

Unaudited Service Charge Accounts
For the Year Ended 31 December 2019
for
Netherne Management Limited, Netherne on the Hill

Netherne Management Limited, Netherne on the Hill

Contents of the Service Charge Accounts
For the Year Ended 31 December 2019

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Netherne Management Limited, Netherne on the Hill

Service Charge Fund Information
For the Year Ended 31 December 2019

MANAGING AGENTS AND COMPANY SECRETARY	Stiles Harold Williams (SHW) One Jubilee Street Brighton East Sussex BN1 1GE												
RELEVANT COMPANY	Netherne Management Limited (NML) c/o Stiles Harold Williams One Jubilee Street Brighton East Sussex BN1 1GE												
COMPANY NUMBER	4026814												
DIRECTORS	SP Buczek, RH Shah, LG Sheldon, AJ Rodell, GT Smith, LP Ronan												
BANKERS	<table><tr><td>SHW Client Account</td><td>Bath Building Society</td></tr><tr><td>Barclays Bank</td><td>15 Queen Square</td></tr><tr><td>139-142 North Street</td><td>Bath</td></tr><tr><td>Brighton</td><td>Somerset</td></tr><tr><td>East Sussex BN1 1RU</td><td>BA1 2HN</td></tr></table>	SHW Client Account	Bath Building Society	Barclays Bank	15 Queen Square	139-142 North Street	Bath	Brighton	Somerset	East Sussex BN1 1RU	BA1 2HN		
SHW Client Account	Bath Building Society												
Barclays Bank	15 Queen Square												
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Brighton	Somerset												
East Sussex BN1 1RU	BA1 2HN												
	<table><tr><td>Shawbrook Bank</td><td>Aldermore Bank</td></tr><tr><td>Lutea House</td><td>1st Floor, Block B Western House</td></tr><tr><td>The Drive</td><td>Lynch Wood</td></tr><tr><td>Warley Hill Business Park</td><td>Peterborough</td></tr><tr><td>Brentwood</td><td>PE2 6FZ</td></tr><tr><td>Essex CM13 3BE</td><td></td></tr></table>	Shawbrook Bank	Aldermore Bank	Lutea House	1 st Floor, Block B Western House	The Drive	Lynch Wood	Warley Hill Business Park	Peterborough	Brentwood	PE2 6FZ	Essex CM13 3BE	
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The Drive	Lynch Wood												
Warley Hill Business Park	Peterborough												
Brentwood	PE2 6FZ												
Essex CM13 3BE													
ACCOUNTANTS	Richard Place Dobson Services Limited 1 – 7 Station Road Crawley West Sussex RH10 1HT												

Netherne Management Limited, Netherne on the Hill

Accountant's Report of Factual Findings to the Managing Agent of
Netherne Management Limited, Netherne on the Hill

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 Netherne Management Limited, Netherne on the Hill. In accordance with our engagement letter dated 11 June 2015, we have performed the procedures agreed with you and enumerated below with respect to the service charge accounts set out on pages 5 to 14 in respect of Netherne Management Limited, Netherne on the Hill for the year ended 31 December 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 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 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 9 of the service charge accounts agreed or reconciled to the bank statements for the accounts 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.

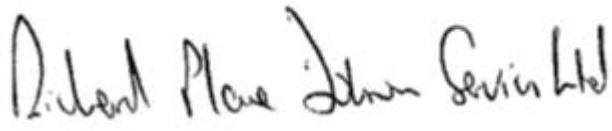
Netherne Management Limited, Netherne on the Hill

Accountant's Report of Factual Findings to the Managing Agent of
Netherne Management Limited, Netherne on the Hill (contd)

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 9 of the service charge accounts, reconciles to the bank statement for the accounts in which the funds are held.

Signed:



Date: 24 September 2020

Richard Place Dobson Services Limited
1 – 7 Station Road
Crawley
West Sussex
RH10 1HT

Netherne Management Limited, Netherne on the Hill

Income and Expenditure Statement
For the Year Ended 31 December 2019

	Notes	2019 (£)	2018 (£)	2017 (£)
INCOME				
Service charges raised (budget)		409,206.00	393,834.00	379,737.00
Total income receivable		409,206.00	393,834.00	379,737.00
EXPENDITURE				
Repairs & Maintenance		201,787.67	193,397.08	196,889.45
Utilities		57,318.78	61,093.04	25,445.84
Professional and management fees	3	61,191.64	64,094.20	81,846.30
Insurances		28,925.38	28,885.22	26,388.03
Staff costs		59,071.94	43,197.79	41,163.33
Sundry expenses		12,657.05	11,433.59	12,763.48
Total expenditure		420,952.46	402,100.92	384,496.43
DEFICIT FOR THE PERIOD	6	(11,746.46)	(8,266.92)	(4,759.43)

The notes form part of these service charge accounts.

