

OUR REF: 33236

02nd August 2023

Dear customer,

The annual accounts for Knights Wood

It's that time of year where we look at the work we have carried out at your development and provide you with the annual accounts for your review.

The annual accounts cover the period from 01 January 2022 to 31 December 2022. We would like to offer you our reassurances that they have been fully audited by LPS Livingstone Audit Limited.

Summary of annual accounts

We are pleased to confirm that the overall expenditure was lower than estimated, resulting in a surplus balance of **£12,372.90**.

We have been working hard to rectify any issues and carry out essential preventative work throughout the year at your development, with your safety and comfort always our number one priority.

For the estate schedule, we have revised the bin emptying contract which has greatly reduced costs. Some repair works were required to the play area, water feature and some of the estate lighting.

In the private apartment blocks, some emergency lights had to be replaced, works to the passenger lift were carried out along with gutter repairs, main entrance door works and some minor work to the pavers in the car park between the 2 blocks.

You can view the complete accounts for full details on our online customer account My Home.

Frequently Asked Questions

We have included some frequently asked questions, which we hope you will find useful.

- **What does your service charge pay for?** The service charge enables us to take care of your development. The money goes into a bank account set up especially for you and your neighbours. If you do not pay your service charge on time, it will not affect FirstPort as a business, but it will affect your development and your neighbours. If there are not enough funds in your development's bank account, this may mean we will need to postpone essential works, which will impact our ability to keep your development in good order and to the standards you would expect.
- **What we do with your money.** Although we ask you to make payment to FirstPort, your money is credited to an interest-bearing designated service charge bank account and held by way of statutory trust. All our development bank accounts are completely independent of the trading accounts of any of the FirstPort group companies. Our development bank accounts are with Barclays.
- **What is the reserve fund.** Your development may be legally required to have its own contingency fund. These funds are used to cover the cost of any planned

major works expenditure, such as access way repairs, replacement of assets including gates and lifts, and large scale internal or external redecoration. Please note, details of the balance held for each schedule is shown on the Notes page (item 5)

- **Online account management.** Easy to use and free to register, your online account provides e-billing and updates about your home. You can track major works and repairs and view your statements and balance. Go to firstport.co.uk and click on the 'my account' button to register.

Find out more

If you would like further information, we recommend looking at the FAQs on our website, which provide helpful information on a range of topics including a glossary of terms to help explain the terminology used in your accounts and service charge estimates - www.firstport.co.uk/residents-help-and-advice

Yours sincerely,

Peter Smith

Property Manager

FirstPort Property Services

Knights Wood
Service Charge Accounts
For The Year Ended 31 December 2022

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Accountants' Report to the Management Agent of Knights Wood

You have stated that an audit of the service charge accounts in accordance with International Standards on Auditing is not required for Knights Wood. In accordance with our engagement letter, we have examined the service charge accounts which comprise the Income and Expenditure Account, the Balance Sheet and the Notes to the Accounts in respect of Knights Wood for the year ended 31 December 2022 together with the books and records maintained by the Managing Agent in so far as they relate to Knights Wood 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

In summary, the procedures we carried out with respect to the service charge accounts for the year ended 31 December 2022 were:

1. to check whether the figures contained in the service charge accounts were extracted correctly from the accounting records maintained by the Managing Agent;
2. to check, based on a sample, whether entries in the accounting records were supported by receipts, other documentation or evidence that we inspected; and
3. to check whether all service charge monies for this property are held in designated accounts and the balances reconciled to the bank balance shown in the service charge accounts.

The procedures performed did not constitute an audit in accordance with International Standards on Auditing (UK and Ireland) and were not designed to provide any assurance regarding whether the amounts charged are a reasonable amount for the services, or whether those services were provided effectively.

Had we performed additional procedures or had we performed an audit or review of the service charge accounts 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. We have not reviewed whether the percentages applied to the expenditure for each part of the estate are appropriate.
- (c) With respect to item 3 we found that all service charge monies for the property were held in designated accounts, as set out in note 2, and that the balances reconciled to the bank balance shown in the service charge accounts.

