

Ashworth Mansions Ltd
Minutes of Annual General Meeting

10 October 2006

Amadeus Centre, Shirland Road, London, W9

The meeting began at 19.45.

John Sutcliffe, Chairman, welcomed the shareholders and announced that he had received:

- No apologies for absence
- One proxy vote

Michael Elliot, Company Secretary, proposed that the 2004/5 accounts be accepted, that the auditors Bell Dinwiddie & Co be reappointed and that the directors be authorised to fix their remuneration. John Sutcliffe seconded the motions. Both motions were carried unanimously.

Geoffrey Barraclough, having been co-opted to the board in October 2005, was proposed for election. There were no other nominations.

Geoffrey Barraclough was elected with one dissenting vote.

The meeting discussed the method by which directors were appointed. John Sutcliffe explained that there were a number of vacancies. Lessees had been notified of the opportunity to volunteer in three recent communications but no-one had put themselves forward. He agreed to circulate lessees once more on the topic and reiterated that no formal qualifications are necessary, although it is important to be able to commit time and energy to the role.

There being no other business the Chairman declared the meeting closed.

27 of the 105 flats were represented for all or part of the meeting as follows:

6a Aczic	21 Burbridge.	34 Scott	47 Dale	67 Proxy	87 Murphy
7 Muldoon	24 New owners	36 Sutherland	47a Porter	70 Clements*	91 Marshall
11 Muragason	26 Cardinali	37 Shapiro	57 Chan	73 Courquin	
14 Singh *	29a Williams *	44 Barraclough *	58 Sutcliffe*	75a Schwarz	
16 Yason	32 Malik	45 Dean	61 Abdo	81 Shelton	

* director

Ashworth Mansions Ltd

Note of Residents Meeting

10 October 2006

Amadeus Centre, Shirland Road, London, W9

John Sutcliffe, Chairman, welcomed residents to the meeting.

Service charge accounts 2004/5

John Sutcliffe explained that the Board had hoped to present the service charge accounts to September 2005 to the lessees in the early part of 2006. Unfortunately this had not proved possible principally due to delays with the former managing agents providing the necessary financial information. He confirmed that the Board intended to publish the audited service charge accounts to September 2006 by the end of March 2007. He explained that the directors propose to hold a further residents' general meeting in April 2007 to discuss any questions arising from the service charge accounts, together with the long term plan recently announced and other matters residents may wish to raise about Ashworth Mansions..

John congratulated the managing agents on reducing arrears due on the service charge account from £100K to £20K and he revealed that debts due from three lessees are in the process of being taken to the County Court to enforce payment. All three debtors are residents. He emphasised that the Board takes a serious view of late payment of service charges and will take all necessary enforcement actions.

A lessee asked why garden expenses rose from £5K in 2004/5 to £20K in 2005/6. It was explained that this was due one-off bills for tree pruning (£8K) and furniture (£750) and not just an increase in the regular charges from the gardeners. The ongoing budget for gardening is £875/month per annum. This is higher than in the recent past as the previous gardener was not charging market rates. The current contractor was generally agreed to be doing an excellent job and there was some praise for the furniture. The gardening budget for 2006/7 is £16K which includes the regular gardening plus replanting on the Grantully Road side and there is also a provision for £ 3K for pollarding those Plane trees on the Elgin Avenue frontage for which Ashworth Mansions is responsible.

Refuse container hire

Philip King confirmed that no budget had been set aside for container hire in 2006/7.

Major works

Keith Williams summarised the major works undertaken since 1997 and circulated the attached document.

Work began in 1997 with £330K spent on underpinning part of the Grantully Road side. This was part-funded from the then sinking fund, although c. £200K was subsequently claimed from insurance.

At this time, it was evident that block was in poor state – the roofs were leaking, balconies were corroded etc - and a decision was taken to make series of one-off demands on lessees to fund c. £2.7m of works. These works continued to 2003 and are, in broad terms, complete. The sinking fund was exhausted early in the process and, contributions to the sinking fund were suspended while the one off demands were being made.

