

**Unaudited Service Charge Accounts**

**For the Year Ended 31 December 2015**

**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 2015

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Netherne Management Limited, Netherne on the Hill

Service Charge Fund Information

For the Year Ended 31 December 2015

<b>MANAGING AGENTS AND COMPANY SECRETARY</b>	Stiles Harold Williams (SHW) One Jubilee Street Brighton East Sussex BN1 1GE	
<b>RELEVANT COMPANY</b>	Netherne Management Limited (NML) c/o Stiles Harold Williams One Jubilee Street Brighton East Sussex BN1 1GE	
<b>COMPANY NUMBER</b>	4026814	
<b>DIRECTORS</b>	SP Buczek, N Le Cluse, RL Murdoch, J Robins, RH Shah, L Sheldon	
<b>BANKERS</b>	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 <sup>st</sup> Floor, Block B Western House Lynch Wood Peterborough PE2 6FZ
<b>ACCOUNTANTS</b>	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 13 in respect of Netherne Management Limited, Netherne on the Hill for the year ended 31 December 2015 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 03/11<sup>16</sup>] *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: 18/07/16

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 2015

	Notes	2015 (£)	2014 (£)
<b>INCOME</b>			
Service charges raised (budget)		355,709.00	345,242.00
Total income receivable		<u>355,709.00</u>	<u>345,242.00</u>
<b>EXPENDITURE</b>			
Repairs & Maintenance		176,223.27	188,701.01
Utilities		51,138.20	41,876.83
Professional and management fees		58,489.40	54,762.06
Insurances		25,990.19	10,938.50
Staff costs		37,789.98	35,598.38
Sundry expenses		10,793.24	18,716.19
Total expenditure		<u>360,424.28</u>	<u>350,592.97</u>
<b>DEFICIT FOR THE PERIOD</b>	6	<u><b>(4,715.28)</b></u>	<u><b>(5,350.97)</b></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 2015)

	Notes	2015 (£)	2014 (£)
<b>INCOME</b>			
Service charges raised (budget)		152,072.00	147,902.00
Total income receivable		<u>152,072.00</u>	<u>147,902.00</u>
<b>EXPENDITURE</b>			
<b>Repairs &amp; Maintenance</b>			
General repairs and maintenance		11,479.93	7,233.42
Grounds equipment repairs		3,243.95	2,958.48
Landscape maintenance		3,912.08	7,419.26
Mower fuel		1,536.60	1,512.00
Mower lease		6,950.17	8,946.05
Play area equipment		1,494.12	924.96
Security Patrols		714.60	1,224.00
<b>Professional fees</b>			
Accountancy fee		1,440.00	2,040.00
Management fees	3	51,464.40	49,014.25
Other professional fees	3	3,185.00	3,442.81
<b>Staff costs</b>			
Staff costs		37,315.98	35,598.38
Health & Safety	3	474.00	0.00
<b>Sundry expenses</b>			
Bad debt provision		2,546.18	455.00
Office expenses	3	2,930.24	2,211.79
Sundries		2,740.53	13,566.06
Total expenditure		<u>131,427.78</u>	<u>136,546.46</u>
<b>SURPLUS FOR THE PERIOD</b>		<u><b>20,644.22</b></u>	<u><b>11,355.54</b></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 2015)

	Notes	2015 (£)	2014 (£)
<b>INCOME</b>			
Service charges raised (budget)		27,755.00	28,186.00
Total income receivable		<u>27,755.00</u>	<u>28,186.00</u>
<b>EXPENDITURE</b>			
<b>Repairs &amp; Maintenance</b>			
Cleaning and cleaning materials		3,295.76	2,590.00
Electrical repairs and testing		465.00	873.91
Fire extinguishers		205.08	250.26
Fire system inspection		420.00	1,408.80
General repairs and maintenance		2,844.86	6,356.30
Health & Safety		255.12	396.00
Lightning protection		108.00	108.00
Sanitary services		3,172.06	2,510.20
Wall heaters annual service		696.00	696.00
Window cleaning		120.00	0.00
<b>Utilities</b>			
Electricity		1,714.68	2,519.98
Gas		2,004.65	1,413.29
Non domestic rates		3,887.00	1,552.50
Water		1,054.57	1,055.73
<b>Professional fees</b>			
Other professional fees		960.00	265.00
<b>Insurances</b>			
Directors and officers insurance		339.20	339.90
Property owners insurance		10,773.41	4,451.31
<b>Sundry expenses</b>			
Sundries		262.71	564.90
Total expenditure		<u>32,578.10</u>	<u>27,352.08</u>
<b>SURPLUS (DEFICIT) FOR THE PERIOD</b>		<u>(4,823.10)</u>	<u>833.92</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 2015)

