

**Knights Grove (North Baddesley) Management Company Limited**  
**(Limited By Guarantee)**

**MANAGEMENT ACCOUNTS**

**For the Year to 31st December 2016**

**CONTENTS**

Page 1	Accountant's Report
Page 2	Balancing Statement
Page 3	Income & Expenditure Account
Page 4-5	Notes
Page 6	Ground Rent Balancing Statement

Knights Grove (North Baddesley) Management Company Limited

Accountant's Report to the members of Knights Grove (North Baddesley) Management Company Limited

You have stated that an audit, of the maintenance accounts, in accordance with International Standards on Auditing is not required. In accordance with the terms of our engagement letter we have performed the procedures agreed with you and enumerated below with respect to the Management Accounts set out on Pages 2-6 in respect of Knights Grove (North Baddesley) Management Company Limited for the Year Ended 31st December 2016. In order to provide a report of factual findings about the Management Accounts that you have issued.

This report is made to the Directors of the Company for issue with the management accounts. Our work has been under-taken to enable us to make this report and for no other purposes. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Directors 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 Management Accounts were as follows:-

1. We obtained the Management Accounts and checked whether the figures in the accounts were extracted correctly from the accounting records maintained by, or on behalf of, the Company
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 the maintenance charge monies for this property shown on the Balancing statement of the Management Accounts agreed or reconciled to the Bank Statements for the accounts in which the funds are held.

Because the above procedures do not constitute an audit or review made in accordance with International Standards on Auditing (ISA UK & Ireland) or International Standards on Review Engagements (ISRE), we do not express any assurance on the Management 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, detailed above, 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 maintenance charge and reserve account monies shown on the Balancing statement was correct
- d. Maven Accountants Limited was appointed from 01st April 2016 and remains appointed at the date of the signing of this report.

Date: 08/06/2017  
PO Box 634  
Eastleigh  
SO50 0LL

Signature:  
Maven Accountants Limited

*Maven Accountants Limited*

TRUST ACCOUNT

Management Accounts for Knights Grove (North Baddesley) Management Co Ltd  
Balancing Statement as at 31st December 2016

<u>ASSETS</u>	<u>Notes</u>	<u>£</u>	<u>£</u>
Maintenance Charges Owed by Tenants			2,229
Prepaid Expenses			38
Cash at Bank			55,371
 <u>LESS: LIABILITIES</u>			
Maintenance Charges paid in Advance		1,266	
Costs Relating to this or Previous Period but not yet paid	4	2,304	
			3,569
 <u>NET ASSETS</u>			 <u><u>54,068</u></u>
 <u>RESERVE FUND</u>	5		 39,257
<u>MAINTENANCE CHARGE FUND</u>	6		14,811
 <u>TOTAL RESERVE FUND</u>			 <u><u>54,068</u></u>

Approved by the Board on 13/6/17 and signed on its behalf by

S. McCulloch  
 ..... S McCulloch-Chairman

J Cook  
 ..... J Cook ACMA- Finance Director

**TRUST ACCOUNT**Management Accounts for Knights Grove (North Baddesley) Management Co LtdFor the Accounting period from 01st January 2016 to 31st December 2016Income & Expenditure Account

	<u>Notes</u>	Budget 2017 £	Actual 2016 £	Budget 2016 £
<b>Income</b>				
Maintenance Charges Receivable	1a	45,356	41,336	39,315
Bank Interest Received Net		-	-	-
<b>Estate Maintenance</b>				
Grass Cutting		640	594	640
Landscaping		11,280	8,000	8,000
Tree Surgery		1,000	1,041	1,000
Ditches & Balancing Pond		500	500	500
Repairs & Maintenance		1,000	1,354	2,000
<b>Flats Maintenance</b>				
Communal Cleaning		3,120	3,120	3,120
Window Cleaning		1,416	1,240	1,600
Electrical Maintenance		1,195	-	1,195
Door Entry & Fire Alarm		450	114	450
Repairs & Maintenance		1,000	1,399	1,000
Gardening		-	-	-
Electricity		750	692	750
Water		-	£28	-
Drainage		600	-	600
Transfer from Reserves		-	-	-
<b>Insurance</b>				
Buildings Insurance		3,954	3,318	3,869
Public Liability Insurance		766	727	716
Directors' Insurance		555	526	537
<b>Management Fees</b>				
Accounts		4,500	5,225	5,000
Debt Collection Costs		1,000	22	1,000
Legal & Professional Fees		-	900	-
Printing, Postage & Stationary		50	6	50
Administration Costs		-	16	-
Internet Costs		150	149	30
Bank Charges		100	-	100
Directors' Expenses		1,200	816	900
Venue Hire, Entertainment		84	42	84
Payment Incentive		-	1,079	-
Consultancy Charges		2,500	-	-
Budgeting Fees		2,500	-	-
<b>Contributions Transferred to Reserve Fund</b>				
Reserve Fund Contribution		5,046	6,174	6,174
<b>Total Expenditure</b>		45,356	37,081	39,315
<b>SURPLUS AT END OF ACCOUNTING PERIOD</b>		-	£8,253	-

