Ashworth Mansions – Service Charge

Explanatory Notes for year ending September 2010

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 that each flat owner pays quarterly. Each flat is allocated a proportion of the total according to its size as set out in your lease.

The note explains where the money went and highlights key developments.

We began the first phase of the four year refurbishment of Ashworth Mansions with the Elgin Avenue frontage. Consequently, total expenditure rose from £303K to £510K mainly because the major works bill rose from £7K to £210K. Spending on the main service charge account rose by 5% from £242K to £252K while costs of the central heating and hot water fell by 6% to £48K.

Main account

Spending on the main account rose by 5% from £241K to £252K. The main contributors to the increase were higher spending on routine repairs (+£17K as we reinstated the garden lighting and redecorated the stairwells on the Grantully side,) gardening (+£3K as we pollarded the plane trees, on porterage (+£2K), insurance (+£3K). These increases were partially offset by lower spending on electricity (-£8K due to a rebate on a faulty meter) and professional fees (-£4K). Managing agent’s fees rose with inflation. We have since re-tendered the gardening contract and are rather pleased with the new gardeners.

We collected £279K in service charges and that left us a surplus of £27K for the year. This will be added to the reserve fund and used to reduce next September’s bill for phase three of the major works.

Major works

We started the year with £316K in the major works fund. We collected £125K in regular reserve fund contributions plus £175K in special contributions. To this was added interest of £1K and a legal refund of £2K. We spent £210K on the first phase of the major works and rebated £80K to flat owners for the last two year’s overspend. When adding in this year’s surplus of £27K, this left the reserve fund at £355K at year-end. This is sufficient to fund phase two of the major works – the Grantully Road frontage - which commences in a few weeks time.

Central heating

There is a special service charge fund that is paid into only by the flat owners that benefit from the system. Total spending on central heating and hot water fell from £56K to £48K.

The key determinant of spending is how cold the winter and how much the price of gas. We spent much less on gas (-£13K) although this was partially offset by higher repair bills (+£5K). We collected £58K in service charges leaving a surplus for the year of £10K. When added to the reserve contribution of £5K, this left a reserve of £40K in this account. After year-end, we spent £24K of this reserve to replace the hot water boilers that had reached the end of their lives.

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