

WALLACE ESTATES LIMITED
THE OLD QUARTER
SERVICE CHARGE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH SEPTEMBER 2016



ORMEROD RUTTER LIMITED

CHARTERED ACCOUNTANTS

THE OLD QUARTER
FOR THE YEAR ENDED 30TH SEPTEMBER 2016

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INDEPENDENT AUDITORS' REPORT

THE OLD QUARTER

FOR THE YEAR ENDED 30TH SEPTEMBER 2016

Independent auditors' report to the landlord of The Old Quarter

We have audited the accompanying service charge accounts for The Old Quarter for the year ended 30th September 2016, which comprise the statements of service charge income and expenditure accounts, statement of special funds, balance sheet as at 30th September 2016, and related notes. The accounts have been prepared in accordance with the accounting policies set out in Note 1 to the accounts.

Landlord's responsibility for the accounts

The landlord is responsible for the preparation of these accounts in accordance with the terms of the lease(s), and for such internal control as the landlord/managing agent determines is necessary to enable preparation of accounts that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the service charge accounts of The Old Quarter for the year ended 30th September 2016 are prepared, in all material respects, in accordance with the accounting policies set out in Note 1 to the accounts.

Basis of accounting and restriction on distribution and use

Without modifying our opinion, we draw attention to Note 1 to the accounts which describes the basis of accounting. Our report has been prepared pursuant to the terms of engagement letter and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of our engagement letter or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for the report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.



.....
Ormerod Rutter Limited
Registered Auditor
The Oakley
Kidderminster Road
Droitwich Spa
Worcestershire
WR9 9AY

Date: 24th March 2017

**STATEMENT OF SERVICE CHARGE EXPENDITURE
APARTMENT 2 SERVICE CHARGE**

FOR THE YEAR ENDED 30TH SEPTEMBER 2016

	Actual 2016 £	Budget 2016 £	Variance 2016 £	Actual 2015 £
Maintenance costs			(Over)/under	
Communal cleaning	1,297	1,300	3	1,275
Window cleaning	-	650	650	192
Gutter clearance	-	400	400	-
Communal electricity	528	560	32	395
Day to day maintenance	1,196	500	(696)	492
Consumables and light bulbs	-	50	50	-
Door entry system	330	300	(30)	-
TV and satellite maintenance	-	100	100	323
Fire risk assessment	-	200	200	199
Emergency lighting	115	140	25	133
Auto opening vent	273	100	(173)	201
Fire alarm maintenance	346	100	(246)	427
Insurance	6,070	4,550	(1,520)	5,536
	<u>10,155</u>	<u>8,950</u>	<u>(1,205)</u>	<u>9,173</u>
Management & administration				
Management fees	2,020	2,020	-	1,980
	<u>2,020</u>	<u>2,020</u>	<u>-</u>	<u>1,980</u>
Contribution to reserves				
Renewals sinking fund	800	800	-	800
Cyclical maintenance reserve fund	2,000	2,000	-	2,000
	<u>2,800</u>	<u>2,800</u>	<u>-</u>	<u>2,800</u>
Total service charge net expenditure	<u>£ 14,975</u>	<u>£ 13,770</u>	<u>£ (1,205)</u>	<u>£ 13,953</u>

THE OLD QUARTER

STATEMENT OF SERVICE CHARGE EXPENDITURE
APARTMENT 38 SERVICE CHARGE

Scott.

FOR THE YEAR ENDED 30TH SEPTEMBER 2016

	Actual 2016 £	Budget 2016 £	Variance 2016 £	Actual 2015 £
Maintenance costs			(Over)/under	
Communal cleaning	556	510	(46)	510
Window cleaning	-	360	360	108
Gutter clearance	-	200	200	-
Communal electricity	222	300	78	280
Day to day maintenance	168	250	82	318
Consumables and light bulbs	-	50	50	-
Door entry system	-	150	150	-
TV and satellite maintenance	-	100	100	-
Fire risk assessment	318	200	(118)	199
Emergency lighting	119	140	21	132
Auto opening vent	195	100	(95)	162
Fire alarm maintenance	146	100	(46)	131
Insurance	2,015	1,510	(505)	1,837
	<u>3,739</u>	<u>3,970</u>	<u>231</u>	<u>3,677</u>
Management and administration				
Management fees	850	850	-	825
	<u>850</u>	<u>850</u>	<u>-</u>	<u>825</u>
Contribution to reserves				
Renewals sinking fund	600	600	-	600
Cyclical maintenance reserve fund	1,500	1,500	-	1,500
	<u>2,100</u>	<u>2,100</u>	<u>-</u>	<u>2,100</u>
Total service charge net expenditure	<u>£ 6,689</u>	<u>£ 6,920</u>	<u>£ 231</u>	<u>£ 6,602</u>

