

**RIVERMEAD COURT
RANELAGH GARDENS
LONDON SW6**

**SERVICE CHARGE ACCOUNTS
YEAR ENDED 31st DECEMBER 2022**

FARADAY PROPERTY MANAGEMENT LIMITED

**Managing Agent
4th Floor
High Holborn House
52 – 54 High Holborn
London WC1V 6RL**

INDEPENDENT AUDITOR'S REPORT TO THE LANDLORD, RIVERMEAD COURT LIMITED, OF RIVERMEAD COURT LONDON SW6

We have audited the accompanying service charge accounts for Rivermead Court for the year ended 31st December 2022, which comprise the statement of service charge income and expenditure account, balance sheet as at 31st December 2022 and related notes. The accounts have been prepared in accordance with the accounting policies set out in Note 1 to the accounts.

Landlord's, Rivermead Court Limited, responsibility for the accounts

The landlord, Rivermead Court Limited, is responsible for the preparation of these accounts in accordance with the terms of the leases, and for such internal control as the landlord determines is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the preparation of the accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the accounts.

We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the service charge accounts of Rivermead Court for the year ended 31st December 2022 are prepared, in all material respects, in accordance with the accounting policies set out in Note 1 to the accounts.

Basis of accounting and restrictions on distribution and use

Without modifying our opinion, we draw attention to Note 1 to the accounts which describe the basis of accounting. Our report has been prepared pursuant to the terms of our engagement letter and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of our engagement letter or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Wellden Turnbull Limited
Chartered Accountants & Registered Auditors
180 Piccadilly
London
W1J 9HF

Dated: 9 May 2023

RIVERMEAD COURT LONDON SW6

**SERVICE CHARGE ACCOUNT
YEAR ENDED 31st DECEMBER 2022**

	Notes	2022 £	2022 Budget	2021 £
INCOME				
Service Charges Demanded		1,329,341		1,277,448
Contribution from Rivermead Court Limited in respect of share of general expenses borne by Company owned flats	2	<u>61,193</u>		<u>58,279</u>
		<u>1,390,534</u>		<u>1,335,727</u>
GENERAL EXPENDITURE				
STAFF COSTS				
Wages including National Insurance		423,179	361,000	425,943
Uniforms		6,442	2,500	227
Council tax		2,439	1,800	2,302
Water rates		2,049	1,900	1,370
Pension contributions		11,292	14,000	9,555
Other staff costs (incl. recruitment costs)		<u>10,677</u>	<u>2,300</u>	<u>5,211</u>
		456,078	383,500	444,608
Contribution from Rivermead Court Limited in respect of Staff costs	3	<u>(91,216)</u>	-	-
		364,862	383,500	444,608
INSURANCE				
Building and terrorism	4	259,666	240,500	218,841
Engineering		8,978	9,000	8,586
Other		<u>1,209</u>	<u>1,500</u>	<u>1,484</u>
		269,853	251,000	228,911
BUILDING REPAIRS AND MAINTENANCE (excluding Major Works)				
Building Repairs		<u>86,485</u>	<u>62,000</u>	<u>83,349</u>
		86,485	62,000	83,349
LIFT				
Maintenance and supervision contracts		31,308	34,000	35,187
Repairs and refurbishment		<u>13,918</u>	<u>28,000</u>	<u>5,942</u>
		45,226	62,000	41,129
OTHER MAINTENANCE EXPENDITURE				
General and window cleaning		6,693	6,000	5,188
Television system		4,131	3,500	3,281
CCTV security		2,664	4,000	6,607
Emergency lights testing		-	500	-
Pest control		2,944	4,000	4,565
Fire precautions		14,910	5,000	8,518
Refuse		1,727	2,500	3,316
Entrance gates		6,758	4,000	4,210
Light bulbs		67	-	44
Water hygiene		72,384	65,000	71,156
Printing and stationery		3,565	5,000	5,061
Sundry expenses		<u>5,334</u>	<u>5,000</u>	<u>6,455</u>
		<u>121,177</u>	<u>104,500</u>	<u>118,401</u>
Carried forward		887,603	863,000	916,398

