

Unaudited Service Charge Accounts

For the Year Ended 31 December 2018

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 2018

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Netherne Management Limited, Netherne on the Hill

Service Charge Fund Information
For the Year Ended 31 December 2018

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	04026814				
DIRECTORS	SP Buczek, RH Shah, LG Sheldon, AJ Rodell, GT Smith, LP Ronan				
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
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				
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 14 in respect of Netherne Management Limited, Netherne on the Hill for the year ended 31 December 2018 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.

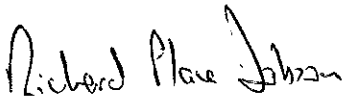
Had we performed additional procedures or had we performed an audit or review of the financial statements in accordance with International Standards on Auditing (UK and Ireland) or International Standards on Review Engagements, other matters might have come to our attention that would have been reported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

Date: 23/09/19

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 2018

	Notes	2018 (£)	2017 (£)	2016 (£)
INCOME				
Service charges raised (budget)		393,834.00	379,737.00	366,257.00
Total income receivable		<u>393,834.00</u>	<u>379,737.00</u>	<u>366,257.00</u>
EXPENDITURE				
Repairs & Maintenance		193,397.08	196,889.45	178,418.59
Utilities		61,093.04	25,445.84	58,792.49
Professional and management fees		64,094.20	81,846.30	62,586.00
Insurances		28,885.22	26,388.03	24,646.20
Staff costs		43,197.79	41,163.33	40,148.53
Sundry expenses		11,433.59	12,763.48	11,668.35
Total expenditure		<u>402,100.92</u>	<u>384,496.43</u>	<u>376,260.16</u>
DEFICIT FOR THE PERIOD	6	<u>(8,266.92)</u>	<u>(4,759.43)</u>	<u>(10,003.16)</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.

	2018 (£)	2017 (£)	2016 (£)
OTHER INCOME			
Monies relating to exit fees	25,523.62	32,052.77	42,970.75
Annual estate rent charges	11,100.00	11,100.00	11,150.00
Bank and Building Society interest	2,096.67	3,966.70	2,653.99
Sundry Income	8.00	103.99	40.00
Interest on late payments	118.06	0.00	1,720.12
Telephone mast income	8,958.47	8,958.47	8,958.47
Village hall, pavilion and pool hire	20,185.00	11,464.50	8,918.01
Leisure Centre memberships	14,000.01	11,275.00	9,945.00
Service charges demanded over budget	2.85	702.59	-
OTHER EXPENDITURE			
Gym equipment lease fee	(5,252.40)	(9,435.36)	(9,848.64)
Bad debt write off / recognition	(365.42)	(360.79)	2,480.80
Estate major works	(21,593.31)	(92,431.46)	(19,504.00)
Village hall major works	(41,764.18)	(142,186.28)	(22,259.80)
St Lukes major works	(41,238.92)	(14,050.95)	(29,533.37)
NET OTHER INCOME (EXPENDITURE)	<u>(28,221.55)</u>	<u>(178,840.82)</u>	<u>7,691.33</u>

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 2018)

	Notes	2018 (£)	2017 (£)	2016 (£)
INCOME				
Service charges raised (budget)		153,030.00	143,150.00	146,720.00
Total income receivable		<u>153,030.00</u>	<u>143,150.00</u>	<u>146,720.00</u>
EXPENDITURE				
Repairs & Maintenance				
Cleaning		2,633.32	659.28	0.00
Fire alarm system & extinguishers		251.28	357.60	0.00
General repairs and maintenance		9,984.78	9,318.92	5,074.00
Grounds equipment repairs		(1,013.03)	2,152.36	1,894.97
Intruder alarm & Redcare connection		345.00	801.00	0.00
Landscape maintenance		8,574.00	4,885.99	7,177.20
Mower fuel		1,654.40	2,040.64	1,512.04
Mower lease		8,326.32	8,326.32	8,326.32
Play area equipment		0.00	0.00	275.20
Snow plough, gritting and salt		1,291.99	0.00	840.00
Security Patrols		4,500.00	10,000.00	0.00
Utilities				
Electricity		531.01	183.00	0.00
Professional fees				
Accountancy fee		1,500.00	1,980.00	1,740.00
Management fees	3	55,800.00	54,600.00	53,010.00
Other professional fees	3	6,794.20	8,847.60	7,836.00
Insurances				
Insurances		1,784.74	931.96	968.04
Staff costs				
Staff costs		42,312.19	41,163.33	38,864.53
Staff training	3	555.60	0.00	1,284.00
Health & Safety		330.00	0.00	0.00
Sundry expenses				
Bad debt provision		0.00	0.00	695.00
Office expenses	3	3,155.15	3,598.81	2,437.13
Sundries		7,082.76	7,107.73	7,007.04
Total expenditure		<u>156,393.71</u>	<u>156,954.54</u>	<u>138,941.47</u>
SURPLUS (DEFICIT) FOR THE PERIOD		(3,363.71)	(13,804.54)	7,778.53

