

**KINGS & QUEENS COURTS**  
**BRIDGE STREET, BIRMINGHAM**

**(Service Charge Account)**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**  
**24 MARCH 2019**

## KINGS & QUEENS COURTS (Service Charge Account)

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## KINGS & QUEENS COURTS (Service Charge Account)

### ACCOUNTANT'S REPORT OF FACTUAL FINDINGS TO THE MANAGING AGENT OF KINGS & QUEENS COURTS

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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 & Queens Courts. In accordance with our engagement letter dated 22 June 2012 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 Kings & Queens Courts for the period ended 24 March 2019 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 "*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 managing agent;
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 3 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 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 making the factual statements 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 on 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 the service charge monies shown on page 3 of the service charge accounts agrees or reconciles to the bank statements for the accounts in which the funds are held.

Allen Rose  
Allen Rose (Nov 21, 2019)

Signed

21/11/2019

Date

Allen Rose  
Chartered Certified Accountants  
Technology Centre, Wolverhampton Science Park  
Glaisher Drive  
Wolverhampton  
WV10 9RU

## KINGS & QUEENS COURTS (Service Charge Account)

### INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 24 MARCH 2019

	Notes	2019	2018
		£	£
<b>Income relating to the period</b>			
<i>Service charges</i>		70,535	134,481
<i>Other income</i>		255	-
<i>Sale of gate key fobs</i>		160	40
<i>Bank interest received (net of tax)</i>	2	225	12
Total income receivable		<u>71,175</u>	<u>134,533</u>
<b>Expenditure relating to the period</b>			
Repairs and maintenance:			
<i>General repairs and maintenance</i>		2,582	1,994
<i>Emergency out of hours cover</i>		302	-
<i>Planned maintenance programme (PMP)</i>		-	454
<i>Lift repairs and maintenance contract</i>		4,264	-
<i>Cleaning</i>		4,094	1,986
<i>Window cleaning</i>		2,310	1,925
<i>Grounds maintenance</i>		5,429	4,892
<i>Rubbish removal</i>		-	492
<i>Gate maintenance</i>		3,566	914
<i>Door entry maintenance</i>		-	360
<i>Drains maintenance</i>		366	732
<i>Fire alarm &amp; emergency lighting service maintenance</i>		5,679	1,110
<i>External light upgrade</i>		-	-
<i>Television aerial maintenance</i>		78	78
Major works:			
<i>Landscape improvements</i>		-	840
Utilities:			
<i>Electricity</i>		4,849	4,636
<i>Telephone</i>		495	434
Professional fees:			
<i>Accountancy fees</i>		1,560	1,938
<i>Legal and professional fees</i>		2,200	1,596
<i>Health and Safety risk inspections</i>		660	-
Managing agent fees		7,800	8,178
Insurance - Building and terrorism insurance		5,776	7,350
Insurance - Engineering (lifts)		443	476
General expenses:			
<i>Sundry expenses</i>		428	256
<i>Pest control</i>		1,944	540
<i>Bank charges</i>		12	7
Transfer to General Reserve	6(a)	16,338	7,695
Transfer to Lift reserve	6(c)	-	25,000
Transfer to Windows reserve	6(d)	-	46,946
Transfer to Landscaping reserve	6(e)	-	6,000
Total Expenditure		<u>71,175</u>	<u>126,829</u>
<b>Surplus or (deficit) for the year</b>		<u>-</u>	<u>7,704</u>

## KINGS & QUEENS COURTS (Service Charge Account)

### BALANCE SHEET

AS AT 24 MARCH 2019

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	Notes	24 Mar 2019 £	24 Mar 2018 £
<b>Assets</b>			
Debtors	3	29,829	28,969
Cash at bank	4	<u>155,539</u>	<u>143,385</u>
		185,368	172,354
<b>Liabilities</b>			
	5	<u>(45,615)</u>	<u>(11,939)</u>
<b>Net assets</b>		<u>139,753</u>	<u>160,415</u>
<b>RESERVES</b>			
General reserve	6(a)	31,753	15,415
Long term maintenance reserve	6(b)	-	-
Lift reserve	6(c)	25,000	25,000
Windows reserve	6(d)	77,000	114,000
Landscaping reserve	6(e)	<u>6,000</u>	<u>6,000</u>
Carried forward		<u>139,753</u>	<u>160,415</u>

This statement of account was approved by KWB Property Management Ltd as the managing agent.

*Nicola Fagan*  
Nicola Fagan (Nov 4, 2019)

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KWB Property Management Ltd

04/11/2019

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Date

## KINGS & QUEENS COURTS (Service Charge Account)

### NOTES TO THE SERVICE CHARGE ACCOUNTS

#### FOR THE YEAR ENDED 24 MARCH 2019

#### 1. Accounting Policies

1.1 The accounts are prepared in accordance with the provisions of 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 year was 20% (2018: 20%).

#### 3. Debtors

	2019	2018
	£	£
Service charge in arrears	25,589	19,775
Prepaid expenses and other debtors	4,240	9,194
	<u>29,829</u>	<u>28,969</u>

#### 4. Bank accounts

Service charge money was held in trust at HSBC Bank, Leicester, LE87 2BB under the title KWB K&Q Free Ltd, account numbers, 43557472, 23541436.

#### 5. Creditors

	2019	2018
	£	£
Service charge received in advance	-	7,964
Other creditors	45,615	3,975
	<u>45,615</u>	<u>11,939</u>

#### 6. Reserve funds

The general reserve had been established to meet the cost of large, non-regular repair and maintenance work.

Any shortfall in these funds resulting from expenditure incurred will be charged to the Income and Expenditure account in that year.

##### 6(a) General reserve

	2019	2018
	£	£
Balance brought forward	15,415	32,649
Transfer (to)/from Window reserve	-	(32,649)
Surplus/(deficit) for the year to date	-	7,704
Interest received on reserve bank balance	-	16
Reserve provision	16,338	7,695
Balance carried forward	<u>31,753</u>	<u>15,415</u>

## KINGS & QUEENS COURTS (Service Charge Account)

### NOTES TO THE SERVICE CHARGE ACCOUNTS

#### FOR THE YEAR ENDED 24 MARCH 2019

##### 6(b) Long term maintenance reserve

	2019	2018
	£	£
Balance brought forward	-	34,405
Transfer to Window reserve	-	(34,405)
Balance carried forward	<u>-</u>	<u>-</u>

##### 6(c) Lift reserve

	2019	2018
	£	£
Balance brought forward	25,000	-
Reserve provision	-	25,000
Balance carried forward	<u>25,000</u>	<u>25,000</u>

##### 6(d) Windows reserve

	2019	2018
	£	£
Balance brought forward	114,000	32,649
Transfer (to)/from Long term maintenance reserve	-	34,405
Reserve provision	-	46,946
Reimbursements to leaseholders	(37,000)	-
Balance carried forward	<u>77,000</u>	<u>114,000</u>

##### 6(e) Landscaping reserve

	2019	2018
	£	£
Balance brought forward	6,000	-
Reserve provision	-	6,000
Balance carried forward	<u>6,000</u>	<u>6,000</u>