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## **GUIDE FOR NEW DIRECTORS**



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## **A MESSAGE FROM THE CHAIRMAN**

A very warm welcome to the Board. It is very kind of you to volunteer your time to help manage our village affairs.

This guide is intended to provide you with an indication of how the Board operates. I hope you will find it useful. You will also be provided with a general map of the village, to help you identify the various properties, roads and recreational areas.

It is our aim to continually improve the village environment and look after shareholders interests, whilst ensuring that operating costs are kept under control.

We try to share the workload as fairly as possible and will always seek to utilise the expertise of each Director.

You may find, as we all have, that it takes time to understand all that the Board has to deal with. Please ask for help or clarification when you need it. Your questions may help others!

Yours

John Meehan  
Chairman

## LIMITED COMPANIES – THE ROLE OF A DIRECTOR

Introduction: Welcome to the Board! We all hope you will find this guide helpful. It is intended to provide an indication as to how the Board operates. Whenever possible, we have provided references to enable you to source additional information, should you need it. Information regarding Directors, Contractors and our Professional Advisers is provided in the Appendices.

If you have been a Director of a trading company you will be aware of your responsibilities to the Shareholders. No doubt much of the time at your Board meetings would have been spent on strategic matters, such as how to increase market share, innovate so as to keep ahead of competition and generally improve the profitability of the Company.

Moorhaven Management Company does not have competitors. Although it is a trading Company and maintains accounts it is primarily acting in a protective role. Its primary objective is to enhance the environment of the village whilst ensuring that management charges are kept under control. As such there is little strategic debate of a business nature. Of course, there is a duty to build financial reserves to cover future contingencies. However, most Board meetings are concerned with such matters as planning, covenants, the village environment and relations within the community in general.

General Restrictions: As a general rule you cannot be a Director if you are an undischarged bankrupt or have been disqualified by a court from holding such an office.

Responsibilities: Each Director has legal responsibilities. These are detailed in the Companies Act. However, do not worry, as provided that the Company affairs are run in an ethical manner and it is not trading when insolvent, there is little need for concern.

Companies House issues a free guide for Directors. There is a copy of this in the Administrator's office. Alternatively, you may obtain full details on the Government website [www.companieshouse.gov.uk](http://www.companieshouse.gov.uk).

If you read the guide you may think that the penalties quoted are awesome (a criminal record and up to £5,000 fine). This is because of the recently introduced practice of bureaucrats to threaten such penalties – so as to ensure they obtain relevant paperwork.

The Administrator and Company Secretary usually deal with these matters, with the assistance of the Company's Accountants. The necessary forms are as follows: -

Annual Return (Form 363)  
Notice of change of Director (Form 288a/b/c)  
The Company Accounts  
Notice of change of Registered Office.

You have no doubt already completed form 288 to cover your Directorship.

## **THE COMPANY'S LEGAL STRUCTURE.**

Memorandum  
& Articles of  
Association:

If you have not previously been a Director of a limited company, then you may not be aware of the legal framework by which a company is managed. This is covered by documents known as the Memorandum and Articles of Association.

These documents are fairly standard for most companies and are issued when a company is first set up. A copy of our Company Articles may be found in the Administrator's office. The documents are in two sections. The first section, the "Memorandum of Association" cover such matters as the formal name of the company (no two companies can use the same title) objectives of the company, and allocates powers to enable it to borrow and invest funds and acquire assets.

The second section covers the "Articles of Association". This section deals with the administration and rules relating to the company's share capital. It also covers such matters as the election of Directors and the arrangements for the Annual General Meeting (AGM). Paragraph 18(a) may be of specific interest to you as this indemnifies every Director against all losses or liabilities, which may be incurred in the execution of his/her duties.

Shareholders'  
Meetings:

The Directors hold a number of meetings with Shareholders during the year, which all Directors are asked to attend if possible. The most important meeting is the AGM.

This is a meeting when all Shareholders have an opportunity to elect Directors and make amendments to the rules, by the adoption of special resolutions. It is also the occasion for the

formal adoption of the Company Accounts as well as the confirmation of the employment of the Company Auditors.

AGMs often include the retirement of a number of Directors, by rotation. In the Company's case, the Articles (see clause 11(c)) state that Directors shall not be required to retire by rotation. However, this was amended by a resolution at the 1997 AGM. This resolution approved a maximum of nine directors with a minimum of five and added the requirement of a three yearly retirement of each Director, by rotation. It is usual, on such occasions, for Directors to be nominated for a further term in office.