LPS LIVINGSTONE
Signed:
Dated: 13/07/2023

LPS Livingstone
Chartered Accountants
Wenzel House, Olds Approach
Tolpits Lane, Watford
WD18 9AB

Knights Wood - Estate

Income and Expenditure Account for the Year Ended 31st December 2022

Prior Year Actual		Actual 2022	Budget 2022
Income			
198,975.23	Service Charge Income	257,757.86	257,753.00
4.22	Interest Received	-	-
£198,979.45	Total Income	£257,757.86	£257,753.00
Expenditure			
S1 Estate			
315.59	Telephone	427.68	-
790.14	Monitoring Service	715.68	504.00
3,095.56	Insurance	5,673.77	5,345.00
-	Insurance Engineering	-	1,000.00
-	Insurance D & O	-	490.00
5,805.65	Electricity	5,580.82	8,000.00
12,123.53	Water & Sewerage	9,846.40	1,000.00
142,962.40	Grounds Maintenance	116,901.23	114,646.00
4,512.00	General Maintenance	2,232.00	18,100.00
-	Playground Facilities	1,418.58	1,100.00
668.00	Prior Year Items - See Notes to the Accounts	3,335.33	-
3,968.27	Plant & Machinery	3,125.47	5,544.00
39,864.00	Management Fees	41,459.00	41,459.00
1,486.12	Accounts Preparation Fee	1,560.00	1,560.00
990.00	Audit/Accounts Certification Fee	1,190.00	990.00
-	Legal & Professional Fees	666.00	-
969.36	Company Secretarial Fees	1,008.04	957.00
720.00	H&S and Risk Assessments	-	-
18,000.00	Contribution to Reserve	18,000.00	18,000.00
£236,270.62	Total Expenditure S1 Estate	£213,140.00	£218,695.00
S3 Block H			
37.20	Monitoring Service	41.18	29.00
4,579.31	Insurance	2,318.96	2,670.00
418.92	Insurance Engineering	450.02	800.00
1,186.13	Electricity	928.32	1,500.00
-	Water & Sewerage	-	150.00
348.00	Window Cleaning	552.00	800.00
1,264.00	Communal Area Cleaning	1,352.00	1,448.00
1,734.00	Lift Maintenance & Repair	420.00	1,860.00
1,608.00	Fire Systems Maintenance	393.00	725.00
-	Door & Emergency Systems	329.40	-
2,055.00	General Maintenance	2,175.00	1,500.00
(668.00)	Prior Year Items - See Notes to the Accounts	(2,840.53)	-
2,160.00	Management Fees	2,246.00	2,246.00
594.44	Accounts Preparation Fee	624.00	624.00
990.00	Audit/Accounts Certification Fee	1,190.00	990.00
182.32	Company Secretarial Fees	196.98	187.00
3,000.00	Contribution to Reserve	4,000.00	4,000.00
£19,489.32	Total Expenditure S3 Block H	£14,376.33	£19,529.00

Knights Wood - Estate

Income and Expenditure Account for the Year Ended 31st December 2022

S2 Block K			
37.20	Monitoring Service	41.18	29.00
1,695.33	Insurance	2,318.96	2,670.00
418.92	Insurance Engineering	450.04	800.00
849.73	Electricity	928.31	1,500.00
-	Water & Sewerage	-	150.00
324.00	Window Cleaning	552.00	800.00
1,264.00	Communal Area Cleaning	1,351.96	1,448.00
2,076.00	Lift Maintenance & Repair	1,584.00	1,860.00
1,956.14	Fire Systems Maintenance	393.00	725.00
1,089.00	General Maintenance	1,737.00	1,500.00
-	Prior Year Items - See Notes to the Accounts	255.20	-
2,160.00	Management Fees	2,246.00	2,246.00
594.44	Accounts Preparation Fee	624.00	624.00
990.00	Audit/Accounts Certification Fee	1,190.00	990.00
182.32	Company Secretarial Fees	196.98	187.00
244.80	H&S and Risk Assessments	-	-
3,000.00	Contribution to Reserve	4,000.00	4,000.00
£16,881.88	Total Expenditure S2 Block K	£17,868.63	£19,529.00
£272,641.82	Total Expenditure All Schedules	£245,384.96	£257,753.00
(£73,662.37)	Surplus / (Deficit)	12,372.90	-

