

George Leybourne House
Wellclose Square, London, E1
Service Charge Accounts
For the year ended 31 December 2016

BGM Lewis Hickie Limited

Chartered Accountants
Emperor's Gate
114a Cromwell Road
Kensington
London SW7 4AG

George Leybourne House
Service Charge Accounts

For the year ended 31 December 2016

LANDLORD

Entryway Ltd
George Leybourne House
Wellclose Square
London, E1 8HW

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Accountant's report of factual findings
to the landlord of George Leybourne House

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 George Leybourne House, Fletcher Street, London E1.

In accordance with our engagement letter dated 20 March 2017, we have performed the procedures agreed with you and enumerated below with respect to the service charge accounts set out on pages 2 to 5 in respect of George Leybourne House, London E1 for the year ended 31 December 2016 in order to provide a report of factual findings about the service charge accounts 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 for this report.

Basis of report

Our work was carried out having regard to the guidance in 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 page 3 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.

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 3 of the service charge accounts agrees or reconciles to the bank statement for the accounts in which the funds are held.

BGM Lewis Hickie Limited

BGM LEWIS HICKIE LIMITED
CHARTERED ACCOUNTANTS

Emperor's Gate
114a Cromwell Road
Kensington
London SW7 4AG

Dated: *20 September 2017*

George Leybourne House, Wellclose Square, London, E1
Service Charge Accounts
For the year ended 31 December 2016

	2016	2015
	£	£
INCOME		
Service Charge Receivable	85,000	135,000
Interest Received	258	228
Less Tax	(49)	(46)
Other Income	1,746	1,357
	<u>86,955</u>	<u>136,539</u>
ESTABLISHMENT EXPENSES		
Management Fee	740	1,575
Insurance	9,930	9,254
Light and Heat	9,432	9,121
Repairs & Maintenance (Note 8)	44,429	15,262
Wages	26,201	26,751
CCTV	306	-
Telephone	339	344
General Administration	1,228	893
Legal & Professional Fees	2,133	573
Accountant Fees	2,670	2,400
Transfer to Reserve Fund	(10,453)	70,366
	<u>86,955</u>	<u>136,539</u>
TOTAL EXPENDITURE	<u>86,955</u>	<u>136,539</u>
(DEFICIT)/SURPLUS FOR THE YEAR	<u><u>-</u></u>	<u><u>-</u></u>

	Notes	2016 £	2015 £
Assets			
Debtors	3	2,861	2,748
Cash at bank	4	<u>67,418</u>	<u>81,261</u>
		70,279	84,009
Liabilities			
	5	<u>(9,746)</u>	<u>(13,023)</u>
Net Assets		<u>60,533</u>	<u>70,986</u>
RESERVES:			
Reserve Fund	6	<u>60,533</u>	<u>70,986</u>

This statement of account was approved and signed by E Mainelli

on behalf of Entryway Limited on 14 September 2017

Elisabetta Mainelli

1 Accounting Policies

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

2 Tax provided on bank interest received

Service charge monies are held on trust in accordance with Section 42, Landlord and Tenant Act 1987. Interest earned on service charge 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 Debtors

	2016	2015
	£	£
Prepayments	2,861	2,748
	<u>2,861</u>	<u>2,748</u>

4 Bank Accounts

	2016	2015
	£	£
Service Charge Account 00233854	3,753	25,907
Reserve Fund Account 80734268	11	11
Base Rate Reward Account 93354369	63,472	55,228
Petty Cash	182	115
	<u>67,418</u>	<u>81,261</u>

Service charge money was held in trust at Barclays Bank, Leicester LE87 2BB under the title Entryway Limited.

5 Creditors

	2016	2015
	£	£
Amounts received in advance	2,795	1,378
Service Charge creditors	628	4,785
Accruals	2,781	3,318
Entryway Limited	3,542	3,542
	<u>9,746</u>	<u>13,023</u>

6 Reserve Fund

	2016	2015
	£	£
Balance Brought Forward	70,986	102,072
Transfer for the year from Service Charge Account	(10,453)	70,366
Expenditure		
Pool Refurbishment 2015	-	(101,452)
Balance carried forward	<u>60,533</u>	<u>70,986</u>

The General Reserve has been established to meet the cost of large, non regular repair and maintenance work. The present level of the fund may prove insufficient, given the substantial costs which could be incurred and the uncertainty as to when further such costs may arise.

Any shortfall in these funds resulting from expenditure incurred will be charged to the Income and Expenditure Account in that year.

7 Transactions with directors of Entryway Limited

E Mainelli, a director, received a management fee in the year of £740 (£1,575 - 2015) which is charged in these accounts.

8 Repairs & Maintenance

Repairs & Maintenance in the year comprise of :-

	£
Swimming Pool	2,920
Water, pump and maintenance costs	1,317
Car Park	1,564
Lifts	2,286
Building Maintenance	10,475
Reception area	21,659
Roof	3,367
Fire Protection	312
Refuse Collection	528
	<u>44,429</u>