

Unaudited Service Charge Accounts

For the Year Ended 31 December 2014

for

Netherne Management Limited, Netherne on the Hill

Netherne Management Limited, Netherne on the Hill

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For the Year Ended 31 December 2014

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Netherne Management Limited, Netherne on the Hill

Service Charge Fund Information
For the Year Ended 31 December 2014

MANAGING AGENTS AND COMPANY SECRETARY	Stiles Harold Williams (SHW) One Jubilee Street Brighton East Sussex BN1 1GE				
RELEVANT COMPANY	Netherne Management Limited (NML) c/o Stiles Harold Williams One Jubilee Street Brighton East Sussex BN1 1GE				
COMPANY NUMBER	4026814				
DIRECTORS	SP Buczek, N Le Cluse, RL Murdoch, J Robins, RH Shah				
BANKERS	<table><tr><td>SHW Client Account Barclays Bank 139-142 North Street Brighton East Sussex BN1 1RU</td><td>Bath Building Society 15 Queen Square Bath Somerset BA1 2HN</td></tr><tr><td>Shawbrook Bank Lutea House The Drive Warley Hill Business Park Brentwood Essex CM13 3BE</td><td>Aldermore Bank 1st Floor, Block B Western House Lynch Wood Peterborough PE2 6FZ</td></tr></table>	SHW Client Account Barclays Bank 139-142 North Street Brighton East Sussex BN1 1RU	Bath Building Society 15 Queen Square Bath Somerset BA1 2HN	Shawbrook Bank Lutea House The Drive Warley Hill Business Park Brentwood Essex CM13 3BE	Aldermore Bank 1 st Floor, Block B Western House Lynch Wood Peterborough PE2 6FZ
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Shawbrook Bank Lutea House The Drive Warley Hill Business Park Brentwood Essex CM13 3BE	Aldermore Bank 1 st Floor, Block B Western House Lynch Wood Peterborough PE2 6FZ				
ACCOUNTANTS	Richard Place Dobson 1 – 7 Station Road Crawley West Sussex RH10 1HT				

Netherne Management Limited, Netherne on the Hill

Accountant's Report of Factual Findings to the Managing Agent of
Netherne Management Limited, Netherne on the Hill

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 Netherne Management Limited, Netherne on the Hill. In accordance with our engagement letter dated 11 June 2015, we have performed the procedures agreed with you and enumerated below with respect to the service charge accounts set out on pages 5 to 12 in respect of Netherne Management Limited, Netherne on the Hill for the year ended 31 December 2014 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 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 03/11¹⁶] *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 9 of the service charge accounts agreed or reconciled to the bank statement(s) for the account(s) 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.

Netherne Management Limited, Netherne on the Hill

Accountant's Report of Factual Findings to the Managing Agent of
Netherne Management Limited, Netherne on the Hill (contd)

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 9 of the service charge accounts, reconciles to the bank statement for the accounts in which the funds are held.

Signed: Richard Place Dobson

Date: 12/10/15

Richard Place Dobson
1 – 7 Station Road
Crawley
West Sussex
RH10 1HT

Netherne Management Limited, Netherne on the Hill

Income and Expenditure Statement
For the Year Ended 31 December 2014

	Notes	2014 (£)
INCOME		
Service charges raised (budget)		345,242.00
Total income receivable		<u>345,242.00</u>
EXPENDITURE		
Repairs & Maintenance		188,701.01
Utilities		41,876.83
Professional and management fees		54,762.06
Insurances		10,938.50
Staff costs		35,598.38
Sundry expenses		18,716.19
Total expenditure		<u>350,592.97</u>
DEFICIT FOR THE PERIOD	6	<u>(5,350.97)</u>

The notes form part of these service charge accounts.

A detailed breakdown of the above Income and Expenditure Statement, split between the Estate, the Village Hall and St Luke's Leisure Centre, is shown on the following pages.