A detailed breakdown of the above Income and Expenditure Statement, split between the Estate, the Village Hall and St Luke's Leisure Centre, is shown on the following pages.

	2019 (£)	2018 (£)	2017 (£)
OTHER INCOME			
Monies relating to exit fees	28,934.52	25,523.62	32,052.77
Annual estate rent charges	11,100.00	11,100.00	11,100.00
Bank and Building Society interest	3,708.17	2,096.67	3,966.70
Sundry Income	42.00	8.00	103.99
Interest on late payments	123.83	118.06	0.00
Telephone mast income	8,958.47	8,958.47	8,958.47
Village hall, pavilion and pool hire	15,308.57	20,185.00	11,464.50
Leisure Centre memberships	16,277.00	14,000.01	11,275.00
Service charges demanded over budget	1.59	2.85	702.59
OTHER EXPENDITURE			
Gym equipment lease fee	(4,851.60)	(5,252.40)	(9,435.36)
Bad debt write off / recognition	0.00	(365.42)	(360.79)
Estate major works	(3,138.00)	(21,593.31)	(92,431.46)
Village hall major works	(5,422.56)	(41,764.18)	(142,186.28)
St Lukes major works	(29,623.00)	(41,238.92)	(14,050.95)
NET OTHER INCOME (EXPENDITURE)	41,418.99	(28,221.55)	(178,840.82)

Netherne Management Limited, Netherne on the Hill

Notes to the Income and Expenditure Statement
Detailed Breakdown for the Estate (for the year ended 31 December 2019)

	Notes	2019 (£)	2018 (£)	2017 (£)
INCOME				
Service charges raised (budget)		162,506.00	153,030.00	143,150.00
Total income receivable		162,506.00	153,030.00	143,150.00
EXPENDITURE				
Repairs & Maintenance				
Cleaning		3,380.09	2,633.32	659.28
Fire alarm system & extinguishers		190.48	251.28	357.60
Electrical repairs & testing		377.00	0.00	0.00
General repairs and maintenance		3,086.01	9,984.78	9,318.92
Grounds equipment repairs		1,157.80	(1,013.03)	2,152.36
Intruder alarm & Redcare connection		280.00	345.00	801.00
Landscape maintenance		15,442.34	8,574.00	4,885.99
Mower fuel		1,151.52	1,654.40	2,040.64
Mower lease		8,326.32	8,326.32	8,326.32
Play area equipment		1,195.57	0.00	0.00
Snow plough, gritting and salt		0.00	1,291.99	0.00
Security Patrols		0.00	4,500.00	10,000.00
Utilities				
Electricity		667.65	531.01	183.00
Professional fees				
Accountancy fee		2,220.00	1,500.00	1,980.00
Management fees	3	55,800.00	55,800.00	54,600.00
Other professional fees	3	723.64	6,794.20	8,847.60
Insurances				
Insurances		1,784.82	1,784.74	931.96
Staff costs				
Staff costs		58,590.44	42,312.19	41,163.33
Staff training	3	481.50	555.60	0.00
Health & Safety		0.00	330.00	0.00
Sundry expenses				
Office expenses	3	4,464.77	3,155.15	3,598.81
Sundries		5,444.31	7,082.76	7,107.73
Total expenditure		164,764.26	156,393.71	156,954.54
DEFICIT FOR THE PERIOD		(2,258.26)	(3,363.71)	(13,804.54)

The notes form part of these service charge accounts.

