

Unaudited Service Charge Accounts

For the Year Ended 31 December 2023

for

Netherne Management Limited, Netherne on the Hill

Netherne Management Limited, Netherne on the Hill

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For the Year Ended 31 December 2023

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Netherne Management Limited, Netherne on the Hill

Service Charge Fund Information

For the Year Ended 31 December 2023

MANAGING AGENTS AND COMPANY SECRETARY	Stiles Harold Williams (SHW) Lees House, Dyke Road Brighton East Sussex BN1 3FE				
RELEVANT COMPANY	Netherne Management Limited (NML) c/o Stiles Harold Williams Lees House, 21 - 33 Dyke Road Brighton East Sussex BN1 3FE				
COMPANY NUMBER	04026814				
DIRECTORS	SP Buczek, RH Shah, LG Sheldon, LP Ronan, J Stokoe, CM Ellis				
BANKERS	<table><tr><td>SHW Client Account Barclays Bank 139-142 North Street Brighton East Sussex BN1 1RU</td><td>Bath Building Society 15 Queen Square Bath Somerset BA1 2HN</td></tr><tr><td>Shawbrook Bank Lutea House The Drive Warley Hill Business Park Brentwood Essex CM13 3BE</td><td>Aldermore Bank 1st Floor, Block B Western House Lynch Wood Peterborough PE2 6FZ</td></tr></table>	SHW Client Account Barclays Bank 139-142 North Street Brighton East Sussex BN1 1RU	Bath Building Society 15 Queen Square Bath Somerset BA1 2HN	Shawbrook Bank Lutea House The Drive Warley Hill Business Park Brentwood Essex CM13 3BE	Aldermore Bank 1 st Floor, Block B Western House Lynch Wood Peterborough PE2 6FZ
SHW Client Account Barclays Bank 139-142 North Street Brighton East Sussex BN1 1RU	Bath Building Society 15 Queen Square Bath Somerset BA1 2HN				
Shawbrook Bank Lutea House The Drive Warley Hill Business Park Brentwood Essex CM13 3BE	Aldermore Bank 1 st Floor, Block B Western House Lynch Wood Peterborough PE2 6FZ				
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 2023 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: *Richard Place Dobson Services Ltd*

Date: 18 October 2024

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 2023)

	Notes	2023 (£)	2022 (£)	2021 (£)
INCOME				
Service charges raised		489,018.37	427,238.00	430,376.00
Service charge rebates		0.00	0.00	(51,523.00)
Total income receivable		489,018.37	427,238.00	378,853.00
EXPENDITURE				
Repairs & Maintenance		251,789.26	207,420.85	167,042.05
Utilities		94,774.37	82,091.17	36,182.87
Professional and management fees	3	65,487.00	65,703.00	62,443.20
Insurances		35,301.81	35,498.12	31,455.06
Staff costs		63,465.58	60,637.06	54,659.09
Sundry expenses		10,527.86	12,330.34	11,764.16
Total expenditure		521,345.88	463,680.54	363,546.43
(DEFICIT) / SURPLUS FOR				
THE PERIOD	6	(32,327.51)	(36,442.54)	15,306.57

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.

	2023 (£)	2022 (£)	2021 (£)
OTHER INCOME			
Monies relating to exit fees	22,178.75	22,338.75	29,900.50
Annual estate rent charges	11,075.00	11,075.00	11,075.00
Bank and Building Society interest	17,446.14	5,677.35	494.67
Telephone mast income	8,958.47	8,958.47	8,958.47
Village hall, pavilion and pool hire	18,381.97	18,054.46	6,759.00
Leisure Centre memberships	23,105.00	17,542.00	8,740.00
Covid support grants from Reigate Council	0.00	0.00	27,015.00
Paid from Netherne Community Bus Company	0.00	0.00	1,306.20
Service charges demanded over budget	0.00	172.01	10.54
OTHER EXPENDITURE			
Gym equipment lease fee (refund for 2021)	0.00	0.00	400.80
Bad debt write off / recognition	0.00	0.00	0.00
Estate /Village hall / St Lukes major works	0.00	(12,376.00)	(16,110.45)
NET OTHER INCOME (EXPENDITURE)	101,145.33	71,442.04	78,549.73

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 2023)

