

**Knights Grove (North Baddesley)**

**Service Charge Accounts**

**form 1st January 2013 to 31st December 2013**

**Knights Grove (North Baddesley)**

**Expenditure for the Period**

**form 1st January 2013 to 31st December 2013**

**Accountant's report of factual findings to the Managing Agent of Knights Grove (North Baddesley)**

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 Knights Grove (North Baddesley). In accordance with the terms of 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 two to six in respect of Knights Grove (North Baddesley) for the year ended 31st December 2013 in order to provide a report of factual findings about the service charge accounts that you have issued.

This report is made to the 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 Managing Agent and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Managing Agent 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 the balancing statement 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.

**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 the balancing statement of the service charge accounts agrees or reconciles to the bank statement for the account(s) in which the funds are held.

Date: **9 - MAY 2014**  
6-7 Castle Gate  
Castle Street  
Hertford  
Hertfordshire  
SG14 1HD

Signature:   
Thomas David  
Chartered Accountants and  
Statutory Auditors

**Service Charge Statement of Account for Knights Grove (North Baddesley)**

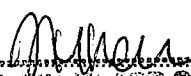
For the Accounting Period from 1st January 2013 to 31st December 2013

**Income and Expenditure Account**

<u>Repairs &amp; Maintenance</u>	£	Actual £	Budget £
Cleaning Contract		5,815	5,816
Window Cleaning		1,270	1,288
Refuse Collection		780	300
Fire Equipment Maintenance		172	700
Electrical Maintenance & Repairs		577	1,500
General Repairs & Maintenance		6,767	7,002
Ten Year Maintenance Reports		-	1,390
Five Year Electrical Test		97	-
<u>Grounds Maintenance</u>			
Grounds Maintenance		13,379	13,379
Tree Surgery		-	1,000
<u>Insurance</u>			
Public Liability Insurance		504	750
Buildings Insurance		4,058	3,835
Insurance Valuation		644	-
Legal Insurance		49	795
<u>Professional Fees</u>			
Management Fees		18,298	18,298
Company Secretarial Fees		803	804
Directorship Fees		1,296	1,236
Accountancy Fees		2,300	2,301
Health & Safety		1,075	1,074
Legal & Professional Fees		610	240
Printing, Postage & Stationery		1,555	1,500
Rent Collection Fee		393	-
<u>Utilities</u>			
Electricity		41	1,500
Water		214	-
<u>Contributions Transferred to Reserve Fund</u>			
Reserve Fund Contribution		8,104	8,239
<b>TOTAL EXPENDITURE</b>		<b>68,801</b>	<b>72,947</b>
<u>Income</u>			
Service Charges Receivable	64,181		
Reserve Charges Receivable	8,104		
		72,285	
<u>Interest Received</u>			
Bank Interest Received Net		17	
<b>SURPLUS/(DEFICIT) AT END OF ACCOUNTING PERIOD</b>		<b>3,501</b>	

**FOR AND ON BEHALF OF  
RESIDENTIAL MANAGEMENT GROUP LTD.**

Approved by the Board on 7/5/2014 and signed on its behalf by

  
..... Director  
AUTHORISED SIGNATORY

Service Charge Statement of Account for Knights Grove (North Baddesley)Balancing Statement as at 31st December 2013

	Notes	£	£
<u>ASSETS</u>			
Service Charges Owed by Tenants			11,899
Sums Paid in this Period but Relating to Subsequent Periods	4		2,939
Balances Held: Cash at Bank and in Hand	5		25,625
			<hr/>
			40,463
<u>LESS: LIABILITIES</u>			
Service Charges Paid in Advance		7,569	
Costs Relating to this or Previous Period but not Yet Paid	6	4,095	
			<hr/>
			11,664
<u>NET ASSETS / (LIABILITIES)</u>			<hr/> <u>28,799</u>
<u>RESERVE FUND</u>	3		27,290
<u>INCOME &amp; EXPENDITURE RESERVE</u>	7		1,509
<b>FOR AND ON BEHALF OF RESIDENTIAL MANAGEMENT GROUP LTD.</b>			<hr/> <u>28,799</u>

Approved by the Board on 7/5/2014 and signed on its behalf by

  
 .....  
 AUTHORIZED SIGNATORY Director

**Notes to Service Charge Statement of Account for Knights Grove (North Baddesley)**

**For the Accounting Period form 1st January 2013 to 31st December 2013**

1 Accounting policies

The accounts are prepared in accordance with the lease and on the accruals basis.

2 Tax provided on bank interest received

Service charge monies are held on trust in accordance with section 42, Landlord and Tenant Act 1987. Interest earned on service charge monies held on deposit is taxable at the basic rate of income tax. The rate of tax applied to interest received during the period was 20% which was deducted at source.