	Notes	2015 (£)	2014 (£)
<b>INCOME</b>			
Service charges raised (budget)		175,882.00	169,154.00
Total income receivable		<u>175,882.00</u>	<u>169,154.00</u>
<b>EXPENDITURE</b>			
<b>Repairs &amp; Maintenance</b>			
Access control maintenance		1,368.00	2,136.00
Air handling units		984.69	1,641.00
Boiler maintenance and repair		630.00	528.00
Chlorine detection equipment		0.00	984.55
Cleaning materials		1,279.12	1,183.66
Electrical repairs and testing		465.00	1,311.91
Emergency panic alarm		528.00	576.00
Fire extinguishers		433.80	327.12
Fire system inspection		1,083.60	1,214.40
Fitness equipment servicing		339.84	959.76
General repairs and maintenance		11,241.40	21,482.60
Health & Safety		1,254.00	684.00
Leisure centre operation		100,281.20	98,317.70
Lightning protection		108.00	108.00
Microbiological sampling		2,436.00	1,980.00
Pool chemicals/testing tablets		4,384.24	2,758.54
Pool maintenance		4,527.26	4,562.09
Refuse collection		706.76	637.00
Roof mounted gas heaters		576.00	0.00
Sanitary services		2,548.03	1,901.04
Window cleaning		135.00	0.00
<b>Utilities</b>			
Electricity		19,114.31	18,231.77
Gas		11,325.29	10,030.11
Non domestic rates		9,122.50	4,229.50
Water		2,915.20	2,843.95
<b>Professional fees</b>			
Other professional fees		1,440.00	0.00
<b>Insurances</b>			
Property owners insurance		14,877.58	6,147.29
<b>Sundry expenses</b>			
Sundries		2,313.58	1,918.44
Total expenditure		<u>196,418.40</u>	<u>186,694.43</u>
<b>DEFICIT FOR THE PERIOD</b>		<u><b>(20,536.40)</b></u>	<u><b>(17,540.43)</b></u>


Netherne Management Limited, Netherne on the Hill

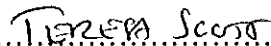
Balance Sheet for the year ended 31 December 2015

	Notes	At 31.12.15 (£)	At 31.12.14 (£)
<b>FIXED ASSETS</b>		0.00	0.00
<b>CURRENT ASSETS</b>			
Cash at bank and in hand	2	523,279.79	613,445.57
Debtors	4	54,892.03	91,689.98
		<u>578,171.82</u>	<u>705,135.55</u>
<b>CURRENT LIABILITIES</b>			
Creditors	5	(36,860.48)	(39,208.90)
<b>NET CURRENT ASSETS</b>		541,311.34	665,926.65
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>541,311.34</u>	<u>665,926.65</u>
<b>RESERVES</b>			
Reserve	6	541,311.34	665,926.65
<b>MEMBERS' FUNDS</b>		<u>541,311.34</u>	<u>665,926.65</u>

The notes form part of these service charge accounts.

This statement of account was approved by Teresa Scott for Stiles Harold Williams on 12 July 2016 and signed by:

Signed: .....  ..... Date: ..... 15/7/16 .....

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 2015

## 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 2015 was 20% (2014 – 20%).

## 2. CASH AT BANK AND IN HAND

	At 31.12.15 (£)	At 31.12.14 (£)
Funds held by managing agent	284,831.76	354,231.62
Bath Building Society	74,700.29	88,386.52
Shawbrook Bank	81,951.58	90,427.43
Aldermore Bank	81,396.16	80,000.00
Petty cash	400.00	400.00
	<u>523,279.79</u>	<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.

At the end of 2015, the funds held on deposit with Shawbrook Bank and Aldermore Bank were in the process of being reduced to below the new FSCS limit of £75,000 applicable from 1 January 2016.

Netherne Management Limited, Netherne on the Hill  
Notes to the Service Charge Accounts  
For the Year Ended 31 December 2015

**3. RELATED PARTY TRANSACTIONS**

During 2015, the following payments were made to the managing agent and company secretary – Stiles Harold Williams. Prior year figures are also shown for comparison.