	Notes	2023 (£)	2022 (£)	2021 (£)
INCOME				
Service charges raised		182,599.00	188,481.00	189,355.00
Service charge rebates		0.00	0.00	(9,264.00)
Total income receivable		182,599.00	188,481.00	180,091.00
EXPENDITURE				
Repairs & Maintenance				
Cleaning		2,132.75	2,349.43	1,854.46
Fire alarm system & extinguishers		338.40	180.00	304.80
Electrical repairs & testing		263.18	282.00	717.72
General repairs and maintenance		3,061.81	5,225.39	1,804.10
Grounds equipment repairs		3,731.15	810.76	1,361.24
Intruder alarm & Redcare connection		698.40	790.80	698.40
Landscape maintenance		13,742.40	7,050.00	8,139.46
Mower fuel		1,552.10	1,858.10	489.15
Mower lease		10,079.79	10,016.63	10,016.63
Play area equipment		279.20	4,299.88	2,940.90
Sanitary Services		722.58	860.58	374.40
Utilities				
Electricity		1,241.51	890.06	796.42
Professional fees				
Accountancy fee		2,100.00	2,100.00	2,100.00
Management fees	3	60,957.00	58,054.00	56,916.00
Other professional fees	3	2,430.00	4,349.00	3,427.20
Insurances				
Insurances		2,592.86	2,903.05	2,622.97
Staff costs				
Staff costs		62,587.98	60,637.06	54,659.09
Staff training		205.60	0.00	0.00
Health & Safety		672.00	0.00	0.00
Sundry expenses				
Office expenses		5,051.34	1,388.26	3,406.29
Sundries		5,012.18	8,360.26	7,790.44
Total expenditure		179,452.23	172,405.26	160,419.67
SURPLUS FOR THE PERIOD		3,146.77	16,075.74	19,671.33

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 2023)

	Notes	2023 (£)	2022 (£)	2021 (£)
INCOME				
Service charges raised		47,980.00	36,869.00	36,947.00
Service charge rebates		0.00	0.00	(8,290.00)
Total income receivable		47,980.00	36,869.00	28,657.00
EXPENDITURE				
Repairs & Maintenance				
Cleaning and cleaning materials		1,957.50	1,939.76	1,175.90
Electrical repairs and testing		107.18	70.00	729.80
Fire extinguishers		178.80	232.92	0.00
Fire system inspection		300.00	480.00	362.40
General repairs and maintenance		0.00	5,837.58	988.40
Gutter and drain clearance		290.00	180.00	0.00
Hall floor cleaning		0.00	1,875.00	1,625.00
Intruder alarm & Redcare connection		542.40	540.00	180.00
Health & Safety		672.00	0.00	0.00
Lightning protection		0.00	582.60	619.20
Sanitary services		1,218.25	2424.95	1,274.70
Wall heaters annual service		219.60	0.00	714.00
Window cleaning		377.56	360.00	360.00
Utilities				
Electricity		5,948.25	5,231.90	286.75
Gas		4,530.33	2,528.53	817.85
Non domestic rates		1,013.49	2,556.70	684.31
Water		1,346.83	804.82	748.73
Professional fees				
Other professional fees		0.00	600.00	0.00
Insurances				
Property owners insurance		13,772.17	13,724.37	12,139.92
Sundry expenses				
Sundries		154.80	0.00	112.80
Total expenditure		32,629.20	39,969.13	22,819.76
SURPLUS FOR THE PERIOD		15,350.80	(£3,100.13)	5,837.24

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 2023)

	Notes	2023 (£)	2022 (£)	2021 (£)
INCOME				
Service charges raised		258,439.37	201,888.00	204,074.00
Service charge rebates		0.00	0.00	(33,969.00)
Total income receivable		258,439.37	201,888.00	170,105.00
EXPENDITURE				
Repairs & Maintenance				
Access control & IT Turnstyle		3,034.17	2,267.27	3,230.85
Air handling units		0.00	0.00	131.76
Boiler maintenance and repair		2,232.00	0.00	1,026.00
Cleaning		7,008.75	1,162.50	0.00
Cleaning materials		3,129.42	3,018.06	1,727.35
Electrical repairs and testing		1,411.93	70.00	1,053.25
Emergency panic alarm		583.20	1,903.20	583.20
Fire extinguishers		0.00	0.00	0.00
Fire system inspection		518.40	360.00	376.80
Fitness equipment servicing		1,449.67	1,400.65	1,359.85
General repairs and maintenance		18,886.39	6,868.94	7,447.82
Gutter and drain clearance		290.00	200.00	0.00
Intruder alarm & Redcare connection		300.00	360.00	2,712.00
Health & Safety		672.00	0.00	543.24
Leisure centre operation		146,559.42	123,078.14	93,162.90
Lightning protection		115.20	110.40	110.40
Microbiological sampling		3,077.70	1,510.80	1,638.00
Pool chemicals/testing tablets		10,231.96	3,661.51	3,045.64
Pool maintenance		6,342.12	10,734.64	8,057.26
Refuse collection		907.20	852.80	852.80
Roof mounted gas heaters		996.00	342.00	0.00
Sanitary services		1,096.20	1666.36	2,792.27
Window cleaning		482.44	460.00	460.00
Utilities				
Electricity		51,993.39	30,240.32	17,760.87
Gas		23,738.06	25,086.70	10,058.00
Non domestic rates		3,368.50	8,919.00	2,386.83
Water		1,594.01	4,980.34	2,643.11
Professional fees				
Other professional fees		0.00	600.00	0.00
Insurances				
Property owners insurance		18,936.78	18,870.70	16,692.17
Sundry expenses				
Sundries		309.54	2,581.82	454.63
Total expenditure		309,264.45	251,306.15	180,307.00
SURPLUS FOR THE PERIOD		(50,825.08)	(49,418.15)	(10,202.00)