Naturally, no one can remain a Director once they have moved from Moorhaven and no longer hold a share in the Company.

The Monthly Board Meetings:

The Directors hold regular Board meetings. The meetings are minuted. The Minutes provide a legal record of decisions made by the Board. As stated above, a minimum number (five for our Company) of Directors must be present so as to form a "quorum".

Meetings are usually held on the first Monday of each month. The Administrator submits an agenda a few days prior to a meeting, together with supporting documents. These include:-

Administrator's report: This is in the form of a spreadsheet. Normally, if the last column has no date, it indicates that the matter is current and likely to be discussed at the meetings.

The Planning Register: This summarises the planning applications submitted by Shareholders. The penultimate column of "decision and notes" indicates those items likely to be discussed at the Board meeting.

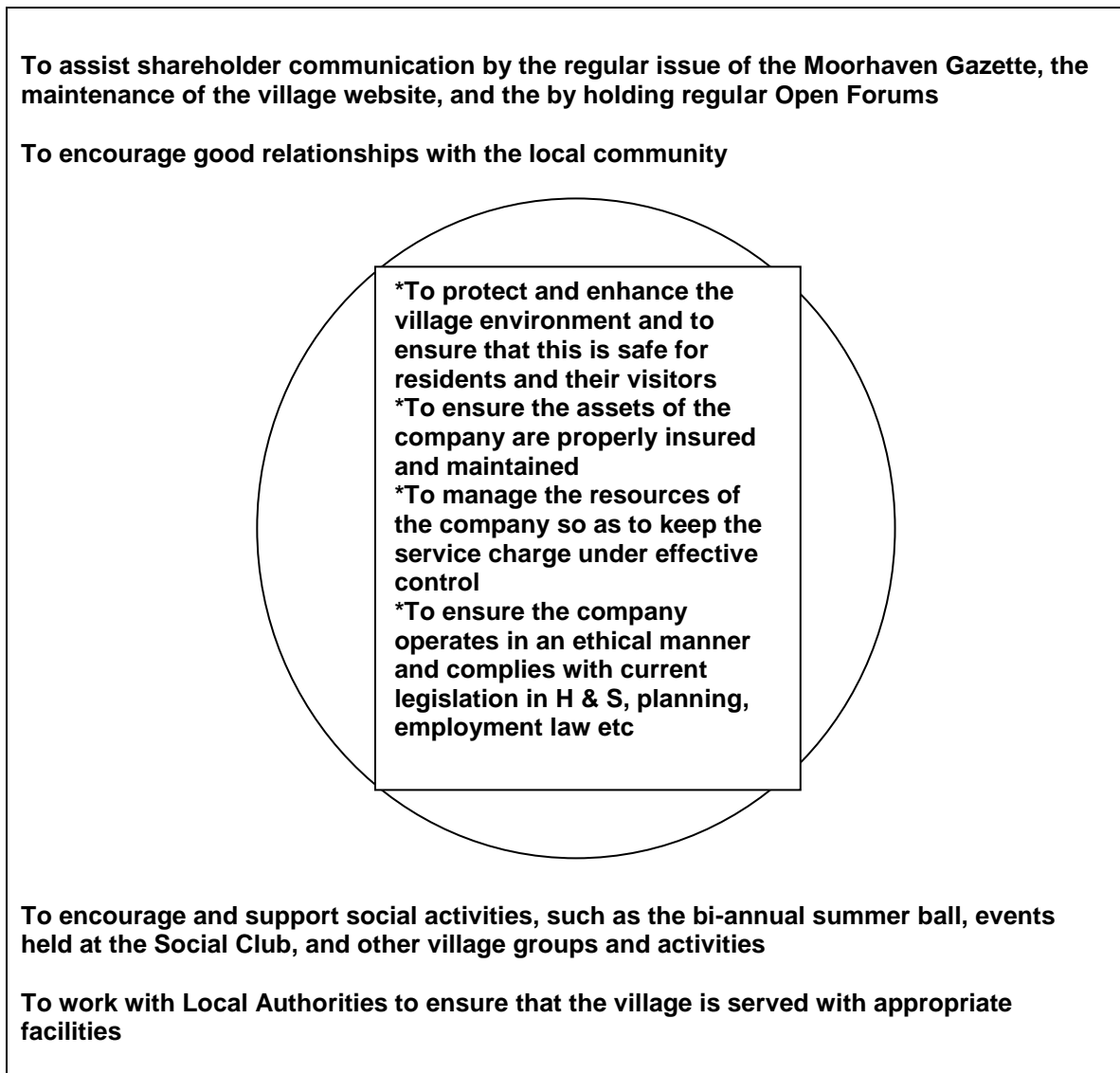
A copy of the latest Monthly Accounts

A Debtor List

## **The Duties of the Board and Directors**

The inner box contains the core duties and responsibilities of the Board which the Directors are required to carry out.