These works also included the water-main infrastructure which now runs from the boiler room via the external walls to each flat. The existing system is fed by water tanks in the roofs which are nearing the end of their natural lives and provide inadequate water pressure for 21st Century living.

Subsequently, the disintegrating boundary walls were replaced at a cost of c.£75K - again funded by one-off demand – and then the entry phone and satellite systems were installed. These are rented and do not belong to Ashworth Mansions.

Little progress was made in 2004-6 due to the poor performance of the previous agents, although exterior signage was put in place earlier this year.

Having engaged new managing agents, the final pieces of work can now be accomplished and three projects have begun or are in the final stages of planning.

1. **Interiors** – now partially complete at a cost of c.£200K funded by a one-off demand from lessees. This is scheduled for completion by the end of the year including carpeting and lighting. Initial reaction in blocks 6 & 7 is positive and no negative comments were presented at the meeting.
2. **Break tank and pumps for mains water connection.** As has been previously notified to Lessees at recent AGM's and in correspondence, the system design allowed the inclusion of pressure booster pumps and break tanks to ensure adequate pressure would be available in the event that the main street water pressure was reduced.

Since the infrastructure was put in place, Thames Water has turned down its pressure due to leakage and it is unlikely that the new system will reach the top floor flats unaided with adequate pressure. Hence, the consultants advising the board have reported the necessity to install booster pumps and a break tank. The design is complete and will shortly go out to tender with an expected cost of around £85K. This will be funded from the new sinking fund, not by a one-off demand. Residents will be receiving formal consultation on this project in November and it is hoped to begin work in early 2007.

3. **Central garden lighting** – this has not been working for a couple of years, although additional security lighting has been installed at the four gate entrances. The fittings and cabling of the major installation are rotten and a complete replacement is necessary. A design has been commissioned with an estimate of £30K compared with a direct replacement cost estimated at c.£25K. Some in the meeting were not convinced that garden lighting was good value for money. Keith Williams noted that a final decision had not yet been taken and that the board would consult on the issue. A number of lessees had previously expressed concern that poor lighting was a security issue.

On completion of these last projects, Keith said that the estate will have returned to relatively good order and he reported that the board hoped that future expenditure will be based on a regular and relatively predictable maintenance and upgrade cycle; It is for this reason that the board had made the decision to return to funding from a reserve fund built up by regular payments from lessees instead of the unpredictable flow of demands that have characterised the last eight years.

A number of detailed points were made from the floor concerning the process by which the water connections would be made. The Board committed to circulating a note on this issue.

Philip King assured lessees that the current system was clean and safe. The tanks will remain in place, although redundant, once the new supply is live for a reasonable period to allow lessees to make the necessary connections. However, he explained that, because tanks would have to be replaced if the current system was to remain, it will be necessary to set a cut off date for connection to the new mains supply and switching off the current supply lines.

Future plans & sinking fund

With the completion of the major works finally in sight, the board had commissioned a professional appraisal of the estate including recommendations concerning the scope and cost of long-term maintenance. This document was circulated to all lessees prior to the meeting.

To fund the regular maintenance, the sinking fund has been reintroduced albeit at a slightly lower level than prior to its suspension.

One lessee expressed disappointment that the sinking fund had been reintroduced before the final major works projects had been undertaken. One-off demands gave residents greater scrutiny. Another supported the concept but argued that more warning should have been given.

John Sutcliffe pointed out that the same legal requirements to consult with lessees before major works take place remain and there would be no decrease in lessees' ability to scrutinise proposed expenditure. Additionally there is a clear requirement for further expenditure in the coming year and it would therefore not have been prudent to delay further the reintroduction of reserve funding.

