

**ASHWORTH MANSIONS**

**ELGIN AVENUE, LONDON**

**DRAFT**

*2 MARCH 2012*

**SERVICE CHARGE STATEMENTS**

**FOR THE YEAR ENDED 28 SEPTEMBER 2011**

## **ASHWORTH MANSIONS - ELGIN AVENUE, LONDON**

### **CONTENTS**

|   | <b>Page</b> |
|---|-------------|
| Company information   | 1           |
| Responsibilities of the directors of Ashworth Mansions Limited        | 2           |
| Independent auditors' report  | 3           |
| Summary of income and expenditure                                     | 4           |
| Statement of Service Charge expenditure                               | 5 - 6       |
| Statement of central heating and hot water service charge expenditure | 6           |
| Balance Sheet at 28 September 2011                                    | 7           |
| Notes to the accounts   | 8           |

**COMPANY INFORMATION**

**Directors of Ashworth Mansions Limited**

M Elliot  
K Williams  
M Clements  
J Sutcliffe  
G Barraclough  
D Malik

**Secretary**

M Elliot

**Company number**

2477421 (England and Wales)

**Registered office**

7 Mercers Place  
Brook Green  
London  
W6 7BZ

**Managing agent**

Kinleigh Folkard & Hayward  
KFH House  
5 Compton Road  
London  
SW19 7QA

**Auditors**

Bell Dinwiddie & Co  
Glenavon House  
39 Common Road  
Claygate  
KT10 0HG

### **Responsibilities of the directors of Ashworth Mansions Limited**

The directors are responsible for preparing financial statements for each financial year which give a true and fair view of the state of affairs of the service charge account and of the income and expenditure account for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and apply them consistently ;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless this is thought to be inappropriate.

The directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the service charge account. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**INDEPENDENT AUDITORS' REPORT ON THE SERVICE CHARGE STATEMENT**  
**REPORT OF THE AUDITORS TO ASHWORTH MANSIONS LIMITED (LANDLORD)**

We have audited the accompanying service charge accounts for Ashworth Mansions for the year ended 28 September 2011, which comprise the statement of service charge income and expenditure, statement of central heating and hot water service charge income and expenditure, the balance sheet as at 28 September 2011 and related notes. The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts

Under the terms of this engagement, we were not required to, and did not, form any opinion as to either the reasonableness of the costs included within the service charge statement or the standard of the services or works provided.

**Landlord /managing agent's responsibility for the accounts**

The landlord/managing agent are responsible for the preparation of these accounts in accordance with the terms of the lease and for such internal control as the landlord/managing agent determines is necessary to enable the preparation of accounts that are free from material misstatement whether due to fraud or error.

**Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International standards on Auditing. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation of accounts in order to design audit procedures that are appropriate to the circumstances but not for the purpose of expressing an opinion on the effectiveness of the internal controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the accounts.

We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion the service charge accounts of Ashworth Mansions for the year ended 28 September 2011 are prepared, in all material respects, in accordance with the accounting policies set out in Note 1 to the accounts.

**Basis of accounting and restriction on distribution and use**

Without modifying our opinion, we draw attention to Note 1 to the accounts which describes the basis of accounting. Our report has been prepared pursuant to the terms of our engagement letter and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of our engagement letter or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

**SUMMARY OF INCOME AND EXPENDITURE  
FOR THE YEAR ENDED 28 SEPTEMBER 2011**

**SERVICE CHARGE ACCOUNT**

|  | Notes | Year<br>to 28-Sept<br>2011<br>£ | Year<br>to 28-Sept<br>2010<br>£ |
|--|-------|---------------------------------|---------------------------------|
| Service charge demands in year               |       | 281,257                         | 279,705                         |
| Less general expenditure in year             |       | (267,046)                       | (252,496)                       |
| Surplus for year                             |       | <u>14,211</u>                   | <u>27,209</u>                   |
| Transfer to reserve/major works account      | 4     | 14,211                          | 27,209                          |
| Surplus carried forward at 28 September 2011 |       | <u>0</u><br>=====               | <u>0</u><br>=====               |

