

Unaudited Service Charge Accounts

For the Year Ended 31 December 2012

for

Netherne Management Limited

Netherne on the Hill, Chapel Walk, Coulsdon, Surrey, CR5 1NZ

Netherne Management Limited
Netherne on the Hill, Chapel Walk, Coulsdon, Surrey, CR5 1NZ

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For the Year Ended 31 December 2012

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Netherne Management Limited
Netherne on the Hill, Chapel Walk, Coulsdon, Surrey, CR5 1NZ

Service Charge Fund Information
For the Year Ended 31 December 2012

MANAGING AGENTS: Stiles Harold Williams Limited
One Jubilee Street
Brighton
East Sussex
BN1 1GE

RELEVANT COMPANY: Netherne Management Limited
One Jubilee Street
Brighton
East Sussex
BN1 1GE

| | | | |
|-----------------|---------------------|-----------------------|---------------------------|
| BANKERS: | Lloyds TSB Bank plc | Bath Building Society | Shawbrook Bank |
| | North Street | 15 Queen Square | Lutea House |
| | Brighton | Bath | The Drive |
| | East Sussex | Somerset | Warley Hill Business Park |
| | BN1 1GL | BA1 2HN | Brentwood |
| | | | Essex |
| | | | CM13 3BE |

ACCOUNTANTS: A J Wheeler Limited
Chartered Certified Accountants
Unit 5 Links House
Dundas Lane
Portsmouth
Hampshire
PO3 5BL

Netherne Management Limited

Netherne on the Hill, Chapel Walk, Coulsdon, Surrey, CR5 1NZ

Accountants Report of Factual Findings to the Managing Agent of
Netherne on the Hill, Chapel Walk, Coulsdon, Surrey, CR5 1NZ

You have stated that an audit of the service charge accounts in accordance with International Standards on Auditing is not required under the terms of the lease for the property. In accordance with our engagement letter, we have performed the procedures agreed with you and enumerated below with respect to the service charge accounts set out on pages 3 to 11 in respect of the property for the year ended 31 December 2012 in order to provide a report of factual findings about the service charge accounts that you have issued.

This report is made to the landlord and their managing agent for issue with the service charge accounts in accordance with the terms of our engagement. Our work has been undertaken to enable us to make this report to the Landlord and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Landlord for our work or for this report.

Basis of report

Our work was carried out having regard to TECH 03/11 *Residential Service Charge Accounts* published jointly by the professional accountancy bodies with ARMA and RICS. In summary, the procedures we carried out with respect to the service charge accounts were:

1. We obtained the service charge accounts and checked whether the figures in the accounts were extracted correctly from the accounting records maintained by or on behalf of the landlord;
2. We checked, based on a sample, whether entries in the accounting records were supported by receipts, other documentation or evidence that we inspected; and
3. We checked whether the balance of service charge monies for this property shown on page 7 of the service charge accounts agreed or reconciled to the bank statement for the account in which the funds are held.

Because the above procedures do not constitute either an audit or a review made in accordance with International Standards on Auditing (UK and Ireland) or International Standards on Review Engagements, we do not express any assurance on the service charge accounts other than in making the factual statements set out below.

Had we performed additional procedures or had we performed an audit or review of the financial statements in accordance with International Standards on Auditing (UK and Ireland) or International Standards on Review Engagements, other matters might have come to our attention that would have been reported to you.

Report of factual findings

- (a) With respect to item 1 we found the figures in the statement of account to have been extracted correctly from the accounting records.
- (b) With respect to item 2 we found that those entries in the accounting records that we checked were supported by receipts, other documentation or evidence that we inspected.
- (c) With respect to item 3 we found that the balance of service charge monies shown on page 7 of the service charge accounts agrees or reconciles to the bank statement for the account in which the funds are held.

Signed: *A J Wheeler Ltd*

Date: *12/12/13*

A J Wheeler Limited
Chartered Certified Accountants
Unit 5 Links House
Dundas Lane
Portsmouth
Hampshire
PO3 5BL

Netherne Management Limited
Netherne on the Hill, Chapel Walk, Coulsdon, Surrey, CR5 1NZ

