

VICTORY HILL MANAGEMENT CO LIMITED

SERVICE CHARGE STATEMENT OF ACCOUNT

FOR THE YEAR ENDED

31 DECEMBER 2013

VICTORY HILL MANAGEMENT CO LIMITED

Service Charge Statement of Account for the Year Ended 31 December 2013

Report of the Independent Accountants

To the Leaseholders of Victory Hill

In accordance with our terms of engagement we have performed the procedures agreed and enumerated below with respect to the service charge statement of account set out on pages 1-15 in respect of Victory Hill for the year ended 31 December 2013.

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

Basis of Report

Our work was carried out having regard to TECH 03/11 published jointly by ICAEW, ARMA and RICS. In summary, the procedures we carried out with respect to the service charge accounts were:

1. to check whether the figures contained in the information were extracted correctly from the accounting records maintained by or on behalf of the leaseholders.
2. to check, based on a sample, whether entries in the accounting records were supported by receipts, other documentation or evidence that we inspected; and
3. to check whether all service charge monies for the property are held in designated accounts and the balances reconcile to the fund balances shown on page 1 of the statement of account.

These procedures do not constitute an audit in accordance with International Standards on Auditing (UK and Ireland) and were not designed to provide any assurance regarding whether the amounts charged are reasonable amounts for the services, or whether those services were provided effectively.

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.
- c) with respect to item 3 we found that all service charge monies for the property were held in designated accounts, apart from one account in the name of C.A. Davison which is referred to in Note 10 to these accounts, and the balances reconcile to the fund balance on page 1 of the statement of account.
- d) during the year the board took steps to rectify inadequacies in accounting records in the period from September 2012.

Alliotts

Date

Chartered Accountants

Friary Court
13-21 High street
Guildford
Surrey GU1 3DL

VICTORY HILL MANAGEMENT CO LIMITED

Service Charge Account

BALANCING STATEMENT
AS AT 31 DECEMBER 2013

	2013	2012
	£	£
Assets		
Cash at bank	488,545	605,474
Service charges owed by residents	149,366	85,777
Sums paid in this period but relating to a subsequent period	22,654	12,937
Deficit for period to be collected	12,563	4,226
Water charge accounts deficits to be collected	25,461	-
Prior year adjustment to be collected	14,667	-
	<u>713,256</u>	<u>708,414</u>
Less liabilities		
Service charges paid in advance	30,270	16,573
Costs relating to this or previous period but not yet paid	99,141	79,922
Reserves relating to the MSCP	211,561	211,561
Surplus for the year due to residents	-	16,815
	<u>340,972</u>	<u>324,871</u>
Net assets	<u><u>372,284</u></u>	<u><u>383,543</u></u>
General Maintenance Fund		
Balance (Note 1)	372,284	383,543
	<u><u>372,284</u></u>	<u><u>383,543</u></u>

	Major Works				
	Brought Forward	Contribution in Year	Paid from Reserves	Interest Received	Carried Forward
Block B	30,717	5,000	(9,002)		26,715
Block C	50,008	10,000	(8,428)		51,580
Block D	68,197	7,500	(18,241)		57,456
Block E	63,720	5,000	(8,428)		60,292
Block F	45,112	5,000	(10,010)		40,102
Block W	8,812	2,500	-		11,312
Block X	2,842	1,600	-		4,442
Block Y	3,124	2,500	-		5,624
Block Z	8,554	1,750	-		10,304
Estate	85,407	-	-		85,407
MSCP	17,050	2,000	-		19,050
	<u><u>383,543</u></u>	<u><u>42,850</u></u>	<u><u>(54,109)</u></u>	-	<u><u>372,284</u></u>

This Statement of Account was approved by Victory Hill Management Company Limited