THE OLD QUARTER

STATEMENT OF SERVICE CHARGE EXPENDITURE
APARTMENT 42 SERVICE CHARGE

Villeth

FOR THE YEAR ENDED 30TH SEPTEMBER 2016

	Actual 2016 £	Budget 2016 £	Variance 2016 £	Actual 2015 £
Maintenance costs			(Over)/under	
Communal cleaning	741	620	(121)	612
Window cleaning	-	360	360	108
Gutter clearance	-	200	200	-
Communal electricity	299	500	201	267
Day to day maintenance	-	300	300	1,246
Consumables and light bulbs	-	50	50	-
Door entry system	255	100	(155)	108
TV and satellite maintenance	-	100	100	-
Fire risk assessment	318	200	(118)	199
Emergency lighting	123	140	17	132
Fire alarm maintenance	257	170	(87)	93
Insurance	3,360	2,520	(840)	3,063
	<u>5,353</u>	<u>5,260</u>	<u>(93)</u>	<u>5,828</u>
Management and administration				
Management fees	850	850	-	825
	<u>850</u>	<u>850</u>	<u>-</u>	<u>825</u>
Contribution to reserves				
Renewals sinking fund	600	600	-	600
Cyclical maintenance reserve fund	1,900	1,900	-	1,900
	<u>2,500</u>	<u>2,500</u>	<u>-</u>	<u>2,500</u>
Total service charge net expenditure	<u>£ 8,703</u>	<u>£ 8,610</u>	<u>£ (93)</u>	<u>£ 9,153</u>

THE OLD QUARTER

STATEMENT OF SERVICE CHARGE EXPENDITURE
APARTMENT 37 SERVICE CHARGE

*Benjamin
Flat.*

FOR THE YEAR ENDED 30TH SEPTEMBER 2016

	Note	Actual 2016 £	Budget 2016 £	Variance 2016 £	Actual 2015 £
Maintenance costs				(Over)/under	
Communal cleaning		556	510	(46)	510
Day to day maintenance		384	200	(184)	372
Consumables and light bulbs		-	50	50	-
Door entry system		-	100	100	-
Emergency lighting	1	(66)	140	206	140
Auto opening vent		183	170	(13)	100
		<u>1,057</u>	<u>1,170</u>	<u>113</u>	<u>1,122</u>
Contribution to reserves					
Renewals sinking fund		650	650	-	650
Cyclical maintenance reserve fund		1,000	1,000	-	500
		<u>1,650</u>	<u>1,650</u>	<u>-</u>	<u>1,150</u>
Total service charge net expenditure		<u>£ 2,707</u>	<u>£ 2,820</u>	<u>£ 113</u>	<u>£ 2,272</u>

Note 1 - Emergency lighting is in credit due to the release of previous years accruals.

THE OLD QUARTER

STATEMENT OF SERVICE CHARGE EXPENDITURE
BUILDING 37 SERVICE CHARGE

*Benjamin
Block.*

FOR THE YEAR ENDED 30TH SEPTEMBER 2016

	Actual 2016 £	Budget 2016 £	Variance 2016 £	Actual 2015 £
Maintenance costs			(Over)/under	
Window cleaning	-	360	360	108
Gutter clearance	-	200	200	-
Day to day maintenance	60	250	190	-
TV and satellite maintenance	-	100	100	-
Fire risk assessment	318	200	(118)	199
Fire alarm maintenance	487	170	(317)	131
Insurance	1,680	1,260	(420)	1,533
Communal electricity	277	250	(27)	264
	<u>2,822</u>	<u>2,790</u>	<u>(32)</u>	<u>2,235</u>
Management and administration				
Management fees	680	680	-	660
	<u>680</u>	<u>680</u>	<u>-</u>	<u>660</u>
Contribution to reserves				
Renewals sinking fund	800	800	-	800
Cyclical maintenance reserve fund	1,000	1,000	-	350
	<u>1,800</u>	<u>1,800</u>	<u>-</u>	<u>1,150</u>
Total service charge net expenditure	<u>£ 5,302</u>	<u>£ 5,270</u>	<u>£ (32)</u>	<u>£ 4,045</u>

