subsequent years the directors are mandated to produce and adhere to a budget of not more than the 2013 figure without the prior approval of the majority of shareholders voting on a date prior to the commencement of the accounting period.

In favour: 5 (Church (P), Church (P), Garnett, Rhoades (P), Whitehead); 3 by proxy + 2 by hand.

Against: 13 (Alisha, Cole (P), Dancey, Farmer, Gayler, Hinxman, Jones (P), Levene, Loversidge, Minelli, Pye, Russo, Sargeant); 2 by proxy + 11 by hand.

Abstentions: 2 (Kent, Parker).

One proxy (Heaton-Armstrong) invalid.

Special Resolution 2 was not carried.

Roger Hinxman then gave a vote of thanks to Richard Farmer, Alex Russo and Royston Sargeant for their extraordinary amount of hard work and dedication to Ludshott; this was seconded by Roger Dancey.

There being no other business, the meeting ended at 8.27 p.m.