RIVERMEAD COURT LONDON SW6**SERVICE CHARGE ACCOUNT (continued)
YEAR ENDED 31st DECEMBER 2022**

	Notes	2022 £	2022 Budget	2021 £
Brought forward		887,603	863,000	916,398
OTHER EXPENDITURE ITEMS				
Telephone		4,650	4,000	4,039
Ground rent and licence fees		1,234	1,400	1,398
Gardens		69,052	65,000	65,083
Health and safety fees		450	2,000	3,984
Legal and professional fees		4,620	2,000	9,829
Professional Treasurer fees		23,712	20,140	24,276
Management fees		66,360	66,360	65,400
Auditors' remuneration		3,693	3,500	3,534
		<u>173,771</u>	<u>164,400</u>	<u>177,543</u>
HEATING COSTS				
Electricity		133,474	90,000	71,443
Gas		228,428	150,000	126,966
Boiler repairs and maintenance		56,250	65,000	39,296
		<u>418,152</u>	<u>305,000</u>	<u>237,705</u>
Contribution from Reserve fund	5	<u>(121,902)</u>	<u>-</u>	<u>-</u>
		<u>296,250</u>	<u>305,000</u>	<u>237,705</u>
TOTAL ROUTINE EXPENDITURE		<u>1,357,624</u>	<u>1,332,400</u>	<u>1,331,646</u>
SERVICE CHARGE SURPLUS TRANSFERRED TO RESERVE		<u>32,910</u>		<u>4,081</u>

MANAGING AGENTS' STATEMENT

We have compiled the service charge accounts for Rivermead Court Limited and confirm that the total expenditure for the year ended 31st December 2022 is £1,357,624. The surplus of £32,910 for the current year will be transferred to the Reserve Fund for Major Works Future Maintenance and Renewal as per the instructions of the Directors of Rivermead Court Limited.

For and on behalf of FARADAY PROPERTY MANAGEMENT LIMITED
Managing Agent
High Holborn House
52 – 54 High Holborn
London WC1V 6RL

Date: 9 May 2023

RIVERMEAD COURT LONDON SW6

RESERVE FUND FOR MAJOR WORKS FUTURE MAINTENANCE AND RENEWAL
YEAR ENDED 31st DECEMBER 2022

	Notes	2022 £	2021 £
RESERVE CHARGE INCOME			
Reserve Charges Demanded		745,202	709,717
Interest Received Net of Taxation			
- On deposits		1,441	62
- On late payment by lessees		1,364	1,799
		<u>748,007</u>	<u>711,578</u>
RESERVE CHARGE EXPENDITURE			
External Redecorations		87,789	537,318
Secret Garden works		813	47,890
Tree works		3,072	-
Porter Welfare Room works		45,302	-
Entrance hall carpets		49,050	-
Lift works		35,594	-
Contribution to Service Charge			
Heating cost	5	121,902	-
Survey and professional fees	6	4,718	6,300
		<u>348,240</u>	<u>591,508</u>
RESERVE CHARGE SURPLUS		<u>399,767</u>	<u>120,070</u>
Balance brought forward at 1st January 2022		1,499,434	1,375,283
Reserve Charge surplus for year		399,767	120,070
Service Charge surplus for year		32,910	4,081
Reserve surplus available for future expenditure as at 31st December 2022		<u>£1,932,111</u>	<u>£1,499,434</u>

The reserve fund has been established to meet the cost of large major works and other non-regular repair and maintenance work. The fund should not be regarded as the sum required to meet future costs in full but only as a contribution to such costs.

From time to time the company makes loans to the reserve and vice versa. These flows provide the funds required to meet shortfalls between the cost of major works and the charges raised. The Rivermead Court Limited debtor represents an amount of money the Company has undertaken to contribute to the service charge accounts for works less the contributions as detailed within Notes 2 and 3 to these accounts.

