

KINGS & QUEENS COURTS
BRIDGE STREET, BIRMINGHAM

(Service Charge Account)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED
24 MARCH 2017

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 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 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 2017

| | Notes | 2017 | | 2016 | |
|--|-------|---------------|---------------|---------------|---------------|
| | | Actual £ | Budget £ | Actual £ | Budget £ |
| Income relating to the period | | | | | |
| <i>Service charges</i> | | 68,482 | 68,480 | 68,482 | 71,750 |
| <i>Other income</i> | | 100 | - | 100 | - |
| <i>Sale of gate key fobs</i> | | 200 | - | - | - |
| <i>Contribution from tenants for repairs</i> | | 797 | - | 494 | - |
| <i>Bank interest received (net of tax)</i> | 2 | 11 | - | 8 | - |
| Total income receivable | | 69,590 | 68,480 | 69,084 | 71,750 |
| Expenditure relating to the period | | | | | |
| Repairs and maintenance: | | | | | |
| <i>General repairs and maintenance</i> | | 5,730 | 5,500 | 13,873 | 5,500 |
| <i>Repairs recharged to tenants</i> | | 857 | - | 494 | - |
| <i>Planned maintenance programme (PMP)</i> | | - | 14,058 | 5,062 | 14,058 |
| <i>Lift repairs and maintenance contract</i> | | - | 300 | 1,804 | 300 |
| <i>Cleaning</i> | | 2,264 | 3,000 | 3,336 | 3,000 |
| <i>Window cleaning</i> | | 2,100 | 2,500 | 2,100 | 2,500 |
| <i>Ground maintenance</i> | | 4,200 | 4,120 | 3,850 | 4,120 |
| <i>Tree surgery</i> | | - | 500 | 1,560 | 500 |
| <i>Gate maintenance</i> | | 1,818 | 490 | 1,364 | 490 |
| <i>Gate repairs</i> | | 5,555 | 1,000 | 1,286 | 1,000 |
| <i>Door entry maintenance</i> | | 360 | - | - | - |
| <i>Drains maintenance</i> | | - | 600 | - | 600 |
| <i>Fire alarm & emergency lighting service maintenance</i> | | 3,355 | 480 | - | 480 |
| <i>External light upgrade</i> | | 10,135 | 300 | - | 300 |
| <i>Television aerial maintenance</i> | | 102 | 500 | 1,601 | 500 |
| Major works: | | | | | |
| <i>Landscape improvements</i> | | - | 3,000 | - | 3,000 |
| Utilities: | | | | | |
| <i>Electricity</i> | | 1,802 | 3,000 | 2,306 | 3,000 |
| <i>Telephone</i> | | 423 | 405 | 354 | 406 |
| Professional fees: | | | | | |
| <i>Accountancy fees</i> | | 1,320 | 1,410 | 1,200 | 1,410 |
| <i>Legal and professional fees</i> | | 22 | 1,500 | 1,562 | 1,500 |
| <i>Administration fees</i> | | - | 200 | 58 | 200 |
| <i>Health and Safety risk inspections</i> | | - | 360 | - | 360 |
| Managing agent fees | | 7,234 | 9,202 | 6,814 | 9,202 |
| Insurance - Building and terrorism insurance | | 10,622 | 13,300 | 12,759 | 13,800 |
| Insurance - Engineering (lifts) | | 470 | 500 | 514 | - |
| General expenses: | | | | | |
| <i>Sundry expenses</i> | | (22) | - | 92 | - |
| <i>Pest control</i> | | 912 | 525 | 1,380 | 524 |
| Transfer to Long term maintenance reserve | 6(b) | 1,730 | 1,730 | 5,000 | 5,000 |
| Total Expenditure | | 60,989 | 68,480 | 68,369 | 71,750 |
| Surplus or (deficit) for the year | | 8,601 | - | 715 | - |

KINGS & QUEENS COURTS (Service Charge Account)

BALANCE SHEET

AS AT 24 MARCH 2017

| | Notes | 24 Mar 2017 £ | 24 Mar 2016 £ |
|-------------------------------|-------|------------------|------------------|
| Assets | | | |
| Debtors | 3 | 11,173 | 17,743 |
| Cash at bank | 4 | <u>74,877</u> | <u>63,010</u> |
| | | 86,050 | 80,753 |
| Liabilities | 5 | <u>(18,996)</u> | <u>(13,885)</u> |
| Net assets | | <u>67,054</u> | <u>66,868</u> |
| RESERVES | | | |
| General reserve | 6(a) | 32,649 | 24,048 |
| Long term maintenance reserve | 6(b) | <u>34,405</u> | <u>42,820</u> |
| Carried forward | | <u>67,054</u> | <u>66,868</u> |

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

Wolf's PM Ltd
Wolf's Property Management Ltd

27/3/17
Date

KINGS & QUEENS COURTS (Service Charge Account)

NOTES TO THE SERVICE CHARGE ACCOUNTS

FOR THE YEAR ENDED 24 MARCH 2017

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% (2016: 20%).

3. Debtors

| | 2017 | 2016 |
|------------------------------------|---------------|---------------|
| | £ | £ |
| Service charge in arrears | 3,956 | 5,702 |
| Prepaid expenses and other debtors | 7,217 | 12,041 |
| | <u>11,173</u> | <u>17,743</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 Property Management Limited - K & Q Client A/c, account numbers, 63664198, 83664228.

5. Creditors

| | 2017 | 2016 |
|------------------------------------|---------------|---------------|
| | £ | £ |
| Service charge received in advance | 15,288 | 7,002 |
| Other creditors | - | 2,511 |
| Accrued expenses | 3,708 | 4,372 |
| | <u>18,996</u> | <u>13,885</u> |

KINGS & QUEENS COURTS (Service Charge Account)

NOTES TO THE SERVICE CHARGE ACCOUNTS (continued)

FOR THE YEAR ENDED 24 MARCH 2017

6. Reserve funds

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

The long term maintenance reserves have been established to provide funds to meet costs of major repairs scheduled for the longer term.

The K & Q Freeholder (ground rent) reserve had been established to provide funds to meet costs of legal expenses in relation to extension of leases, or any other expenditure approved by the company.

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

| | 2017 | 2016 |
|---|---------------|---------------|
| | £ | £ |
| Balance brought forward | 24,048 | 73,249 |
| Surplus/(deficit) for the year to date | 8,601 | 715 |
| Transfer (to) or from long term maintenance reserve | - | (49,916) |
| Balance carried forward | <u>32,649</u> | <u>24,048</u> |
| Analysed as follows: | | |
| Kings Court | 16,118 | 11,878 |
| Queens Court | <u>16,531</u> | <u>12,170</u> |
| | <u>32,649</u> | <u>24,048</u> |

6(b) Long term maintenance reserve

| | 2017 | 2016 |
|---|---------------|---------------|
| | £ | £ |
| Balance brought forward | 42,820 | - |
| Transfer from general reserve | - | 49,916 |
| Interest received on bank balance | 19 | 48 |
| Reserve provision | 1,730 | 5,000 |
| Major works: New gutters and downpipes | - | (12,144) |
| Major works: Install DUO heat storage heaters | (10,164) | - |
| Balance carried forward | <u>34,405</u> | <u>42,820</u> |

6(c) K & Q Freeholder reserve (Ground rent)

| | 2017 | 2016 |
|--|----------|----------|
| | £ | £ |
| Balance brought forward | - | 36,273 |
| Transfer reserve to management company | - | (36,273) |
| Balance carried forward | <u>-</u> | <u>-</u> |