

Certified Service Charge Accounts

For the Year Ended 31 December 2017

for

Lacuna Estate

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Lacuna Estate

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For the Year Ended 31 December 2017

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Lacuna Estate

Service Charge Fund Information
For the Year Ended 31 December 2017

MANAGING AGENTS: LEMC Suite 167
5 Liberty Square
Kings Hill
West Maling
Kent
ME19 4AU

BANKERS: Santander
Bootle
Merseyside
L30 4GB

ACCOUNTANTS: A J Wheeler Limited
Chartered Certified Accountants
The Old Dance Hall
338 London Road
Portsmouth
Hampshire
PO2 9JY

Lacuna Estate

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 the property. 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 3 to 22 in respect of the property for 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 and their 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 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 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 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 10 of the service charge accounts agreed or reconciled to the bank statement 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 10 of the service charge accounts agrees or reconciles to the bank statement for the account in which the funds are held.

Signed:

Date:

A J Wheeler Limited
Chartered Certified Accountants
The Old Dance Hall
338 London Road
Portsmouth
Hampshire
PO2 9JY

Lacuna Estate

**Income and Expenditure Statement - Zone A
For the Year Ended 31 December 2017**

	2018 BUDGET	2017 BUDGET	2017 ACTUAL	2016 ACTUAL	2015 ACTUAL
Notes	£	£	£	£	£
INCOME					
Service charges raised	20,657.84	18,430.73	18,430.71	16,055.95	16,264.63
Total income receivable	20,657.84	18,430.73	18,430.71	16,055.95	16,264.63
EXPENDITURE					
Repairs & maintenance					
General repairs & maintenance	1,639.02	1,434.15	1,266.15	224.13	-
Landscaping	3,598.00	3,957.80	3,754.26	3,917.55	3,512.03
Landscaping other	-	-	-	-	-
Window cleaning	1,314.00	1,314.00	1,095.00	1,044.00	1,044.00
Professional fees					
Accountancy fees	745.90	745.90	747.03	744.48	300.00
Management fees	1,984.35	1,681.68	1,681.68	1,528.80	1,455.27
Insurances					
Property owners insurance	5,496.57	4,887.20	5,055.61	4,681.77	4,651.36
Sundry expenses					
Bank charges	-	-	-	-	-
Contributions to reserves					
General reserve	5	-	-	-	-
Individual redecoration reserve	8	5,880.00	4,410.00	4,415.39	4,066.16
Total expenditure	20,657.84	18,430.73	18,015.12	16,556.12	15,028.82
SURPLUS FOR THE PERIOD					
5	-	-	415.59	(500.17)	1,235.81

Lacuna Estate**Income and Expenditure Statement - Zone B
For the Year Ended 31 December 2017**

	Notes	2018 BUDGET £	2017 BUDGET £	2017 ACTUAL £	2016 ACTUAL £	2015 ACTUAL £
INCOME						
Service charges raised		24,453.21	22,095.78	22,095.76	19,382.68	19,909.98
Total income receivable		24,453.21	22,095.78	22,095.76	19,382.68	19,909.98
EXPENDITURE						
Repairs & maintenance						
General repairs & maintenance		1,951.22	1,707.32	1,507.32	266.82	-
Grounds maintenance		-	-	-	-	-
Landscaping		4,317.60	4,317.60	4,095.56	4,273.69	4,178.98
Landscaping other		-	-	-	-	-
Window cleaning		1,566.00	1,566.00	1,305.00	1,320.00	1,320.00
Professional fees						
Accountancy fees		745.90	745.90	747.03	744.48	300.00
Management fees		2,355.05	1,995.84	1,995.84	1,814.40	1,732.47
Insurances						
Property owners insurance		6,517.44	6,513.12	6,737.55	6,239.35	6,198.81
Sundry expenses						
Bank charges		-	-	-	-	-
Contributions to reserves						
General reserve	5	-	-	-	-	-
Individual redecoration reserve	8	7,000.00	5,250.00	5,252.71	5,252.71	4,907.83
Total expenditure		24,453.21	22,095.78	21,641.01	19,911.45	18,638.09
SURPLUS FOR THE PERIOD						
	5	-	-	454.75	(528.77)	1,271.89