RIVERMEAD COURT LONDON SW6

SERVICE CHARGE AND RESERVE FUND BALANCE SHEET
AS AT 31st DECEMBER 2022

	Notes	£	2022 £	£	2021 £
Current Assets					
Charges outstanding at 31 st December	7	1,056,164		713,884	
Prepayments and other debtors		347,204		254,156	
Rivermead Court Limited		188,587		1,129,400	
Cash held by Managing Agents		<u>1,789,228</u>		<u>781,766</u>	
			3,381,183		2,879,206
Current Liabilities					
Creditors		(105,265)		(288,900)	
Accruals and other creditors		(93,199)		(51,536)	
Charges demanded in advance	7	<u>(1,250,608)</u>		<u>(1,039,336)</u>	
			(1,449,072)		(1,379,772)
			<u>1,932,111</u>		<u>1,499,434</u>
REPRESENTED BY:					
Reserve Fund			<u>1,932,111</u>		<u>1,499,434</u>

**NOTES TO THE SERVICE CHARGE ACCOUNTS
FOR THE YEAR ENDED 31st DECEMBER 2022**

1 ACCOUNTING POLICIES

The accounts have been prepared under a historical cost convention and applicable accounting standards.

SERVICE CHARGES

The service charges receivable in the service charge account represent amounts due from lessees in respect of the financial year.

BANK INTEREST RECEIVABLE

Interest from the bank is received gross however an allowance for 20% withholding tax is made to be paid to HMRC.

2 CONTRIBUTION FROM RIVERMEAD COURT LIMITED IN RESPECT OF SHARE OF GENERAL EXPENSES BORNE BY COMPANY OWNED FLATS

Rivermead Court Limited still owns five flats within the building as well as the parking areas. As these five flats are deemed to enjoy the maintenance and upkeep of the common parts of the building (including the costs of the major work projects borne by the service charge reserve fund), it was agreed that Rivermead Court Limited should bear a portion of the costs expended by the Service Charge and Reserve Funds. Therefore, this portion of the cost is deemed to belong to Rivermead Court Limited and thus is shown as part of the costs shown in the Rivermead Court Limited Company accounts.

3 CONTRIBUTION FROM RIVERMEAD COURT LIMITED IN RESPECT OF STAFF COSTS BORNE BY COMPANY

As Rivermead Court Limited receives the benefit and support of the staff in the management of the Estate, it was agreed that Rivermead Court Limited should bear a portion of the Staff costs expended by the Service Charge. The contribution for 2022 includes an additional amount arising from the pipe work project. Therefore, this portion of the cost is deemed to belong to Rivermead Court Limited and thus is shown as part of the costs in the Rivermead Court Limited Company accounts.

4 BUILDING INSURANCE

The property is insured with Ecclesiastical Insurance Office plc, Beaufort House, Brunswick Road, Gloucester, GL1 1JZ.

The policy number is 08/IPO/0393362 and as at 29th November 2022 the sum insured, which is index linked, is £124,240,789.

Terrorism cover is separately insured by Arthur J. Gallagher (UK) Limited t/a Alesco Delegate Authority, The Wallbrook Building, 25 Wallbrook, London, EC4N 8AW.

5 CONTRIBUTION TO SERVICE CHARGE HEATING COST

This contribution reflects the commitment of the Board to provide for any shortfall out of the Reserve Fund arising from that estimated in the budget for 2022.

**NOTES TO THE SERVICE CHARGE ACCOUNTS
FOR THE YEAR ENDED 31st DECEMBER 2022**

6. SURVEY AND PROFESSIONAL FEES

Survey and professional fees are made up of payments to Faraday Surveyors in relation to overseeing works in addition to overseeing the works on the West Block, Secret Garden, and the Porters Welfare room.

7. CHARGES DEMANDED IN ADVANCE/OUTSTANDING AT YEAR END

Charges for the service charge and reserve funds are demanded on a six-monthly basis in advance on 25th December and 24th June every year.

Therefore, this creates a liability, each year, at year end, for the first six monthly tranche of demands which are demanded before the year end (2022: £1,250,608, 2021: £1,039,336).

The amount shown as outstanding at year end (2022: £1,056,164, 2021: £713,884), is the value of these demands that have not yet been settled by the year end.