

THE GRAMPIANS
SHEPHERDS BUSH ROAD, LONDON W6
SERVICE CHARGE & RESERVE FUND ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2022

GLAZERS LTD
CHARTERED ACCOUNTANTS
843 FINCHLEY ROAD
LONDON, NW11 8NA

ACCOUNTANT'S REPORT OF FACTUAL FINDINGS TO THE MANAGING AGENT OF THE GRAMPIANS

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. In accordance with our engagement, we have performed the procedures agreed with you and enumerated below with respect to the service charge accounts for the year ending 31 March 2022 in order to provide a report of factual findings about the service charge accounts that you have issued.

This report is made to the managing agent 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 managing agent and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the managing agent 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 obtain the service charge accounts and check whether the figures in the accounts were extracted correctly from the accounting records maintained by or on behalf of the managing agent;
- 2 We check, based on a sample, whether entries in accounting records were supported by receipts, other documentation or evidence that we inspected; and
- 3 We check whether the balance of service charge monies for this property 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.

Report of factual findings:

- (a) With respect to item 1, we found the figures in the statement of accounts 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 for the property agrees or reconciles to the bank statements for the accounts in which the funds are held.

Glazers Limited
Chartered Accountants
843 Finchley Road
London NW11 8NA

THE GRAMPIANS
SHEPHERDS BUSH ROAD, LONDON W6
SERVICE CHARGE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2022

	2022		2021	
	£	£	£	£
Expenditure				
Staff costs				
Rates/Council Tax	1,259		1,191	
Permanent Staff wages	71,525		68,139	
Agency staff	115,790		108,822	
Rent	16,445		16,250	
Telephone	<u>193</u>		<u>284</u>	
		205,213		194,686
Boilers				
Gas	43,082		63,693	
Repairs	<u>11,598</u>		<u>23,618</u>	
		54,680		87,312
Cleaning				
Materials	1,092		1,831	
Pest control	3,960		2,160	
Windows	<u>1,640</u>		<u>1,425</u>	
		6,692		5,416
Fees				
Accountancy	2,616		2,556	
Company Secretarial	360		-	
Management	69,054		67,572	
Professional	<u>4,093</u>		<u>1,652</u>	
		76,123		71,780
Insurance				
Buildings/ Terrorism/ Engineering		107,281		101,577
Maintenance				
Drains & tanks	6,303		3,603	
Fire equipment	<u>838</u>		<u>1,152</u>	
		7,141		4,755
Repairs		21,234		23,568
Health & Safety		4,973		2,437
Gardening		5,169		5,073
Electricity - Common parts		27,206		12,594
Property telephone		511		211
Lift maintenance & repairs		9,700		6,540
Sundries				
General	1,339		1,367	
Security	1,912		3,594	
Refuse	<u>1,976</u>		<u>1,976</u>	
		<u>5,226</u>		<u>6,937</u>
Total Service Charge Expenditure carried forward		<u><u>531,150</u></u>		<u><u>522,885</u></u>

THE GRAMPIANS
SHEPHERDS BUSH ROAD, LONDON W6
SERVICE CHARGE ACCOUNTS (Contd)
FOR THE YEAR ENDED 31 MARCH 2022

	2022	2021
	£	£
Total Service Charge Expenditure brought forward	531,150	522,885
Bank Interest receivable	(22)	-
Arrears interest receivable	(569)	(1,083)
	530,559	521,803
<u>Service charges receivable in the year</u>		
Contributions receivable on account	522,885	517,203
	<u> </u>	<u> </u>
Surplus/(Deficit) for the year	<u>(7,674)</u>	<u>(4,600)</u>

MANAGING AGENTS' REPORT

We have prepared the attached Statements of Service Costs for the year ended 31 March 2022 from the books, records and other information held by us & report that this statement is in accordance therewith.