Victory Hill Management Company Limited
Director

VICTORY HILL MANAGEMENT CO LIMITED

Service Charge Statement of Account for the Year Ended 31 December 2011

Income and Expenditure

	2013	2012
	£	£
Estate Costs		
Estate Management salary costs	30,285	27,048
Health and Safety	-	-
Manager office	969	2,965
Repairs and Maintenance		
Booster pump maintenance	8,708	3,596
Carpet cleaning	2,811	-
Cleaning	21,258	25,969
Dry riser	751	-
Electrical repairs	4,936	21,518
Entryphone costs	16,935	26,410
Emergency lighting	5,904	1,158
Fire alarm	541	-
Lift maintenance	19,708	17,090
Lighting	-	1,385
Lightning protection	415	840
Miscellaneous	390	417
Periodic electrical inspection	-	-
Plumbing/drainage	-	846
Repairs	23,484	8,359
Roof safety wires testing	1,107	1,304
Smoke vent maintenance	-	420
TV satellite / aerial	1,001	797
Water Meter Installation	-	14,617
Water testing	3,429	5,162
Window cleaning	1,896	1,434
Grounds maintenance	4,869	-
Landscaping	850	14,579
Replacement planting	205	-
PAT testing	-	-
Pest control	1,679	3,120
Rubbish removal	715	584
Street lighting maintenance	917	-
Salt/grit	210	-
Barrier maintenance	1,651	4,550
Utilities		
Electricity	65,207	43,718
Lift telephone	1,775	1,328
Water	264	65,797
Carried forward	<u>222,870</u>	<u>295,011</u>

VICTORY HILL MANAGEMENT CO LIMITED

Service Charge Statement of Account for the Year Ended 31 December 2011

Income and Expenditure

	2013	2012
	£	£
Brought forward	222,870	295,011
Professional Fees		
Management fees	46,175	94,691
Fire Safety Inspection	-	480
Annual return	13	14
Accountancy	1,200	1,337
Company secretarial	276	369
Legal fees	34,543	4,524
Insurance		
Building insurance	154,351	148,775
Lift insurance	3,809	8,054
Directors insurance	371	-
General Maintenance Fund		
General maintenance fund	42,850	51,700
Total Costs	<u>506,458</u>	<u>604,955</u>
Service Charges and Other Income Receivable		
Service charge	488,813	609,884
Housing Association contribution	-	3,345
Insurance proceeds received	1,014	-
Net interest	4,068	4,315
Total Income Receivable	<u>493,895</u>	<u>617,544</u>
(Deficit) / Surplus for the period	<u><u>(12,563)</u></u>	<u><u>12,589</u></u>

VICTORY HILL MANAGEMENT CO LIMITED

Service Charge Statement of Account for the Year Ended 31 December 2013

BLOCK B

	2013	2012
	£	£
Estate Costs		
Estate	-	8,705
Parking	-	4,997
Repairs and Maintenance		
Booster pump maintenance	570	715
Carpet cleaning	370	-
Cleaning	3,600	4,254
Dry riser	108	-
Electrical repairs	945	2,149
Entryphone costs	2,244	4,272
Emergency lighting	244	101
Internal decorations	9,002	
Paid from Reserves	<u>(9,002)</u>	-
Lift maintenance	2,403	1,953
Lighting	-	157
Repairs	543	1,622
Roof safety wires testing	-	183
Smoke vent maintenance	-	84
TV satellite / aerial	384	83
Window cleaning	222	-
Water meter installation	-	3,037
Water pump maintenance	-	-
Water testing	493	676
Utilities		
Electricity	4,082	2,113
Lift telephone	200	142
Water	-	11,199
Professional Fees		
Management fees	-	12,614
Insurance		
Building insurance	18,169	18,169
Lift insurance	459	426
General Maintenance Fund		
General maintenance fund	5,000	5,000
Total Costs	<u>40,036</u>	<u>82,651</u>
Service Charges and Other Income Receivable		
Service charge	42,273	79,222
Net interest	-	605
Total Income Receivable	<u>42,273</u>	<u>79,827</u>
Surplus / (Deficit) for the period	<u>2,237</u>	<u>(2,824)</u>
(Deficit) on water charges account	<u>(4,531)</u>	