A lessee who had just bought a flat in Ashworth Mansions said that one of the reasons for his choice was the good condition of the estate and said that, from his researches in the area whilst purchasing his flat, even with the reinstatement of the sinking fund, the overall service charge was competitive with neighbouring blocks.

It was pointed out that the vaults underpinning the Grantully Road side were in poor condition but, if reinstated, could be made available to residents. The board agreed to incorporate this work in the long term plan.

Philip King, managing agent, explained that sinking funds were the normal method used to fund regular maintenance and that the charging mechanism was fairer than making one-off demands. He also explained that the service charge was apportioned based on the rateable value of the flats in the past and that, as this was incorporated in the leases, it was almost impossible to change.

Geoffrey Barraclough said that prior to his appointment to the board he had opposed the sinking fund as he would rather keep money in his own account until it was needed. However, having now seen the perennial difficulties of collecting one-off payments in a timely manner, he had changed his mind.

Ashworth Mansions Ltd – reserve

The company's only source of income is from the collection of ground rents - £100/year per flat. Over a number of years this has accumulated to a reserve of c£60K which has been lent to the service charge account and spent! The only way of recovering it would be to levy a £60K charge on lessees.

The board indicated that it is examining options for resolving this issue although it was not a particularly high priority.

Bicycles

Following the recent break-in, quotes are being sought for new doors and bike racks for the garage. The current locks have meanwhile been upgraded. The work to properly equip the garage for bike storage will be carried out as soon as possible, but Philip King estimated that completion might take 4-5 months as funding is dependent on an insurance claim. A second bike shed, accessible from the garden, will be made available as soon as possible, but again this cannot be made immediately available as some asbestos requires removal.

Residents were reminded that once the common parts redecoration is complete the requirement in the lease that no personal items (bikes, push chairs etc) may left in the stairwells and common parts will be rigorously enforced.

Residents were also requested to place rubbish bags on the mats that will be installed in front of residents' front doors during the internal part refurbishments and not on the carpets, to reduce the risk of staining.

Snagging

Two lessees asked whether Pavehall's contract (for the major works) was complete as snagging issues either remained or had been dealt with by residents at their own expense. Keith Williams confirmed that this was correct. John Sutcliffe agreed to respond directly to one lessee who felt that he was unfairly out of pocket.

Porter

Although Daron's working hours are 8am to 4pm, he can be contacted on his mobile in case of emergency on 07946 589322.

One lessee asked for the porter's job description. John Sutcliffe replied that a list had been set out in the Annual Report. He confirmed that, amongst many other duties, Daron collects rubbish, changes light-bulbs, sweeps up leaves, supervises contractors on site and folds plastic bags.

Sub-let flats

Philip King said that he believed that 50-55% of flats are sublet. Of these, 7 belong to Freshwater of which 2 are empty. Philip confirmed that Freshwater pays the service charge promptly. John Sutcliffe confirmed that Ashworth Mansions Ltd has no power

to prevent lessees from subletting their properties and has no desire to do so, although, under the lease, lessees are required to submit a copy of the proposed lease to the Board for approval before letting.

One lessee asked what had happened to the money paid for shares in Ashworth Mansions Ltd when it was formed in 1991. John Sutcliffe explained that this money was used to pay Freshwater for the purchase of the freehold.

Residents Association

There was some discussion about the proposed formation of a residents' association. The board's view was that anything that contributed to the smooth running of the estate and enabled residents to discuss and put forward their views was welcome. . John Sutcliffe reiterated that there were vacancies for new directors to join the board.

Gardens

One lessee expressed concern about the number of "unauthorised" parties taking place in the garden, particularly those apparently involving a majority of non residents. John Sutcliffe said that it wasn't really practical to impose rules on residents' behaviour and that they were entitled to invite friends to visit. He said that he understood the lessee's concerns, but he'd only had felt it necessary to talk to people three times during the course of a long summer about noisy or antisocial behaviour.

Website

The new website is now live at www.ashworthmansions.com.

The meeting finished at 21.45.

GB 6/11/06