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**Income and Expenditure Statement - Zone C
For the Year Ended 31 December 2017**

	2018 BUDGET	2017 BUDGET	2017 ACTUAL	2016 ACTUAL	2015 ACTUAL
Notes	£	£	£	£	£
INCOME					
Service charges raised	20,585.71	18,404.98	18,404.97	16,282.36	16,481.51
Total income receivable	20,585.71	18,404.98	18,404.97	16,282.36	16,481.51
EXPENDITURE					
Repairs & maintenance					
General repairs & maintenance	1,639.02	1,434.15	1,266.15	224.13	-
Landscaping	3,598.00	3,238.20	3,071.67	3,205.27	3,512.03
Landscaping other	-	-	-	-	-
Window cleaning	1,332.00	1,332.00	1,110.00	990.00	990.00
Professional fees					
Accountancy fees	745.90	745.90	747.03	744.48	300.00
Management fees	1,984.35	1,681.68	1,681.68	1,528.80	1,455.27
Insurances					
Property owners insurance	5,406.44	5,563.05	5,754.92	5,572.25	5,536.04
Sundry expenses					
Bank charges	-	-	-	-	-
Contributions to reserves					
General reserve	5	-	-	-	-
Individual redecoration reserve	8	5,880.00	4,410.00	4,412.52	4,120.38
Total expenditure	20,585.71	18,404.98	18,043.97	16,677.45	15,913.72
SURPLUS FOR THE PERIOD					
5	-	-	361.00	(395.09)	567.79

Lacuna Estate

Income and Expenditure Statement - Zone D
For the Year Ended 31 December 2017

	2018	2017	2017	2016	2015
	BUDGET	BUDGET	ACTUAL	ACTUAL	ACTUAL
Notes	£	£	£	£	£
INCOME					
Service charges raised	26,555.36	23,659.50	23,659.84	20,641.16	21,570.63
Total income receivable	26,555.36	23,659.50	23,659.84	20,641.16	21,570.63
EXPENDITURE					
Repairs & maintenance					
General repairs & maintenance	2,107.32	1,843.90	1,744.39	288.16	-
Landscaping	4,677.40	4,677.40	4,436.86	4,629.83	4,511.05
Landscaping other	-	-	-	-	-
Window cleaning	1,782.00	1,782.00	1,485.00	1,575.00	1,575.00
Professional fees					
Accountancy fees	745.90	745.90	747.03	744.48	300.00
Management fees	2,551.30	2,162.16	2,162.16	1,965.60	1,871.06
Insurances					
Property owners insurance	7,131.44	6,778.14	7,011.58	6,320.85	6,279.78
Sundry expenses					
Bank charges	-	-	-	-	-
Contributions to reserves					
General reserve	5	-	-	-	-
Individual redecoration reserve	8	7,560.00	5,670.00	5,779.52	5,392.66
Total expenditure	26,555.36	23,659.50	23,366.54	21,303.44	19,929.55
SURPLUS FOR THE PERIOD					
5	-	-	293.30	(662.28)	1,641.08

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Income and Expenditure Statement - Zone E
For the Year Ended 31 December 2017

	Notes	2018 BUDGET £	2017 BUDGET £	2017 ACTUAL £	2016 ACTUAL £	2015 ACTUAL £
INCOME						
Service charges raised		28,497.88	25,574.24	25,574.52	22,436.53	23,655.88
Total income receivable		28,497.88	25,574.24	25,574.52	22,436.53	23,655.88
EXPENDITURE						
Repairs & maintenance						
General repairs & maintenance		2,263.41	1,980.49	1,748.49	309.51	-
Landscaping		4,677.40	4,677.40	4,436.86	4,629.83	4,848.75
Landscaping other		-	-	-	-	-
Window cleaning		2,136.00	2,136.00	1,424.00	1,788.00	1,788.00
Professional fees						
Accountancy fees		745.90	745.90	747.03	744.48	300.00
Management fees		2,747.56	2,328.48	2,328.48	2,116.80	2,009.66
Insurances						
Property owners insurance		7,807.61	7,615.97	7,878.40	7,295.85	7,248.44
Sundry expenses						
Bank charges		-	-	-	-	-
Contributions to reserves						
General reserve	5	-	-	-	-	-
Individual redecoration reserve	8	8,120.00	6,090.00	6,080.30	6,080.30	5,913.97
Total expenditure		28,497.88	25,574.24	24,643.56	22,964.77	22,108.82
SURPLUS FOR THE PERIOD						
	5	-	-	930.96	(528.24)	1,547.06

