

2/12/24

Dear customer,

The annual accounts for KNIGHTS WOOD - ESTATE

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 01st January 2023 to 31st December 2023. I would like to offer you my reassurances that they have been fully audited by LPS Livingstone Audit Limited.

Summary of annual accounts

We have unfortunately needed to spend more money than originally planned, resulting in a deficit balance of **£13,783.21**.

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.

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

Frequently Asked Questions

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

- **What does my service charge pay for?** Service charges are not revenue - they are used to meet real expenditure and costs incurred, and any surplus or deficit is accounted back to you. 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 do you do with my 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.
- **Why has my service charge increased?** Over the past five years, service charges have consistently outpaced inflation. This rise is largely driven by substantial increases in the costs of building insurance, utilities, and the implementation of new safety regulations. To provide a clearer understanding, The Property Institute has published the Service Charge Index, which compiles data from various Property Managers. This index offers a detailed analysis of service charge trends and identifies key factors contributing to rising costs. You can read the report in full at: www.tpi.org.uk/industry-knowledge/property-management/tpi-service-charge-index-2024
- **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 4)
- **Can I manage my account online?** Easy to use and free to register, your online account My Home provides e-billing and updates about your property. You can track major works

and repairs and view your statements and balance. Visit myhome.firstport.co.uk/ to register and find out more.

Fire safety information

The Fire Safety (England) Regulations 2022 made it a legal requirement for responsible persons of all multi-occupied residential buildings to provide residents with fire safety instructions. This information is available at www.firstport.co.uk/firesafety or by scanning the QR code. If you require the fire safety information in a different format, please contact your Property Manager.

**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,

Rebecca Rust

Property Manager
FirstPort

Knights Wood - Estate
Service Charge Accounts
For The Year Ended 31 December 2023

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LPS Livingstone Audit limited

Independent Auditors' Report to the Managing Agent of Knights Wood - Estate

We have audited the accompanying service charge accounts for Knights Wood - Estate For The Year ended 31 December 2023, which comprise of the income and expenditure account, balance sheet as at 31 December 2023 and related notes. The accounts have been prepared in accordance with the accounting policies set out in note 1 to the accounts.

In our opinion, the service charge accounts of Knights Wood - Estate For The Year ended 31 December 2023 are prepared, in all material respects, in accordance with the accounting policies set out in note 1 to the service charge accounts.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) including ISA (UK) 800. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the service charge accounts section of our report. We are independent of the Managing Agent in accordance with the ethical requirements that are relevant to our audit of the service charge accounts in the UK, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Matter Of Emphasis

Without qualifying our opinion, we draw your attention to all other creditors in the balance sheet. This balance includes £1,260.43 amount due to FirstPort.

We draw your attention to notes 6 and 7 to the service charge accounts which describe the all other debtors and all other creditors respectively. Our opinion is not modified in respect of this matter.

Use of our report

We draw attention to Note 1 to the service charge accounts which describes the basis of accounting. This report is made solely to the Managing Agent in accordance with the terms of our engagement. Our audit work has been undertaken so that we might state to the Managing Agent those matters we are required to state to them in an auditor's report 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 audit work, for this report, or for the opinions we have formed.

The service charge accounts are prepared to assist the Managing Agent to fulfill the requirements under the terms of the lease. As a result, the service charge accounts may not be suitable for another purpose. Our report is intended solely for the Managing Agent and should not be distributed to or used by parties other than the Managing Agent, other than expressly permitted by the terms of our engagement letter.

Managing Agent's responsibility for the accounts

The Managing Agent is responsible for the preparation of these service charge accounts in accordance with the accounting policies set out in Note 1 and for such internal control as the Managing Agent determine is necessary to enable the preparation of service charge accounts that are free from material misstatement, whether due to fraud or error. The Managing Agent is responsible for overseeing the financial reporting process.