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 2018)

	Notes	2018 (£)	2017 (£)	2016 (£)
INCOME				
Service charges raised (budget)		40,641.00	38,179.00	32,234.00
Total income receivable		<u>40,641.00</u>	<u>38,179.00</u>	<u>32,234.00</u>
EXPENDITURE				
Repairs & Maintenance				
Cleaning and cleaning materials		3,066.68	3,084.00	3,348.61
Electrical repairs and testing		0.00	85.00	319.33
Fire extinguishers		135.12	184.68	93.24
Fire system inspection		466.40	648.00	210.00
General repairs and maintenance		1,526.60	6,856.08	1,860.50
Gutter and drain clearance		0.00	180.00	0.00
Hall floor cleaning		0.00	1,800.00	0.00
Intruder alarm & Redcare connection		440.00	801.00	0.00
Health & Safety		330.00	0.00	240.00
Lightning protection		110.40	704.40	108.00
Sanitary services		4,632.42	4,405.79	3,850.45
Wall heaters annual service		2,371.82	708.00	696.00
Window cleaning		360.00	180.00	120.00
Utilities				
Electricity		2,983.85	2,863.20	1,580.63
Gas		2,042.46	961.06	1,853.80
Non domestic rates		3,875.00	(3,115.20)	4,159.40
Water		387.50	(170.22)	820.93
Professional fees				
Other professional fees		0.00	16,418.70	0.00
Insurances				
Property owners insurance		11,410.73	10,703.15	9,944.82
Sundry expenses				
Sundries		220.58	270.86	1,071.81
Total expenditure		<u>34,359.56</u>	<u>47,568.50</u>	<u>30,277.52</u>
SURPLUS (DEFICIT) FOR THE PERIOD		<u>6,281.44</u>	<u>(9,389.50)</u>	<u>1,956.48</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 2018)

	Notes	2018 (£)	2017 (£)	2016 (£)
INCOME				
Service charges raised (budget)		200,163.00	198,408.00	187,303.00
Total income receivable		200,163.00	198,408.00	187,303.00
EXPENDITURE				
Repairs & Maintenance				
Access control & IT Turnstyle		2,363.60	2,003.82	2,765.91
Air handling units		0.00	1,984.80	1,188.00
Boiler maintenance and repair		3,122.16	1,332.00	2,052.00
Cleaning materials		1,725.50	1,728.32	1,255.79
Electrical repairs and testing		445.00	85.00	748.67
Emergency panic alarm		583.20	660.00	336.00
Fire extinguishers		306.48	325.44	148.32
Fire system inspection		2,847.40	890.40	1,350.00
Fitness equipment servicing		0.00	312.00	708.73
General repairs and maintenance		9,227.19	9,216.60	15,953.48
Gutter and drain clearance		0.00	180.00	110.40
Intruder alarm & Redcare connection		729.40	576.00	0.00
Health & Safety		539.98	480.00	262.92
Leisure centre operation		102,244.77	103,150.57	101,079.37
Lightning protection		110.40	218.40	108.00
Microbiological sampling		3,516.00	2,316.00	2,160.00
Pool chemicals/testing tablets		3,809.45	4,158.12	3,577.63
Pool maintenance		5,419.44	5,058.79	4,529.63
Refuse collection		760.55	667.90	728.49
Roof mounted gas heaters		2,038.16	255.00	576.00
Sanitary services		3,160.90	2,881.23	2,628.39
Window cleaning		460.00	230.00	205.00
Utilities				
Electricity		28,783.53	18,757.56	29,664.88
Gas		7,459.08	7,399.30	8,115.59
Non domestic rates		12,310.13	(4,535.83)	9,683.50
Water		2,720.48	3,102.97	2,913.76
Professional fees				
Other professional fees		0.00	0.00	0.00
Insurances				
Property owners insurance		15,689.75	14,752.92	13,733.34
Sundry expenses				
Sundries		975.10	1,786.08	457.37
Total expenditure		211,347.65	179,973.39	207,041.17
SURPLUS FOR THE PERIOD				
		(11,184.65)	18,434.61	(19,738.17)