Netherne Management Limited, Netherne on the Hill

Notes to the Income and Expenditure Statement
Detailed Breakdown for the Village Hall (for the year ended 31 December 2019)

	Notes	2019 (£)	2018 (£)	2017 (£)
INCOME				
Service charges raised (budget)		41,915.00	40,641.00	38,179.00
Total income receivable		41,915.00	40,641.00	38,179.00
EXPENDITURE				
Repairs & Maintenance				
Cleaning and cleaning materials		3,120.00	3,066.68	3,084.00
Electrical repairs and testing		794.00	0.00	85.00
Fire extinguishers		108.36	135.12	184.68
Fire system inspection		100.00	466.40	648.00
General repairs and maintenance		3,320.46	1,526.60	6,856.08
Gutter and drain clearance		288.00	0.00	180.00
Hall floor cleaning		3,660.00	0.00	1,800.00
Intruder alarm & Redcare connection		1,322.40	440.00	801.00
Health & Safety		0.00	330.00	0.00
Lightning protection		614.40	110.40	704.40
Sanitary services		3,547.47	4,632.42	4,405.79
Wall heaters annual service		340.20	2,371.82	708.00
Window cleaning		385.00	360.00	180.00
Utilities				
Electricity		4,086.69	2,983.85	2,863.20
Gas		2,672.60	2,042.46	961.06
Non domestic rates		(166.00)	3,875.00	(3,115.20)
Water		505.83	387.50	(170.22)
Professional fees				
Other professional fees	3	1,224.00	0.00	16,418.70
Insurances				
Property owners insurance		11,427.61	11,410.73	10,703.15
Sundry expenses				
Sundries		1,501.33	220.58	270.86
Total expenditure		38,852.35	34,359.56	47,568.50
SURPLUS FOR THE PERIOD		3,062.65	6,281.44	(9,389.50)

The notes form part of these service charge accounts.

Netherne Management Limited, Netherne on the Hill

Notes to the Income and Expenditure Statement
Detailed Breakdown for St Luke's (for the year ended 31 December 2019)

	Notes	2019 (£)	2018 (£)	2017 (£)
INCOME				
Service charges raised (budget)		204,785.00	200,163.00	198,408.00
Total income receivable		204,785.00	200,163.00	198,408.00
EXPENDITURE				
Repairs & Maintenance				
Access control & IT Turnstyle		2,391.83	2,363.60	2,003.82
Air handling units		5,807.99	0.00	1,984.80
Boiler maintenance and repair		1,287.36	3,122.16	1,332.00
Cleaning materials		1,840.77	1,725.50	1,728.32
Electrical repairs and testing		1,272.00	445.00	85.00
Emergency panic alarm		1,183.20	583.20	660.00
Fire extinguishers		112.08	306.48	325.44
Fire system inspection		100.00	2,847.40	890.40
Fitness equipment servicing		691.58	0.00	312.00
General repairs and maintenance		11,608.97	9,227.19	9,216.60
Gutter and drain clearance		216.00	0.00	180.00
Intruder alarm & Redcare connection		1,174.80	729.40	576.00
Health & Safety		498.00	539.98	480.00
Leisure centre operation		103,051.35	102,244.77	103,150.57
Lightning protection		110.40	110.40	218.40
Microbiological sampling		2,532.00	3,516.00	2,316.00
Pool chemicals/testing tablets		4,020.96	3,809.45	4,158.12
Pool maintenance		5,560.55	5,419.44	5,058.79
Refuse collection		746.20	760.55	667.90
Roof mounted gas heaters		0.00	2,038.16	255.00
Sanitary services		4,959.18	3,160.90	2,881.23
Window cleaning		435.00	460.00	230.00
Utilities				
Electricity		34,435.79	28,783.53	18,757.56
Gas		10,995.84	7,459.08	7,399.30
Non domestic rates		1,385.43	12,310.13	(4,535.83)
Water		2,734.95	2,720.48	3,102.97
Professional fees				
Other professional fees	3	1,224.00	0.00	0.00
Insurances				
Property owners insurance		15,712.95	15,689.75	14,752.92
Sundry expenses				
Sundries		1,246.64	975.10	1,786.08
Total expenditure		217,335.82	211,347.65	179,973.39
SURPLUS FOR THE PERIOD		(12,550.82)	(11,184.65)	18,434.61

Netherne Management Limited, Netherne on the Hill

Balance Sheet for the year ended 31 December 2019

	Notes	At 31.12.19 (£)	At 31.12.18 (£)	At 31.12.17 (£)
FIXED ASSETS				
CURRENT ASSETS				
Cash at bank and in hand	2	373,475.85	338,433.29	463,627.82
Debtors	4	31,998.76	49,529.31	45,673.70
		405,474.61	387,962.60	509,301.52
CURRENT LIABILITIES				
Creditors	5	(56,745.81)	(69,149.77)	(154,000.18)
NET CURRENT ASSETS		348,728.80	318,812.83	355,301.34
TOTAL ASSETS LESS CURRENT		348,728.80	318,812.83	355,301.34
RESERVES				
Reserve	6	348,728.80	318,812.83	355,301.34
MEMBERS' FUNDS		348,728.80	318,812.83	355,301.34

The notes form part of these service charge accounts.