Auditor's responsibilities for the audit of the service charge accounts

Our objectives are to obtain reasonable assurance about whether the service charge accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these service charge accounts.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the Managing Agent, we considered those laws and regulations that have a direct impact on the preparation of the service charge accounts, such as the Landlord & Tenant Act 1985 & the Landlord & Tenant Act 1987. We evaluated opportunities for fraudulent manipulation of the service charge accounts including management override and considered that the principal risks were related to the posting of inappropriate journal entries.

Procedures performed by the audit team included:

- Discussions with management regarding known or suspected instances of non-compliance with laws and regulations; and
- Testing journal entries as part of our planned audit approach.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the service charge accounts, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed noncompliance with laws and regulations is from the events and transactions reflected in the service charge accounts, the less likely we are to become aware of it.

A further description of our responsibilities for the audit of the service charge accounts is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

LPS Livingstone Audit Ltd

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LPS Livingstone Audit limited

Chartered Accountants & Registered Auditors
Wenzel House, Olds Approach
Tolpits Lane, Watford
WD18 9AB

Dated: 29/11/2024

Knights Wood - Estate

Income and Expenditure Account for the Year Ended 31 December 2023

Prior Year Actual		Actual 2023	Budget 2023
Income			
257,757.86	Service Charge Income	265,896.34	265,894.00
£257,757.86	Total Income	£265,896.34	£265,894.00
Expenditure			
S1 Estate			
427.68	Telephone	427.73	-
715.68	Monitoring Service	861.49	504.00
5,673.77	Insurance	6,437.76	6,300.00
-	Insurance Engineering	-	1,000.00
-	Insurance Emp Liability	225.76	-
-	Insurance D & O	-	580.00
5,580.82	Electricity	8,371.92	8,000.00
9,846.40	Water & Sewerage	220.81	1,500.00
116,901.23	Grounds Maintenance	138,731.02	114,646.00
2,232.00	General Maintenance	4,393.32	18,000.00
3,335.33	Prior Year Items	-	-
1,418.58	Playground Facilities	1,557.36	1,100.00
3,125.47	Plant & Machinery	764.00	5,500.00
41,459.00	Management Fees	44,568.00	44,568.00
1,560.00	Accounts Preparation Fee	1,677.00	1,677.00
1,190.00	Audit/Accounts Certification Fee	4,704.92	1,087.00
666.00	Legal & Professional Fees	-	13.00
1,008.04	Company Secretarial Fees	1,501.36	1,075.00
-	H&S and Risk Assessments	2,136.57	450.00
18,000.00	Contribution to Reserve	18,000.00	18,000.00
£213,140.00	Total Expenditure S1 Estate	£234,579.02	£224,000.00
S3 Block H			
41.18	Monitoring Service	49.57	29.00
2,318.96	Insurance	2,840.02	3,150.00
450.02	Insurance Engineering	463.77	800.00
928.32	Electricity	1,461.47	2,445.00
-	Water & Sewerage	-	150.00
552.00	Window Cleaning	580.80	480.00
1,352.00	Communal Area Cleaning	1,248.00	1,400.00
420.00	Lift Maintenance & Repair	2,970.00	1,500.00
393.00	Fire Systems Maintenance	2,606.40	725.00
329.40	Door & Emergency Systems	-	-
2,175.00	General Maintenance	966.00	2,000.00
(2,840.53)	Prior Year Items	(48.00)	-
2,246.00	Management Fees	2,414.00	2,414.00
624.00	Accounts Preparation Fee	671.00	671.00
1,190.00	Audit/Accounts Certification Fee	112.54	26.00
-	Legal & Professional Fees	13.00	7.00
196.98	Company Secretarial Fees	279.32	200.00
-	H&S and Risk Assessments	1,269.00	450.00
4,000.00	Contribution to Reserve	4,500.00	4,500.00
£14,376.33	Total Expenditure S3 Block H	£22,396.89	£20,947.00

