

**Unaudited Service Charge Accounts**  
**For the Year Ended 28 September 2016**  
**for**  
**Forestfield Management Company Limited**

Forestfield Management Company Limited

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For the Year Ended 28 September 2016

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**Forestfield Management Company Limited**

**Service Charge Fund Information**  
**For the Year Ended 28 September 2016**

**COMPANY NUMBER** 01489740

**ACCOUNTANTS** Richard Place Dobson  
1 – 7 Station Road  
Crawley  
West Sussex  
RH10 1HT

**DIRECTORS** A Gidman  
A Mitchell  
C Piggot  
M Stewart  
L Beer

**REGISTERED OFFICE ADDRESS** C/o Stevensdrake  
117-119 High Street  
Crawley  
West Sussex  
RH10 1DD

Forestfield Management Company Limited

Accountant's Report of Factual Findings to the Directors of  
Forestfield Management Company Limited

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 Forestfield Management Company Limited. In accordance with our engagement letter, we have performed the procedures enumerated below with respect to the service charge accounts set out on pages 5 to 6 in respect of Forestfield Management Company Limited for the year ended 28 September 2016 in order to provide a report of factual findings about the service charge accounts that you have issued.

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

**Basis of report**

Our work was carried out having regard to TECH 03/11 *Residential Service Charge Accounts* published jointly by the professional accountancy bodies with ARMA and RICS. In summary, the procedures we carried out with respect to the service charge accounts were:

1. we prepared the service charge accounts and checked whether the figures in the accounts were extracted correctly from the accounting records maintained;
2. we checked, based on a sample, whether entries in the accounting records were supported by receipts, other documentation or evidence that we inspected; and
3. we checked whether the balance of service charge monies for this property shown on page 6 of the service charge accounts agreed or reconciled to the bank statements for the accounts in which the funds 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 service charge accounts 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 financial statements 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.

Forestfield Management Company Limited

Accountant's Report of Factual Findings to the Directors of  
Forestfield Management Company Limited

**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 that we inspected.
- (c) With respect to item 3, we found that the balance of service charge monies shown on page 6 of the service charge accounts, reconciles to the bank statement for the accounts in which the funds are held.

Signed: Richard Place Dobson Services Ltd

Date: 03/07/17

Richard Place Dobson Services Ltd  
1 – 7 Station Road  
Crawley  
West Sussex  
RH10 1HT

**Forestfield Management Company Limited**

**Income and Expenditure Statement**  
**For the Year Ended 28 September 2016**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
<b>INCOME</b>		
Maintenance fees	44,375	43,751
Ground rent	1,323	1,210
Lease extension fees	-	24,000
Sundry income	5	322
Interest received	779	796
<b>Total income receivable</b>	<b>46,482</b>	<b>70,079</b>
<b>EXPENDITURE</b>		
Insurance	3,629	3,727
Lighting	1,207	1,524
General maintenance	2,712	5,647
Garden maintenance	25,828	28,625
Printing and postage	182	1,161
Website costs	66	44
Professional services	288	3,321
Accountancy	858	1,296
Bank charges	104	135
Tax deducted from interest received	37	157
Bad and doubtful debts	339	2,989
Sundry expenses	-	260
Garage survey	8,363	-
Depreciation	1,825	1,825
<b>Total expenditure</b>	<b>45,438</b>	<b>50,711</b>
<b>SURPLUS FOR THE PERIOD</b>	<b>1,044</b>	<b>19,368</b>

The notes form part of these service charge accounts.

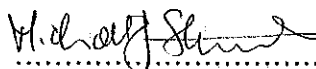
**Forestfield Management Company Limited**

**Balance Sheet as at 28 September 2016**

	Notes	At 28.09.16 £	At 28.09.15 £
<b>FIXED ASSETS</b>			
Tangible assets	2	14,603	16,428
<b>CURRENT ASSETS</b>			
Debtors	3	36,969	27,541
Cash at bank and in hand		39,465	51,026
Reserve bank account		64,556	64,148
		<u>140,990</u>	<u>142,715</u>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	4	(3,520)	(8,114)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>152,073</u>	<u>151,029</u>
<b>RESERVES</b>			
Reserves	5	152,073	151,029
<b>MEMBERS' FUNDS</b>		<u>152,073</u>	<u>151,029</u>

The notes form part of these service charge accounts.

The service charge accounts were approved on 14 June 2017

  
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M Stewart  
Director

Forestfield Management Company Limited

Notes to the Service Charge Accounts  
For the Year Ended 28 September 2016

**1. ACCOUNTING POLICIES / CONVENTION**

- 1.1 The service charge accounts have been prepared on an accruals basis under the historical cost convention.
- 1.2 Income represents amounts receivable for ground rent and maintenance services and is recognised in the year it relates to.
- 1.3 The general reserve represents the funds available to be spent on the day to day activities of the management company.
- 1.4 Service charge monies are held on trust in accordance with section 42 of the Landlord and Tenant Act 1987.
- 1.5 Tangible fixed assets and depreciation  
Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:
- |                             |                   |
|-----------------------------|-------------------|
| Land and buildings Freehold | Nil               |
| Garden improvements         | 10% Straight line |
- No depreciation is provided in respect of freehold land and buildings as it is the directors' opinion that the buildings are maintained such that the estimated residual value is in excess of cost and any depreciation charged would be immaterial.
- 1.6 Under the terms of the company's Memorandum of Association its members have undertaken to contribute a maximum of £10 each against any deficiency on a winding-up of the company.
- 1.7 The company is bound by its agreement with the owners and under the terms of its memorandum to retain and maintain the property.

The directors therefore consider that the property has no realisable market value when the nature and extent of the obligations inherent in the titles are taken into account.