This statement of account was approved by Teresa Scott for Stiles Harold Williams on 24 September 2020 and signed by:

Signed: Teresa Scott..... Date: 24/9/20

Name: TERESA SCOTT

Stiles Harold Williams
One Jubilee Street
Brighton
East Sussex
BN1 1GE

Netherne Management Limited, Netherne on the Hill
Notes to the Service Charge Accounts
For the Year Ended 31 December 2019

1. ACCOUNTING POLICIES / CONVENTION

- 1.1 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.
- 1.2 Income is recognised in the period to which it relates and is recognised in the income and expenditure account of the entity it is paid to, when the revenue has been earned.
- 1.3 The general reserve represents the funds available to be spent on the day to day activities of the management company.
- 1.4 Service charge monies are held on trust in accordance with section 42 of the Landlord and Tenant Act 1987. Interest earned on service charge monies held on deposit is taxable at the basic rate of tax. The rate that applied for 2019 was 20% (2018 – 20%).

2. CASH AT BANK AND IN HAND

	At 31.12.19 (£)	At 31.12.18 (£)	At 31.12.17 (£)
Funds held by managing agent	208,323.04	107,009.52	233,701.95
Bath Building Society	76,761.91	76,223.64	75,656.22
Shawbrook Bank	10,432.01	79,083.17	78,222.72
Aldermore Bank	77,558.89	75,716.96	75,646.93
Petty cash	400.00	400.00	400.00
	373,475.85	338,433.29	463,627.82

The funds held by the managing agent are held in a designated client account. Details of the bank with which the account is held are shown on page 2.

Netherne Management Limited, Netherne on the Hill
Notes to the Service Charge Accounts
For the Year Ended 31 December 2019

3. RELATED PARTY TRANSACTIONS

During 2019, the following payments were made to the managing agent and company secretary – Stiles Harold Williams. Prior year figures are also shown for comparison.

	2019 (£)	2018 (£)	2017 (£)
Management fee	55,800.00	55,800.00	54,600.00
Company Secretary fee	1,200.00	1,200.00	1,200.00
Annual Return	30.00	30.00	30.00
Buildings Reinstatement Cost Assessments	3,052.38	0.00	0.00
Admin fees for issuing EGM paperwork	636.26	0.00	0.00
Provision of staff training	0.00	195.60	0.00
Land registry searches	0.00	57.60	183.60
Correction for overpaid invoice in 2016	0.00	0.00	(£1,000.00)
	60,718.64	57,283.20	58,631.60

Netherne Management Limited, Netherne on the Hill
Notes to the Service Charge Accounts
For the Year Ended 31 December 2019

4. DEBTORS

	At 31.12.19 (£)	At 31.12.18 (£)	At 31.12.17 (£)
Service charge debtors	8,548.07	17,324.83	11,928.39
Recoverable legal costs	3,678.00	883.82	1,330.87
Estate rent debtors	175.00	418.41	248.76
Telephone mast rent due on 23 December	0.00	0.00	8,958.47
Exit fees owing	0.00	1,825.00	3,225.00
Leisure Centre Memberships owing	1,460.00		
Refund due for purchase of pavilion hoover	0.00	0.00	102.58
Insurance recovery	0.00	0.00	667.16
Prepaid directors insurance	262.10	268.06	268.06
Prepaid music license for village hall	0.00	0.00	40.88
Prepaid property owners insurance	15,971.22	17,042.62	16,227.21
Prepaid sanitary services	695.13	651.71	593.14
Prepaid Omega Security systems	448.27	448.27	448.27
Prepaid Smart Security systems	0.00	0.00	276.98
Prepaid SurveyMonkey subscription	0.00	253.15	0.00
Prepaid TV licenses	192.66	62.26	183.31
Prepaid Water	89.51	443.06	1,174.62
Prepaid Hall Floor Cleaning	0.00	915.00	0.00
Prepaid Microbiological Sampling	408.00	0.00	0.00
Owed by Netherne Community Café	0.00	232.20	0.00
Overpayment for fire extinguisher	70.80	70.80	0.00
Overpaid sundry expenses	0.00	246.61	0.00
Overpaid Nuffield invoice	0.00	8,443.51	0.00
	31,998.76	49,529.31	45,673.70

