

Unaudited Service Charge Accounts

For the Year Ended 31 December 2020

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 2020

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Netherne Management Limited, Netherne on the Hill

Service Charge Fund Information

For the Year Ended 31 December 2020

MANAGING AGENTS AND COMPANY SECRETARY	Stiles Harold Williams (SHW) Lees House, 111 Wardour Street Brighton East Sussex BN1 3FE				
RELEVANT COMPANY	Netherne Management Limited (NML) c/o Stiles Harold Williams Lees House, 21 - 33 Dyke Road Brighton East Sussex BN1 3FE				
COMPANY NUMBER	04026814				
DIRECTORS	SP Buczek, RH Shah, LG Sheldon, LP Ronan, J Stokoe				
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 Services Limited 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 2020 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 *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 statements for the accounts 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: 28 September 2021

Richard Place Dobson Services Limited
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 2020)

	Notes	2020 (£)	2019 (£)	2018 (£)
INCOME				
Service charges raised (budget)		432,963.00	409,206.00	393,834.00
Service charge rebates (budget)		(56,746.00)	0.00	0.00
Total income receivable		376,217.00	409,206.00	393,834.00
EXPENDITURE				
Repairs & Maintenance		151,316.36	201,787.67	193,397.08
Utilities		34,877.03	57,318.78	61,093.04
Professional and management fees	3	61,491.00	61,191.64	64,094.20
Insurances		28,745.30	28,925.38	28,885.22
Staff costs		50,740.25	59,071.94	43,197.79
Sundry expenses		11,884.92	12,657.05	11,433.59
Total expenditure		339,054.86	420,952.46	402,100.92
SURPLUS FOR THE PERIOD	6	37,162.14	(11,746.46)	(8,266.92)

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.

	2020 (£)	2019 (£)	2018 (£)
OTHER INCOME			
Monies relating to exit fees	19,123.63	28,934.52	25,523.62
Annual estate rent charges	11,125.00	11,100.00	11,100.00
Bank and Building Society interest	1,310.01	3,708.17	2,096.67
Sundry Income	0.00	42.00	8.00
Interest on late payments	0.00	123.83	118.06
Telephone mast income	8,958.47	8,958.47	8,958.47
Village hall, pavilion and pool hire	7,393.29	15,308.57	20,185.00
Leisure Centre memberships	6,365.00	16,277.00	14,000.01
Covid support grants from Reigate Council	35,000.00	0.00	0.00
Service charges demanded over budget	97.70	1.59	2.85
OTHER EXPENDITURE			
Gym equipment lease fee	(4,008.00)	(4,851.60)	(5,252.40)
Bad debt write off / recognition	0.00	0.00	(365.42)
Paid to Netherne Community Bus Company	(6,000.00)	0.00	0.00
Estate /Village hall / St Lukes major works	(9,273.22)	(38,183.56)	(104,596.41)
NET OTHER INCOME (EXPENDITURE)	70,091.88	41,418.99	(28,221.55)

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 2020)

	Notes	2020 (£)	2019 (£)	2018 (£)
INCOME				
Service charges raised (budget)		193,367.00	162,506.00	153,030.00
Service charge rebates (budget)		(5,852.00)	0.00	0.00
Total income receivable		187,515.00	162,506.00	153,030.00
EXPENDITURE				
Repairs & Maintenance				
Cleaning		1,626.33	3,380.09	2,633.32
Fire alarm system & extinguishers		192.00	190.48	251.28
Electrical repairs & testing		160.00	377.00	0.00
General repairs and maintenance		6,094.72	3,086.01	9,984.78
Grounds equipment repairs		395.18	1,157.80	(1,013.03)
Intruder alarm & Redcare connection		580.00	280.00	345.00
Landscape maintenance		26,998.40	15,442.34	8,574.00
Mower fuel		938.20	1,151.52	1,654.40
Mower lease		9,219.31	8,326.32	8,326.32
Play area equipment		1,699.80	1,195.57	0.00
Snow plough, gritting and salt		0.00	0.00	1,291.99
Security Patrols		0.00	0.00	4,500.00
Utilities				
Electricity		712.45	667.65	531.01
Professional fees				
Accountancy fee		2,460.00	2,220.00	1,500.00
Management fees	3	56,916.00	55,800.00	55,800.00
Other professional fees	3	2,115.00	723.64	6,794.20
Insurances				
Insurances		1,962.66	1,784.82	1,784.74
Staff costs				
Staff costs		50,230.25	58,590.44	42,312.19
Staff training	3	150.00	481.50	555.60
Health & Safety		360.00	0.00	330.00
Sundry expenses				
Office expenses	3	4,770.16	4,464.77	3,155.15
Sundries		6,575.29	5,444.31	7,082.76
Total expenditure		174,155.75	164,764.26	156,393.71
SURPLUS FOR THE PERIOD		13,359.25	(2,258.26)	(3,363.71)