**Forestfield Management Company Limited**

**Notes to the Service Charge Accounts**  
**For the Year Ended 28 September 2016**

**2. TANGIBLE FIXED ASSETS**

	<b>Land and buildings</b>	<b>Garden Improvements</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>			
At 29 September 2015	1	18,252	18,253
Additions	-	-	-
At 28 September 2016	1	18,252	18,253
<b>Depreciation</b>			
At 29 September 2015	-	1,825	1,825
Charge for the year	-	1,825	1,825
At 28 September 2016	-	3,650	3,650
<b>Net book value</b>			
At 28 September 2016	1	14,602	14,603
At September 2015	1	16,427	16,428

**3. DEBTORS**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Trade debtors	36,129	26,693
Other debtors	840	848
	<b>36,969</b>	<b>27,541</b>

## Forestfield Management Company Limited

### Notes to the Service Charge Accounts For the Year Ended 28 September 2016

#### **4. CREDITORS**

	<b>2016</b>	<b>2015</b>
	<b>£</b>	<b>£</b>
Taxation and social security	-	65
Payments received on account	272	530
Other creditors	3,248	7,519
	<b>3,520</b>	<b>8,114</b>

#### **5. GENERAL RESERVE**

	<b>Reserves</b>
	<b>£</b>
Balance at 29 September 2015	151,029
Surplus for the year	1,044
Balance at 28 September 2016	<b>152,073</b>

#### **6. MAINTENANCE OF GARAGE BLOCKS AT FORESTFIELD**

The Company has an obligation to maintain the common parts of the garage blocks. This includes the concrete slab on which the bungalows are built and the structural support for that slab, the footpaths to the garages and the bungalows, the external walls of the garages and the drainage systems of those common parts.

During 2016 the Company engaged a firm of building surveyors, Currie & Brown (CB), to inspect the five garage blocks. The Company asked CB to identify what repairs and maintenance work was needed. The inspection included concrete durability testing of the structures.

CB has issued their report on the inspection, a copy of which is available on the Forestfield website. In summary, CB noted that:

*'generally, each development remains in fair order albeit as the blocks are approaching 50 years of age with negligible planned maintenance works implemented, the external fabric requires repairs and maintenance to increase the service life of construction elements'*

In the light of the results of the CB survey, the directors are of the opinion that, as at the date of the survey, there is no failure by the Company in its obligation to provide 'subjacent and lateral support and shelter and protection' as specified in the leases between the Company and the

Forestfield Management Company Limited

Notes to the Service Charge Accounts  
For the Year Ended 28 September 2016

lessees of the bungalows above the garages. Consequently, the directors conclude that as at 28 September 2016 there is no breach of obligation by the Company in respect of its responsibility to the lessees of the bungalows above the garages and consequently no liability to be recognised in the financial statements.

However, the directors recognise that work is necessary on the garages to ensure that the Company continues to meet its obligations.

The total costs for the work identified in the CB survey for each garage block are estimated at £155,000 (excluding VAT), plus an additional £37,500 (excluding VAT) for each garage block for the application of a liquid membrane overlay system at the first-floor walkway level to provide better protection against water ingress to the garages. These works (and the estimated costs) include a recommended maintenance programme over an 11-year period. The report also recommends regular maintenance works, such as regular rodding or flushing of drainage, following the priority works described above.

After studying the report, the directors asked CB to identify which elements of the recommended works are higher priority. In response CB identified works costing £50,000 (exclusive of VAT) for each garage block:

1. Asphalt repairs at walkway level (i.e. first-floor / bungalow level).
2. Surface water drainage improvement to the brick planters at walkway level.
3. Jetting through and overhauling internal rainwater outlets and downpipes to ensure clear and free of obstruction.
4. Concrete repairs to the garage level beams and soffits.

The directors will hold meetings with Forestfield residents to discuss the results of the CB survey and the plans for implementing the required works and their funding. The directors are of the opinion that the priority works identified need to be completed and plan to raise the funds needed for the priority works through an increased management charge over the next three to seven years. Consequently, the directors expect to start the priority works after the funds have been raised.

## **7. LEGAL CASE**

During the year ended 28 September 2015 the tennis court area was redeveloped. The work was undertaken by a contractor named Dapper Group. The work performed by the contractor was not of a good standard and in the course of the work the contractor damaged a footpath owned by West Sussex County Council. Notwithstanding that the damage was caused by the contractor, the Council required the Company to arrange for the footpath to be repaired at the Company's cost.

Dapper Group claimed that the Company had not paid all amounts due to it under the contract for the redevelopment of the tennis court. The Company defended that claim and counterclaimed against Dapper Group for the damage caused to the footpath. The claim brought against the

Company by Dapper Group for unpaid fees was dismissed by the Judge at Horsham County Court on the basis that Dapper Group had not completed the works. The Court also found in favour of the Company in its counterclaim against Dapper Group for the damage caused to the footpath, and awarded the Company judgement in the sum of £3,642.86 against Dapper Group. The Company has yet to recover this amount from Dapper Group, and until it does so, this amount has not been included as income in the Company's financial statements.

The repairs to the footpath were completed in the current year. The total cost was £4,182, which was fully provided for in the financial statements for the year ended 28 September 2015.

## **8. RELATED PARTIES**

The company directors all pay maintenance to the company in accordance with the maintenance set for the year for all properties.

During the year ended 28 September 2016 the Company did not undertake any other transactions with related parties with the exception of the payment of an outstanding liability of £1,800 to Stevensdrake solicitors, a firm in which Alex Mitchell is the managing partner. This liability related to legal services purchased from Stevensdrake during the year ended 28 September 2015 in connection with the defence and counterclaim against Dapper Group, the contractor responsible for the redevelopment of the tennis court area.