

CANARY RIVERSIDE ESTATE

SERVICE CHARGE STATEMENT OF ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2019

CANARY RIVERSIDE ESTATE

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**SERVICE CHARGE STATEMENT OF ACCOUNT FOR
CANARY RIVERSIDE ESTATE**

**LETTER OF REPRESENTATION FROM MR A COATES TO ACCOUNTANT
FOR THE YEAR ENDED 31 MARCH 2019**

I have determined 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 Canary Riverside Estate.

I was appointed Manager of Canary Riverside Estate on 1st October 2016 by the First Tier Tribunal and am I responsible for ensuring that the financial management of the service charges is sound and that there is an effective system of internal control which facilitates the proper use of the service charges and which includes arrangements for good management of the building and all communal grounds for which I have responsibility in accordance with the terms of the lease.

No leaseholder has made a request for a written summary of relevant costs in relation to the service charges payable or demanded as payable in the period in accordance with Section 21 of the Landlord and Tenant Act 1985.

I confirm that all relevant costs included as expenditure in the service charge information for the year ended 31st March 2019, including any payments to reserve funds, is a proper charge to the property and is in accordance with the underlying leases. Where necessary I have complied with the provisions of section 20 of the Landlord and Tenant Act 1985 in relation to long-term expenditure and major works as defined by the legislation.

All expenditure included in the service charge information for the year ended 31st March 2019 is a proper charge to the property and is in accordance with underlying leases.

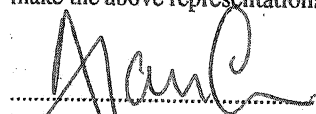
Where necessary, the allocation of relevant expenditure across the various service charge sectors including that relating to the above property is in accordance with the lease.

All the accounting records have been made available to you for the purpose of your engagement and all the transactions relating to service charges have been properly reflected and recorded in the accounting records. Any significant matters of which I consider you ought be aware have been brought to your attention.

The charge to the reserve fund is in accordance with the provisions of the leases and the amounts have been accurately reflected in the reserve fund (where applicable) included as part of the service charge statement of relevant costs.

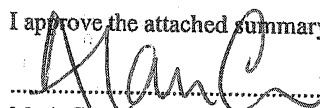
All service charge monies managed by me are held separately in trust in accordance with section 42 of the Landlord and Tenant Act 1987 in designated interest bearing accounts with Barclays Bank plc and the balances reconciled to the fund balances shown in the statement of account.

I confirm that the above representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, of inspection of supporting documentation) sufficient to satisfy ourselves that I can make the above representations to you.


..... 24.7.19
Mr A Coates

ALAN COATES' DECLARATION

I approve the attached summary of costs.


..... 24.7.19
Mr A Coates

CANARY RIVERSIDE ESTATE
INDEPENDENT ACCOUNTANTS' REPORT
FOR THE YEAR ENDED 31 MARCH 2019

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 3 to 19 in respect of Canary Riverside Estate for the year ended 31st March 2019 in order to provide a report of factual findings about the service charge accounts that you have issued.

This report is made to Mr Alan Coates who was appointed Manager by The First Tier Tribunal - Property with effect from 1st October 2016 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 Mr Coates and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Mr Coates for our work or for this report.

Basis of report

Our work in respect of the year ended 31st March 2019 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 Canary Riverside Estate shown in 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 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, except insofar as the matters stated below.
- c. With respect to item 3 we found that the balance of service charge monies shown in the service charge accounts agrees or reconciles to the bank statement for the accounts in which the funds are held.

Simpson Wreford & Partners

Simpson Wreford & Partners
Chartered Accountants and Registered Auditors
Suffolk House
George Street
Croydon CR0 0YN