Lacuna Estate**Income and Expenditure Statement - Communal
For the Year Ended 31 December 2017**

	2018 BUDGET	2017 BUDGET	2017 ACTUAL	2016 ACTUAL	2015 ACTUAL
Notes	£	£	£	£	£
INCOME					
Service charges raised	45,244.84	42,271.79	42,271.20	30,218.40	23,938.20
Bank interest received	-	-	41.45	111.79	135.31
Total income receivable	45,244.84	42,271.79	42,312.65	30,330.19	24,073.51
EXPENDITURE					
Repairs & maintenance					
Electrical maintenance	2,200.00	2,200.00	-	-	2,194.82
General repairs & maintenance	9,400.00	8,600.00	8,781.20	5,305.46	2,430.00
Landscaping	11,513.60	11,513.60	10,921.49	11,806.51	7,578.45
Landscaping other	-	-	-	-	1,235.69
Materials	2,000.00	1,500.00	360.00	1,523.79	686.38
Pest control	480.00	480.00	-	480.00	480.00
Utilities					
Electricity	600.00	1,000.00	257.60	8.92	1,126.42
Water	50.00	50.00	-	-	-
Professional fees					
Accountancy fees	1,070.50	1,070.50	1,070.85	1,067.66	600.00
Company secretariat fees	300.00	300.00	-	316.00	316.00
Health & safety risk assessment	300.00	300.00	-	-	-
Management fees	10,183.40	8,630.16	8,630.16	7,845.60	7,484.25
Insurances					
Directors and officers insurance	700.00	385.00	687.50	365.18	353.51
Property owners insurance	157.34	152.53	157.73	75.47	74.97
Sundry expenses					
Bank charges	90.00	90.00	82.50	90.00	105.00
Postage, copying etc.	1,200.00	1,000.00	1,106.44	1,366.43	832.68
Contributions to reserves					
General reserve	5 5,000.00	5,000.00	5,000.00	-	-
Total expenditure	45,244.84	42,271.79	37,055.47	30,251.02	25,498.17
SURPLUS FOR THE PERIOD					
5	-	-	5,257.18	79.17	(1,424.66)

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Income and Expenditure Statement - Flats
For the Year Ended 31 December 2017

	2018 BUDGET	2017 BUDGET	2017 ACTUAL	2016 ACTUAL
Notes	£	£	£	£
INCOME				
Service charges raised	5,155.00	5,284.00	5,284.00	4,708.42
Bank interest received	-	-	-	-
Total income receivable	<u>5,155.00</u>	<u>5,284.00</u>	<u>5,284.00</u>	<u>4,708.42</u>
EXPENDITURE				
Repairs & maintenance				
Landscaping	3,598.00	3,598.00	3,412.97	3,151.42
Window cleaning	<u>1,557.00</u>	<u>1,686.00</u>	<u>1,184.00</u>	<u>1,557.00</u>
Total expenditure	<u>5,155.00</u>	<u>5,284.00</u>	<u>4,596.97</u>	<u>4,708.42</u>
SURPLUS FOR THE PERIOD				
5	<u>-</u>	<u>-</u>	<u>687.03</u>	<u>-</u>

