

**Unaudited Service Charge Accounts**

**For the Year Ended 28 September 2018**

**for**

**Forestfield Management Company Limited**

**Forestfield Management Company Limited**

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**For the Year Ended 28 September 2018**

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**Forestfield Management Company Limited**

**Service Charge Fund Information**  
**For the Year Ended 28 September 2018**

**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  
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 2018 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 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: 10/06/19

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 2018**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
<b>INCOME</b>		
Maintenance fees	43,750	43,750
Ground rent	1,336	1,373
Interest received	209	97
Total income receivable	<u>45,295</u>	<u>45,220</u>
<b>EXPENDITURE</b>		
Insurance	3,745	3,814
Lighting	1,268	955
General maintenance (note 7)	28,131	3,549
Garden maintenance	26,962	25,134
Printing and postage	360	236
Website costs	137	114
Professional services	-	2,661
Accountancy	1,104	1,008
Bank charges	86	107
Sundry expenses	27	74
Depreciation	<u>1,825</u>	<u>1,825</u>
Total expenditure	<u>63,645</u>	<u>39,477</u>
<b>(DEFICIT)/SURPLUS</b>	<u>(18,350)</u>	<u>5,743</u>

The notes form part of these service charge accounts.

**Forestfield Management Company Limited**

**Balance Sheet as at 28 September 2018**

	Notes	At 28.09.18 £	At 28.09.17 £
<b>FIXED ASSETS</b>			
Tangible assets	2	10,953	12,778
<b>CURRENT ASSETS</b>			
Debtors	3	34,607	46,272
Cash at bank and in hand		31,311	36,389
Reserve bank account		64,879	64,814
		<u>141,750</u>	<u>160,253</u>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	4	(2,284)	(2,437)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>139,466</u>	<u>157,816</u>
<b>RESERVES</b>			
Reserves	5	139,466	157,816
<b>MEMBERS' FUNDS</b>		<u>139,466</u>	<u>157,816</u>

The notes form part of these service charge accounts.

The service charge accounts were approved on 4 June 2019



A. Mitchell  
Director

## **Forestfield Management Company Limited**

### **Notes to the Service Charge Accounts** **For the Year Ended 28 September 2018**

#### **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 2018**

**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 2017	1	18,252	18,253
Additions	-	-	-
At 28 September 2018	1	18,252	18,253
<b>Depreciation</b>			
At 29 September 2017	-	5,475	5,475
Charge for the year	-	1,825	1,825
At 28 September 2018	-	7,300	7,300
<b>Net book value</b>			
At 28 September 2018	1	10,952	10,953
At 28 September 2017	1	12,777	12,778

**3. DEBTORS**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Trade debtors	33,789	45,699
Prepayments	818	573
	<b>34,607</b>	<b>46,272</b>

## **Forestfield Management Company Limited**

### **Notes to the Service Charge Accounts** **For the Year Ended 28 September 2018**

#### **4. CREDITORS**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Payments received on account	234	96
Other creditors	2,050	2,341
	<b>2,284</b>	<b>2,437</b>

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

	<b>Reserves</b>
	<b>£</b>
Balance at 29 September 2017	157,816
(Deficit) for the year	(18,350)
Balance at 28 September 2018	<b>139,466</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'*

## **Forestfield Management Company Limited**

### **Notes to the Service Charge Accounts** **For the Year Ended 28 September 2018**

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 2018 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. GENERAL MAINTENANCE**

During 2018 the Company undertook a programme of repointing works to the garage blocks. The cost of these works was £21,615 and is included in the total general maintenance expense of £28,131. This work responds to one of the recommendations made by CB in their report.

**Forestfield Management Company Limited**

**Notes to the Service Charge Accounts**  
**For the Year Ended 28 September 2018**

**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 2018 the Company did not undertake any other transactions with related parties.