

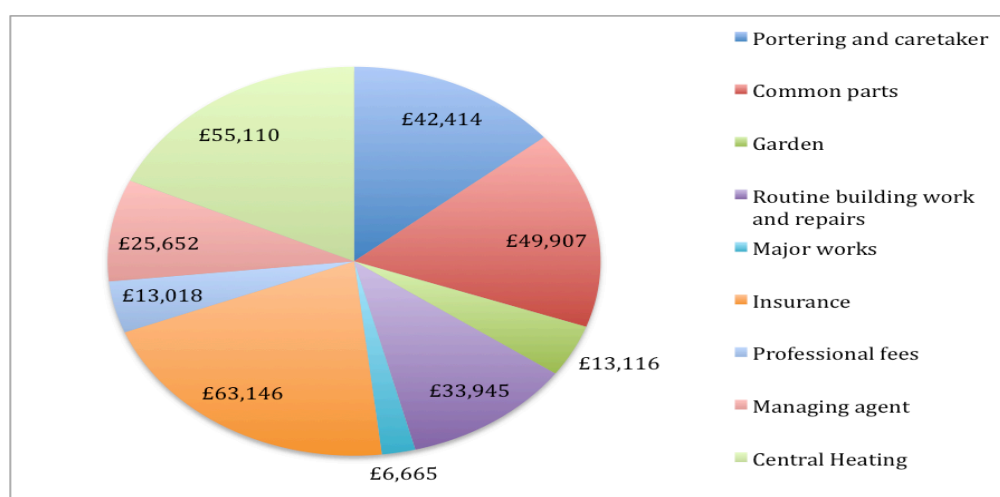
Ashworth Mansions – Service Charge Explanatory Notes for year ending September 2009

All flat owners pay a service charge that funds the maintenance and repair of the estate. At the beginning of each year we estimate the likely expenditure and set a service charge budget which each flat owner pays quarterly. Each flat is allocated a proportion of the total although these vary according to its size.

This note explains where the money was spent and highlights key developments.

We undertook almost no major works during the year so total expenditure fell from £358K to £303K. Spending in the main service charge account fell 3% but this was offset by significantly higher costs of the central heating system.

Overall breakdown of spending 2008/9



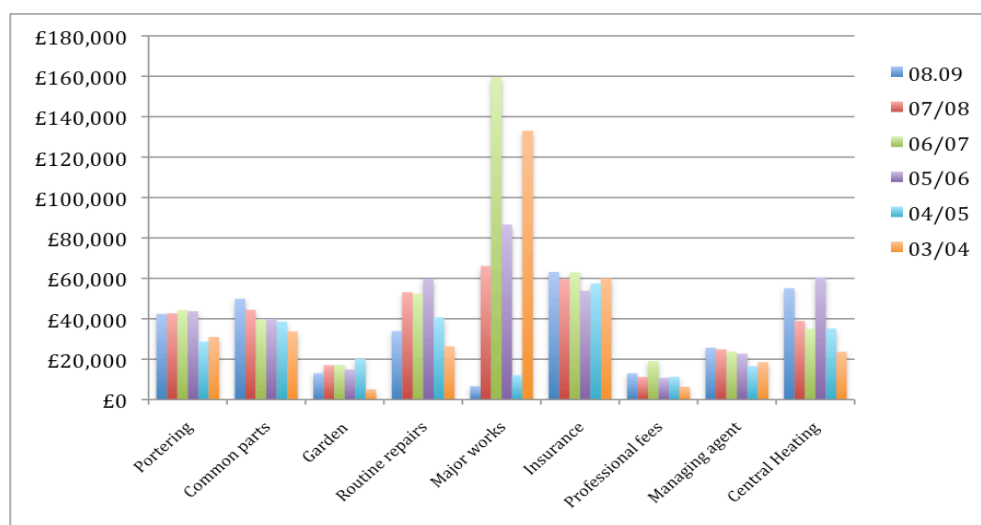
Main account

Spending on the main account fell by 3% to £240K following a reduction in the cost of routine maintenance by 36% in a year free from drain repairs or other unexpected incidents. We undertook no pollarding during the year so gardening costs fell by 23%. We will need to carry out the work again this Autumn and are currently retendering the gardening contract. In contrast, higher bills for electricity and cleaning drove up the cost of maintaining the common parts by 12%. We spent a lot less on pest control; the previous year's pigeon related work still being effective. Our insurance premium is the largest single item in the account and is tendered annually. This rose by 6% while professional services bill was 13% ahead as we began to prepare for this year's major works. Portage costs were unchanged and the managing agent's fees rose in line with inflation.

We collected £281K in service charges which, when we add in £1.5K of net interest on cash balances and £6K from a flat owner who had increased the size of his flat, gives a surplus for the year of £46K. Combined with last year's surplus, this gave a positive balance of £81K in the main service charge account at year end. Subject to

approval by the AGM, we will rebate this to flat owners in September at the same time as we make the next demand for major works funding.

Evolution of main elements of the service charge account



Major works account

We started the year with £115K. During the year, we received £117K in reserve fund contributions, £1.5K in net interest and £7K from the flat owner mentioned above. We spent just £6K on the tail end of the water mains project which give a end year surplus of £235K.

This level of surplus, combined with the expected contributions in 2009/10 gave us confidence to authorise the first year of the planned four year refurbishment cycle which commences this Spring on the Elgin Avenue frontage

Central heating account.

This is the separate service charge account for the communal heating and hot water. Only flats that benefit are asked to contribute.

Spending rose 39% to £55K as a sharply higher gas bill was only partially offset by another decline in the cost of maintaining the system. The new engineers do not routinely drain down the system in the summer which has saved money and improved the reliability of the system. In contrast, the sharply higher spending on gas (up 72% to £48K) is unwelcome and reflects both higher prices and the relatively cold winter on 2008.

Flat owners contributed a total of £60K during the year that means that the accumulated surplus in the central heating account rose by £5K to £25K. The boiler is in good working order but we continue to investigate the future of the system. We have commissioned an engineers report that we will circulate for discussion prior to the AGM

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