Netherne Management Limited, Netherne on the Hill

Balance Sheet for the year ended 31 December 2018

	Notes	At 31.12.18 (£)	At 31.12.17 (£)	At 31.12.16 (£)
FIXED ASSETS				0.00
CURRENT ASSETS				
Cash at bank and in hand	2	338,433.29	463,627.82	546,853.85
Debtors	4	49,529.31	45,673.70	41,574.63
		<u>387,962.60</u>	<u>509,301.52</u>	<u>588,428.48</u>
CURRENT LIABILITIES				
Creditors	5	(69,149.77)	(154,000.18)	(49,526.89)
NET CURRENT ASSETS		318,812.83	355,301.34	538,901.59
TOTAL ASSETS LESS CURRENT		<u>318,812.83</u>	<u>355,301.34</u>	<u>538,901.59</u>
RESERVES				
Reserve	6	318,812.83	355,301.34	538,901.59
MEMBERS' FUNDS		<u>318,812.83</u>	<u>355,301.34</u>	<u>538,901.59</u>

The notes form part of these service charge accounts.

This statement of account was approved by Teresa Scott for Stiles Harold Williams on [18 September 2019] and signed by:

Signed: 

Date: 20/9/19

Name: TERESA SCOTT

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 2018

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 2018 was 20% (2017 – 20%).

2. CASH AT BANK AND IN HAND

	At 31.12.18 (£)	At 31.12.17 (£)	At 31.12.16 (£)
Funds held by managing agent	107,009.52	233,701.95	320,485.15
Bath Building Society	76,223.64	75,656.22	75,263.92
Shawbrook Bank	79,083.17	78,222.72	77,204.78
Aldermore Bank	75,716.96	75,646.93	73,500.00
Petty cash	400.00	400.00	400.00
	338,433.29	463,627.82	546,853.85

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.

Netherne Management Limited, Netherne on the Hill
Notes to the Service Charge Accounts
For the Year Ended 31 December 2018

3. RELATED PARTY TRANSACTIONS

During 2018, the following payments were made to the managing agent and company secretary – Stiles Harold Williams. Prior year figures are also shown for comparison.

	2018 (£)	2017 (£)	2016 (£)
Management fee	55,800.00	54,600.00	53,010.00
Company Secretary fee	1,200.00	1,200.00	1,200.00
Annual Return	30.00	30.00	30.00
Provision of staff training	195.60	0.00	1,284.00
Land registry searches	57.60	183.60	0.00
Correction for overpaid invoice in 2016	0.00	(£1,000.00)	0.00
	57,283.20	58,631.60	55,524.00

Netherne Management Limited, Netherne on the Hill
Notes to the Service Charge Accounts
For the Year Ended 31 December 2018