Date 24.7.19

SERVICE CHARGE STATEMENT OF ACCOUNT FOR

CANARY RIVERSIDE ESTATE

INCOME AND EXPENDITURE ACCOUNT: ALL SECTORS - SUMMARY

FOR THE YEAR ENDED 31 MARCH 2019

	TOTAL ESTATE	TOTAL: RESIDENTIAL FLATS	TOTAL: CAR PARK (RESIDENTIAL)	COMMERCIAL (incl CAR PARK)	TOTAL ACTUAL
	£	£	£	£	£
Income relating to the period	1,182,195	2,034,032	144,961	330,676	3,691,864
Gas recharge	-	-	-	4,336	4,336
Water recharge	-	-	-	103,800	103,800
Window cleaning recharge	-	-	-	5,587	5,587
Total income	1,182,195	2,034,032	144,961	444,399	3,805,587
Expenditure relating to the period	(1,592,099)	(1,172,700)	(59,158)	(280,267)	(3,104,224)
Surplus/(deficit) for the year	(409,904)	861,332	85,803	164,132	701,363
Transfers (to)/from reserves	-	-	-	-	-
	(409,904)	861,332	85,803	164,132	701,363
Net contribution from other blocks	409,904	(230,366)	(55,018)	(124,520)	-
Surplus/deficit to be (credited)/collected	-	630,966	30,785	39,612	701,363
Electricity - recharged	-	(220,211)	(58,793)	(44,260)	(323,264)
Recoverable VAT	-	-	-	105,333	105,333
Balance to be credited to/(collected from) tenants	-	410,755	(28,008)	100,685	483,432

BALANCE SHEET - SUMMARY

	TOTAL 2019 £	TOTAL 2018 £
ASSETS	5,356,081	4,012,105
LIABILITIES	2,955,780	2,329,775
NET ASSETS	<u>2,400,301</u>	<u>1,682,330</u>
REPRESENTED BY:-		
Reserve fund	<u>2,400,301</u>	<u>1,682,330</u>

SERVICE CHARGE STATEMENT OF ACCOUNT FOR
CANARY RIVERSIDE ESTATE
INCOME AND EXPENDITURE ACCOUNT - ESTATE
FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019 Actual £	2019 Budget £	2018 Actual £
Income relating to the period				
Service charge receivable (demanded on account)		1,182,195	1,182,195	1,265,796
Estate Service Charge receivable transferred to relevant blocks	6	(1,182,195)	(1,182,195)	(1,265,796)
Total income		<u>-</u>	<u>-</u>	<u>-</u>
Expenditure relating to the period				
Staffing				
Contracts and management staff		158,851	150,000	145,493
Uniforms and training		403	2,000	2,792
Staff recruitment		-	2,000	-
Utilities				
Electricity	8a	-	175,000	-
Inenco electricity costs	8g	-	-	6,332
Telephone / MOB / Radios		3,006	2,000	3,281
Contracts, maintenance and services				
Door entry system and barrier maintenance		400	5,000	1,213
Drainage system		4,126	5,000	1,805
Fire alarm / equipment maintenance		7,125	7,200	15,149
General repairs and maintenance		16,475	30,000	15,339
Light bulbs		-	-	567
Security / CCTV		393,514	335,000	391,828
Pest control		1,677	2,800	1,829
Mechanical and electrical maintenance		149,918	130,000	140,028
Electrical repairs		3,050	2,000	2,455
Sign writing and notices		-	-	476
Lift maintenance contract		3,779	5,000	4,721
Cleaning - general		11,711	12,500	11,428
Materials and lamps		-	5,000	-
Maintenance and cleaning materials		-	4,000	-
Estate office rates		-	10,000	-
Insurance				
Infrastructure, engineering and employer protection (Engineering insurance)		-	21,000	-
Buildings insurance		2,688	9,000	-
Professional fees				
Independent accountants fee		9,600	12,000	19,140
Legal fees		447,511	50,000	473,639
Asbestos survey		4,260	-	-
Combined health and safety and fire risk assessment		-	10,000	-
Management fees		173,634	144,695	166,795
Other management fees		40,016	24,000	25,474
Other professional fees		153,407	20,000	225,339
Balance carried forward		<u>1,585,151</u>	<u>1,175,195</u>	<u>1,655,122</u>

SERVICE CHARGE STATEMENT OF ACCOUNT FOR
CANARY RIVERSIDE ESTATE
INCOME AND EXPENDITURE ACCOUNT - ESTATE (continued)
FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019 Actual £	2019 Budget £	2018 Actual £
Balance brought forward		1,585,151	1,175,195	1,655,122
General expenses				
Bank charges		927	1,000	127
Sundry expenses (inc. materials)		6,021	6,000	6,675
Total sector expenditure		1,592,099	1,182,195	1,661,924

SUMMARY

Total income	6	1,182,195	1,182,195	1,265,796
Total expenditure	7	(1,592,099)	(1,182,195)	(1,661,924)
(Deficit) for the period		(409,904)	-	(396,128)
Net contribution from other blocks		409,904	-	396,128
		-	-	-

Estate income split

		SC receivable 2019 £	SC receivable 2018 £
Residential	56.20%	664,394	711,377
Car Park	18.60%	219,888	235,438
Commercial in Residential	1.01%	11,940	12,785
Club	5.40%	63,839	68,353
Westferry 1	1.99%	23,526	25,189
Hotel	16.80%	198,609	212,654
		1,182,195	1,265,796