Income and Expenditure Statement - Estate
For the Year Ended 31 December 2012

| | Notes | 31.12.12 £ |
|----------------------------------|-------|--------------------------|
| INCOME | | |
| Service charges raised | | 159,322.00 |
| Bank interest received | | 2,998.95 |
| Total income receivable | | <u>162,320.95</u> |
| EXPENDITURE | | |
| Repairs & maintenance | | |
| General repairs & maintenance | | 3,124.44 |
| Grounds equipment repairs | | 17,023.44 |
| Landscape maintenance | | 24,089.02 |
| Mower Fuel | | 1,008.00 |
| Mower Lease | | 7,446.03 |
| Play area equipment | | 468.00 |
| Snow plough, gritting & salt | | 5,662.20 |
| Weed killer etc | | 432.01 |
| Professional fees | | |
| Accountancy fees | | 1,920.00 |
| Management fees | | 46,016.00 |
| Insurances | | |
| Directors and officers insurance | | 56.53 |
| Property owners insurance | | 110.41 |
| Staff costs | | |
| Directors training costs | | 408.00 |
| Staff costs | | 44,417.94 |
| Sundry expenses | | |
| Bank charges | | 479.46 |
| Office expenses | | 1,334.21 |
| Sundry expenses | | 10,051.73 |
| Total expenditure | | <u>164,047.42</u> |
| DEFICIT FOR THE PERIOD | 5 | <u><u>(1,726.47)</u></u> |

The notes form part of these service charge accounts

Netherne Management Limited
Netherne on the Hill, Chapel Walk, Coulsdon, Surrey, CR5 1NZ

Income and Expenditure Statement - Village Hall
For the Year Ended 31 December 2012

| | Notes | 31.12.12 £ |
|----------------------------------|-------|----------------------|
| INCOME | | |
| Service charges raised | | 29,922.00 |
| Hire of village hall | | 6,485.76 |
| Total income receivable | | <u>36,407.76</u> |
| EXPENDITURE | | |
| Repairs & maintenance | | |
| Boiler maintenance & repairs | | 1,224.60 |
| Cleaning | | 7,454.90 |
| Cleaning materials | | 369.07 |
| Electrical repairs & testing | | 876.00 |
| Fire systems inspection | | 672.00 |
| General repairs & maintenance | | 5,502.58 |
| Lightning protection | | 339.00 |
| Refuse collection | | 159.25 |
| Sanitary services | | 2,915.88 |
| Wall heaters | | 1,453.20 |
| Utilities | | |
| Electricity | | 1,199.44 |
| Gas | | 1,761.10 |
| Non-domestic rates | | 8,834.19 |
| Water | | 281.07 |
| Professional fees | | |
| Other professional fees | | 418.80 |
| Insurances | | |
| Property owners insurance | | 1,652.11 |
| Sundry expenses | | |
| Sundries | | 497.17 |
| Total expenditure | | <u>35,610.36</u> |
| SURPLUS FOR THE PERIOD | 5 | <u><u>797.40</u></u> |

The notes form part of these service charge accounts

Netherne Management Limited
Netherne on the Hill, Chapel Walk, Coulsdon, Surrey, CR5 1NZ

Income and Expenditure Statement - St Lukes
For the Year Ended 31 December 2012

| | Notes | 31.12.12 £ |
|----------------------------------|----------|---------------------------|
| INCOME | | |
| Service charges raised | | 166,084.00 |
| Leisure centre membership | | 7,000.00 |
| | | <hr/> |
| Total income receivable | | 173,084.00 |
| EXPENDITURE | | |
| Repairs & maintenance | | |
| Air handling units | | 4,655.88 |
| Boiler maintenance & repairs | | 816.00 |
| Cleaning materials | | 714.79 |
| Electrical repairs & testing | | 1,879.20 |
| Fire extinguishers | | 436.81 |
| Fire systems inspection | | 216.00 |
| Fitness equipment servicing | | 1,940.85 |
| General repairs & maintenance | | 1,266.00 |
| Gutter & drain clearance | | 402.00 |
| Gym equipment lease fee | | 1,831.68 |
| Leisure centre operation | | 97,507.20 |
| Lightning protection | | 339.00 |
| Microbiological sampling | | 2,466.00 |
| Pool chemicals/testings tablets | | 3,756.31 |
| Pool maintenance | | 7,237.37 |
| Refuse collection | | 561.69 |
| Sanitary services | | 3,117.68 |
| Water filter servicing | | 270.00 |
| Utilities | | |
| Electricity | | 12,753.15 |
| Gas | | 9,852.25 |
| Non-domestic rates | | 9,711.76 |
| Water | | 4,363.21 |
| Professional fees | | |
| Health & safety risk assessment | | 1,512.00 |
| Surveyors fees | | 2,727.60 |
| Insurances | | |
| Property owners insurance | | 8,074.03 |
| Sundry expenses | | |
| Sundries | | 8,456.44 |
| | | <hr/> |
| Total expenditure | | 186,864.90 |
| | | <hr/> |
| DEFICIT FOR THE PERIOD | 5 | <u>(13,780.90)</u> |

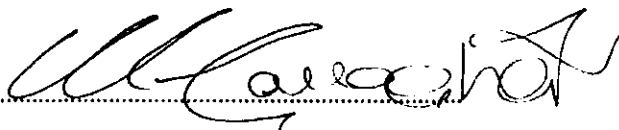
The notes form part of these service charge accounts