4. DEBTORS

	At 31.12.18 (£)	At 31.12.17 (£)	At 31.12.16 (£)
Service charge debtors	17,324.83	11,928.39	12,701.59
Recoverable legal costs	883.82	1,330.87	1,478.24
Estate rent debtors	418.41	248.76	224.21
Telephone mast rent due on 23 December	0.00	8,958.47	8,958.47
Exit fees owing	1,825.00	3,225.00	0.00
Owed by Netherne Community Bus	0.00	0.00	35.97
Owed by OG Services	0.00	0.00	1000.00
Owed by Italian Piazza	0.00	0.00	987.50
Refund due for purchase of pavilion Hoover	0.00	102.58	0.00
Insurance recovery	0.00	667.16	0.00
Prepaid directors insurance	268.06	268.06	262.08
Prepaid music license for village hall	0.00	40.88	30.23
Prepaid property owners insurance	17,042.62	16,227.21	14,444.75
Prepaid refuse collection	0.00	0.00	180.00
Prepaid sanitary services	651.71	593.14	539.82
Prepaid Omega Security systems	448.27	448.27	391.89
Prepaid Smart Security systems	0.00	276.98	0.00
Prepaid SurveyMonkey subscription	253.15	0.00	218.63
Prepaid TV licenses	62.26	183.31	121.23
Prepaid Water	443.06	1,174.62	0.00
Prepaid Hall Floor Cleaning	915.00	0.00	0.00
Owed by Netherne Community Café	232.20	0.00	0.00
Overpayment for fire extinguisher	70.80	0.00	0.00
Overpaid sundry expenses	246.61	0.00	0.00
Overpaid Nuffield invoice	8,443.51	0.00	0.00
	49,529.31	45,673.70	41,574.63

Netherne Management Limited, Netherne on the Hill
Notes to the Service Charge Accounts
For the Year Ended 31 December 2018

5. CREDITORS

	At 31.12.18 (£)	At 31.12.17 (£)	At 31.12.16 (£)
Accrued accountancy fees	1,740.00	1,980.00	1,740.00
Accrued boiler maintenance	224.76	0.00	2,052.00
Accrued cleaning / cleaning materials	501.19	617.39	365.85
Accrued electricity	59.59	0.00	2,703.32
Accrued fire alarms testing	2,113.20	420.00	0.00
Accrued gas	816.78	0.00	1,710.47
Accrued landscape maintenance	1,200.00	0.00	0.00
Accrued leisure centre operations	25,443.51	26,169.33	16,661.80
Accrued microbiological sampling	0.00	372.00	0.00
Accrued office supplies	216.00	10.84	0.00
Accrued PAT testing	0.00	170.00	0.00
Accrued intruder alarms	300.00	0.00	0.00
Accrued pool chemicals	231.46	227.40	272.38
Accrued pool maintenance	0.00	0.00	133.36
Accrued professional fees	159.00	2,265.60	0.00
Accrued repair costs	2,264.73	120.00	0.00
Accrued roof mounted gas heaters	816.00	0.00	0.00
Accrued water	260.02	596.33	2,100.00
Accrued sundry expenses	1,131.36	1,049.24	300.00
Accrued costs for pavilion heaters	0.00	2,598.89	0.00
Accrued costs for hall damp works	6,271.89	74,453.75	0.00
Owed to Italian Piazza	0.00	0.00	51.90
Service charges paid in advance	25,400.28	42,949.41	21,435.81
	69,149.77	154,000.18	49,526.89

Netherne Management Limited, Netherne on the Hill
Notes to the Service Charge Accounts
For the Year Ended 31 December 2018

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.

	2018 (£)	2017 (£)	2016 (£)
Balance brought forward from previous year	355,301.34	538,901.59	541,311.34
Deficit from Income and Expenditure	(8,266.92)	(4,759.43)	(10,003.16)
Monies relating to exit fees	25,523.62	32,052.77	42,970.75
Annual estate rent charges	11,100.00	11,100.00	11,150.00
Bank and Building Society interest	2,096.67	3,966.70	2,653.99
Sundry Income	8.00	103.99	40.00
Interest on late payments	118.06	0.00	1,720.12
Telephone mast income	8,958.47	8,958.47	8,958.47
Village hall, pavilion and pool hire	20,185.00	11,464.50	8,918.01
Leisure Centre memberships	14,000.01	11,275.00	9,945.00
Gym equipment lease fee **	(5,252.40)	(9,435.36)	(9,848.64)
Bad debt write off / recognition	(365.42)	(360.79)	2,480.80
Estate major works	(21,593.31)	(92,431.46)	(19,504.00)
Village hall major works	(41,764.18)	(142,186.2)	(22,259.80)
St Lukes major works	(41,238.92)	(14,050.95)	(29,533.37)
Service charges demanded over budget	2.85	702.59	-
Year end adjustment	(0.04)	-	(97.92)
Balance carried forward at Year End	318,812.83	355,301.34	538,901.59

** 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.