Netherne Management Limited, Netherne on the Hill

Notes to the Income and Expenditure Statement

Detailed Breakdown for the Estate (for the year ended 31 December 2014)

	Notes	2014 (£)
INCOME		
Service charges raised (budget)		147,902.00
Total income receivable		<u>147,902.00</u>
EXPENDITURE		
Repairs & Maintenance		
General repairs and maintenance		7,233.42
Grounds equipment repairs		2,958.48
Landscape maintenance		7,419.26
Mower fuel		1,512.00
Mower lease		8,946.05
Play area equipment		924.96
Security Patrols		1,224.00
Professional fees		
Accountancy fee		2,040.00
Management fees	3	49,014.25
Other professional fees	3	3,442.81
Staff costs		
Staff costs		35,598.38
Sundry expenses		
Bad debt provision		455.00
Office expenses		2,211.79
Sundries		13,566.06
Total expenditure		<u>136,546.46</u>
SURPLUS FOR THE PERIOD		<u>11,355.54</u>

The notes form part of these service charge accounts.

Netherne Management Limited, Netherne on the Hill

Notes to the Income and Expenditure Statement

Detailed Breakdown for the Village Hall (for the year ended 31 December 2014)

	Notes	2014 (£)
INCOME		
Service charges raised (budget)		28,186.00
Total income receivable		<u>28,186.00</u>
EXPENDITURE		
Repairs & Maintenance		
Cleaning and cleaning materials		2,590.00
Electrical repairs and testing		873.91
Fire extinguishers		250.26
Fire system inspection		1,408.80
General repairs and maintenance		6,356.30
Health & Safety		396.00
Lightning protection		108.00
Sanitary services		2,510.20
Wall heaters annual service		696.00
Utilities		
Electricity		2,519.98
Gas		1,413.29
Non domestic rates		1,552.50
Water		1,055.73
Professional fees		
Other professional fees		265.00
Insurances		
Directors and officers insurance		339.90
Property owners insurance		4,451.31
Sundry expenses		
Sundries		564.90
Total expenditure		<u>27,352.08</u>
SURPLUS FOR THE PERIOD		<u><u>833.92</u></u>

The notes form part of these service charge accounts.

Netherne Management Limited, Netherne on the Hill

Notes to the Income and Expenditure Statement

Detailed Breakdown for St Luke's (for the year ended 31 December 2014)

	Notes	2014 (£)
INCOME		
Service charges raised (budget)		169,154.00
Total income receivable		<u>169,154.00</u>
EXPENDITURE		
Repairs & Maintenance		
Access control maintenance		2,136.00
Air handling units		1,641.00
Boiler maintenance and repair		528.00
Chlorine detection equipment		984.55
Cleaning materials		1,183.66
Electrical repairs and testing		1,311.91
Emergency panic alarm		576.00
Fire extinguishers		327.12
Fire system inspection		1,214.40
Fitness equipment servicing		959.76
General repairs and maintenance		21,482.60
Health & Safety		684.00
Leisure centre operation		98,317.70
Refuse collection		637.00
Lightning protection		108.00
Pool chemicals/testing tablets		2,758.54
Pool maintenance		4,562.09
Microbiological sampling		1,980.00
Sanitary services		1,901.04
Utilities		
Electricity		18,231.77
Gas		10,030.11
Non domestic rates		4,229.50
Water		2,843.95
Insurances		
Property owners insurance		6,147.29
Sundry expenses		
Sundries		1,918.44
Total expenditure		<u>186,694.43</u>
DEFICIT FOR THE PERIOD		<u><u>(17,540.43)</u></u>


Netherne Management Limited, Netherne on the Hill


Balance Sheet for the year ended 31 December 2014

	Notes	At 31.12.14 (£)	At 31.12.13 (£)
FIXED ASSETS		0.00	0.00
CURRENT ASSETS			
Cash at bank and in hand	2	613,445.57	522,979.36
Debtors	4	91,689.98	214,665.31
		<u>705,135.55</u>	<u>737,644.67</u>
CURRENT LIABILITIES			
Creditors	5	(39,208.90)	(29,441.49)
NET CURRENT ASSETS		665,926.65	708,203.18
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>665,926.65</u>	<u>708,203.18</u>
RESERVES			
Reserve	6	665,926.65	708,213.18
MEMBERS' FUNDS		<u>665,926.65</u>	<u>708,213.18</u>

The notes form part of these service charge accounts.

This statement of account was approved by Teresa Scott for Stiles Harold Williams on 31 July 2015 and signed by:

Signed:  Date: ...31/7/15.....