Estate expenditure split

		SC expenditure 2019 £	SC expenditure 2018 £
Residential	56.20%	894,760	934,001
Car Park	18.60%	296,130	309,118
Commercial in Residential	1.01%	16,080	16,785
Club	5.40%	85,973	89,744
Westferry 1	1.99%	31,683	33,072
Hotel	16.80%	267,473	279,203
		1,592,099	1,661,924

**SERVICE CHARGE STATEMENT OF ACCOUNT FOR
CANARY RIVERSIDE ESTATE
INCOME AND EXPENDITURE ACCOUNT - RESIDENTIAL
FOR THE YEAR ENDED 31 MARCH 2019**

	2019 Actual £	2019 Budget £	2018 Actual £
Income relating to the period			
Service charge receivable (demanded on account)	2,031,470	2,031,470	1,787,635
Estate Service Charge receivable	664,393	664,393	711,377
Interest received net	2,562	-	356
Total income	<u>2,698,425</u>	<u>2,695,863</u>	<u>2,499,368</u>
Expenditure relating to the period			
Staffing			
Concierge	213,354	235,000	212,629
Uniforms and training	461	2,000	4,485
Staff recruitment	-	3,000	-
Utilities			
Electricity - communal	8a -	250,000	-
Inenco electricity costs	8e -	-	24,436
Gas	48,026	44,000	22,973
Water rates	52,024	90,000	82,124
Telephone / MOB / Radios	2,925	4,000	2,091
Contracts, maintenance and services			
Door entry/barrier maintenance	3,862	5,000	7,752
Fire alarm / equipment maintenance	-	2,000	4,800
General repairs and maintenance	35,580	60,000	45,929
Light bulbs and fittings	1,291	10,000	2,755
Water softener	2,162	1,600	-
Mechanical and electrical maintenance	125,623	130,000	143,587
Electrical repairs	1,436	9,000	9,402
Lift contract and maintenance	107,321	120,000	106,302
Cleaning - general	114,910	114,000	112,103
Window cleaning	36,437	50,000	49,903
Rubbish removal	18,117	20,000	16,591
Gardening and landscaping	20,070	21,500	20,107
Property vehicle/transport costs	1,714	1,300	1,601
Canary Wharf irrigation charge	10,126	11,000	12,549
Satellite / TV / aerials maintenance	4,051	2,000	1,055
Cradle maintenance	13,404	10,000	-
Irrecoverable estate VAT	8b -	96,770	-
Insurance			
Building and terrorism insurance	299,321	380,000	292,390
Engineering insurance	10,509	-	10,269
Insurance claims	-	-	(7,567)
Professional fees			
Legal fees	-	300,000	(7,506)
Professional fees	-	-	3,810
Other managing agents costs - staff admin	39,104	42,300	30,845
Combined health and safety and fire risk assessment	6,240	5,000	-
Other professional fees	1,565	10,000	-
General expenses			
Postage and photocopying	1,543	-	-
Sundry expenses	1,524	2,000	3,662
Total sector expenditure carried forward	<u>1,172,700</u>	<u>2,031,470</u>	<u>1,209,077</u>

SERVICE CHARGE STATEMENT OF ACCOUNT FOR

CANARY RIVERSIDE ESTATE

INCOME AND EXPENDITURE ACCOUNT - RESIDENTIAL (Continued)

FOR THE YEAR ENDED 31 MARCH 2019

	2019 Actual £	2019 Budget £	2018 Actual £
Note			
<u>SUMMARY</u>			
Total income	2,698,425	2,695,863	2,499,368
Total sector expenditure brought forward	(1,172,700)	(2,031,470)	(1,209,077)
Estate expenditure contribution	7 (894,760)	(664,393)	(934,001)
Surplus before recharges	<u>630,965</u>	<u>-</u>	<u>356,290</u>
Electricity - recharged	8a (220,211)	-	(101,989)
Balance to be credited to tenants	<u><u>410,754</u></u>	<u><u>-</u></u>	<u><u>254,301</u></u>

SERVICE CHARGE STATEMENT OF ACCOUNT FOR
CANARY RIVERSIDE ESTATE
INCOME AND EXPENDITURE ACCOUNT - CAR PARK
FOR THE YEAR ENDED 31 MARCH 2019