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 2020)

	Notes	2020 (£)	2019 (£)	2018 (£)
INCOME				
Service charges raised (budget)		39,648.00	41,915.00	40,641.00
Service charge rebates (budget)		(16,040.00)	0.00	0.00
Total income receivable		23,608.00	41,915.00	40,641.00
EXPENDITURE				
Repairs & Maintenance				
Cleaning and cleaning materials		793.90	3,120.00	3,066.68
Electrical repairs and testing		160.00	794.00	0.00
Fire extinguishers		237.72	108.36	135.12
Fire system inspection		120.00	100.00	466.40
General repairs and maintenance		1,606.30	3,320.46	1,526.60
Gutter and drain clearance		504.00	288.00	0.00
Hall floor cleaning		0.00	3,660.00	0.00
Intruder alarm & Redcare connection		380.00	1,322.40	440.00
Health & Safety		690.00	0.00	330.00
Lightning protection		525.60	614.40	110.40
Sanitary services		339.37	3,547.47	4,632.42
Wall heaters annual service		1,275.00	340.20	2,371.82
Window cleaning		180.00	385.00	360.00
Utilities				
Electricity		1,662.08	4,086.69	2,983.85
Gas		1,070.12	2,672.60	2,042.46
Non domestic rates		0.00	(166.00)	3,875.00
Water		425.34	505.83	387.50
Professional fees				
Other professional fees	3	0.00	1,224.00	0.00
Insurances				
Property owners insurance		11,276.90	11,427.61	11,410.73
Sundry expenses				
Sundries		288.40	1,501.33	220.58
Total expenditure		21,534.73	38,852.35	34,359.56
SURPLUS FOR THE PERIOD		2,073.27	3,062.65	6,281.44

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 2020)

	Notes	2020 (£)	2019 (£)	2018 (£)
INCOME				
Service charges raised (budget)		199,948.00	204,785.00	200,163.00
Service charge rebates (budget)		(34,854.00)	0.00	0.00
Total income receivable		165,094.00	204,785.00	200,163.00
EXPENDITURE				
Repairs & Maintenance				
Access control & IT Turnstyle		2,338.68	2,391.83	2,363.60
Air handling units		2,158.87	5,807.99	0.00
Boiler maintenance and repair		582.00	1,287.36	3,122.16
Cleaning materials		1,834.36	1,840.77	1,725.50
Electrical repairs and testing		944.32	1,272.00	445.00
Emergency panic alarm		1,123.20	1,183.20	583.20
Fire extinguishers		1,050.00	112.08	306.48
Fire system inspection		120.00	100.00	2,847.40
Fitness equipment servicing		656.24	691.58	0.00
General repairs and maintenance		6,787.01	11,608.97	9,227.19
Gutter and drain clearance		0.00	216.00	0.00
Intruder alarm & Redcare connection		380.00	1,174.80	729.40
Health & Safety		360.00	498.00	539.98
Leisure centre operation		62,764.00	103,051.35	102,244.77
Lightning protection		110.40	110.40	110.40
Microbiological sampling		2,712.00	2,532.00	3,516.00
Pool chemicals/testing tablets		4,497.25	4,020.96	3,809.45
Pool maintenance		4,612.29	5,560.55	5,419.44
Refuse collection		785.15	746.20	760.55
Roof mounted gas heaters		2,056.80	0.00	2,038.16
Sanitary services		497.96	4,959.18	3,160.90
Window cleaning		230.00	435.00	460.00
Utilities				
Electricity		20,561.99	34,435.79	28,783.53
Gas		7,307.08	10,995.84	7,459.08
Non domestic rates		737.00	1,385.43	12,310.13
Water		2,400.97	2,734.95	2,720.48
Professional fees				
Other professional fees	3	0.00	1,224.00	0.00
Insurances				
Property owners insurance		15,505.74	15,712.95	15,689.75
Sundry expenses				
Sundries		251.07	1,246.64	975.10
Total expenditure		143,364.38	217,335.82	211,347.65
SURPLUS FOR THE PERIOD		21,729.62	(12,550.82)	(11,184.65)

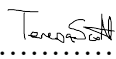
Netherne Management Limited, Netherne on the Hill