Knights Wood - Estate

Balance Sheet as at 31st December 2022

2021		2022
	Assets	
41,351.78	Customer Debtors - Service Charge	20,363.31
-	All other Customer Debtors	6,512.10
73,662.37	Deficit 2021	73,662.37
6,045.24	Prepayments	8,312.10
73,355.04	All other Debtors	73,355.04
33,286.48	Cash At Bank	48,882.99
£227,700.91	Total Assets	£231,087.91
	Liabilities	
24,976.84	Customer Creditors - Service Charge	41,550.89
-	Surplus for the Period	12,372.90
17,880.41	Supplier Creditors	21,893.80
71,309.97	Accruals	16,245.77
72,428.30	All other Creditors	73,007.22
£186,595.52	Total Liabilities	£165,070.58
£41,105.39	Net Assets / (Liabilities)	£66,017.33
£41,105.39	Reserve Funds for Longer Term Maintenance (Note 4)	£66,017.33

Knights Wood

Notes to the Accounts for the year ended 31 December 2022

1. Accounting Policies

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

2. Bank Account

Monies maintained by FirstPort Property Services are held by way of a statutory trust, in an interest bearing no notice designated client bank account at Barclays Bank Plc., 49-51 Northumberland Street, Newcastle upon Tyne, NE1 7AF under the title, FirstPort Property Services Limited Client Service Charge account for Knights Wood.

This is in accordance with Section 42 and Section 42A of the Landlord and Tenant Act 1987.

3. Taxation

A Service Charge Trust has been established by Section 42 of the Landlord & Tenant Act 1987. For the tax year 2021/2022 HMRC have confirmed that there would be no tax liability on interest earned of less than £500 for each tax year. Where the interest earned is in excess of £500, tax of 20% is due on the total interest earned. As a result any tax creditors previously held that are no longer required have been released and included in the current year interest received.

No confirmation of the tax treatment for 2022/2023 tax year has been received from HMRC, so tax has been provided for 20% of the interest received during this period.

4. Reserve Funds for Longer Term Maintenance

Schedule or Block Name	Balance Brought Forward	Provision for the year	Interest Received (net of tax)	General Reserve Fund Expenditure	Total
S1 Estate	26,466.97	18,000.00	308.86	(1,567.75)	43,208.08
S3 Block H	8,980.52	4,000.00	104.80	-	13,085.32
S2 Block K	5,657.90	4,000.00	66.03	-	9,723.93
£	41,105.39	26,000.00	479.69	(1,567.75)	66,017.33

The reserve funds have been established to provide a contribution to items of exceptional expenditure.

Exceptional costs may be offset on the Income & Expenditure account with a transfer from the reserve fund. If there are insufficient funds then the costs will remain as a charge to the Income & Expenditure account or an additional levy may be charged to raise the additional funds prior to, or at the time of the cost being incurred.

All the reserves in hand within a schedule will be available for any exceptional expenditure, subject to the timing and urgency of other future works.

5. Balance Sheet Classification

In the prior year, the Debtors and Prepayments were shown as one balance. For greater transparency, where applicable, we have split 'Due by FirstPort' from Debtors and Prepayments. The prior year balances have not been restated.

6. Statement of Income

FirstPort Property Services, including companies that have the same parent company, have earned income from your service charge during the year on the following expenditure:

Management Fees
Accounts Preparation Fees
Insurance
Company Secretarial Fees

7. Prior Year Items

	S1 Estate	S3 Block H	S2 Block K	Total
General Maintenance costs relating to prior year	240.00	(327.00)	87.00	-
Electricity costs relating to prior year	-	(168.20)	168.20	-
Insurance costs relating to prior year	2,345.33	(2,345.33)	-	-
Audit Fees costs relating to prior year	750.00	-	-	750.00
Total	£ 3,335.33	(2,840.53)	255.20	750.00

8. Demand in Advance

The service charge demand relating to the next year issued before the year end has been excluded from service charge debtors. Amounts received before the year end relating to the following year have been included in service charge creditors. This treatment has been adopted to ensure comparability of accounts from year to year.