

## 1850 PENSION SCHEME

### ANNUAL REPORT

#### YEAR ENDING 5<sup>th</sup> APRIL 2013 – YEAR 3

This has been a bit of a frustrating year mainly because this was really the first year trading as a landlord and therefore there were a lot of one-off set up costs and we found ourselves having commercial battles with a number of people, mainly:

- Utility companies who had put us on emergency rates and receiving bills from various suppliers when we it is only possible to be billed from one;
- Commercial arguments with the Council due to the ground floor rates. We have been arguing it has been dilapidated and therefore un-rentable and they claim we still need to pay rates even though empty and un-rentable;
- The telephone people as we were not getting the support we needed that we had paid for; and
- A previous tenant who died and who's estate refused to pay any rent or historical bills relating to their tenancy.

All in all it has been a difficult year but one I wouldn't change. Although, the profit and loss doesn't look fantastic there are a number of one off costs in their that all relate to the set up:

- £450 legal costs for setting up the tenancy lease agreements;
- Approx £1,000 for gas and electricity relating to the building work that has been done;
- Cleaning costs will now reduce by £150 per month as Cheryl has agreed to do it each week;
- There are still issues with the telephone and broadband as these should cover themselves. We have recently changed supplier and hope to see some improvements in this area during 2014; and
- In 2014 we have signed up a new tenant on the ground floor so we have a double benefit of no rates and rent coming in.

In terms of the balance sheet it is reasonably clean there are a few things to tidy up in terms of debtors and creditors but nothing major. The main debtor is Corilla Plastics but they caught up in the New Year.

#### Tenant Schedule as at 30<sup>th</sup> January 2014

Room	Tenant	Total Per Mth
Ground Floor	GKR Karate Administration	£1,850.00
1st Floor - Suite 1	Isomi	£550.00
1st Floor - Suite 2	Workshop	£600.00
1st Floor - Suite 3		£0.00
1st Floor - Suite 4	ICT	£175.00
2nd Floor - Suite 5	TIPS UK	£375.00
2nd Floor - Suite 6	Tec 72	£265.00
2nd Floor - Suite 7	Corilla & Prochem	£1,300.00
		<hr/> £5,115.00 <hr/>

## **Valuation**

As a guide we should be looking for a valuation of at least 10 times rent (debt free), which is £614k. However, if we were to make a net profit of £30k a year from £62k rent and an investor wanted a 6% yield, (which is reasonably high) they would be looking at £500k as a valuation. Therefore, I would be looking at £550k in today's market.

We currently owe about £130k to the Co-op (as at Jan '14) and therefore a net valuation is about £420k. By January 2014 we will have invested £360k between the three of us and therefore will have made £60k in terms of equity in the property.

In 4 years time we should have repaid all the debt and the property should be worth £600k at least. Given our original investment was £360k we will have made an equity profit of £240k or £80k each. However, we will need to invest further monies in the up keep and improvement of the property during that period.

I hope this provides you with an update on the performance of the 1850 Pension Fund, however if you have any questions please do not hesitate to contact me.





Yours Sincerely

Thomas Fleming  
TRUSTEE

## Profit & Loss

	£
<b>Income</b>	
Rent	£19,521.06
Phone	£779.57
Cost of Lease Recharged	£150.00
	£20,450.63
<b>Expenditure</b>	
<b><i>Establishment Costs</i></b>	
Commercial Rates	-£9,494.72
Bin Collection	-£316.94
Water Rates	-£107.18
Electricity	-£1,796.96
Gas	-£572.56
Insurance	-£911.05
<b><i>Running Costs</i></b>	
Letting Fees	-£1,369.25
Cleaning Costs	-£1,598.23
Telephone & Broadband	-£1,272.67
IT, Repairs & Servicing	-£40.22
<b><i>Management of Pension Scheme</i></b>	
HWFS Fees	-£45.00
Legal Fees	-£450.00
Pension Practitioner Fees	-£1,000.00
Pension Regulator	-£1,229.00
<b><i>Finance Costs</i></b>	
Bank Interest Received	£118.40
Bank Charges & Interest	-£3,622.14
Bank Loan Charges	-£2,057.50
	-£25,765.02
<b>Net Profit / (Loss)</b>	-£5,314.39

## Balance Sheet

	Total
<b>Fixed Assets</b>	
Purchase of 16 Kingsway	£221,328.65
Fees Relating to the Purchase	£6,648.12
Property Renovation	£164,943.77
IT & Telephone Improvements	£12,781.88
Fixtures & Fittings	£664.00
Fees Relating to Renovation	£21,929.84
	 £428,296.26
<b>Current Assets</b>	
Rent Debts	£3,038.40
Prepayments	£939.94
VAT	£1,977.81
Tom Fleming Account	-£982.77
Bank Account	£21,969.29
	 £26,942.67
<b>Current Liabilities</b>	
Co-Op Loan Account 1	-£106,006.23
Co-Op Loan Account 2	-£36,858.67
Deposits	-£2,045.00
Trade Creditors	£87.23
	 -£144,822.67
<b>NET ASSETS</b>	£310,416.26
<b>Capital &amp; Reserves</b>	
Original Trustees Investment	£315,000.00
Profit & Loss B/Fwd	£730.65
P&L for the Year	-£5,314.39
<b>NET ASSETS</b>	 £310,416.26