
MITRE HOUSE, 124 KINGS ROAD, LONDON SW3

Service Charge Accounts
for the year ended 31 December 2018



Websters
Chartered Accountants
and Registered Auditors

**MITRE HOUSE, 124 KINGS ROAD, LONDON SW3
INFORMATION AND CONTENTS
FOR THE YEAR ENDED 31 DECEMBER 2018**

Management Company:

Mitre House Management Limited

Managing Agent:

Maunder Taylor
Byng Drive
Potters Bar, Herts
EN6 1UR

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 2018 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: 7 May 2019

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 2018

WHOLE DEVELOPMENT

	Notes	2018	Budget	2017
		£	£	£
Income : demands on account (based on managing agent's budget):				
Service charge		23,862.00		16,200.00
Reserve fund		15,000.00		10,800.00
		£ 38,862.00		£ 27,000.00
Expenditure summary by category:				
Contracts, maintenance and services		9,254.47	9,075	4,719.05
Utilities		916.67	1,300	858.20
Health & safety		2,358.00	2,116	1,243.18
Insurance		2,911.26	1,791	2,593.73
Legal and professional fees		8,499.24	9,580	7,453.45
Reserve fund contribution	5	15,000.00	15,000	10,800.00
Total apportionable expenditure for the year		£ 38,939.64	£ 38,862	£ 27,667.61
Deficit / (Surplus) for the year	6	£ 77.64		£ 667.61

MITRE HOUSE, 124 KINGS ROAD, LONDON SW3
STATEMENT OF DETAILED SERVICE CHARGE EXPENDITURE
FOR THE YEAR ENDED 31 DECEMBER 2018

Expenditure relating to the period (whether paid or to be paid)	Notes 1	Service Charge			
		2018 £	Budget £	2017 £	2016 £
Contracts, maintenance and services					
Cleaning contract		3,124.18	2,800	2,739.87	2,542.00
Drain maintenance contract		-	150	-	326.00
Electrical repairs		866.04	-	-	-
Entryphone maintenance contract		254.47	250	177.57	246.00
Fire equipment		817.17	490	109.21	586.00
Gutter clearance		-	85	-	-
Lift maintenance contract		1,483.65	1,700	869.30	2,147.00
Repairs & maintenance		2,074.00	3,500	695.08	1,905.00
Satellite TV repairs		607.76	-	-	-
Sundries		27.20	100	128.02	19.00
		9,254.47	9,075	4,719.05	7,771.00
Utilities					
Electricity		627.22	700	594.86	475.00
Lift telephone		289.45	600	263.34	317.00
		916.67	1,300	858.20	792.00
Health & Safety					
Asbestos management		240.00	420	420.00	-
Health & safety		822.00	400	390.00	-
Water testing contract		1,296.00	1,296	433.18	-
		2,358.00	2,116	1,243.18	-
Insurance					
Buildings insurance incl terrorism		2,196.87	1,791	2,247.53	2,427.00
Engineering insurance		714.39	-	346.20	-
		2,911.26	1,791	2,593.73	2,427.00
Legal and professional fees					
Preparation of certified accounts		720.00	750	720.00	775.00
Bank charges		-	30	-	87.00
Bank interest received	3	(20.76)	-	(0.85)	(30.00)
Management fees		7,800.00	7,800	6,397.50	4,995.00
Professional fees		-	1,000	336.80	673.00
		8,499.24	9,580	7,453.45	6,500.00
Reserve fund: Contribution					
Contribution for the year	5	15,000.00	15,000	10,800.00	14,400.00
		15,000.00	15,000	10,800.00	14,400.00
Reserve fund: Expenditure					
Retention release		-	-	1,590.00	-
Contribution towards expenditure		-	-	(1,590.00)	-
		-	-	-	-
Total expenditure		£ 38,939.64	£ 38,862	£ 27,667.61	£ 31,890.00

MITRE HOUSE, 124 KINGS ROAD, LONDON SW3
SERVICE CHARGE BALANCE SHEET
AS AT 31 DECEMBER 2018

	Notes	2018 £	2017 £
Assets			
Service charge deficit:			
Year ended 31 December 2017		-	667.61
Year ended 31 December 2018 (page 2)	6	77.64	-
Amounts due from lessees		-	218.00
Other debtors		840.02	547.02
Prepayments (costs paid in this period but relating to subsequent period)		3,448.19	1,343.74
Bank balances held by managing agent	4	71,452.08	55,247.77
		75,817.93	58,024.14
Less:			
Liabilities			
Service charges received in advance of the subsequent period		7,491.84	4,314.43
Other creditors		300.00	300.00
Accruals (costs relating to this period but not yet charged)		2,436.68	2,918.25
		10,228.52	7,532.68
Net Assets		£ 65,589.41	£ 50,491.46
Represented by:			
Reserve funds for future expenditure (page 5)			
General reserve	5	65,589.41	50,491.46
		£ 65,589.41	£ 50,491.46

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 2018

	Notes	General Reserve
		£
Balance brought forward at 1 January 2018		50,491.46
Contribution from lessees for the year		15,000.00
Interest received on deposit account	2, 3	97.95
Balance carried forward at 31 December 2018	5	£ 65,589.41

MITRE HOUSE, 124 KINGS ROAD, LONDON SW3
NOTES TO THE SERVICE CHARGE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2018

(1) **Accounting policies**

The accounts are prepared on an accruals basis.

(2) **Interest**

Any interest earned on reserve funds held by the managing agent is credited to the reserve fund.

Any interest earned on service charge funds held by the managing agent and any late payment interest earned is credited to the service charge 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 and any interest earned on service charge monies held is potentially taxable at the rate of 20% (2017: 20%).

However, HM Revenue & Customs have issued a concession that there is no requirement to file a tax return for such trusts with less than £500 of taxable income in any tax year. Therefore no tax has been provided on bank interest received in the year.

(4) **Bank account**

The service charge funds in respect of this property were held in trust at Barclays Bank Plc under the titles;

- MAUNDER TAYLOR RE MITRE HOUSE SERVICE CHARGE CLIENTS ACCOUNT
- MAUNDER TAYLOR RE MITRE HOUSE RESERVE FUND CLIENTS ACCOUNT

(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 2018

Unit	%	Service Charge Expenditure £	Demanded on account £	Deficit for the year to be charged to lessees £
Flat 1	11.1000%	4,322.30	4,313.68	8.62
Flat 2	11.1000%	4,322.30	4,313.68	8.62
Flat 3	11.1000%	4,322.30	4,313.68	8.62
Flat 4	8.1000%	3,154.11	3,147.84	6.27
Flat 5	11.1000%	4,322.30	4,313.68	8.62
Flat 6	14.2000%	5,529.43	5,518.40	11.03
Flat 7	11.1000%	4,322.30	4,313.68	8.62
Flat 8	11.1000%	4,322.30	4,313.68	8.62
Flat 9	11.1000%	4,322.30	4,313.68	8.62
	<u>100.000%</u>	<u>£ 38,939.64</u>	<u>£ 38,862.00</u>	<u>£ 77.64</u>