VICTORY HILL MANAGEMENT CO LIMITED

Service Charge Statement of Account for the Year Ended 31 December 2013

BLOCK C

	2013	2012
	£	£
Estate Costs		
Estate	-	13,231
Parking	-	6,565
Repairs and Maintenance		
Booster pump maintenance	1,002	973
Carpet cleaning	627	-
Cleaning	3,960	4,584
Dry riser	164	-
Electrical repairs	451	2,905
Entryphone costs	3,374	6,114
Emergency lighting	372	200
Fire System maintenance	70	-
Internal decorations	8,428	
Paid from Reserves	<u>(8,428)</u>	-
Lift maintenance	4,170	3,880
Lighting	-	299
Lightning protection	122	210
Miscellaneous	-	-
Periodic electrical inspection	-	-
Repairs	4,894	2,055
Roof safety wires testing	339	228
Smoke vent maintenance	-	84
Water meter installation	-	5,376
Water testing	749	1,352
Window cleaning	289	240
Utilities		
Electricity	11,580	8,306
Lift telephone	431	374
Water		14,978
Professional Fees		
Management fees	-	19,175
Insurance		
Building insurance	35,014	35,014
Lift insurance	792	735
General Maintenance Fund		
General maintenance fund	10,000	7,600
Total Costs	<u>78,400</u>	<u>134,478</u>
Service Charges and Other Income Receivable		
Service charge	75,208	139,704
Net interest	-	855
Insurance proceeds received	520	-
Total Income Receivable	<u>75,728</u>	<u>140,559</u>
(Deficit) / Surplus for the period	<u>(2,672)</u>	<u>6,081</u>
(Deficit) on water charges account	<u>(7,150)</u>	

VICTORY HILL MANAGEMENT CO LIMITED

Service Charge Statement of Account for the Year Ended 31 December 2013

BLOCK D

	2013	2012
	£	£
Estate Costs		
Estate	-	16,713
Parking	-	8,119
Repairs and Maintenance		
Booster pump maintenance	1,116	460
Carpet cleaning	702	-
Cleaning	4,320	5,984
Dry riser	207	-
Electrical repairs	114	3,535
Entryphone costs	4,227	5,079
Emergency lighting	1,831	348
Fire System maintenance	88	-
Internal decorations	18,241	-
	Paid from Reserves	-
	<u>(18,241)</u>	-
Lift maintenance	4,170	3,833
Lighting	-	337
Lightning protection	155	210
Miscellaneous	-	-
Periodic electrical inspection	-	-
Plumbing/Drainage	-	600
Repairs	6,178	1,808
Roof safety wires testing	429	300
Smoke vent maintenance	-	84
TV satellite / aerial	492	-
Water meter installation	-	1,291
Water testing	946	1,352
Window cleaning	571	612
Utilities		
Electricity	12,064	8,423
Lift telephone	363	366
Water	-	22,117
Professional Fees		
Management fees	-	24,220
Insurance		
Building insurance	33,399	33,399
Lift insurance	850	789
General Maintenance Fund		
General maintenance fund	7,500	9,600
Total Costs	<u>79,722</u>	<u>149,579</u>
Service Charges and Other Income Receivable		
Service charge	78,855	159,161
Net interest	-	1,045
Insurance proceeds received	494	-
Total Income Receivable	79,349	160,206
(Deficit) / Surplus for the period	<u>(373)</u>	<u>10,627</u>
(Deficit) on water charges account	<u>(6,500)</u>	