Name: 

Stiles Harold Williams
One Jubilee Street
Brighton
East Sussex
BN1 1GE

Netherne Management Limited, Netherne on the Hill
Notes to the Service Charge Accounts
For the Year Ended 31 December 2014

1. ACCOUNTING POLICIES / CONVENTION

- 1.1 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.
- 1.2 Income is recognised in the period to which it relates and is recognised in the income and expenditure account of the entity it is paid to, when the revenue has been earned.
- 1.3 The general reserve represents the funds available to be spent on the day to day activities of the management company.
- 1.4 Service charge monies are held on trust in accordance with section 42 of the Landlord and Tenant Act 1987. Interest earned on service charge monies held on deposit is taxable at the basic rate of tax. The rate that applied for 2014 was 20% (2013 – 20%).

2. CASH AT BANK AND IN HAND

	At 31.12.14 (£)
Funds held by managing agent	354,231.62
Bath Building Society	88,386.52
Shawbrook Bank	90,427.43
Aldermore Bank	80,000.00
Petty cash	400.00
	<u>613,445.57</u>

The funds held by the managing agent are held in a designated client account. Details of the bank with which the account is held are shown on page 2.

3. RELATED PARTY TRANSACTIONS

During 2014, the following payments were made to the managing agent and company secretary – Stiles Harold Williams:

	2014 (£)
Management fee	49,014.00
Company Secretary fee	1,200.00
Annual Return	30.00
Fire and Risk Assessment	964.00
Specification for exterior decorating works to village hall and leisure centre	5,895.53
	<u>57,103.53</u>

Netherne Management Limited, Netherne on the Hill
Notes to the Service Charge Accounts
For the Year Ended 31 December 2014

4. DEBTORS

	At 31.12.14 (£)
Service charge debtors	66,362.28
Recoverable legal costs	5,064.89
Estate rent debtors	2,437.19
Telephone mast rent due on 23 December 2014	8,958.47
Prepaid property owners insurance	6,500.53
Prepaid sanitary services	461.53
Prepaid refuse collection	159.25
Prepaid directors insurance	253.70
Prepaid mower lease and trailer hire	1,344.01
Prepaid music license for village hall	27.30
Prepaid TV license for leisure centre	120.83
	<u>91,689.98</u>

5. CREDITORS

	At 31.12.14 (£)
Accrued accountancy fees	2,040.00
Accrued cleaning / cleaning materials	334.22
Accrued electricity	1,726.51
Accrued gas	1,374.00
Accrued leisure centre operations	8,287.70
Accrued microbiological sampling	96.00
Accrued pool maintenance	306.89
Accrued water	1,204.00
Accrued repair costs	491.00
Accrued play area inspection	210.00
Accrued play area extension	12,369.89
Accrued security patrols	756.00
Accrued staff costs	784.67
Accrued sundry expenses	113.25
Service charges paid in advance	9,114.77
	<u>39,208.90</u>

Netherne Management Limited, Netherne on the Hill

Notes to the Service Charge Accounts
For the Year Ended 31 December 2014

6. GENERAL RESERVE

The general reserve fund has been established to meet the cost of large, non-regular repair and maintenance work, and the costs of improvements to the Estate, Village Hall and Leisure Centre. Such costs are not met from budgeted service charge income.

	Notes	2014 (£)
Balance brought forward from 31 December 2013		708,203.18
Prior year adjustment to Bath Building Society balance		(865.44)
Prior year adjustment for overstated debtors		(11,855.97)
Prior year adjustment to liabilities		4,096.50
Deficit from Income and Expenditure Statement		(5,350.97)
Monies relating to exit fees		31,130.88
Annual estate rent charges		11,100.00
Bank and Building Society interest		3,633.69
Interest on late payments		6,344.95
Telephone mast income		8,958.47
Village hall and pool hire		8,737.00
Leisure Centre memberships		9,450.00
Gym equipment lease fee *		(4,997.04)
Estate major works		(43,426.60)
Village hall major works	3	(29,873.63)
St Lukes major works	3	(29,636.70)
Year end adjustment		278.33
Balance carried forward at 31 December 2014		<u><u>665,926.65</u></u>

* The gym equipment lease fee is not part of the budgeted service charge expenditure, but is expected to be covered the income from Leisure Centre memberships.