	2019	2019	2019	2019	2019	2019	2018
	Actual			Budget			
Note	Hotel and Commercial £	Residential (Gross) £	Total actual £	Hotel and Commercial £	Residential (Gross) £	Budget £	Actual £
Income relating to the period							
Service charge receivable (demanded on account)	44,684	144,961	189,645	44,684	144,961	189,645	146,500
Estate Service Charge receivable	61,406	158,483	219,889	61,355	158,533	219,888	235,438
Total income	106,090	303,444	409,534	106,039	303,494	409,533	381,938
Expenditure relating to the period							
Utilities							
Electricity	8a	-	-	18,432	47,569	66,001	-
Inenco electricity costs	8e	-	-	-	-	-	5,004
Release of 2016 accrued income	8f	-	-	-	-	-	2,730
Contracts, maintenance and services							
Gates/shutter/barrier maintenance	112	289	401	1,117	2,883	4,000	5,802
General repairs and maintenance	1,025	2,645	3,670	1,397	3,604	5,001	1,692
Mechanical and electrical, engineering and plant maintenance	-	-	-	4,189	10,811	15,000	-
Electrical repairs	141	363	504	1,397	3,604	5,001	3,819
Irrecoverable estate VAT	-	-	-	-	29,642	29,642	-
Insurance							
Buildings and terrorism insurance	20,672	53,354	74,026	18,152	46,848	65,000	72,089
Engineering insurance	-	2,507	2,507	-	-	-	2,450
Total sector expenditure	21,950	59,158	81,108	44,684	144,961	189,645	93,586
SUMMARY							
Total income	106,090	303,444	409,534	106,039	303,494	409,533	381,938
Total sector expenditure as above	(21,950)	(59,158)	(81,108)	(44,684)	(144,961)	(189,645)	(93,586)
Estate expenditure contribution	7	(82,629)	(213,501)	(296,130)	(61,355)	(158,533)	(219,888)
Surplus before recharges and VAT	1,511	30,785	32,296	-	-	-	(20,766)
Electricity - recharged	8a	(18,980)	(58,793)	(77,773)	-	-	(84,925)
Recoverable VAT	8b	14,025	-	14,025	-	-	14,545
Balance to be collected from tenants	(3,444)	(28,008)	(31,452)	-	-	-	(91,146)

SERVICE CHARGE STATEMENT OF ACCOUNT FOR

CANARY RIVERSIDE ESTATE

INCOME AND EXPENDITURE ACCOUNT - COMMERCIAL IN RESIDENTIAL (CIR)

FOR THE YEAR ENDED 31 MARCH 2019

		2019 Total Actual £	2019 Budget £	2018 Actual £
Income relating to the period				
Service charge receivable (demanded on account)		37,968	32,700	39,100
Estate Service Charge receivable	6	13,864	11,940	12,785
Gas recharge		4,336	-	1,014
Water recharge		18,707	-	11,399
Total income		<u>74,875</u>	<u>44,640</u>	<u>64,298</u>
Expenditure relating to the period				
Utilities				
Electricity	8a	-	2,200	-
Inenco electricity costs	8e	-	-	355
Gas recharge expense		4,336	-	1,014
Water recharge expense		18,707	-	11,399
Release of 2016 accrued income	8f	-	-	59,277
Contracts, maintenance and services				
General repairs and maintenance		1,415	2,000	1,460
Window cleaning		510	1,200	60
Rubbish removal		23,277	26,000	23,288
Property vehicle/transport costs		1,714	1,300	1,601
Professional fees				
Legal and professional fees		-	-	360
Total sector expenditure		<u>49,959</u>	<u>32,700</u>	<u>98,814</u>

SUMMARY

Total income as above		74,875	44,640	64,298
Total sector expenditure as above		(49,959)	(32,700)	(98,814)
Estate expenditure contribution	7	(16,080)	(11,940)	(16,785)
Surplus/(deficit) before recharges and VAT		<u>8,836</u>	<u>-</u>	<u>(51,301)</u>
Electricity - recharged	8a	(2,248)	-	(6,399)
Recoverable VAT	8b	7,135	-	7,571
Balance to be credited to/(collected from) tenants		<u><u>13,723</u></u>	<u><u>-</u></u>	<u><u>(50,130)</u></u>