## TRUST ACCOUNT

### Notes to Management Accounts for Knights' Grove (North Baddesley) Management Company Ltd For the Year to 31st December 2016

#### 1. Accounting Policies

The Accounts are prepared in accordance with the lease or Land Transfer Contract and on the accruals basis.

#### 1a. Service Charge Income

The Service Charge Income is higher than budget as a result of a correction to an error in the 2014 accounts. Service Charge Income had been incorrectly deferred in that year, resulting in Deferred Income being incorrectly carried forward on the Balance Sheet. It was decided, by the Directors, to reverse this error in the 2016 Accounts and as a result this increased in the level of Service Charge released to the Income & Expenditure Account.

Please note that this adjustment is purely an accounting adjustment and did not result in any resident suffering any additional service charges in 2016, or any prior year, over and above the previously advised and budgeted levels.

#### 2. Tax Provided on Bank Interest Received

Maintenance Charge monies are held on Trust in accordance with Section 42, Landlord & Tenant Act 1987. Interest held on Maintenance Charge monies held on Deposit is Taxable, at the basic rate on income tax. The rate of tax applied to interest received, during the period, was 20% which was deducted at source.

3. Bank Balances	£
Reserve Account	22,581
Maintenance Charge Account	32,790
	<u>55,371</u>

All Bank Accounts are held in Trust in accordance with Section 42 (Landlord & Tenant Act 1987) at:

Barclays Bank Plc. (Barclays), 69B High Street, Southampton, Hampshire, SO14 7DZ

Under the title:

Account Name: Knights Grove (North Baddesley) Management Company Limited  
Account Number(s): 20748641, 00648183 & 20192139

4. Costs Relating to this or Previous Period but not Yet Paid	£
TVBC	119
Directors' Expenses	210
Electricity	100
Willow Services	125
Accountancy	1,750
	<u>2,304</u>

#### 5. Reserve Fund

The Reserve Fund has been established in accordance with the lease or Land Transfer Contract to provide funds to meet the costs of future anticipated expenditure

	£
Balance Brought Forward from 31st December 2015	35,751
Reserve Fund Bank Account Interest Received Net	44
Contribution to Roof Repair - Chilcott Court	(60,712)
Reserve Contributions	<u>6,174</u>
	39,257
Add: Maintenance Fund for the year	14,811
Balance Carried Forward as at 31st December 2016	54,068

Apportioned as:

Estate	23,626	7,479	31,105
1-12 Chilcott Court Flats (12)	5,297	2,251	7,548
29-39 Borden Way Flats (6)	4,541	2,474	7,015
1-6 Harris Way Flats (6)	4,541	2,451	6,992
Flats over Garages (5)	1,204	54	1,258
Garages (13)	48	103	151
	<u>39,257</u>	<u>14,811</u>	<u>54,068</u>

**TRUST ACCOUNT**

Notes to Management Accounts for Knights Grove (North Baddesley) Management Company Ltd.  
For the Year to 31st December 2016

6	<u>Maintenance Charge Fund</u>	£
	Balance Brought forward from 31st December 2015	10,556
	Current Years Surplus Transferred	4,255
	Income & Expenditure Reserve Balance as at 31st December 2016	<u>14,811</u>

7 Transactions with Directors of Knights Grove (North Baddesley) MCL

No salaries are paid. Expenses are re-imbursed at cost. Service Charges are paid to the company at the standard rates.

8 Ground Rent

The Company act as Trustee on behalf of the Freeholder

**TRUST ACCOUNT**

Notes to Management Accounts for Knights Grove (North Baddesley) Management Company Ltd  
For the Year to 31st December 2016  
Ground Rent Balancing Statement as at 31st December 2016

<u>ASSETS</u>	<u>£</u>
Cash at Bank	6,866
Debtors	259
Tfr from Service Charge Acct	757
<b>ASSETS HELD</b>	<b><u>7,883</u></b>
<b>FREEHOLD ACCOUNT</b>	
Brought Forward	3,628
Movement in the Year	4,255
<b>DUE TO FREEHOLDER</b>	<b><u>7,883</u></b>