THE OLD QUARTER

STATEMENT OF SERVICE CHARGE EXPENDITURE
ESTATE SERVICE CHARGE

FOR THE YEAR ENDED 30TH SEPTEMBER 2016

	Note	Actual 2016 £	Budget 2016 £	Variance 2016 £	Actual 2015 £
Maintenance costs				(Over)/under	
Bin store cleaning		-	200	200	-
Drain and gulley clearance		-	300	300	-
Grounds maintenance		1,943	2,390	447	1,943
External communal electricity	1	(688)	1,210	1,898	860
Day to day maintenance		770	800	30	782
Out of hours		390	390	-	190
Consumables and light bulbs		-	300	300	-
		<u>2,415</u>	<u>5,590</u>	<u>3,175</u>	<u>3,775</u>
Car park costs					
Car park cleaning		-	200	200	-
Day to day maintenance		14	300	286	6
Vehicle gate maintenance		1,634	2,000	366	1,870
		<u>1,648</u>	<u>2,500</u>	<u>852</u>	<u>1,876</u>
Management and administration					
Management fees		2,450	2,450	-	2,400
Accountancy fee		200	230	30	200
Independent auditors fee		545	610	65	545
Bank charges (net of interest received)		(251)	100	351	(224)
Professional fee		-	-	-	151
		<u>2,944</u>	<u>3,390</u>	<u>446</u>	<u>3,072</u>
Contribution to reserves					
Renewals sinking fund		1,000	1,000	-	1,000
Cyclical maintenance reserve fund		1,000	1,000	-	250
		<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>1,250</u>
Total service charge net expenditure		<u>£ 9,007</u>	<u>£ 13,480</u>	<u>£ 4,473</u>	<u>£ 9,973</u>

Note 1 - External communal electricity is in credit due to the release of previous years accruals.

THE OLD QUARTER

STATEMENT OF INCOME AND EXPENDITURE

FOR THE YEAR ENDED 30TH SEPTEMBER 2016

	<i>Southwich</i> Apartment 2 Service Charge £	<i>Scovr.</i> Apartment 38 Service Charge £	<i>Vilett's</i> Apartment 42 Service Charge £
Total income			
Charged on account	13,770	6,920	8,610
Total expenditure			
Total fund expenditure	(14,975)	(6,689)	(8,703)
Surplus/(deficit) due to/(from) residents	<u>£ (1,205)</u>	<u>£ 231</u>	<u>£ (93)</u>
	<i>Benjamin</i> Apartment 37 Service Charge £	<i>Benjamin</i> Building 37 Service Charge £	Estate Service Charge £
Total income			
Charged on account	2,820	5,270	13,480
Total expenditure			
Total fund expenditure	(2,707)	(5,302)	(9,007)
Surplus/(deficit) due to/(from) residents	<u>£ 113</u>	<u>£ (32)</u>	<u>£ 4,473</u>
			Total Service Charge £
Total income			
Charged on account			50,870
Total expenditure			
Total fund expenditure			(47,383)
Surplus/(deficit) due to/(from) residents			<u>£ 3,487</u>

THE OLD QUARTER

STATEMENT OF SPECIAL FUNDS

FOR THE YEAR ENDED 30TH SEPTEMBER 2016

APARTMENT 2 SERVICE CHARGE

	Renewals Sinking Fund £	Cyclical Maintenance Reserve Fund £
Balance brought forward	6,691	6,043
Transfers into funds		
Service charge contributions	800	2,000
Expenditure		
Supplied and fitted audio entry kit	(2,160)	-
Balance carried to balance sheet	<u>£ 5,331</u>	<u>£ 8,043</u> <i>Southwell</i>

APARTMENT 38 SERVICE CHARGE

	Renewals Sinking Fund £	Cyclical Maintenance Reserve Fund £
Balance brought forward	3,888	14,076
Transfers into funds		
Service charge contributions	600	1,500
Balance carried to balance sheet	<u>£ 4,488</u>	<u>£ 15,576</u> <i>Scott.</i>