Knights Wood - Estate

Income and Expenditure Account for the Year Ended 31 December 2023

S2 Block K			
41.18	Monitoring Service	49.57	29.00
2,318.96	Insurance	2,840.03	3,150.00
450.04	Insurance Engineering	463.76	800.00
928.31	Electricity	1,461.48	2,445.00
-	Water & Sewerage	-	150.00
552.00	Window Cleaning	580.80	480.00
1,351.96	Communal Area Cleaning	1,248.00	1,400.00
1,584.00	Lift Maintenance & Repair	4,470.74	1,500.00
393.00	Fire Systems Maintenance	1,346.40	725.00
1,737.00	General Maintenance	984.00	2,000.00
255.20	Prior Year Items	-	-
2,246.00	Management Fees	2,414.00	2,414.00
624.00	Accounts Preparation Fee	671.00	671.00
1,190.00	Audit/Accounts Certification Fee	112.54	26.00
-	Legal & Professional Fees	13.00	7.00
196.98	Company Secretarial Fees	279.32	200.00
-	H&S and Risk Assessments	1,269.00	450.00
4,000.00	Contribution to Reserve	4,500.00	4,500.00
£17,868.63	Total Expenditure S2 Block K	£22,703.64	£20,947.00
£245,384.96	Total Expenditure All Schedules	£279,679.55	£265,894.00
£12,372.90	Total Surplus / (Deficit) - Knights Wood - Estate	(£13,783.21)	-

Knights Wood - Estate

Balance Sheet as at 31 December 2023

2022		2023
	Assets	
20,363.31	Customer Debtors - Service Charge	94,239.44
6,512.10	All other Customer Debtors	6,988.85
73,662.37	Deficit for the Period	13,783.21
8,312.10	Prepayments	5,175.49
73,355.04	All other Debtors	64,354.00
48,882.99	Cash At Bank	91,647.23
£231,087.91	Total Assets	£276,188.22
	Liabilities	
41,550.89	Customer Creditors - Service Charge	40,280.91
12,372.90	Surplus for the Period	-
21,893.80	Supplier Creditors	1,513.63
16,245.77	Accruals	78,710.72
73,007.22	All other Creditors	62,014.39
£165,070.58	Total Liabilities	£182,519.65
£66,017.33	Net Assets / (Liabilities)	£93,668.57
£66,017.33	Reserve Funds for Longer Term Maintenance (Note 4)	£93,668.57

Knights Wood - Estate

Notes to the Accounts for the year ended 31 December 2023

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 - Estate.

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 2022/2023 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 2023/2024 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)	Reserve Fund Expenditure - General	Total
S1 Estate	43,208.08	18,000.00	1,546.65	(667.87)	62,086.86
S3 Block H	13,085.32	4,500.00	468.39	(522.00)	17,531.71
S2 Block K	9,723.93	4,500.00	348.07	(522.00)	14,050.00
	£ 66,017.33	27,000.00	2,363.11	(1,711.87)	93,668.57

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.

The amounts paid direct from reserves represent exceptional costs that would otherwise be charged as an Income & Expenditure account item.

5. Prior Year Items

	S3 Block H
Release of creditor provision relating to Window Cleaning	(48.00)
Total	£ (48.00)

6. All other Debtors

Included within the service charge All other debtors figure reported on the balance sheet, is a debt of £64,354.00. This debt is still considered to be recoverable and FirstPort Property Services are actively pursuing the recovery.

7. All other Creditors

Within the cost heading Other Creditors is an unknown balance of £69,044.30, this balance has been outstanding since 2021 and FirstPort is investigating this balance. The balance will remain under Other Creditors pending further investigation.

8. Audit / Accounts Certification Fee

Please be informed that this cost heading continues to reflect the fees for the independent accountant providing services to the service charge accounts. There has been no change to the scope of work provided by the independent accountant from the prior year but, due to a change to our system, fees previously disclosed as Audit Fees or Accountants' Fees are now described as Audit / Accounts Certification Fee.

9. 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

10. 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.