Netherne Management Limited, Netherne on the Hill

Balance Sheet for the year ended 31 December 2023

	Notes	At 31.12.23 (£)	At 31.12.22 (£)	At 31.12.21 (£)
FIXED ASSETS				
CURRENT ASSETS				
Cash at bank and in hand	2	700,114.47	618,350.67	566,038.45
Debtors	4	53,419.96	42,995.72	60,049.69
		<u>753,534.43</u>	<u>661,346.39</u>	<u>626,088.14</u>
CURRENT LIABILITIES				
Creditors	5	100,121.40	76,751.18	76,492.13
NET CURRENT ASSETS		653,413.03	584,595.21	549,595.71
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>653,413.03</u>	<u>584,595.21</u>	<u>549,595.71</u>
RESERVES				
Reserve	6	653,413.03	584,595.21	549,595.71
MEMBERS' FUNDS		<u>653,413.03</u>	<u>584,595.21</u>	<u>549,595.71</u>

The notes form part of these service charge accounts.

This statement of account has been approved by Teresa Scott for Stiles Harold Williams:

Signed: Teresa Scott Date: 08.10.24

Name: TERESA SCOTT

Stiles Harold Williams
Lees House, 21 - 33 Dyke Road
Brighton
East Sussex
BN1 3FE

Netherne Management Limited, Netherne on the Hill
Notes to the Service Charge Accounts
For the Year Ended 31 December 2023

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 2023 was 20% (2022 – 20%).

2. CASH AT BANK AND IN HAND

	At 31.12.23 (£)	At 31.12.22 (£)	At 31.12.21 (£)
Funds held by managing agent	528,668.41	450,634.93	399,469.43
Bath Building Society	78,836.74	77,266.91	76,982.71
Shawbrook Bank	10,724.33	10,661.41	10,598.89
Aldermore Bank	81,484.99	79,387.40	78,587.42
Petty cash	400.00	400.00	400.00
	700,114.47	618,350.67	566,038.45

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.

3. RELATED PARTY TRANSACTIONS

During 2023, the following payments were made to the managing agent and company secretary – Stiles Harold Williams. Prior year figures are also shown for comparison.

	2023 (£)	2022 (£)	2021 (£)
Management fee	60,957.00	58,054.00	56,916.00
Company Secretary fee	1,200.00	1,200.00	1,200.00
Annual Return	30.00	60.00	0.00
	62,187.00	59,314.00	58,116.00

Netherne Management Limited, Netherne on the Hill
Notes to the Service Charge Accounts
For the Year Ended 31 December 2023

4. DEBTORS

	At 31.12.23 (£)	At 31.12.22 (£)	At 31.12.21 (£)
Service charge debtors	18,614.18	17,008.04	16,841.06
Recoverable legal costs	0.00	185.88	887.50
Estate rent debtors	276.60	342.22	3,125.00
Telephone mast rent due on 23 December	8,958.47	0.00	8,958.47
Prepaid SHW Management Fee #	2,903.00	2,903.00	0.00
Prepaid SHW Payroll Administration Fee *	1,440.00	0.00	0.00
Prepaid directors insurance	262.11	262.11	262.11
Prepaid property owners insurance	17,858.47	22,096.26	19,231.93
Prepaid TV licenses	198.21	198.21	198.21
Prepaid Hall Electricity Cost	1,866.49	0.00	0.00
Prepaid Gutter/Drain Clearance	750.00	0.00	0.00
Cleaning cost owed by Italian Piazza manco *	105.92	0.00	0.00
Electricity cost owed by ZigZag manco *	186.51	0.00	0.00
SHW Bank	0.00	0.00	10,545.41
	53,419.96	42,995.72	60,049.69

