

1850 PENSION SCHEME

ANNUAL REPORT

YEAR ENDING 5th APRIL 2012 – YEAR 2

Well this is year is completely different than last year, dominated not by the purchase but by the renovation work.

Profit & Loss

The main points to highlight are as follows:

1. The rental business made a net profit of £7,682.57;
2. Old tenants moved out mainly due to the state of the building, which all happened before we started the renovation work (renovation work started December 2011);
3. Premium Credit Limited moved out 31st August 2011;
4. We are having major difficulties with PS2011 Ltd (Philip Swales Accountants Limited) who's lease does not run out till 30th November 2012, however he is refusing to pay any more rent after February 2012 or bills from 1st December 2011. The reason being he claims we were in violation of the lease agreement by entering his unit and making some small alterations. We are currently taking advice from Lucas Lee as to our next steps; and
5. Expenses are in line with expectations, although we are taking advice in terms of the commercial rates and will hopefully get some reductions in 2012/13.

Since the year end we have had two new tenants move in and paying £1,125 per month, as well as the £500 per month from Corilla.

Balance Sheet

The main points to highlight are as follows:

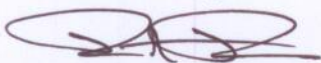
1. The cost of the building was £221,328.65;
2. We have spent £192,428.05 to date on renovation work, including the new IT and telephone system;
3. Professional fees on the purchase and renovation has come to £15,076.51;
4. This gives a total cost to date of £428,833.21. We have also recently had a valuation done by Edward Symmons who valued the property at £350,000;
5. There are quite a few more bills to pay which have been accrued for in the accounts. As you will be able to work out current assets of £72,551.17 is insufficient to pay the accrued bills of £74,263.13, I have therefore applied for a further loan from the Co-op of £42,000. A decision on the loan should come through during June 2012;
6. Finally, the original loan of £120,000 has been reduced to £111,390.60, which means we have paid off £8,609.40. The current loan repayments are £1,172.00 per month; and
7. To date the trustees have put in £105,000 each and the net assets of the business are £319,356.19.

The pension pot has increased in value by £7,682.57 in the year. If we assume the opening capital was £315,000 (trustee investment) and -£3,326.38 loss in the first year, in other words £311,673.11, the Pension Pot has received a return of 2.5%, which is below inflation for the year.

The objective is obviously now to increase the number of tenants and rental income, so as to improve the return on the investment on an annual basis. I also anticipate that over the years the capital value of the property will increase, especially as at the back end of 2012 there will be much regeneration work in Altincham with the building of the new hospital, new hotel and shopping area.

If you have any questions or would like a meeting to discuss matters please do not hesitate to contact me.

Yours Sincerely,

A handwritten signature in dark ink, appearing to read 'T. Fleming', with a large, stylized flourish at the end.

THOMAS A FLEMING
TRUSTEE

21st June 2012

1850 Pension Scheme
Balance Sheet
As at 31st March 2012

	<u>Total</u>		
Fixed Assets			
Purchase of 16 Kingsway	£221,328.65		
Fees Relating to the Purchase	£6,648.12		
Property Renovation	£180,444.67		
IT & Telephone Improvements	£11,983.38		
Fees Relating to Renovation	£8,428.39		
	<u>£428,833.21</u>		
Current Assets			
Rent Debts	£600.00		
Communicate Better Trustees	£939.94	Pension Practitioner	£1,080.00
VAT	£15,000.00	IT Support	£274.80
Tom Fleming Account	£33,321.92	Professional Fees	£7,073.39
Bank Account	-£982.77	Greenwoods (Builder)	£54,410.56
	£23,672.08	IT & Phone System	£11,424.38
	<u>£72,551.17</u>		<u>£74,263.13</u>
Current Liabilities			
1850 Loan	£0.00		
Co-Op Loan	-£111,390.60		
Trade Creditors	-£74,263.13		
	<u>-£185,653.73</u>		
NET ASSETS	<u>£315,730.65</u>		
Capital & Reserves			
Original Trustees Investment	£315,000.00		
Profit & Loss B/Fwd	-£3,326.38		
P&L for the Year	£7,682.57		
NET ASSETS	<u>£319,356.19</u>		



1850 Pension Scheme
Profit & Loss
Year Ending 31st March 2012

	£
Income	
Rent	£13,637.09
	£13,637.09
Expenditure	
<i>Establishment Costs</i>	
Water Rates	-£73.44
Electricity	-£613.25
Telephone & Broadband	£0.00
Insurance	-£784.49
<i>Management of Pension Scheme</i>	
HWFS Fees	£0.00
Pension Practitioner Fees	-£1,080.00
Pension Regulator	-£38.61
<i>Finance Costs</i>	
Bank Interest Received	£1,378.69
Bank Charges & Interest	-£3,268.42
Bank Loan Charges	-£1,475.00
	-£5,954.52
Net Profit / (Loss)	£7,682.57

1850 Pension Scheme Rent Schedule

	Ground	Suite 1	Suit 2	Suit 3	Suit 4	Suit 5	Suit 6	Suit 7	Total
Proposed Rent	£35,000	£7,920	£7,920	£5,160	£3,000	£4,200	£3,240	£6,000	£72,440
Old Tenants	Phillip Swales	Premium							
Tenant		Astral		Michelle				Corilla	
Apr									£0.00
May									£0.00
Jun	£791.67		£708.33						£1,500.00
Jul	£791.67		£708.33					£387.10	£1,887.10
Aug	£791.67		£708.33					£500.00	£2,000.00
Sep	£791.67							£500.00	£1,291.67
Oct	£791.67							£500.00	£1,291.67
Nov	£791.67							£500.00	£1,291.67
Dec	£791.67							£500.00	£1,291.67
Jan	£791.67							£500.00	£1,291.67
Feb	£791.67							£500.00	£1,291.67
Mar								£500.00	£500.00
	£7,125.00	£0.00	£2,124.99	£0.00	£0.00	£0.00	£0.00	£4,387.10	£13,637.09