**SERVICE CHARGE STATEMENT OF ACCOUNT FOR
CANARY RIVERSIDE ESTATE**

INCOME AND EXPENDITURE ACCOUNT - CLUB

FOR THE YEAR ENDED 31 MARCH 2019

	2019 Actual £	2019 Budget £	2018 Actual £
Income relating to the period			
Service charge receivable (demanded on account)	120,300	120,300	144,600
Estate Service Charge receivable	63,839	63,839	68,353
Window cleaning recharge	5,587	-	5,705
Water recharge	38,809	-	36,683
Total income	228,535	184,139	255,341
Expenditure relating to the period			
Utilities			
Electricity	8a -	16,000	-
Inenco electricity costs	8e -	-	4,439
Water recharge expense	38,809	42,500	36,683
Release of 2016 accrued income	8f -	-	21,088
Contracts, maintenance and services			
General repairs and maintenance	1,148	4,000	2,685
Sundry expenses	-	-	380
Property vehicle/transport costs	1,714	1,300	1,601
Lift maintenance contract	15,857	16,000	18,555
Window cleaning	5,587	12,000	5,705
Rubbish removal	23,276	26,000	23,234
Water softener / materials and lamps	1,066	2,500	2,269
Total sector expenditure	87,457	120,300	116,640
 <u>SUMMARY</u>			
Total income as above	228,535	184,139	255,341
Total expenditure as above	(87,457)	(120,300)	(116,640)
Estate expenditure contribution	7 (85,973)	(63,839)	(89,744)
Surplus before recharges and VAT	55,104	-	48,957
Electricity - recharged	8a (7,119)	-	(5,513)
Recoverable VAT	8b 23,486	-	22,416
Balance to be credited to tenants	71,472	-	65,861

SERVICE CHARGE STATEMENT OF ACCOUNT FOR
CANARY RIVERSIDE ESTATE
INCOME AND EXPENDITURE ACCOUNT - WESTFERRY 1
FOR THE YEAR ENDED 31 MARCH 2019

	2019 Actual £	2019 Budget £	2018 Actual £
Income relating to the period			
Service charge receivable (demanded on account)	27,300	27,300	45,900
Estate Service Charge receivable	23,525	23,525	25,189
Total income	<u>50,825</u>	<u>50,825</u>	<u>71,089</u>
Expenditure relating to the period			
Utilities			
Release of 2016 accrued income	-	-	19,910
Contracts, maintenance and services			
Drainage system	-	-	2,462
Rubbish removal	23,277	26,000	23,234
Property vehicle/transport costs	1,714	1,300	1,601
Total sector expenditure	<u>24,991</u>	<u>27,300</u>	<u>47,207</u>
 <u>SUMMARY</u>			
Total income as above	50,825	50,825	71,089
Total sector expenditure as above	(24,991)	(27,300)	(47,207)
Estate expenditure contribution	<u>(31,683)</u>	<u>(23,525)</u>	<u>(33,072)</u>
(Deficit) before recharges and VAT	(5,849)	-	(9,190)
Electricity - recharged	(961)	-	(436)
Recoverable VAT	9,421	-	9,948
Balance to be credited to tenants	<u><u>2,611</u></u>	<u><u>-</u></u>	<u><u>322</u></u>

SERVICE CHARGE STATEMENT OF ACCOUNT FOR

CANARY RIVERSIDE ESTATE

INCOME AND EXPENDITURE ACCOUNT - HOTEL

FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019 Actual £	2019 Budget £	2018 Actual £
Income relating to the period				
Service charge receivable (demanded on account)		98,500	98,500	189,700
Estate Service Charge receivable	6	198,609	198,609	212,654
Water recharge		46,284	-	39,573
Total income		343,393	297,109	441,926
Expenditure relating to the period				
Utilities				
Electricity	8a	-	10,000	-
Inenco electricity costs	8e	-	-	872
Water recharge expense		46,284	47,500	39,573
Release of 2016 accrued income	8f	-	-	31,465
Contracts, maintenance and services				
General repairs and maintenance		1,148	-	990
Electrical repairs		526	1,200	-
Sundry expenses		-	-	1,981
Water softener/ materials and lamps		1,065	2,500	3,755
Rubbish removal		23,277	26,000	23,234
Landscaping and gardening		5,995	6,500	6,006
Property vehicle/transport costs		1,714	1,300	1,601
Canary Wharf irrigation charge		3,025	3,500	2,807
Professional fees				
Legal and professional fees		12,876	-	1,740
Total expenditure		95,910	98,500	114,023
 SUMMARY				
Total income as above		343,393	297,109	441,926
Total expenditure as above		(95,910)	(98,500)	(114,023)
Estate expenditure contribution	7	(267,473)	(198,609)	(279,203)
(Deficit)/surplus before recharges and VAT		(19,990)	-	48,700
Electricity - recharged	8a	(14,952)	-	(5,623)
Recoverable VAT	8b	51,265	-	47,738
Balance brought forward		-	-	-
Balance to be credited to tenants		16,323	-	90,815

