

STATEMENT OF SERVICE CHARGE INCOME & EXPENDITURE

FOR THE YEAR ENDED 31 DECEMBER 2017

FOR

KINGS COURT

**KINGS COURT
SERVICE CHARGE ACCOUNTS
31ST DECEMBER 2017**

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KINGS COURT

**ACCOUNTANTS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017**

ACCOUNTANTS' REPORT OF FACTUAL FINDINGS TO THE LANDLORD OF KINGSCOURT

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 Kings Court. In accordance with 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 2 to 5 in respect of the year ended 31 December 2017 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 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 2 of the service charge accounts agreed or reconciled to the bank statements for the account 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 page 2 of the service charge accounts agrees or reconciles to the bank statement for the account in which the funds are held.



28th February 2019

E R Grove & Co Limited
Chartered Accountants
Grove House
Coombs Wood Court
Steel Park Road
Halesowen
West Midlands
B62 8BF

KINGS COURT

**SERVICE CHARGE INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2017**

Notes	Actual 2017 £	Budget 2017 £	Actual 2016 £
Income relating to the period			
Service charges	126,710	126,710	120,636
Gross interest	12	--	23
	<u>126,722</u>	<u>126,710</u>	<u>120,659</u>
Expenditure Relating to the period			
Maintenance and Services:			
Household and cleaning	7,083	6,000	6,042
Window cleaning	1,280	3,000	1,280
Ground maintenance	4,951	6,500	6,360
Repairs and maintenance	4,341	--	31,445
Repairs and maintenance- External	51,720	15,500	--
Repairs and maintenance -M&E	18,435	9,250	--
Pest Control	1,434	1,500	744
Fire Alarm Equipment	1,065	1,000	5,124
Utilities:			
Electricity costs	7,592	8,500	6,405
Water costs	11,985	14,000	13,026
Administration:			
Insurance	10,409	12,500	11,062
Professional fees	2,100	--	7,352
Management fees	15,000	15,240	15,000
Management company expenses	191	--	190
Accountancy fees	2,226	2,200	2,100
(Withdrawal from) Allocation to long term maintenance fund	-13,090	31,520	14,529
	<u>126,722</u>	<u>126,710</u>	<u>120,659</u>
Total Expenditure	<u>126,722</u>	<u>126,710</u>	<u>120,659</u>
Excess (deficit) funds	<u>-</u>	<u>-</u>	<u>-</u>

KINGS COURT
BALANCE SHEET
AS AT 31 DECEMBER 2017

	Notes	2017 £	2016 £
Assets			
Due from lessees		19,281	19,075
Service charge bank accounts	2	46,602	61,041
Other debtors		4,411	5,411
Prepayments		11,900	12,095
		82,194	97,622
Liabilities			
Due to lessees:			
Service Charge received in advance		2,653	1,043
Service Charge demanded in advance		28,605	41,168
Trade creditors		21,156	12,157
Accruals		7,814	8,198
		21,966	35,056
Net Assets			
		21,966	35,056
Reserves:			
Long term maintenance fund	3	21,966	35,056
		21,966	35,056
Balance as at 31 December 2017		21,966	35,056

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NOTES TO THE STATEMENT OF SERVICE CHARGE INCOME & EXPENDITURE FOR THE YEAR ENDED 31 DECEMBER 2017

1. Accounting policies

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

2. Bank account

Service charge money was held in trust at Barclays Bank Plc under the title KWB Kings Court.

3. Reserve funds

The general reserve has been established to meet the cost of large, non-regular repair and maintenance work. The present level of the funds may prove insufficient, given the uncertainty as to when further such costs may arise.

Long term maintenance fund	2017	2016
	£	£
Balance brought forward	35,056	20,527
Allocation for the year	-13,090	14,529
Balance carried forward	<u>21,966</u>	<u>35,056</u>