3 Reserve Fund(s)

The reserve fund has been established in accordance with the lease to provide funds to meet the costs of future anticipated expenditure  
A breakdown per schedule can be found in Appendix A

	£	£
Balance Brought Forward from 31st December 2012	33,825	
Reserve Fund Bank Account Interest Received Net	16	
Reserve Contributions	8,104	
	<hr/>	41,945
Less Expenditure		(14,655)
		<hr/>
		27,290
Reserve Fund Bank Account Total		13,084
Net Assets due to Reserve Funds		14,206
Balance Carried Forward as at 31st December 2013		<hr/> <hr/>
		27,290

**Notes to Service Charge Statement of Account for Knights Grove (North Baddesley)**

**For the Accounting Period from 1st January 2013 to 31st December 2013**

4 Sums Paid in this Period but Relating to Subsequent Periods

	£
Five Year Electrical Test	300
Public Liability Insurance	241
Buildings Insurance	1,733
Insurance Valuation	645
Legal Insurance	20
	<u>2,939</u>

5 Balances Held: Cash at Bank and in Hand

	£
Cash at Bank and in Hand - Reserve - 1-12 Chilcott Court (Flats)	68
Cash at Bank and in Hand - Reserve - 29-39 Borden Way (Flats)	68
Cash at Bank and in Hand - Reserve - Estate	12,948
Cash at Bank and in Hand - SC-1-5 Ful'd Rd & 12-15 Carp't Pk (FOG's & Gar)	374
Cash at Bank and in Hand - Service Charge - 1-12 Chilcott Court (Flats)	1,111
Cash at Bank and in Hand - Service Charge - 1-6 Harris Way (Flats)	353
Cash at Bank and in Hand - Service Charge - 16-18 Chilcott Court (FOG's)	515
Cash at Bank and in Hand - Service Charge - 29-39 Borden Way (Flats)	850
Cash at Bank and in Hand - Service Charge - 8-12&16-18 Chilcott Ct (Garages)	112
Cash at Bank and in Hand - Service Charge - Estate	9,226
	<u>25,625</u>

All bank accounts are held in trust in accordance with S.42 (Landlord & Tenant Act 1987) at;

Halifax Bank of Scotland (HBOS), New Uberior House, 11 Earl Grey Street, EH3 9BN

Under the title;

Account Name: Knights Grove (North Baddesley) Client A/C  
 Account Number(s): 06886097 10208261 10206960 10207365 10207568 10207162  
 10207867 06886118 10208069 10206864 10207269 10207461  
 10207066 10207760 06672708

**Notes to Service Charge Statement of Account for Knights Grove (North Baddesley)**

**For the Accounting Period form 1st January 2013 to 31st December 2013**

6 Costs Relating to this or Previous Period but not Yet Paid

	£
Cleaning Contract	485
Window Cleaning	107
Refuse Collection	300
General Repairs & Maintenance	103
Grounds Maintenance	1,115
Accountancy Fees	2,301
Electricity	(316)
	<u>4,095</u>

7 Income & Expenditure Reserve

	£
Balance Brought Forward from 31st December 2012	(1,522)
Current Years Surplus Transferred	3,501
Write offs re prior years	(470)
Income & Expenditure Reserve Balance as at 31st December 2013	<u>1,509</u>

8 Transactions with directors of Knights Grove (North Baddesley) MCL

During the period, an employee of Residential Management Group Limited was a Director of the company. Residential Management Group Limited acted as managing agent and may have provided associated services including accounts preparation. Company Secretarial services may have been provided by Hertford Company Secretaries Limited, a subsidiary of Residential Management Group Limited.

**Appendix to Service Charge Statement of Account for Knights Grove (North Baddesley)****For the Accounting Period from 1st January 2013 to 31st December 2013**

£

£

**Reserve Fund Estate**

Balance Brought Forward from 31st December 2012	33,825
Reserve Fund Bank Account Interest Received Net	16
Reserve Contributions	8,104
Less Expenditure	
Internal Redecoration	(7,946)
Replanting on Site	(5,062)
Install High Security Fence	(600)
Removal of the fallen tree	(252)
Project Management Fees	(795)
	<u>27,290</u>



Appendix to Service Charge Statement of Account for Knights Grove (North Baddesley)For the Accounting Period from 1st January 2013 to 31st December 2013

£

£

Income & Expenditure Service Charge Estate

Balance Brought Forward from 31st December 2012	(1,522)
Write offs re prior years	(470)
Current Years Surplus/Deficit Transferred	2,626
	<hr/> <hr/>
	634