SERVICE CHARGE STATEMENT OF ACCOUNT FOR
CANARY RIVERSIDE ESTATE
INCOME AND EXPENDITURE ACCOUNT - ELECTRICITY
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2019

	2019	
	£	
Electricity - Wholesale	1,621,022	
Directly recharged to all tenants / units	<u>(905,759)</u>	
	715,264	
Electricity: VAT recoverable element	<u>(178,971)</u>	
Net electricity position	536,293	
Accrual (income)	(396,547)	
Release of 2018 overcollection	(48,269)	refer Note 8a
Accruals	158,943	
Electricity cost	<u>250,420</u>	
2019 overcollection shown as other creditor	72,844	refer Note 8a
Electricity cost	<u><u>323,264</u></u>	refer Note 8a

Electricity cost divided per sector in addition to direct unit recharges as follows:

	RESIDENTIAL	CP RES	CP COMM	CIR	HOTEL	WF1	CLUB	TOTAL
	56.20%	13.41%	5.19%	1.40%	16.80%	1.60%	5.40%	
Estate residential	46,540	11,105						57,644
Estate commercial			3,582	966	11,593	1,104	3,726	20,972
Car Park residential		56,444						56,444
Car Park commercial			18,225					18,225
Residential	206,466							206,466
CIR				1,630				1,630
Club					5,662			5,662
Hotel							4,490	4,490
	<u>253,006</u>	<u>67,549</u>	<u>21,807</u>	<u>2,596</u>	<u>17,255</u>	<u>1,104</u>	<u>8,216</u>	<u>371,533</u>
Adjustment re 2018 cost allocations	-	-	-	(4,134)	6,110	-	(1,975)	-
Release of 2018 overcollection	(32,795)	(8,756)	(2,827)	(348)	(2,304)	(143)	(1,097)	(48,269)
TOTAL RECHARGE TO SECTORS as at 31.03.2019	<u><u>220,211</u></u>	<u><u>58,793</u></u>	<u><u>18,980</u></u>	<u><u>(1,886)</u></u>	<u><u>21,061</u></u>	<u><u>961</u></u>	<u><u>5,144</u></u>	<u><u>323,264</u></u>

SERVICE CHARGE STATEMENT OF ACCOUNT FOR
CANARY RIVERSIDE ESTATE
INCOME AND EXPENDITURE ACCOUNT - VAT (EXCLUDING ELECTRICITY)
FOR THE YEAR ENDED 31 MARCH 2019

	CP COMM	CIR	CLUB	WF1	HOTEL	TOTAL
VAT recoverable as per VAT returns to 31.3.2019	13,581	7,049	23,025	9,251	49,828	102,733
Additional VAT recoverable for invoices received after return period	444	86	462	170	1,437	2,599
Net credit recoverable	<u>14,025</u>	<u>7,135</u>	<u>23,486</u>	<u>9,421</u>	<u>51,265</u>	<u>105,333</u>
VAT Recoverable B/Fwd from 31.3.2018 Adjustments						164,345
Output VAT (on commercial invoices)						(319,388)
Input VAT						105,333
Input VAT (electricity element) Recovered						112,126
Input VAT (electricity element) To Be Recovered						66,845
Net VAT Recovered to 31.3.2019						<u>(61,932)</u>
Refund due per Balance Sheet						<u><u>67,329</u></u>

SERVICE CHARGE STATEMENT OF ACCOUNT FOR

CANARY RIVERSIDE ESTATE

RESERVE FUND

FOR THE YEAR ENDED 31 MARCH 2019

	Estate reserve £	Residential flats reserve £	Car park reserve £	Commercial reserve £	Commercial in residential reserve £	Total £
Balance brought forward	752,492	589,621	330,849	8,593	774	1,682,330
Income						
Demanded in year	440,688	342,500	25,001	-	-	808,189
Interest received net	1,462	-	-	-	-	1,462
Expenditure in period						
Meter installation, plant room works	(33,845)	-	-	-	-	(33,845)
Emergency lights, chute, circuit testing, boiler replacement and other works	-	(34,029)	-	-	-	(34,029)
Replacement car park lights and interceptor pit pump	-	-	(11,152)	-	-	(11,152)
Bank charges	(70)	-	-	-	-	(70)
Adjustments relating to commercial funds held by landlord	-	-	(15,071)	2,488	-	(12,583)
Balance carried forward	<u>1,160,727</u>	<u>898,092</u>	<u>329,627</u>	<u>11,081</u>	<u>774</u>	<u>2,400,301</u>
Represented by funds held by landlord (refer note 8g)	-	-	44,316	11,081	-	55,397