Balance Sheet for the year ended 31 December 2020

	Notes	At 31.12.20 (£)	At 31.12.19 (£)	At 31.12.18 (£)
FIXED ASSETS				
CURRENT ASSETS				
Cash at bank and in hand	2	470,339.29	373,475.85	338,433.29
Debtors	4	36,522.68	31,998.76	49,529.31
		<u>506,861.97</u>	<u>405,474.61</u>	<u>387,962.60</u>
CURRENT LIABILITIES				
Creditors	5	(50,875.71)	(56,745.81)	(69,149.77)
NET CURRENT ASSETS				
		455,986.26	348,728.80	318,812.83
TOTAL ASSETS LESS CURRENT LIABILITIES				
		<u>455,986.26</u>	<u>348,728.80</u>	<u>318,812.83</u>
RESERVES				
Reserve	6	455,986.26	348,728.80	318,812.83
MEMBERS' FUNDS				
		<u>455,986.26</u>	<u>348,728.80</u>	<u>318,812.83</u>

The notes form part of these service charge accounts.

This statement of account was approved by Teresa Scott for Stiles Harold Williams on 22 September 2021 and signed by:

Signed: 

Date: 22/09/2021

Name: Teresa Scott

Stiles Harold Williams
Lees House, 21 - 33 Dyke Road
Brighton
East Sussex
BN1 3FE

Netherne Management Limited, Netherne on the Hill
Notes to the Service Charge Accounts
For the Year Ended 31 December 2020

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 2020 was 20% (2019 – 20%).

2. CASH AT BANK AND IN HAND

	At 31.12.20 (£)	At 31.12.19 (£)	At 31.12.18 (£)
Funds held by managing agent	304,264.94	208,323.04	107,009.52
Bath Building Society	76,944.24	76,761.91	76,223.64
Shawbrook Bank	10,536.72	10,432.01	79,083.17
Aldermore Bank	78,193.39	77,558.89	75,716.96
Petty cash	400.00	400.00	400.00
	470,339.29	373,475.85	338,433.29

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 2020

3. RELATED PARTY TRANSACTIONS

During 2020, the following payments were made to the managing agent and company secretary – Stiles Harold Williams. Prior year figures are also shown for comparison.

	2020 (£)	2019 (£)	2018 (£)
Management fee	56,916.00	55,800.00	55,800.00
Company Secretary fee	1,200.00	1,200.00	1,200.00
Annual Return	0.00	30.00	30.00
Buildings Reinstatement Cost Assessments	0.00	3,052.38	0.00
Admin fees for issuing EGM paperwork	0.00	636.26	0.00
Provision of staff training	0.00	0.00	195.60
Land registry searches	0.00	0.00	57.60
	58,116.00	60,718.64	57,283.20

Netherne Management Limited, Netherne on the Hill
Notes to the Service Charge Accounts
For the Year Ended 31 December 2020

4. DEBTORS

	At 31.12.20 (£)	At 31.12.19 (£)	At 31.12.18 (£)
Service charge debtors	8,686.88	8,548.07	17,324.83
Recoverable legal costs	640.00	3,678.00	883.82
Estate rent debtors	75.00	175.00	418.41
Telephone mast rent due on 23 December	8,958.47	0.00	0.00
Exit fees owing	0.00	0.00	1,825.00
Leisure Centre Memberships owing	0.00	1,460.00	0.00
Prepaid directors insurance	262.11	262.10	268.06
Prepaid property owners insurance	17,255.61	15,971.22	17,042.62
Prepaid sanitary services	0.00	695.13	651.71
Prepaid Omega Security systems	448.27	448.27	448.27
Prepaid SurveyMonkey subscription	0.00	0.00	253.15
Prepaid TV licenses	196.34	192.66	62.26
Prepaid Water	0.00	89.51	443.06
Prepaid Hall Floor Cleaning	0.00	0.00	915.00
Prepaid Microbiological Sampling	0.00	408.00	0.00
Owed by Netherne Community Café	0.00	0.00	232.20
Overpayment for fire extinguisher	0.00	70.80	70.80
Overpaid sundry expenses	0.00	0.00	246.61
Overpaid Nuffield invoice	0.00	0.00	8,443.51
	36,522.68	31,998.76	49,529.31

Netherne Management Limited, Netherne on the Hill
Notes to the Service Charge Accounts
For the Year Ended 31 December 2020

