

**CHANNELS (CHELMSFORD)**

**SERVICE CHARGE ACCOUNTS**

**FOR THE YEAR ENDED 30 JUNE 2020**

*LPS Livingstone*  
*Chartered Accountants*

## CHANNELS (CHELMSFORD)

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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 letter we have performed the procedures agreed with you and enumerated below with respect to the service charge accounts set out on pages 2 to 4 for the year ended 30 June 2020 in order to provide a report of factual findings about the service charge accounts that you have issued.

This report is made to the Landlord 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 Landlord and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Landlord 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 by or on behalf of the Landlord;
- 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 the balance sheet 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 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 the balance sheet agrees or reconciles to the bank statements for the accounts in which the funds are held.

*LPS LIVINGSTONE*

**LPS Livingstone**  
**Chartered Accountants**

Date: 19/08/2021

Sunley House, Olds Approach  
Tolpits Lane, Watford  
WD18 9TB

**CHANNELS (CHELMSFORD)**  
**STATEMENT OF SERVICE CHARGE EXPENDITURE**  
**FOR THE YEAR ENDED 30 JUNE 2020**

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	<b>Actual</b>		<b>Budget</b>	
	<b>2020</b>		<b>2020</b>	
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>INCOME</b>				
Service charges		94,768.61		67,274.56
Service charges refund		(27,738.84)		-
<b>TOTAL INCOME</b>		<b>67,029.77</b>		<b>67,274.56</b>
<b>EXPENDITURE</b>				
<b>ESTATE SCHEDULE</b>				
Company secretarial fees	1,662.72		900.00	
Directors and officers insurance	220.69		250.00	
Public liability insurance	1,159.89		750.00	
Landscaping contract	27,660.78		17,500.00	
Lighting maintenance and service	-		250.00	
External estate maintenance	1,128.20		500.00	
Management fees	22,770.00		24,840.00	
Accountancy fees	2,302.50		1,600.00	
General risk assessment	234.00		1,730.00	
Site wide estate costs	-		6,935.56	
Contribution to reserves	1,800.00		1,800.00	
	<u>58,938.78</u>		<u>57,055.56</u>	
<b>SCHEDULE B</b>				
Electricity consumption	-		25.00	
Landscaping contract	-		500.00	
Contribution to reserves	150.00		150.00	
	<u>150.00</u>		<u>675.00</u>	
<b>SCHEDULE C</b>				
Electricity consumption	7,187.59		575.00	
Landscaping contract	-		4,844.00	
Contribution to reserves	3,900.00		3,900.00	
	<u>11,087.59</u>		<u>9,319.00</u>	
<b>SCHEDULE D</b>				
External estate maintenance	-		75.00	
Contribution to reserves	150.00		150.00	
	<u>150.00</u>		<u>225.00</u>	
<b>TOTAL EXPENDITURE</b>		(70,326.37)		(67,274.56)
<b>DEFICIT FOR THE YEAR</b>		<b>(3,296.60)</b>		<b>-</b>

**CHANNELS (CHELMSFORD)**  
**BALANCE SHEET**  
**AS AT 30 JUNE 2020**

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	Notes	2020		2019	
		£	£	£	£
<b>CURRENT ASSETS</b>					
Funds held by managing agent		34,655.90		7,627.00	
Receivable from previous agent		1,214.74		-	
Lessee balances		-		7,355.00	
Other debtors		22,189.16		18,384.00	
Prepayments		4,020.49		-	
			62,080.29		33,366.00
<b>CURRENT LIABILITIES</b>					
Accruals and deferred income		31,481.09		20,704.00	
Lessee balances		10,540.82		-	
Trade creditors		13,322.98		8,630.00	
Other Creditors		206.00		206.00	
			(55,550.89)		(29,540.00)
<b>NET ASSETS</b>		<b>6,529.40</b>		<b>3,826.00</b>	
<b>REPRESENTED BY:</b>					
<b>GENERAL FUND</b>					
	5				
Reserves brought forward		(322.00)		7,982.00	
Deficit for the year		(3,296.60)		(322.00)	
General fund recharge		-		(7,982.00)	
			(3,618.60)		(322.00)
<b>SINKING/CYCLICAL FUND</b>					
	6				
Reserves brought forward		4,148.00		3,142.00	
Transferred from service charge		6,000.00		3,300.00	
Major works expenses		-		(2,294.00)	
			10,148.00		4,148.00
		<b>6,529.40</b>		<b>3,826.00</b>	

**1 ACCOUNTING BASIS**

The accounts are prepared in accordance with the provisions of the lease and on the accruals basis.

The lease requires an "audit" to be carried out on the annual service charge expenditure. However, the cost to carry out an audit in accordance with International Auditing Standards is considered disproportionate to the benefits that would be obtained from having an audit report. In view of this, an Independent Accountants report to the accounts has been prepared. This has been prepared in accordance with best practice, (TECH03/11).

**2 SERVICE CHARGES**

Service charges are recorded in the accounts for the period to which the service charges relate. Service charges raised in the year that relate to future accounting periods are excluded from income in the year and are included within current liabilities.

**3 EXPENDITURE**

Expenditure is included using the accruals basis of accounting. This requires the non cash effect of transactions to be reflected in the accounts in the period to which the expenditure relates and not necessarily in the period in which the expenditure is paid.

**4 BANK ACCOUNT**

The balance at bank is held in trust in a separately designated bank account in the name of "Channels Chelmsford Client Account" (Account number 34535701). The bank accounts are interest bearing and there is no withdrawal notice period or restrictions on withdrawal from the account.

**5 GENERAL RESERVES**

The General funds reserve has been set up to ensure the company does not run at profit or loss and that any difference in income and expenditure is correctly recharged to the tenants.

**6 SINKING/CYCLICAL FUND**

The Reserve Fund has been established to provide funds in order to pay for major repairs which are expected to arise in the future. The present level of the fund may prove insufficient, given the uncertainty as to when such costs may arise.

**7 STATEMENT OF INCOME-POD MANAGEMENT**

POD Management has received income for management, accounts preparation and company secretarial services in relation to the service charge for Channels. There was no other charge from in-house service providers or associated companies.

**CHANNELS (CHELMSFORD)**  
**DECLARATION BY MANAGING AGENTS**

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We hereby approve the attached Certificate of Service Charge Expenditure for the year ended 30 June 2020.

Date: 19/08/2021  
Kinetic Business Centre  
Elstree  
WD6 4PJ

*POD Management*  
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**POD Management**