SERVICE CHARGE STATEMENT OF ACCOUNT FOR

CANARY RIVERSIDE ESTATE

BALANCE SHEET

AS AT 31 MARCH 2019

	Notes	2019 £	2018 £
ASSETS			
Service charges due - Commercial		907,041	1,176,143
Service charges due - Residential		933,416	816,400
Accrued income		396,547	95,746
Other debtors		68,010	99,771
Amounts due from landlord	8c	433,061	366,887
Electricity debtor	8a	837,492	302,013
VAT control	8b	67,329	164,345
Prepayments		22,312	31,865
Bank and cash at bank - MEL (now landlord)	8g	55,397	67,980
Bank and cash at bank - HML	5	1,635,477	890,955
		<u>5,356,081</u>	<u>4,012,105</u>
LIABILITIES			
Service charges paid in advance - Commercial		-	38,196
Service charges paid in advance - Residential		654,533	681,388
Trade creditors - HML from 1.10.2016		81,872	76,556
Accruals		1,357,954	831,486
Other creditors		84,441	100,937
Debtor difference 1 Oct - 10 Oct 2016	8g	-	37,641
Surplus from 31.3.2016 to be credited		293,549	293,549
Surplus for year to be credited		483,431	270,022
		<u>2,955,780</u>	<u>2,329,775</u>
NET ASSETS		<u>2,400,301</u>	<u>1,682,330</u>
REPRESENTED BY:-			
Income and expenditure account		-	-
Reserve fund			
Estate reserve		1,160,727	752,492
Residential flats reserve		898,092	589,621
Car park reserve - includes commercial funds held by landlord		329,627	330,849
Commercial reserve		11,081	8,593
Commercial in residential reserve		774	774
		<u>2,400,301</u>	<u>1,682,330</u>

**SERVICE CHARGE STATEMENT OF ACCOUNT FOR
CANARY RIVERSIDE ESTATE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2019**

1. Accounting policies

The statement of account has been prepared in accordance with the provisions of the lease and on the accruals and prepayments basis, under the historical cost convention and (except where it is disclosed otherwise) according to generally accepted accounting practice in the United Kingdom.

2. Tenants rights and obligations

A summary of tenants (leaseholders) rights and obligations must by law accompany a demand for service charges, and is available from the managing agents.

3. Cash at bank

All funds (whether reserve or service charge current account) are held in trust in designated interest bearing client accounts in the name of Canary Riverside Client Account with Barclays Bank Plc, 355 Station Road, Harrow, Middlesex HA1 2AN.

4. Transactions with related entities

In addition to the management fees shown in the income and expenditure account the following HML entities have provided services that have been charged for separately:

Shaw & Co (Chartered) Surveyors
HML PM Ltd
HML Concierge Services

5. Summary of client bank account movements

	£
Balance brought forward 1 April 2018	958,935
Movement in year	731,939
Balance carried forward 31 March 2019	<u>1,690,874</u>

6. Estate income split

The apportionment of service charges was established by Gross Fine (Surveyors and Property Managers) in their report dated 14 April 2004 and has been used consistently since then.

	SC receivable	
	£	
Residential	664,394	56.20%
Car Park	219,888	18.60%
Commercial in Residential	11,940	1.01%
Club	63,839	5.40%
Westferry 1	23,526	1.99%
Hotel	198,609	16.80%
	<u>1,182,195</u>	

7. Estate expenditure split

	SC expenditure	
	£	
Residential	894,760	56.20%
Car Park	296,130	18.60%
Commercial in Residential	16,080	1.01%
Club	85,973	5.40%
Westferry 1	31,683	1.99%
Hotel	267,473	16.80%
	<u>1,592,099</u>	

8a Communal electricity

The methodology for the recharging of electricity has been adjusted to reflect kwh metered consumption made up of a combination of charges based on metered consumption and where not available, estimated charges based on historic average annualised consumption. As a result the position has been reviewed from 1st October 2016 to 31st March 2019 and restated in these accounts having taken into account the charges already reflected in the 2017 and 2018 accounts. The balance remaining has been charged in the year under review. Due to the requirement to estimate a unit rate at the beginning of the wholesale contract period wholesale costs will not exactly match sums recharged as further information throughout the period becomes available credits and debits may be applied adjustments may be applied as applicable. Once a financial period is completed any surplus or deficit balance in the electricity account will be applied on an apportioned basis to the communal service charge schedules.