Netherne Management Limited, Netherne on the Hill
Notes to the Service Charge Accounts
For the Year Ended 31 December 2019

5. CREDITORS

	At 31.12.19 (£)	At 31.12.18 (£)	At 31.12.17 (£)
Accrued accountancy fees	1,740.00	1,740.00	1,980.00
Accrued boiler maintenance	504.00	224.76	0.00
Accrued cleaning / cleaning materials	1,085.47	501.19	617.39
Accrued electricity	0.00	59.59	0.00
Accrued fire alarms testing / extinguishers	310.92	2,113.20	420.00
Accrued gas	1,623.36	816.78	0.00
Accrued grounds equipment repairs	907.80	0.00	0.00
Accrued landscape maintenance	760.95	1,200.00	0.00
Accrued mower lease	158.40	0.00	0.00
Accrued staff costs	1,208.90	0.00	0.00
Accrued leisure centre operations	8,612.38	25,443.51	26,169.33
Accrued microbiological sampling	408.00	0.00	372.00
Accrued access control maintenance	143.89	0.00	0.00
Accrued lightning protection	220.80	0.00	0.00
Accrued office supplies	0.00	216.00	10.84
Accrued PAT testing	189.00	0.00	170.00
Accrued intruder alarms	672.40	300.00	0.00
Accrued pool chemicals	320.18	231.46	227.40
Accrued professional fees	0.00	159.00	2,265.60
Accrued repair costs	597.60	2,264.73	120.00
Accrued costs for Air Handling Unit	792.00	0.00	0.00
Accrued roof mounted gas heaters	0.00	816.00	0.00
Accrued water	797.73	260.02	596.33
Accrued health & safety	498.00	0.00	0.00
Accrued sundry expenses	451.73	1,131.35	1,049.24
Accrued costs for pavilion heaters	0.00	0.00	2,598.89
Accrued costs for new circulation pump	2,215.20	0.00	0.00
Accrued costs for hall damp works	0.00	6,271.89	74,453.75
Service charges paid in advance	32,527.10	25,400.28	42,949.41
	56,745.81	69,149.76	154,000.18

Netherne Management Limited, Netherne on the Hill
Notes to the Service Charge Accounts
For the Year Ended 31 December 2019

6. GENERAL RESERVE

The general reserve fund has been established to meet the cost of large, non-regular repair and maintenance work, and the costs of improvements to the Estate, Pavilion, Village Hall and Leisure Centre. Such costs are not met from budgeted service charge income.

	2019 (£)	2018 (£)	2017 (£)
Balance brought forward from previous year	318,812.83	355,301.34	538,901.59
Deficit from Income and Expenditure	(11,746.43)	(8,266.92)	(4,759.43)
Monies relating to exit fees	28,934.52	25,523.62	32,052.77
Annual estate rent charges	11,100.00	11,100.00	11,100.00
Bank and Building Society interest	3,708.17	2,096.67	3,966.70
Sundry Income	42.00	8.00	103.99
Interest on late payments	123.83	118.06	0.00
Telephone mast income	8,958.47	8,958.47	8,958.47
Village hall, pavilion and pool hire	15,308.57	20,185.00	11,464.50
Leisure Centre memberships	16,277.00	14,000.01	11,275.00
Gym equipment lease fee **	(4,851.60)	(5,252.40)	(9,435.36)
Bad debt write off / recognition	0.00	(365.42)	(360.79)
Estate major works	(3,138.00)	(21,593.31)	(92,431.46)
Village hall major works	(5,422.56)	(41,764.18)	(142,186.28)
St Lukes major works	(29,623.00)	(41,238.92)	(14,050.95)
Service charges demanded over budget	1.59	2.85	702.59
Year end adjustment	243.41	(0.03)	-
Balance carried forward at Year End	348,728.80	318,812.84	355,301.34

** The gym equipment lease fee is not part of the budgeted service charge expenditure, but is expected to be covered from the income from Leisure Centre memberships.