HILLGATE MANAGEMENT LIMITED
5 - 7 Hillgate Street
London
W8 7SP

Date:

THE GRAMPIANS
SHEPHERDS BUSH ROAD, LONDON W6
BALANCE SHEET

AS AT 31 MARCH 2022

	2022 £	2021 £
ASSETS		
Bank (funds held by managing agent - see note 2)	1,226,431	1,211,699
Lessees arrears	456,436	23,003
Service charge deficit	-	4,600
Other debtors and prepayments	86,888	101,511
	<u>1,769,755</u>	<u>1,340,812</u>
LIABILITIES		
Service charge and reserve funds demanded in advance	429,284	216,126
Service charge surplus	(7,674)	-
Other creditors and accruals	88,767	91,862
	<u>510,377</u>	<u>307,988</u>
NET ASSETS	<u><u>1,259,378</u></u>	<u><u>1,032,824</u></u>
REPRESENTED BY:		
RESERVE FUNDS (see note 4)		
General reserve	1,103,187	782,570
Pipe replacement reserve	156,191	250,254
	<u><u>1,259,378</u></u>	<u><u>1,032,824</u></u>

THE GRAMPIANS
SHEPHERDS BUSH ROAD, LONDON W6
NOTES TO THE SERVICE CHARGE & RESERVE FUND ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policy

These accounts have been prepared on the accruals basis.

2 Tax provided on bank interest received

Service charge & reserve fund monies are held in trust in accordance with section 42, Landlord and Tenant Act 1987. Interest earned on service charge & reserve fund monies held on deposit is taxable at the basic rate of income tax. The rate of tax applied to interest received during the year was 20%.

3 Cash at bank

Service Charge and Reserve Fund monies were held in trust in a designated bank account at Royal Bank of Scotland, London Drummonds (B) Branch, 49 Charing Cross, London SW1A 2DX in the name of "Hillgate Management Ltd Client Account".

4 Reserve Funds

	General Reserve		Pipe Replacement Reserve	
	£	£	£	£
Balance brought forward		782,570		250,254
Add: Contributions receivable for the year		320,000		-
Bank interest received		617		-
		<u>1,103,187</u>		<u>250,254</u>
Deduct: Costs incurred for the year				
Heating plant replacement		-	94,063	(94,063)
		<u>-</u>	<u>94,063</u>	<u>(94,063)</u>
Balance carried forward		<u><u>1,103,187</u></u>		<u><u>156,191</u></u>

The Reserve Funds have been established to meet the cost of major cyclical (non-annual) repairs and maintenance work. The present level of these funds may prove insufficient when major works become due and, in that case, additional levies may be made when required.

5 Managing agent declaration

Other than the fees for which invoices have been raised directly, Hillgate Management did not receive any fees or commissions during the year in relation to the stated service charge expenditure in these accounts.

THE GRAMPIANS
SHEPHERDS BUSH ROAD, LONDON W6
NOTES TO THE SERVICE CHARGE & RESERVE FUND ACCOUNTS (Contd)

FOR THE YEAR ENDED 31 MARCH 2022

6 Three year Comparison	2022	2021	2020
	£	£	£
Service charge Expenditure			
Staff costs	205,213	194,686	179,499
Boilers	54,680	87,312	93,299
Cleaning	6,692	5,416	10,694
Fees	76,123	71,780	71,328
Insurance	107,281	101,577	98,314
Maintenance	7,141	4,755	7,265
Repairs	21,234	23,568	22,420
Health & Safety	4,973	2,437	1,426
Gardening	5,169	5,073	7,128
Electricity - Common parts	27,206	12,594	13,262
Property telephone	511	211	262
Lift maintenance & repairs	9,700	6,540	7,390
Sundries	5,226	6,937	4,916
	<u>531,149</u>	<u>522,886</u>	<u>517,203</u>
Bank Interest receivable	(22)		
Arrears interest receivable	(569)	(1,083)	(1,605)
	<u>530,558</u>	<u>521,803</u>	<u>515,598</u>
Reserve Fund Expenditure			
Heating boiler replacement	94,063	70,227	90,787
Temporary boiler hire	-	-	40,320
Tax on interest	-	554	-
Professional fees	-	-	3,000
General repairs	-	35,550	-
	<u>94,063</u>	<u>106,331</u>	<u>134,107</u>