5. CREDITORS

	At 31.12.20 (£)	At 31.12.19 (£)	At 31.12.18 (£)
Accrued accountancy fees	2,100.00	1,740.00	1,740.00
Accrued boiler maintenance	0.00	504.00	224.76
Accrued cleaning / cleaning materials	95.52	1,085.47	501.19
Accrued electricity	125.19	0.00	59.59
Accrued fire alarms testing / extinguishers	300.00	310.92	2,113.20
Accrued gas	338.23	1,623.36	816.78
Accrued grounds equipment repairs	0.00	907.80	0.00
Accrued landscape maintenance	1,872.00	760.95	1,200.00
Accrued mower lease	0.00	158.40	0.00
Accrued staff costs	0.00	1,208.90	0.00
Accrued leisure centre operations	0.00	8,612.38	25,443.51
Accrued microbiological sampling	288.00	408.00	0.00
Accrued access control maintenance	143.89	143.89	0.00
Accrued lightning protection	0.00	220.80	0.00
Accrued office supplies	0.00	0.00	216.00
Accrued PAT testing	195.00	189.00	0.00
Accrued intruder alarms	0.00	672.40	300.00
Accrued emergency panic alarm	540.00	0.00	0.00
Accrued pool chemicals	0.00	320.18	231.46
Accrued professional fees	0.00	0.00	159.00
Accrued gutter and drain clearance	216.00	0.00	0.00
Accrued repair costs	1,625.02	597.60	2,264.73
Accrued costs for Air Handling Unit	0.00	792.00	0.00
Accrued roof mounted gas heaters	0.00	0.00	816.00
Accrued water	166.30	797.73	260.02
Accrued health & safety	0.00	498.00	0.00
Accrued sundry expenses	388.46	451.73	1,131.35
Accrued costs for new circulation pump	0.00	2,215.20	0.00
Accrued costs for hall damp works	0.00	0.00	6,271.89
Service charges paid in advance	42,482.10	32,527.10	25,400.28
	50,875.71	56,745.81	69,149.76

Netherne Management Limited, Netherne on the Hill
Notes to the Service Charge Accounts
For the Year Ended 31 December 2020

6. RESERVES

General Reserves

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, Pavilion, Village Hall and Leisure Centre. Such costs are not met from budgeted service charge income.

	2020 (£)	2019 (£)	2018 (£)
Balance brought forward from previous year	348,728.80	318,812.83	355,301.34
Surplus from Income and Expenditure Statement	37,162.14	(11,746.43)	(8,266.92)
Transfer to 'Other Reserves'	(20,000.00)	0.00	0.00
Covid support grant from Reigate Council	35,000.00	0.00	0.00
Paid to Netherne Community Bus Company	(6,000.00)	0.00	0.00
Monies relating to exit fees	19,123.63	28,934.52	25,523.62
Annual estate rent charges	11,125.00	11,100.00	11,100.00
Bank and Building Society interest	1,310.01	3,708.17	2,096.67
Sundry Income	0.00	42.00	8.00
Interest on late payments	0.00	123.83	118.06
Telephone mast income	8,958.47	8,958.47	8,958.47
Village hall, pavilion and pool hire	7,393.29	15,308.57	20,185.00
Leisure Centre memberships	6,365.00	16,277.00	14,000.01
Gym equipment lease fee **	(4,008.00)	(4,851.60)	(5,252.40)
Bad debt write off / recognition	0.00	0.00	(365.42)
Estate / Village hall / St Lukes major works	(9,273.22)	(38,183.56)	(104,596.41)
Service charges demanded over budget	97.70	1.59	2.85
Year end adjustment	3.44	243.41	(0.03)
General Reserves carried forward at Year	435,986.26	348,728.80	318,812.84

** 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

Netherne Management Limited, Netherne on the Hill
Notes to the Service Charge Accounts
For the Year Ended 31 December 2020

6. RESERVES (continued)

Other General Reserves

	2020 (£)	2019 (£)	2018 (£)
Balance brought forward from previous year	0.00	0.00	0.00
Transfer from General Reserves	20,000.00	0.00	0.00
Other General Reserves c/f at Year End	20,000.00	0.00	0.00
Total Reserves carried forward at Year End	455,986.26	348,728.80	318,812.84

The “Other General Reserves” fund has exactly the same purpose as the General Reserves Fund, namely to meet the cost of large, non-regular repair and maintenance work, and the costs of improvements to the Estate, Pavilion, Village Hall and Leisure Centre. Our accountants have advised that the “Other General Reserves” fund, originating from the contribution to reserves line in service charge budgets, should be shown separately to the General Reserves Fund.