The outer box contains those responsibilities that are not legally required but are important to the quality of life in the village. Directors may have a general overview of these areas or they may be taken on by Directors as allocated responsibilities or as projects.



Legal Duties: Currently, the Company's only paid employee is the Administrator. This greatly reduces the task of compliance with Employment law – which can be onerous. Similarly, most of the work undertaken in the village is carried out by sub-contractors who are responsible for complying with health and safety etc for the work they undertake.

However, a duty of care exists and the Board are, for example, currently reviewing health and safety matters.

As mentioned earlier, the statutory duties relating to the running of a limited company are covered by the Administrator, the Company Secretary and our Professional advisers.

## **THE COVENANTS**

General: As a Shareholder, you will be aware of the general covenants. These have been designed to remove many of the problems and neighbourly disputes that arise in traditional housing estates. They include such matters as: -

1. The duties of the Management Company to cut hedges, grass, and maintain communal lighting, parking, white lines, weeding, etc.
2. As regards individual houses, these must be kept in good maintenance with established colours for windows, drainpipes etc. Doors, however, may be of any colour.
3. No signs, apart from a small brass door plate, where a business is run from home.
4. No external alterations to properties without prior written approval.
5. Not to cause a nuisance to other occupiers and not to use clothes lines (rotary lines approved) or hang out washing on Sundays or Bank Holidays.
6. Not to obstruct light to neighbouring properties.
7. Not to erect structures (e.g. sheds) without written permission.



8. To keep gardens tidy and not to erect aërials.
9. To maintain fences and boundary walls as existing.
10. No dogs in the communal gardens and not to allow dogs to foul any part of the village.
11. Not to keep poultry!

The general covenants can be amended by Shareholder approval as, for example, PVC windows, providing they are of similar design to those being replaced, can now be installed. This decision followed a number of discussions at Shareholders forums etc.

Specific Areas: In addition to the general covenants, there are covenants covering specific areas of the village. These are: -

1. The Main Buildings (including Centre Court)
2. Moorfields
3. Moorpark
4. The Mansion
5. Individual Houses.

There are well filled files, kept in the Administrator's office that you can refer to if there is a specific covenant that you wish to check.

Most Board Meetings include some correspondence from Shareholders that relates to covenants. Over time you will, no doubt, become aware of those that give rise to most discussion.

## SHAREHOLDERS COMMUNICATIONS

**Board Minutes:** Shareholders are issued with copies of the Board Minutes. They are also provided with summaries following Open Forum meetings.

**Moorhaven Gazette:** This is produced on a quarterly basis and articles / letters from Shareholders are actively encouraged.

**Welcome Pack:** A Welcome Pack has been created to advise all new Shareholders about the village and its covenants.

**Shareholders' Correspondence:** This is summarised for the Directors by the Administrator. All Shareholders must apply in writing before making any alteration to their property that is covered by covenants or requires planning permission. This should be done before any work is commenced. Shareholders are encouraged to obtain the permission of their neighbours before approaching the Board with their request for alterations etc. However, neighbours cannot unreasonably withhold their permission.

Generally, all correspondence relating to Company matters should be addressed to the Administrator.

## FINANCIAL MATTERS

Monthly  
Accounts:

The Administrator produces monthly income and expenditure accounts. These are compared with annual budgets to identify any items that are in excess of budget. These are discussed by the Board. As a general principle, the Board aims to set the annual management charge so that a small surplus is achieved. This can then be added to the Company reserves.

Income &  
Payments:

The Administrator is responsible for collecting income from the Shareholders and for providing the Board with details of any debts outstanding.

Similarly, the Administrator is responsible for the issue of purchase orders to sub-contractors etc and verification and payment of invoices. Hence any work that needs to be carried out by sub-contractors must be organised through the Administrator. The Board has authorised expenditure that is within current budgets but any expenditure over budget up to £1,000 must be authorised by at least two Directors. Any in excess of £1,000 must be referred to the Board for approval.