VICTORY HILL MANAGEMENT CO LIMITED

Service Charge Statement of Account for the Year Ended 31 December 2013

BLOCK E

	2013	2012
	£	£
Estate Costs		
Estate	-	13,231
Parking	-	6,645
Repairs and Maintenance		
Booster pump maintenance	1,506	702
Carpet cleaning	741	-
Cleaning	3,960	4,402
Dry riser	164	-
Electrical repairs	114	3,012
Entryphone costs	3,339	6,427
Emergency lighting	516	200
Fire System maintenance	70	-
Internal decorations	8,428	
Paid from Reserves	<u>(8,428)</u>	-
Lift maintenance	4,170	3,788
Lighting	-	299
Lightning protection	123	210
Miscellaneous	-	-
Periodic electrical inspection	-	-
Plumbing / Drainage	-	-
Repairs	4,566	1,357
Roof safety wires testing	339	228
TV satellite / aerial	-	383
Smoke vent maintenance	-	84
Water meter installation	-	1,376
Water testing	749	1,352
Window cleaning	320	218
Utilities		
Electricity	9,120	5,961
Lift telephone	197	193
Water		10,159
Professional Fees		
Management fees	-	19,174
Insurance		
Building insurance	31,304	31,304
Lift insurance	830	825
General Maintenance Fund		
General maintenance fund	5,000	7,600
Total Costs	<u>67,128</u>	<u>119,130</u>
Service Charges and Other Income Receivable		
Service charge	69,337	117,621
Net interest	-	438
Total Income Receivable	<u>69,337</u>	118,059
Surplus / (Deficit) for the period	<u>2,209</u>	<u>(1,071)</u>
(Deficit) on water charges account	<u>(4,041)</u>	

VICTORY HILL MANAGEMENT CO LIMITED

Service Charge Statement of Account for the Year Ended 31 December 2013

BLOCK F

	2013	2012
	£	£
Estate Costs		
Estate	-	8,705
Parking	-	3,567
Repairs and Maintenance		
Booster pump maintenance	4,514	747
Carpet cleaning	371	-
Cleaning	3,300	4,254
Dry riser	108	-
Electrical repairs	659	1,832
Entryphone costs	2,377	2,665
Emergency lighting	409	101
Internal decorations	10,010	
Paid from Reserves	<u>(10,010)</u>	-
Lift maintenance	2,403	1,894
Lighting	-	171
Miscellaneous	-	-
Periodic electrical inspection	-	-
Repairs	2,088	1,519
Roof safety wires testing	-	183
Smoke vent maintenance	-	84
Water meter installation	-	3,537
Water testing	492	247
Window cleaning	222	429
Utilities		
Electricity	3,866	2,363
Lift telephone	198	142
Water		7,268
Professional Fees		
Management fees	-	12,707
Insurance		
Building insurance	19,953	19,953
Lift insurance	415	331
General Maintenance Fund		
General maintenance fund	5,000	5,000
Total Costs	<u>46,375</u>	77,699
Service Charges and Other Income Receivable		
Service charge	43,157	77,298
Net interest	-	360
Total Income Receivable	<u>43,157</u>	<u>77,658</u>
(Deficit) for the period	<u>(3,218)</u>	<u>(41)</u>
(Deficit) on water charges account	<u>(3,239)</u>	

VICTORY HILL MANAGEMENT CO LIMITED

Service Charge Statement of Account for the Year Ended 31 December 2013

BLOCK W

	2013 £	2012 £
Estate Costs		
Estate	-	1,567
Parking	-	75
Repairs and Maintenance		
Cleaning	432	953
Electrical repairs	536	873
Entryphone costs	428	547
Emergency lighting	98	72
Lighting	-	36
Lightning protection	15	210
Miscellaneous	-	10
Periodic electrical inspection	-	-
Repairs	178	257
Window cleaning	97	10
Utilities		
Electricity	1,627	698
Professional Fees		
Management fees	-	2,329
Insurance		
Building insurance	3,116	3,116
General Maintenance Fund		
General maintenance fund	2,500	900
Total Costs	<u>9,027</u>	<u>11,653</u>
Service Charges and Other Income Receivable		
Service charge	7,136	11,398
Net interest	-	128
Total Income Receivable	<u>7,136</u>	<u>11,526</u>
(Deficit) for the period	<u>(1,891)</u>	<u>(127)</u>

