

Unaudited Service Charge Accounts

For the Year Ended 28 September 2017

for

Forestfield Management Company Limited

Forestfield Management Company Limited

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For the Year Ended 28 September 2017

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Forestfield Management Company Limited

Service Charge Fund Information
For the Year Ended 28 September 2017

COMPANY NUMBER 01489740

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

DIRECTORS A Gidman
A Mitchell
C Piggot
M Stewart
L Beer
K North (resigned 13/04/2017)

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 2017 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 obtained 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 5 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 5 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: 20/04/18

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 2017

	2017	2016
	£	£
INCOME		
Maintenance fees	43,750	44,375
Ground rent	1,373	1,323
Sundry income	0	5
Interest received	97	779
Total income receivable	45,220	46,482
EXPENDITURE		
Insurance	3,814	3,629
Lighting	955	1,207
General maintenance	3,549	2,712
Garden maintenance	25,134	25,828
Printing and postage	236	182
Website costs	114	66
Professional services	2661	288
Accountancy	1008	858
Bank charges	107	104
Tax deducted from interest received	-	37
Bad and doubtful debts	-	339
Sundry expenses	74	-
Garage survey	-	8,363
Depreciation	1,825	1,825
Total expenditure	39,477	45,438
SURPLUS FOR THE PERIOD	5,743	1,044

The notes form part of these service charge accounts.

Forestfield Management Company Limited

Balance Sheet as at 28 September 2017

	Notes	At 28.09.17 £	At 28.09.16 £
FIXED ASSETS			
Tangible assets	2	12,778	14,603
CURRENT ASSETS			
Debtors	3	46,272	36,969
Cash at bank and in hand		36,389	39,465
Reserve bank account		64,814	64,556
		<u>160,253</u>	<u>155,593</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	4	(2,437)	(3,520)
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>157,816</u>	<u>152,073</u>
RESERVES			
Reserves	5	157,816	152,073
MEMBERS' FUNDS		<u>157,816</u>	<u>152,073</u>

The notes form part of these service charge accounts.

The service charge accounts were approved on ...4/3/18.....



A. Mitchell
Director

Forestfield Management Company Limited

Notes to the Service Charge Accounts **For the Year Ended 28 September 2017**

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 2017

2. TANGIBLE FIXED ASSETS

	Land and buildings	Garden Improvements	Total
	£	£	£
Cost			
At 29 September 2016	1	18,252	18,253
Additions	-	-	-
At 28 September 2017	1	18,252	18,253
Depreciation			
At 29 September 2016	-	3,650	3,650
Charge for the year	-	1,825	1,825
At 28 September 2017	-	5,475	5,475
Net book value			
At 28 September 2017	1	12,777	12,778
At 28 September 2016	1	14,602	14,603

3. DEBTORS

	2017	2016
	£	£
Trade debtors	45,699	36,129
Other debtors	573	840
	46,272	36,969

Forestfield Management Company Limited

Notes to the Service Charge Accounts
For the Year Ended 28 September 2017

4. CREDITORS

	2017	2016
	£	£
Payments received on account	96	272
Other creditors	2,341	3,248
	2,437	3,520

5. GENERAL RESERVE

	Reserves
	£
Balance at 29 September 2016	152,073
Surplus for the year	5,743
Balance at 28 September 2017	157,816

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'

Forestfield Management Company Limited

Notes to the Service Charge Accounts **For the Year Ended 28 September 2017**

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 lessees of the bungalows above the garages. Consequently, the directors conclude that as at 28 September 2017 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 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 court:

1. Asphalt repairs at walkway level (ie 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. 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.

Forestfield Management Company Limited

Notes to the Service Charge Accounts **For the Year Ended 28 September 2017**

7. LEGAL CASE (continued)

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, this amount has not been included as income in the Company's financial statements. The repairs to the footpath were completed in the year ended 28 September 2016.

8. RELATED PARTIES

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

During the year ended 28 September 2017 the Company did not undertake any other transactions with related parties.