
MITRE HOUSE, 124 KINGS ROAD, LONDON SW3

Service Charge Accounts
for the year ended 31 December 2017



Websters
Chartered Accountants
and Registered Auditors

**MITRE HOUSE, 124 KINGS ROAD, LONDON SW3
INFORMATION AND CONTENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

Management Company:

Mitre House Management Limited

Managing Agent:

Maunder Taylor
Brosnan House, 175 Darkes Lane
Potters Bar, Herts
EN6 1BW

Independent Accountants:

Websters Chartered Accountants
12 Melcombe Place
London
NW1 6JJ

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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 Mitre House, 124 Kings Road, London SW3.

In accordance with our engagement letter, we have performed the procedures agreed with you and set out below with respect to the service charge accounts set out on pages 2 to 6 in respect of Mitre House, 124 Kings Road, London SW3 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. We are not required to report on the apportionments set out on page 7.

This report is made to you as managing agent for issue with the statement of service charge expenditure in accordance with the terms of our engagement. Our work has been undertaken to enable us to make this report to you and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than you as managing agent for our work or for this report.

Basis of report:

Our work was carried out having regard to ICAEW Technical Release "Residential Service Charge Accounts" published jointly by the professional accountancy bodies with ARMA and RICS. In summary, the procedures we carried out in respect of the service charge accounts were:

1. We checked whether the figures in the service charge accounts were extracted correctly from the accounting records maintained by Maunder Taylor on behalf of the landlord;
2. We checked whether entries in the accounting records in respect of expenditure incurred were supported by receipts, other documentation or evidence that we inspected; and
3. We checked whether the total bank balance shown on page 4 of the service charge accounts agreed or reconciled to the bank statements for the accounts in which the funds for this property 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 statement of service charge expenditure 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 statement of expenditure 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 that the figures in the service charge accounts to have been extracted correctly from the accounting records.
- (b) With respect to item 2, we found that the entries in the accounting records in respect of expenditure incurred were supported by receipts, other documentation or evidence that we inspected.
- (c) With respect to item 3, we found that the total bank balance shown on page 4 of the service charge accounts agrees or reconciles to the bank statement for the accounts in which the funds are held.

Websters

Date: 18 May 2018

Websters
Chartered Accountants
12 Melcombe Place
London NW1 6JJ

MITRE HOUSE, 124 KINGS ROAD, LONDON SW3
SUMMARY OF SERVICE CHARGE INCOME AND EXPENDITURE
FOR THE YEAR ENDED 31 DECEMBER 2017

WHOLE DEVELOPMENT

	Notes	2017	Budget	2016
		£	£	£
Income : demands on account				
(based on managing agent's budget):				
Service charge		16,200.00		18,000.00
Reserve fund		10,800.00		14,400.00
		£ 27,000.00		£ 32,400.00
Expenditure summary by category:				
Contracts, maintenance and services		4,719.05	5,760	7,771.00
Utilities		858.20	650	792.00
Health & safety		1,243.18	250	-
Insurance		2,593.73	2,650	2,427.00
Legal and professional fees		7,453.45	6,890	6,500.00
Reserve fund contribution	5	10,800.00	10,800	14,400.00
Total apportionable expenditure for the year		£ 27,667.61	£ 27,000	£ 31,890.00
Deficit / (Surplus) for the year	6	£ 667.61		£ (510.00)

MITRE HOUSE, 124 KINGS ROAD, LONDON SW3
STATEMENT OF DETAILED SERVICE CHARGE EXPENDITURE
FOR THE YEAR ENDED 31 DECEMBER 2017

Expenditure relating to the period (whether paid or to be paid)	Notes 1	Service Charge			
		2017 £	Budget £	2016 £	2015 £
Contracts, maintenance and services					
Cleaning contract		2,739.87	2,450	2,542.00	2,566.00
Drain maintenance contract		-	235	326.00	235.00
Entryphone maintenance contract		177.57	250	246.00	244.00
Fire equipment		109.21	275	586.00	243.00
Lift maintenance contract		869.30	1,550	2,147.00	1,552.00
Repairs & maintenance		695.08	1,000	1,905.00	1,925.00
Sundries		128.02	-	19.00	-
		4,719.05	5,760	7,771.00	6,765.00
Utilities					
Electricity		594.86	325	475.00	514.00
Lift telephone		263.34	325	317.00	296.00
		858.20	650	792.00	810.00
Health & Safety					
Asbestos management		420.00	-	-	-
Health & safety		390.00	250	-	-
Water testing contract		433.18	-	-	-
		1,243.18	250	-	-
Insurance					
Buildings insurance incl terrorism		2,247.53	2,650	2,427.00	2,337.00
Engineering insurance		346.20	-	-	-
		2,593.73	2,650	2,427.00	2,337.00
Legal and professional fees					
Preparation of certified accounts		720.00	695	775.00	835.00
Bank charges		-	200	87.00	284.00
Bank interest received (net of tax)		(0.85)	-	(30.00)	(16.00)
Management fees		6,397.50	4,995	4,995.00	4,850.00
Professional fees		336.80	1,000	673.00	1,365.00
		7,453.45	6,890	6,500.00	7,318.00
Reserve fund: Contribution					
Contribution for the year	5	10,800.00	10,800	14,400.00	14,400.00
		10,800.00	10,800	14,400.00	14,400.00
Reserve fund: Expenditure					
Retention release		1,590.00	-	-	-
Contribution towards expenditure		(1,590.00)	-	-	-
		-	-	-	-
Total expenditure		£ 27,667.61	£ 27,000	£ 31,890.00	£ 31,630.00