VICTORY HILL MANAGEMENT CO LIMITED

Service Charge Statement of Account for the Year Ended 31 December 2013

BLOCK X

	2013 £	2012 £
Estate Costs		
Estate	-	696
Parking	-	377
Repairs and Maintenance		
Cleaning	360	360
Electrical repairs	-	527
Entryphone costs	181	260
Emergency lighting	43	26
Lighting	-	20
TV satellite / aerial	125	-
Window cleaning	47	-
Sundry	-	5
Utilities		
Electricity	541	247
Water	39	-
Professional Fees		
Management fees	-	1,010
Insurance		
Building insurance	1,278	1,278
General Maintenance Fund		
General maintenance fund	1,600	400
Total Costs	<u>4,214</u>	<u>5,206</u>
Service Charges and Other Income Receivable		
Service charge	3,345	5,212
Net interest	-	18
Total Income Receivable	<u>3,345</u>	<u>5,230</u>
(Deficit) / Surplus for the period	<u>(869)</u>	<u>24</u>

VICTORY HILL MANAGEMENT CO LIMITED

Service Charge Statement of Account for the Year Ended 31 December 2013

BLOCK Y

	2013 £	2012 £
Estate Costs		
Estate	-	696
Parking	-	34
Repairs and Maintenance		
Cleaning	360	360
Electrical repairs	-	625
Entryphone costs	178	200
Emergency lighting	44	39
Lighting	-	15
Repairs	120	5
Window cleaning	47	96
Utilities		
Electricity	920	488
Professional Fees		
Management fees	-	1,010
Insurance		
Building insurance	1,980	1,979
General Maintenance Fund		
General maintenance fund	2,500	400
Total Costs	<u>6,149</u>	<u>5,947</u>
Service Charges and Other Income Receivable		
Service charge	4,297	5,700
Net interest	-	74
Total Income Receivable	<u>4,297</u>	<u>5,774</u>
(Deficit) for the period	<u>(1,852)</u>	<u>(173)</u>

VICTORY HILL MANAGEMENT CO LIMITED

Service Charge Statement of Account for the Year Ended 31 December 2013

BLOCK Z

	2013	2012
	£	£
Estate Costs		
Estate	-	2,263
Parking	-	110
Repairs and Maintenance		
Cleaning	504	936
Electrical repairs	-	1,107
Entryphone costs	587	847
Emergency lighting	142	72
Lighting	-	51
Repairs	660	-
Sundry	-	18
Roof safety wires testing	-	183
Window cleaning	81	150
Utilities		
Electricity	798	608
Professional Fees		
Management fees	-	2,456
Insurance		
Building insurance	4,562	4,562
General Maintenance Fund		
General maintenance fund	1,750	1,300
Total Costs	<u>9,084</u>	<u>14,663</u>
Service Charges and Other Income Receivable		
Service charge	9,200	14,567
Net interest	-	180
Total Income Receivable	<u>9,200</u>	<u>14,747</u>
Surplus for the period	<u>116</u>	<u>84</u>

VICTORY HILL MANAGEMENT CO LIMITED

Service Charge Statement of Account for the Year Ended 31 December 2013

ESTATE COSTS

	2013	2012
	£	£
Estate Costs		
Estate management salary costs	25,583	27,048
Manager office	969	2,621
Repairs and Maintenance		
Grounds maintenance	4,869	14,579
Hard Landscaping	850	-
Miscellaneous	390	-
Periodic Electrical Inspection	-	-
Pest control	1,679	3,120
Plumbing/Drainage	-	-
Repairs	3,980	302
Replacement Planting	205	-
Rubbish removal	715	584
Street Lighting maintenance	917	-
Salt/grit	210	-
Utilities		
Telephone	177	345
Water	225	76
Electricity	136	-
Professional Fees		
Management fees and expenses	46,175	-
Annual return	13	14
Accountancy fees	1,200	1,337
Company secretarial	276	369
Legal and professional fees	34,543	4,524
Insurance		
Buildings insurance	515	-
Directors insurance	371	-
General Maintenance Fund		
General maintenance fund	-	11,500
Total Costs	<u>123,998</u>	<u>66,419</u>
Service Charges and Other Income Receivable		
Service charge	118,885	65,807
Net interest	4,068	612
Total Income Receivable	<u>122,953</u>	<u>66,419</u>
(Deficit) for the period	<u>(1,045)</u>	<u>-</u>