Netherne Management Limited
Netherne on the Hill, Chapel Walk, Coulsdon, Surrey, CR5 1NZ

Balance Sheet
31 December 2012

| | Notes | £ | £ |
|--|-------|-------------------|--------------------------|
| | | 31.12.12 | |
| FIXED ASSETS | | | - |
| CURRENT ASSETS | | | |
| Cash at bank and in hand | 2 | 380,717.86 | |
| Debtors | 3 | <u>338,317.69</u> | |
| | | 719,035.55 | |
| CURRENT LIABILITIES | | | |
| Creditors | 4 | <u>39,506.84</u> | |
| | | <u>39,506.84</u> | |
| NET CURRENT ASSETS | | | <u>679,528.71</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | <u><u>679,528.71</u></u> |
| RESERVES | | | |
| Reserve | 5 | | <u>679,528.71</u> |
| MEMBERS' FUNDS | | | <u><u>679,528.71</u></u> |

We, as managing agents approve the service charge accounts and confirm that we have made available all relevant records and information for their preparation. We confirm that there are no other costs we have been made aware of which need to be brought to your attention that may have been incurred by the freeholder during or relating to the period under review.

Signed: 

Date: 11th Dec 2013

Name: M. Gallagher

Netherne Management Limited
Netherne on the Hill, Chapel Walk, Coulsdon, Surrey, CR5 1NZ

Notes to the Service Charge Accounts
For the Year Ended 31 December 2012

1. ACCOUNTING POLICIES

1.1 Accounting convention

The service charge accounts have been prepared in accordance with the terms of the lease and on an accruals basis under the historical cost convention.

2. CASH AT BANK AND IN HAND

| | 31.12.12 |
|------------------------------|-------------------|
| | £ |
| Funds held by managing agent | 207,569.60 |
| Bath Building Society | 86,246.36 |
| Shawbrook Bank | 86,501.90 |
| Petty cash | 400.00 |
| | <hr/> |
| | 380,717.86 |
| | <hr/> <hr/> |

The details of the banking institutions in which the funds are held are detailed on page 1.

3. DEBTORS

| | 31.12.12 |
|--|-------------------|
| | £ |
| Service charge debtors | 307,315.83 |
| Prepaid property owners insurance | 5,705.82 |
| Prepaid legal expenses insurance | 88.34 |
| Prepaid directors & officers insurance | 282.67 |
| Prepaid mower lease | 1,260.01 |
| Prepaid grounds maintenance | 84.00 |
| Prepaid sanitary services | 319.14 |
| Owed by previous managing agent | 23,111.88 |
| Other debtors | 150.00 |
| | <hr/> |
| | 338,317.69 |
| | <hr/> <hr/> |

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Notes to the Service Charge Accounts
For the Year Ended 31 December 2012

4. CREDITORS

| | 31.12.12 |
|-------------------------------------|------------------|
| | £ |
| Accrued accountancy fees | 1,920.00 |
| Accrued play area equipment | 234.00 |
| Accrued landscape maintenance | 996.00 |
| Accrued professional fees | 877.50 |
| Accrued staff costs | 325.00 |
| Accrued fire systems | 456.00 |
| Accrued fire extinguisher | 176.17 |
| Accrued electricity | 617.26 |
| Accrued gas | 1,659.09 |
| Accrued water | 1,605.47 |
| Accrued general repairs | 930.74 |
| Accrued cleaning | 540.00 |
| Accrued pool chemicals | 699.26 |
| Accrued micro sampling | 372.00 |
| Accrued leisure centre operations | 8,125.60 |
| Accrued health & safety | 1,512.00 |
| Accrued fitness equipment servicing | 134.00 |
| Service charges paid in advance | 14,230.25 |
| Other creditors | 506.00 |
| Owed to landlord | 3,590.50 |
| | <hr/> |
| | 39,506.84 |
| | <hr/> <hr/> |

Netherne Management Limited

Netherne on the Hill, Chapel Walk, Coulsdon, Surrey, CR5 1NZ

Notes to the Service Charge Accounts

For the Year Ended 31 December 2012

5. ESTATE GENERAL RESERVE

| | |
|---|-------------------|
| | 31.12.12 |
| | £ |
| From reserves held by Netherne Management Limited | 170,000.00 |
| Transfer from management accounts | 513,758.99 |
| Annual surplus/(deficit) from Estate | (1,726.47) |
| Annual surplus/(deficit) from Village Hall | 797.40 |
| Annual surplus/(deficit) from St Lukes | (13,780.90) |
| Irrecoverable service charge monies | (1,515.43) |
| Exceptional legal and professional charges | (18,076.64) |
| Monies relating to exit fees | 22,222.77 |
| Monies received relating to mast lease | 7,648.99 |
| Other rental income received | 200.00 |
| | <hr/> |
| Balance carried forward | 679,528.71 |