APARTMENT 42 SERVICE CHARGE

	Renewals Sinking Fund £	Cyclical Maintenance Reserve Fund £
Balance brought forward	1,977	14,565
Transfers into funds		
Service charge contributions	600	1,900
Balance carried to balance sheet	<u>£ 2,577</u>	<u>£ 16,465</u> <i>V. Verbs</i>

APARTMENT 37 SERVICE CHARGE

	Renewals Sinking Fund £	Cyclical Maintenance Reserve Fund £
Balance brought forward	3,477	3,070
Transfers into funds		
Service charge contributions	650	1,000
Balance carried to balance sheet	<u>£ 4,127</u>	<u>£ 4,070</u> <i>Babeman</i>

THE OLD QUARTER

STATEMENT OF SPECIAL FUNDS

FOR THE YEAR ENDED 30TH SEPTEMBER 2016

BUILDING 37 SERVICE CHARGE

	Renewals Sinking Fund £	Cyclical Maintenance Reserve Fund £
Balance brought forward	3,474	1,532
Transfers into funds		
Service charge contributions	800	1,000
Balance carried to balance sheet	<u>£ 4,274</u>	<u>£ 2,532</u>

Benjamin

ESTATE SERVICE CHARGE

	Renewals Sinking Fund £	Cyclical Maintenance Reserve Fund £
Balance brought forward	2,460	1,048
Transfers into funds		
Service charge contributions	1,000	1,000
Expenditure		
Replace vehicle gate motor	(2,040)	-
Balance carried to balance sheet	<u>£ 1,420</u>	<u>£ 2,048</u>

Estate

THE OLD QUARTER

SERVICE CHARGE FUNDS BALANCE SHEET

FOR THE YEAR ENDED 30TH SEPTEMBER 2016

Current assets	Notes	£	£
Fob stock		730	
Debtors		7,051	
Prepayments		3,918	
Bank accounts		80,655	
		<u>92,354</u>	
Current liabilities			
Other creditors		95	
Payments on account		11,113	
Accruals		6,708	
		<u>17,916</u>	
Net current assets			74,438
Total assets less liabilities			<u>£ 74,438</u>
Represented by:			
Net surplus due to residents	1		3,487
Total sinking funds	2		70,951
Total funds			<u>£ 74,438</u>

Note 1. Please refer to page 8 for details on the individual surplus/(deficits) for each of the service charge levels.

Note 2. Please refer to pages 9 to 10 for details on the individual reserve funds for each of the service charge levels.

This statement of service charge was approved for the landlord and signed on behalf of the landlord by:



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Mainstay Residential Limited
Managing Agents

Date: 24th March 2017

THE OLD QUARTER

NOTES TO THE SERVICE CHARGE ACCOUNTS

FOR THE YEAR ENDED 30TH SEPTEMBER 2016

1 Accounting policies

The accounts are prepared in accordance with the provisions of the lease or transfer and on the accruals basis.

2 Bank account

All service charge monies are held in trust within individual CMS (Clients' Monies Service) bank accounts with NatWest Bank Plc, West Bromwich, West Midlands.

3 Notice pursuant to Section 20B Landlord & Tenant Act 1985

Where applicable, in accordance with the above legislation, these financial statements are notification to you of the expenditure incurred in respect of those services provided to your development for the period to which they relate.

4 Annual Declaration of Managing Agent income and other benefits

In line with RICS and ARHM codes of conduct relating to Service Charge Residential Management which are recognised by the Secretary of State, ARMA-Q Consumer Charter and Standards, all income and related income or other benefits in relation to Service Charge must be declared annually. Some items contained in the accounts may be carried out by Mainstay Group Companies.

There are certain services that are excluded from our Management Fee, and charged 'at the time' if such services are used. Where those services are required and delivered, they will be billed at the time in accordance with our Management Agreement and written business terms in line with our client's instructions at the time of those services being commissioned.

The Landlord or Managing Agent may receive commission on Insurance for arranging and managing the policy. For services that Mainstay and its associated companies provide, invoices are included and form part of the expenditure reported within these financial statements.

Procurement of certain national providers are charged a fee for contract administration, audit and compliance activity undertaken by Mainstay in addition to our Management Agreement obligations.

5 Fair Processing Notice

Appropriate information we hold may be shared with legal advisers, collection agents, service providers, contractors and others providing property management services to Mainstay Group Companies in line with data protection principles under the Data Protection Act 1998 and/or where there may be a legal obligation to do so.