**RESERVE/MAJOR WORKS ACCOUNT**

|   | Notes | Year<br>to 28-Sept<br>2011<br>£ | Year<br>to 28-Sept<br>2010<br>£ |
|---|-------|---------------------------------|---------------------------------|
| Brought forward 29 September 2010                         |       | 355,948                         | 316,018                         |
| Reserve demands in year                                   |       | 175,378                         | 125,316                         |
| Major works demands                                       |       | 150,000                         | 175,000                         |
| Gross Interest received less taxation                     |       | 3,985                           | 1,486                           |
| Other receipts treated as reserve income                  |       | 0                               | 2,145                           |
| Less expenditure in year                                  | 2     | (338,180)                       | (210,318)                       |
| Current year transfer from service charge                 |       | 14,211                          | 27,209                          |
| Prior year transfer (back to)/from service charge account | 4     | 0                               | (80,908)                        |
| Surplus carried forward at 28 September 2011              |       | <u>361,342</u><br>=====         | <u>355,948</u><br>=====         |

**CENTRAL HEATING ACCOUNT**

|                                      |   |                        |                        |
|--------------------------------------|---|------------------------|------------------------|
| Brought forward 29 September 2010    |   | 40,001                 | 24,561                 |
| Service charge demands in year       |   | 58,175                 | 58,163                 |
| Less expenditure in year             |   | (64,717)               | (47,723)               |
| (Deficit)/surplus for year           | 5 | <u>(6,542)</u>         | <u>10,440</u>          |
| Service charge demand - reserve fund |   | 5,000                  | 5,000                  |
| Carried forward at 28 September 2011 |   | <u>38,459</u><br>===== | <u>40,001</u><br>===== |

STATEMENT OF SERVICE CHARGE EXPENDITURE  
FOR THE YEAR ENDED 28 SEPTEMBER 2011

|   | Notes | Year<br>to 28-Sept<br>2011<br>£ | Year<br>to 28-Sept<br>2010<br>£ |
|---|-------|---------------------------------|---------------------------------|
| <i>Porterage - Flat 47A</i>   |       |                                 |                                 |
| Wages, National Insurance and relief porter                             |       | 23,107                          | 23,501                          |
| Rent  |       | 18,007                          | 17,891                          |
| Light, heat and water   |       | 1,340                           | 1,450                           |
| Telephone   |       | 435                             | 574                             |
| Council tax, repairs and other  |       | 906                             | 1,294                           |
|   |       | <u>43,795</u>                   | <u>44,710</u>                   |
| <i>Expenditure for common parts</i>                                     |       |                                 |                                 |
| Cleaning including windows and materials                                |       | 13,632                          | 15,222                          |
| Electricity   |       | 7,609                           | 5,476                           |
| Electricity - refund after replacement of faulty meter                  |       | 0                               | (4,682)                         |
| Entryphone  |       | 12,955                          | 11,114                          |
| Television aerial hire including upgrade                                |       | 7,841                           | 7,486                           |
| Upgrade of satellite television system                                  |       | 4,938                           | 0                               |
| Fire extinguishers  |       | 531                             | 660                             |
| Gardening   |       | 21,733                          | 16,603                          |
| Pest control  |       | 3,551                           | 3,735                           |
| Sundry  |       | 709                             | 346                             |
|   |       | <u>73,499</u>                   | <u>55,960</u>                   |
| <i>Repairs and building work including associated professional fees</i> |       |                                 |                                 |
| Routine repairs   |       | 46,680                          | 51,526                          |
| Reserve and major works expenditure                                     | 2     | 338,180                         | 210,318                         |
|   |       | <u>384,860</u>                  | <u>261,844</u>                  |
| Interest received less taxation   | 3     | <u>(3,985)</u>                  | <u>(1,486)</u>                  |
| Insurance - Building (including public and employer's liability.)       |       | <u>66,698</u>                   | <u>66,207</u>                   |
| Carried forward   |       | <u>564,867</u>                  | <u>427,235</u>                  |

The notes on page 8 form part of these accounts

**STATEMENT OF SERVICE CHARGE EXPENDITURE  
FOR THE YEAR ENDED 28 SEPTEMBER 2011**

|   | Notes | Year<br>to 28-Sept<br>2011<br>£ | Year<br>to 28-Sept<br>2010<br>£ |
|---|-------|---------------------------------|---------------------------------|
| Brought forward                             |       | 564,867                         | 427,235                         |
| <i>Fees</i>                                 |       |                                 |                                 |
| Health and safety inspection and compliance |       | 0                               | 0                               |
| Professional fees                           |       | 2,396                           | 0                               |
| Legal fees                                  |       | 0                               | 926                             |
| Accountancy and taxation                    |       | 850                             | 805                             |
| Audit                                       |       | 6,500                           | 6,292                           |
| Management                                  |       | 36,374                          | 34,093                          |
| Expenditure for the year                    |       | <u>601,241</u><br>=====         | <u>461,328</u><br>=====         |
| Expenditure allocated as follows:           |       |                                 |                                 |
| Service charge                              |       | 267,046                         | 252,496                         |
| Reserve/major works                         |       | 334,195                         | 208,832                         |
|   |       | <u>601,241</u><br>=====         | <u>461,328</u><br>=====         |