Lacuna Estate

Balance Sheet
31 December 2017

	Notes	2017	2016
		£	£
FIXED ASSETS		-	-
CURRENT ASSETS			
Cash at bank and in hand	2	139,834.10	124,536.87
Debtors	3	33,548.20	18,331.09
		<u>173,382.30</u>	<u>142,867.96</u>
CURRENT LIABILITIES			
Creditors	4	2,632.60	6,203.22
		<u>2,632.60</u>	<u>6,203.22</u>
NET CURRENT ASSETS		<u>170,749.70</u>	<u>136,664.74</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>170,749.70</u>	<u>136,664.74</u>
RESERVES			
Reserves		<u>170,749.70</u>	<u>136,664.74</u>
MEMBERS' FUNDS		<u>170,749.70</u>	<u>136,664.74</u>

We, as managing agents approve the service charge accounts and confirm that we have made available all relevant records and information for their preparation. We confirm that there are no other costs we have been made aware of which need to be brought to your attention that may have been incurred by the freeholder during or relating to the period under review.

Signed:

Date:

Name:

Lacuna Estate

Notes to the Service Charge Accounts
For the Year Ended 31 December 2017

1. **ACCOUNTING POLICIES**

1.1 **Accounting convention**

The service charge accounts have been prepared in accordance with the terms of the lease and on an accruals basis under the historical cost convention.

2. CASH AT BANK AND IN HAND	2017 £	2016 £
Client account	139,834.10	124,536.87
	<u>139,834.10</u>	<u>124,536.87</u>

All funds are held in a designated client account by the managing agent. The details of the bank with which the account is held is shown on page 1.

3. DEBTORS	2017 £	2016 £
Service charge debtors	33,548.20	18,331.09
	<u>33,548.20</u>	<u>18,331.09</u>

Lacuna Estate

Notes to the Service Charge Accounts
For the Year Ended 31 December 2017

4. CREDITORS

	2017 £	2016 £
Trade creditors	2,632.60	6,203.22
	<u>2,632.60</u>	<u>6,203.22</u>

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Notes to the Service Charge Accounts
For the Year Ended 31 December 2017

5. GENERAL RESERVE - HOUSES

	2017 £	2016 £
Balance brought forward	1,279.16	52,547.98
Surpluses/deficits from Zones A-E	2,455.60	(2,528.90)
Ombudsman award	-	5,476.65
Arrears write off	-	(3,875.16)
Expenditure	(2,140.00)	-
Transfer to redecoration reserve	-	(50,341.41)
Balance carried forward	<u>1,594.76</u>	<u>1,279.16</u>

6. GENERAL RESERVE - COMMUNAL

	2017 £	2016 £
Balance brought forward	34,702.75	44,843.49
Interest	200.06	250.21
Directors service charges	(2,240.00)	(2,000.00)
Expenditure	-	(8,111.39)
Write down for 5 Edgar	-	(279.56)
Write down for former directors service charges	(899.59)	-
Contribution to communal reserves	5,000.00	-
Budget surplus	5,257.18	-
Balance carried forward	<u>42,020.40</u>	<u>34,702.75</u>

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

7. GENERAL RESERVE - FLATS

	2017 £	2016 £
Budget surplus	687.03	-
Write downs	(175.75)	-
Balance carried forward	<u>511.28</u>	<u>-</u>

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

Lacuna Estate

**Notes to the Service Charge Accounts
For the Year Ended 31 December 2017**

8. REDECORATION RESERVE - HOUSES 2016 CONTRIBUTION

	2017 £	2016 £
Balance brought forward	100,682.83	24,400.99
Transfer from houses	25,940.43	25,940.43
Transfer from general reserve	-	50,341.41
	<u>126,623.26</u>	<u>100,682.83</u>
Balance carried forward	<u>126,623.26</u>	<u>100,682.83</u>

The redecoration reserve fund has been established to meet the cost of the redecoration project which takes place once every 5 or 6 years.

9. SUMMARY OF MEMBERS' RESERVES

	2017 £	2016 £
Houses	1,594.76	1,279.16
Flats	511.28	-
Communal	42,020.40	34,702.75
Redecoration	126,623.26	100,682.83
	<u>170,749.70</u>	<u>136,664.74</u>