MITRE HOUSE, 124 KINGS ROAD, LONDON SW3
SERVICE CHARGE BALANCE SHEET
AS AT 31 DECEMBER 2017

	Notes	2017 £	2016 £
Assets			
Service charge deficit:			
Year ended 31 December 2015		-	770.00
Year ended 31 December 2017 (page 2)	6	667.61	-
Amounts due from lessees		218.00	2,938.00
Other debtors		547.02	-
Prepayments (costs paid in this period but relating to subsequent period)		1,343.74	-
Bank balances held by managing agent	4	55,247.77	45,422.00
		58,024.14	49,130.00
Less:			
Liabilities			
Service charges received in advance of the subsequent period		4,314.43	-
Service charge surplus for year ended 31 December 2016		-	510.00
Amounts due to suppliers		-	6,850.00
Other creditors		300.00	-
Accruals (costs relating to this period but not yet charged)		2,918.25	-
		7,532.68	7,360.00
Net Assets		£ 50,491.46	£ 41,770.00
Represented by:			
Reserve funds for future expenditure (page 6)			
General reserve		50,491.46	41,770.00
	5	£ 50,491.46	£ 41,770.00

Approval of accounts:

The managing agent, Maunder Taylor, has confirmed their approval of these accounts in writing to the reporting independent accountants.

MITRE HOUSE, 124 KINGS ROAD, LONDON SW3
RESERVE FUND STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	General Reserve
		£
Balance brought forward at 1 January 2017		41,770.00
Contribution from lessees for the year		10,800.00
Contribution towards expenditure in the year		(1,590.00)
Surplus for year ended 31 December 2016 returned to lessees		(510.00)
Interest received on deposit account (net of tax)	2, 3	21.46
Balance carried forward at 31 December 2017	5	£ 50,491.46

MITRE HOUSE, 124 KINGS ROAD, LONDON SW3
NOTES TO THE SERVICE CHARGE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2017

(1) Accounting policies

The accounts are prepared on an accruals basis.

(2) Interest

Any interest earned on service charge funds held by the managing agent and any late payment interest earned is credited to the reserve fund.

Bank charges and account operating costs are off-set against any interest above.

(3) Tax provided on bank interest received

Service charge monies are held on trust in accordance with Section 42, Landlord and Tenant Act 1987. Any interest earned on service charge monies held is taxable at the basic rate of income tax.

The rate of tax applied to interest received during the year was 20% (2016: 20%).

(4) Bank account

The service charge funds in respect of this property were held in trust at Barclays Bank Plc under the title "Client Name: MT RE MITE SC"

(5) Reserve Fund

The general reserve has been established to meet the cost of large, non-regular repair and maintenance work. Due to the uncertainty as to when future such costs may arise, the present level of the fund may prove insufficient and any shortfall in these funds resulting from expenditure incurred in future periods will be charged to the Income & Expenditure account in that year.

(6) Deficit for the year

The deficit for the year as reported on page 2 and apportioned on page 7 will be charged to lessees and therefore be added to future service charges.

MITRE HOUSE, 124 KINGS ROAD, LONDON SW3
APPORTIONMENT OF TOTAL SERVICE CHARGE EXPENDITURE
FOR THE YEAR ENDED 31 DECEMBER 2017

Unit	%	Service Charge Expenditure £	Demanded on account £	Deficit for the year to be charged to lessees £
Flat 1	11.1000%	3,071.10	2,997.00	74.10
Flat 2	11.1000%	3,071.10	2,997.00	74.10
Flat 3	11.1000%	3,071.10	2,997.00	74.10
Flat 4	8.1000%	2,241.08	2,187.00	54.08
Flat 5	11.1000%	3,071.10	2,997.00	74.10
Flat 6	14.2000%	3,928.80	3,834.00	94.80
Flat 7	11.1000%	3,071.10	2,997.00	74.10
Flat 8	11.1000%	3,071.10	2,997.00	74.10
Flat 9	11.1000%	3,071.10	2,997.00	74.10
	<u>100.000%</u>	<u>£ 27,667.61</u>	<u>£ 27,000.00</u>	<u>£ 667.61</u>