* These amounts have been repaid to NML during 2024

At the date of preparing these accounts, this amount is still to be repaid to NML

Netherne Management Limited, Netherne on the Hill
Notes to the Service Charge Accounts
For the Year Ended 31 December 2023

5. CREDITORS

	At 31.12.23 (£)	At 31.12.22 (£)	At 31.12.21 (£)
Accrued cleaning / cleaning materials	768.00	2,049.85	419.56
Accrued sanitary services	0.00	831.80	0.00
Accrued landscape maintenance	0.00	528.00	300.00
Accrued leisure centre operations	13,051.43	12,066.62	8,914.62
Accrued microbiological sampling	374.40	0.00	372.00
Accrued pool maintenance	490.20	4,901.76	927.26
Accrued access control maintenance	784.97	0.00	521.89
Accrued PAT testing	321.60	282.00	70.00
Accrued health & safety	0.00	0.00	543.24
Accrued intruder alarms	242.40	0.00	518.40
Accrued mower lease	126.32	0.00	0.00
Accrued repair costs	156.00	0.00	0.00
Accrued non domestic rates	0.00	964.00	0.00
Accrued electricity	3,943.02	6,775.60	340.05
Accrued gas	3,659.32	3,025.91	9,344.35
Accrued water	140.02	167.46	816.12
Accrued accountancy	4,200.00	4,200.00	2,100.00
Accrued professional fees	0.00	1,800.00	2,227.20
Accrued staff costs	430.00	0.00	0.00
Accrued office expenses	0.00	150.37	1,110.20
Accrued sundry expenses	0.00	0.00	218.55
Service charges paid in advance	71,433.72	39,007.81	47,748.69
	100,121.40	76,751.18	76,492.13

Netherne Management Limited, Netherne on the Hill
Notes to the Service Charge Accounts
For the Year Ended 31 December 2023

6. RESERVES

General Reserves

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.

	2023 (£)	2022 (£)	2021 (£)
Balance brought forward from previous year	534,595.21	514,595.71	435,986.26
Surplus from Income and Expenditure Statement	(32,327.51)	(36,442.54)	15,306.57
Transfer to 'Other Reserves'	0.00	(15,000.00)	(15,000.00)
Covid support grants from Reigate Council	0.00	0.00	27,015.00
Paid to/from Netherne Community Bus Co *	0.00	0.00	1,306.20
Monies relating to exit fees	22,178.75	22,338.75	29,900.50
Annual estate rent charges	11,075.00	11,075.00	11,075.00
Bank and Building Society interest	17,446.14	5,677.35	494.67
Telephone mast income	8,958.47	8,958.47	8,958.47
Village hall, pavilion and pool hire	18,381.97	18,054.46	6,759.00
Leisure Centre memberships	23,105.00	17,542.00	8,740.00
Gym equipment lease fee **	0.00	0.00	400.80
Estate / Village hall / St Lukes major works	0.00	(12,376.00)	(16,110.45)
Service charges demanded over budget	0.00	172.01	10.54
Year end adjustment	0.00	0.00	(246.85)
General Reserves carried forward at Year	603,413.03	534,595.21	514,595.71

* Amount for 2021 includes £981.20 from NCBC following the wind up of that Company, and £325 corporation tax refund from HMRC (in respect of NCBC).

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

Netherne Management Limited, Netherne on the Hill
Notes to the Service Charge Accounts
For the Year Ended 31 December 2023

6. RESERVES (continued)

Other General Reserves

	2023 (£)	2022 (£)	2021 (£)
Balance brought forward from previous year	50,000.00	35,000.00	20,000.00
Transfer from General Reserves	0.00	15,000.00	15,000.00
Other General Reserves c/f at Year End	50,000.00	50,000.00	35,000.00
Total Reserves carried forward at Year End	653,413.03	584,595.21	549,595.71

The “Other General Reserves” fund has exactly the same purpose as the General Reserves Fund, namely 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. Our accountants have advised that the “Other General Reserves” fund, originating from the contribution to reserves line in service charge budgets, should be shown separately to the General Reserves Fund.