**STATEMENT OF CENTRAL HEATING AND HOT WATER SERVICE CHARGE EXPENDITURE  
FOR THE YEAR ENDED 28 SEPTEMBER 2011**

|                                  | Notes | Year<br>to 28-Sept<br>2011<br>£ | Year<br>to 28-Sept<br>2010<br>£ |
|----------------------------------|-------|---------------------------------|---------------------------------|
| Insurance (engineering - boiler) |       | 1,276                           | 844                             |
| Gas                              |       | 26,150                          | 35,078                          |
| Repairs and maintenance          |       | 7,939                           | 10,369                          |
| Renew hot water cylinders        |       | 26,158                          | 0                               |
| Professional fees                |       | 2,700                           | 0                               |
| Electricity                      |       | 494                             | 1,432                           |
| Total expenditure                |       | <u>64,717</u><br>=====          | <u>47,723</u><br>=====          |

The notes on page 8 form part of these accounts



**ASHWORTH MANSIONS - ELGIN AVENUE, LONDON**

7

**BALANCE SHEET  
AS AT 28 SEPTEMBER 2011**

|  | Notes | 2011<br>£      | 2010<br>£      |
|--|-------|----------------|----------------|
| <b>ASSETS</b>  |       |                |                |
| Service charges outstanding  |       | 20,486         | 13,264         |
| Debtors and prepayments  |       | 94,382         | 66,885         |
| Bank client account in the name of Kinleigh Limited<br>Service charge account      | 6     | 22,708         | 17,904         |
| Bank reserve account - in the name of<br>Kinleigh Limited Re Ashworth Mansions Ltd | 6     | 450,643        | 599,544        |
|  |       | <u>588,219</u> | <u>697,597</u> |
| <b>LIABILITIES</b>   |       |                |                |
| Service charges received in advance  |       | 22,339         | 77,190         |
| Creditors and accrued expenses   |       | 136,970        | 182,135        |
| Due to Ashworth Mansions Limited   |       | 29,109         | 42,323         |
| Reserve fund including major works   | 7     | 361,342        | 355,948        |
| Service charge reserve   |       | 0              | 0              |
| Central heating reserve  | 7     | 38,459         | 40,001         |
|  |       | <u>588,219</u> | <u>697,597</u> |

Approved by the board of directors of Ashworth Mansions Limited and signed on its behalf.

M Elliot  
As Director of Ashworth Mansions Limited

Date -

The notes on page 8 form part of these accounts

**NOTES ON THE STATEMENT OF SERVICE CHARGE EXPENDITURE  
FOR THE YEAR ENDED 28 SEPTEMBER 2011**

**1 Accounting policies**

*Basis of preparation*

The service charge accounts are prepared on the accruals basis.

**2 Reserve and major works expenditure**

|                              | Year<br>to 28-Sept<br>2011<br>£ | Year<br>to 28-Sept<br>2010<br>£ |
|------------------------------|---------------------------------|---------------------------------|
| External works phase 1 and 2 | 338,180<br>=====                | 210,318<br>=====                |

**3 Tax provided on bank interest received**

Taxation on interest received gross is paid at 20%.

**4 Service charge account**

The Directors of Ashworth Mansions Limited have agreed that the surplus for the current year should be retained as reserve funds.

**5 Central heating and hot water**

The directors have agreed that the deficit for the year should be set off against brought forward reserves.

**6 Bank accounts**

All bank balances are held in trust in client accounts.

Current account funds are held in a client account in the name of Kinleigh Ltd.

Reserve and major works accounts are held at Lloyds TSB and The Nottingham Building Society.

**7 Reserves**

The reserve fund has been established to provide funds to meet the costs of refurbishment and other significant expenditure to maintain the building in good condition.

The central heating and hot water reserve has been established to provide funds to meet the costs of upgrading or replacing the heating system.

**8 Capital commitments**

The contract value of phase 2 of the external works amounted to £256,566 of which approximately £228,000 had not been spent at the 28 September 2011.

**9 Ashworth Mansions Limited**

Ashworth Mansions Limited is the freeholder.

At 28 September 2011 Ashworth Mansions Limited was owed £29,109 (2010 £42,323). This balance is being repaid at £1,000 a month from the service charge.

**10 Transactions with directors of Ashworth Mansions Limited**

The directors of Ashworth Mansions Limited were charged and paid ground rents and service charges to the company and the service charge during the year.