For transparency, a separate schedule on page 13, shows the electricity workings and the amounts transferred to each cost schedule and is shown as a separate adjustment at the bottom of each relevant income and expenditure account.

**SERVICE CHARGE STATEMENT OF ACCOUNT FOR
CANARY RIVERSIDE ESTATE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2019**

8b Value Added Tax (VAT)

A separate page showing VAT workings for the period has been shown. Each item of expenditure is shown gross. Where the VAT can be recovered it is shown as a separate line item reducing the expenditure on the applicable schedule.

8c Amounts due to / from landlord

Included under various balance sheet headings are amounts due to and from the Landlord, and which may be summarised as follows:

Total owed by CREM to CRE Service Charge	Reference to Balance Sheet
Services Charges	
Service charge due	482,820 Within "Service Charges Due" (Assets)
Battery Club Payment (2018 - shown under liabilities)	(37,641) Within "Amounts Due from Landlord" (Assets)
Debt from managing agent prior to MEL appointment to be paid by CREM	101,820 Within "Amounts Due from Landlord" (Assets)
Canary Wharf Charges (less deferred income release)	251,902 Within "Amounts Due from Landlord" (Assets)
Battery Club Electricity demands 01/10/16-31/12/18	3,896 Within "Electricity Debtor" (Assets)
Sub Total	<u>802,797</u>
Commercial disputes	
VA legal cost - not recoverable	28,910 Within "Service Charges Due" (Assets)
Café Brera: statute barred debt	23,244 Within "Service Charges Due" (Assets)
28 West	12,880 Within "Service Charges Due" (Assets)
VA balancing charges	15,744 Within "Service Charges Due" (Assets)
Gioma	13,620 Within "Service Charges Due" (Assets)
Sub Total	<u>94,398</u>
Miscellaneous	
FTT legal fees (TBC)	103,814 Within "Amounts Due from Landlord" (Assets)
Circus T&H escrow account (TBC)	156,437 Within "Service Charges Due" (Assets)
2017 Office Recovery Cost WIQ	13,165 Within "Amounts Due from Landlord" (Assets)
Sub Total	<u>273,416</u>
Total CREM owe CRE Service Charge	<u><u>1,170,611</u></u>
Total owed by CRE Service Charge to CREM	
Insurance	
Property, Terrorism & Engineering Insurance 01/04/17-30/09/17	187,104 Within "Accruals" (Liabilities)
Public Liability Insurance 01/04/17-31/03/18	2,640 Within "Accruals" (Liabilities)
Property, Terrorism & Engineering Insurance 01/10/17-31/03/18	187,104 Within "Accruals" (Liabilities)
Property, Terrorism & Engineering Insurance 01/04/18-30/09/18	192,132 Within "Accruals" (Liabilities)
Public Liability Insurance 01/04/18-31/03/19	2,688 Within "Accruals" (Liabilities)
Property, Terrorism & Engineering Insurance 30/09/18-31/03/19	192,132 Within "Accruals" (Liabilities)
Sub Total	<u>763,799</u>
CW Irrigation charges 2017	12,203 Within "Accruals" (Liabilities)
CW Irrigation charges 2018	13,151 Within "Accruals" (Liabilities)
Sub Total	<u>25,353</u>
CREM claim to historical creditors	
Inenco	50,156 Within "Accruals" (Liabilities)
Sub Total	<u>50,156</u>
Total CRE Service Charge owes CREM	<u><u>(839,309)</u></u>
Net balance CREM owe to CRE Service Charge	<u><u><u>331,303</u></u></u>

**SERVICE CHARGE STATEMENT OF ACCOUNT FOR
CANARY RIVERSIDE ESTATE
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 2019**

8d Legal and professional fees

Following legal advice the cost of all legal fees in connection with the S24 management appointment have been applied to the Estate schedule.

8e Inenco electricity costs - 2018 comparatives

Electricity costs as provided by Inenco, as notified by CREM, now landlord, have been included in these accounts.

8f Release of 2016 accrued income for gas and water - 2018 comparatives

There was gas and water accrued income provided for in the MEL (Marathon Estate Limited) figures to 30 September 2016. However these costs were never recharged by MEL and have not been confirmed as recoverable by the landlord and have therefore been written off in these accounts as per the schedules shown in the MEL paperwork provided.

8g Bank and Debtor difference

The bank account attributable to the landlord, formerly held by MEL at the handover date, has been adjusted for funds expended by the landlord (see page 15).

The debtor difference of £37,641 relating to October 2016 (shown as a liability in 2018) has been transferred to, and is included in the amount due from landlord.