VICTORY HILL MANAGEMENT CO LIMITED

Service Charge Statement of Account for the Year Ended 31 December 2013

PARKING COSTS

MSCP	2013	2012
	£	£
Repairs and Maintenance		
Barrier maintenance	708	2,910
Electrical repairs	2,117	5,280
Emergency lighting	2,205	-
Fire alarm	313	-
Lift maintenance	2,392	2,038
Cleaning	462	-
Utilities		
Electricity	20,473	14,510
Lift telephone	209	111
Estate costs		
Estate manager	2,779	-
Insurance		
Insurance	5,061	4,948
Lift insurance	463	-
General Maintenance Fund		
General maintenance fund	2,000	2,400
Total Costs	<u>39,182</u>	<u>32,197</u>
Service Charges and Other Income Receivable		
Service charge	32,367	28,852
Housing association contribution	-	3,345
Net interest	-	-
Total Income Receivable	<u>32,367</u>	<u>32,197</u>
(Deficit) for the period	<u><u>(6,815)</u></u>	<u><u>-</u></u>
Undercroft		
Service Charge demanded	<u>3,752</u>	(840)
Estate manager - Undercroft	754	-
Barrier maintenance - Undercroft	943	840
Repairs - Undercroft	277	-
Sub-total costs	<u>1,974</u>	-
Surplus for the period	<u><u>1,778</u></u>	<u><u>-</u></u>
Garage /Surface		
Service Charge demanded	1,001	(800)
Less: Estate manager - Garage/Surface	<u>(1,169)</u>	<u>800</u>
(Deficit) for the period	<u><u>(168)</u></u>	<u><u>-</u></u>

VICTORY HILL MANAGEMENT CO LIMITED

Notes to the Service Charge Account for the Year Ended 31 December 2013

1. Accounting Policies

The Accounts are prepared in accordance with the provisions of the lease and on the accruals basis.

2. Tax provided on bank interest received

Service charge monies are held on trust in accordance with section 42, Landlord and Tenant Act 1987. Interest earned on service charge monies held on deposit is taxable at the basic rate of income tax. The rate of tax applied to interest during the year was 20% (2012: 20%).

3. Debtors

	2013	2012
	£	£
Service Charges owed	149,366	85,777
Prepayments	22,654	12,937
Deficit for period / prior period to be collected	52,691	4,226
	<u>224,711</u>	<u>102,940</u>

4. Bank Account

Service charge money was held at Lloyds TSB Bank in a designated client's account of Alan Foster & Associates for Victory Hill, at Barclays Bank in the name of GH Property Management Services Ltd and at Newbury BS in the name of C A Davison.

5. Creditors

	2013	2012
	£	£
Accounts payable	19,434	-
Accruals	79,707	79,922
Reserves relating to the MSCP	211,561	211,561
Service charges paid in advance	30,270	16,573
Surplus owed to residents	-	16,815
	<u>340,972</u>	<u>324,871</u>

6. Reserve Funds

The general reserve has been maintained to meet the cost of large, non-regular repair and maintenance work.

7. Prior Year Adjustment

A prior year adjustment is made of £14,667 additional deficit to be collected from the residents. This adjustment arises from additional liabilities relating to the purchase of key fobs and other costs arising in 2011 and 2012.

8. Water Deficit

The deficit arising from the allocation of water charges in earlier years is shown within the balancing statement as an additional debtor of £25,461 to be collected from the residents.

9. Allocation of Costs

Costs relating to the Estate and the Car Parks are now no longer re-allocated to the Blocks but will carry their own surplus or deficit in the accounting period. This change is made as all residents contribute to the Service Charge for these areas and this method achieves greater transparency of cost relating to these areas.

10. Related Party Transactions

a) Within Cash at bank on the Balancing Statement is a balance of £2,642 which is held in the name of C.A. Davison, a director of the Company throughout the year. All of the transactions on this account occurred during 2012 and comprised receipts of £3,142 and expenditure of £500.

b) Expenses claimed by C.A. Davison in relation to 2012 totalling £1,426.32 and services paid on behalf of the company in September 2012 totalling £1,777.65 were offset against service charge payments due from Mr Davison.