

KINGS & QUEENS COURTS
BRIDGE STREET, BIRMINGHAM

(Service Charge Account)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED
24 MARCH 2018

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

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 2018 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.

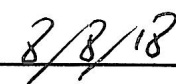
Report on factual findings

- (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
Chartered Certified Accountants
Technology Centre, Wolverhampton Science Park
Glaisher Drive
Wolverhampton
WV10 9RU

Signed



Date

KINGS & QUEENS COURTS (Service Charge Account)

INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 24 MARCH 2018

	Notes	2018		2017	
		Actual £	Budget £	Actual £	Budget £
Income relating to the period					
<i>Service charges</i>		134,481	134,480	68,482	68,480
<i>Other income</i>		-	-	100	-
<i>Sale of gate key fobs</i>		40	-	200	-
<i>Contribution from tenants for repairs</i>		-	-	797	-
<i>Bank interest received (net of tax)</i>	2	12	-	11	-
Total income receivable		134,533	134,480	69,590	68,480
Expenditure relating to the period					
Repairs and maintenance:					
<i>General repairs and maintenance</i>		1,994	5,500	5,730	5,500
<i>Repairs recharged to tenants</i>		-	-	857	-
<i>Planned maintenance programme (PMP)</i>		454	-	-	14,058
<i>Lift repairs and maintenance contract</i>		-	300	-	300
<i>Cleaning</i>		1,986	3,000	2,264	3,000
<i>Window cleaning</i>		1,925	2,500	2,100	2,500
<i>Grounds maintenance</i>		4,892	4,200	4,200	4,120
<i>Rubbish removal</i>		492	-	-	-
<i>Tree surgery</i>		-	-	-	500
<i>Gate maintenance</i>		914	1,570	1,818	490
<i>Gate repairs</i>		-	-	5,555	1,000
<i>Door entry maintenance</i>		360	-	360	-
<i>Drains maintenance</i>		732	600	-	600
<i>Fire alarm & emergency lighting service maintenance</i>		1,110	480	3,355	480
<i>External light upgrade</i>		-	-	10,135	300
<i>Television aerial maintenance</i>		78	300	102	500
Major works:					
<i>Landscape improvements</i>		840	9,500	-	3,000
<i>Window replacement</i>		-	37,000	-	-
Utilities:					
<i>Electricity</i>		4,636	3,000	1,802	3,000
<i>Telephone</i>		434	425	423	405
Professional fees:					
<i>Accountancy fees</i>		1,938	1,680	1,320	1,410
<i>Legal and professional fees</i>		1,596	2,000	22	1,500
<i>Administration fees</i>		-	-	-	200
<i>Health and Safety risk inspections</i>		-	360	-	360
Managing agent fees		8,178	10,174	7,234	9,202
Insurance - Building and terrorism insurance		7,350	8,712	10,622	13,300
Insurance - Engineering (lifts)		476	-	470	500
General expenses:					
<i>Sundry expenses</i>		256	13	(22)	-
<i>Pest control</i>		540	525	912	525
<i>Bank charges</i>		7	-	-	-
Transfer to General Reserve	6(a)	7,695	-	-	-
Transfer to Long term maintenance reserve	6(b)	-	17,641	1,730	1,730
Transfer to Lift reserve	6(c)	25,000	25,000	-	-
Transfer to Windows reserve	6(d)	46,946	-	-	-
Transfer to Landscaping reserve	6(e)	6,000	-	-	-
Total Expenditure		126,829	134,480	60,989	68,480
Surplus or (deficit) for the year		7,704	-	8,601	-

KINGS & QUEENS COURTS (Service Charge Account)

BALANCE SHEET

AS AT 24 MARCH 2018

	Notes	24 Mar 2018 £	24 Mar 2017 £
Assets			
Debtors	3	28,969	11,173
Cash at bank	4	<u>143,385</u>	<u>74,877</u>
		172,354	86,050
Liabilities			
	5	<u>(11,939)</u>	<u>(18,996)</u>
Net assets		<u>160,415</u>	<u>67,054</u>
RESERVES			
General reserve	6(a)	15,415	32,649
Long term maintenance reserve	6(b)	-	34,405
Lift reserve	6(c)	25,000	-
Windows reserve	6(d)	114,000	-
Landscaping reserve	6(e)	<u>6,000</u>	<u>-</u>
Carried forward		<u>160,415</u>	<u>67,054</u>

This statement of account was approved by Wolf's Block Management Limited as the managing agent.



Wolf's Block Management Limited



Date

KINGS & QUEENS COURTS (Service Charge Account)

NOTES TO THE SERVICE CHARGE ACCOUNTS

FOR THE YEAR ENDED 24 MARCH 2018

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% (2017: 20%).

3. Debtors

	2018	2017
	£	£
Service charge in arrears	19,775	3,956
Prepaid expenses and other debtors	9,194	7,217
	<u>28,969</u>	<u>11,173</u>

4. Bank accounts

Service charge money was held in trust at HSBC Bank, 18 High Street, Burton On Trent, Staffordshire, DE14 1HU under the title Wolf's Block Management Limited - K & Q Client A/c, account numbers, 63664198, 83664228.

5. Creditors

	2018	2017
	£	£
Service charge received in advance	7,964	15,288
Accrued expenses	3,975	3,708
	<u>11,939</u>	<u>18,996</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

	2018	2017
	£	£
Balance brought forward	32,649	24,048
Transfer (to)/from Window reserve	(32,649)	-
Surplus/(deficit) for the year to date	7,704	8,601
Interest received on reserve bank balance	16	-
Reserve provision	7,695	-
Balance carried forward	<u>15,415</u>	<u>32,649</u>

KINGS & QUEENS COURTS (Service Charge Account)

NOTES TO THE SERVICE CHARGE ACCOUNTS (continued)

FOR THE YEAR ENDED 24 MARCH 2018

6. Reserve funds (continued)

The Lift reserves have been established to provide funds to meet costs of major repairs or replacement of the Lifts at Kings and Queens Courts.

The Windows reserve had been established to provide funds to meet costs of major repairs or replacement of the windows at Kings and Queens Courts.

The Landscaping reserve had been established to provide funds to meet costs of major repairs or planned maintenance of the grounds at Kings and Queens Courts.

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

6(b) Long term maintenance reserve

	2018	2017
	£	£
Balance brought forward	34,405	42,820
Transfer to Window reserve	(34,405)	-
Interest received on reserve bank balance	-	19
Reserve provision	-	1,730
Major works: Install DUO heat storage heaters	-	(10,164)
Balance carried forward	<u>-</u>	<u>34,405</u>

6(c) Lift reserve

	2018	2017
	£	£
Reserve provision	<u>25,000</u>	-
Balance carried forward	<u>25,000</u>	-

6(d) Windows reserve

	2018	2017
	£	£
Transfer (to)/from General reserve	32,649	-
Transfer (to)/from Long term maintenance reserve	34,405	-
Reserve provision	46,946	-
Balance carried forward	<u>114,000</u>	-

6(e) Landscaping reserve

	2018	2017
	£	£
Reserve provision	<u>6,000</u>	-
Balance carried forward	<u>6,000</u>	-