	2015 (£)	2014 (£)
Management fee	51,464.40	49,014.00
Company Secretary fee	1,200.00	1,200.00
Annual Return	30.00	30.00
Fire warden training to staff	474.00	0.00
Fire & Risk Assessment	0.00	964.00
Issuing consultation paperwork	848.03	0.00
Specification / project management of exterior decorating works to village hall and leisure centre	6,802.85	5,895.53
Insurance Reinstatement inspection and report for village hall and leisure centre	2,400.00	0.00
	<b>63,219.28</b>	<b>57,103.53</b>

**4. DEBTORS**

	At 31.12.15 (£)	At 31.12.14
Service charge debtors	28,281.68	66,362.28
Recoverable legal costs	1,861.00	5,064.89
Estate rent debtors	936.70	2,437.19
Telephone mast rent due on 23 December	8,958.47	8,958.47
Owed by Netherne Community Bus Company	20.60	0.00
Prepaid directors insurance	253.70	253.70
Prepaid mower lease and trailer hire	0.00	1,344.01
Prepaid music license for village hall	40.16	27.30
Prepaid property owners insurance	13,253.41	6,500.53
Prepaid refuse collection	180.49	159.25
Prepaid sanitary services	494.53	461.53
Prepaid Smart Security maintenance fee	276.98	0.00
Prepaid SurveyMonkey subscription	213.06	0.00
Prepaid TV license for leisure centre	121.25	120.83
	<b>54,892.03</b>	<b>91,689.98</b>

Netherne Management Limited, Netherne on the Hill  
Notes to the Service Charge Accounts  
For the Year Ended 31 December 2015

**5. CREDITORS**

	At 31.12.15 (£)	At 31.12.14 (£)
Accrued accountancy fees	1,740.00	2,040.00
Accrued cleaning / cleaning materials	270.00	334.22
Accrued electricity	0.00	1,726.51
Accrued gas	2,318.81	1,374.00
Accrued JCB hire	72.00	0.00
Accrued leisure centre operations	8,453.46	8,287.70
Accrued microbiological sampling	0.00	96.00
Accrued office supplies	247.27	0.00
Accrued PAT testing	135.00	0.00
Accrued play area inspection	0.00	210.00
Accrued play area extension	0.00	12,369.89
Accrued pool chemicals	412.54	0.00
Accrued pool maintenance	309.60	306.89
Accrued professional fees	1,770.00	0.00
Accrued repair costs	1,132.53	491.00
Accrued security patrols	0.00	756.00
Accrued Smart Security call out	132.00	0.00
Accrued staff costs	0.00	784.67
Accrued water	2,143.15	1,204.00
Accrued sundry expenses	109.80	113.25
Service charges paid in advance	17,614.32	9,114.77
	<b>36,860.48</b>	<b>39,208.90</b>

Netherne Management Limited, Netherne on the Hill  
Notes to the Service Charge Accounts  
For the Year Ended 31 December 2015

**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	2015 (£)	2014 (£)
Balance brought forward from previous year end		665,926.65	708,203.18
Prior year adjustment to Bath Building Society		0.00	(865.44)
Prior year adjustment for overstated debtors		0.00	(11,855.97)
Prior year adjustment to liabilities		0.00	4,096.50
Deficit from Income and Expenditure Statement		(4,715.28)	(5,350.97)
Monies relating to exit fees *		19,957.74	31,130.88
Annual estate rent charges		11,200.00	11,100.00
Bank and Building Society interest		4,644.57	3,633.69
Sundry Income		171.25	0.00
Interest on late payments		1,714.48	6,344.95
Telephone mast income		8,958.47	8,958.47
Village hall and pool hire		5,500.50	8,737.00
Leisure Centre memberships		10,305.00	9,450.00
Gym equipment lease fee **		(7,551.84)	(4,997.04)
Bad debt write off		(3,833.68)	0.00
Estate major works		(27,665.60)	(43,426.60)
Village hall major works	3	(60,478.92)	(29,873.63)
St Lukes major works	3	(82,944.47)	(29,636.70)
Year end adjustment		122.47	278.33
Balance carried forward at Year End		<b>541,311.34</b>	<b>665,926.65</b>

\* Exit fee income for 2014 was overstated by £5,174.63, due to an incorrect allocation of exit fees between Netherne Management Limited and Italian Piazza Management Company. This overstatement was corrected in 2015, with the exit fees figure of £19,957.74 being *net* of the transfer of £5,174.63 to Italian Piazza Management Company.

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