Scott Schedule						
Disputed service charges year ended 31 December 2014						
Case reference	**BIR/OOFN/LIS/2018/0071**			**Property - Alexandra House, Leicester LE1 1SQ**		
Item	Cost	Applicant's Comments	Respondent	Respondent's Comments	Applicant's Comments	Leave Blank for the Tribunal
General comments				abbreviations - AHMC = the 1st applicant, Peach = Peach Property Management Limited		
				references are to the new bundle of documents unless otherwise stated		
				AHMC has failed to comply with the lease		
				AHMC has failed to charge reasonable sums		
				AHMC has produced bogus documents, its credibility is questionned		
				The service charge accounts produced by AHMC are inadequate, as a minimum requirement they should identify the charges payable by the different groups of leaseholders, they are drawn up in a manner which is inconsistent from year to year and inconsistent with the budgets, the cost headings are inappropriate. Changes in accounting policies have not been disclosed nor explained. The accounts do not enable comparison of expenditure from one year to another or with the budget.		
				no auditors or accountants report has been supplied despite the budget providing for the cost of an audit		
				The information supplied by AHMC is unreliable.		
				No nominal ledger accounting records have been produced by AHMC, just some working papers and a selection of invoices, which may have been cancelled or amended. Credit notes have been omitted, accruals have not been reversed, prepayments have not been included. It appears that AHMC has been highly selective when presenting information, meaningless documents have been produced whilst meaningful documents have been omitted		
				Bank statements have not been produced, there is little evidence of actual payments		

				There are a large number of errors all of which fall in AHMC's favour, statistically the likelihood of that occuring by chance is negligible. With the limited information available, it is highly likely that we are looking at the tip of an iceberg and there are many more errors which we have been unable to identify. There appears to be a lack of authorisation of service charge expenditure and a failure to reconcile suppliers accounts. The respondents ask AHMC to correct the errors so that the parties do not need to take up the time of the Tribunal. AHMC is not entitled to recover more than it has expended nor amounts exceeding a reasonable sum.		
				AHMC has disregarded the previous Tribunal decision, the Tribunal went to great length over a period of 7 days to explain the areas of overcharging to AHMC which has ignored those comments and has continued to overcharge		
				AHMC refused to allow inspection of documents on several occasions which would have enabled the parties to narrow down the issues for the Tribunal to consider		
				AHMC has failed to be transparent, it has failed to disclose transactions with Roxylight Group Companies and associated contractors and persons		
				AHMC has failed to disclose all costs incurred relating to the previous Tribunal case		
General comments regarding this year only				AHMC did not supply a copy of the accounts or the budget to some leaseholders		
				The budget for the year p520 is illegible		
				AHMC has used incorrect percentages when charging the budget, its charges for each instalment are different when they should be equal		
				The statement on page 96 old bundle includes credits of £208.75 and £1142.18 on 1 August 2014 but AHMC has failed to supply credit notes. They must relate to the balance brought forward therefore they have been allocated incorrectly.		
				The statement on page 110 old bundle includes credits of £58.75 and £75.00 on 1 August 2014 but AHMC has failed to supply credit notes. They must relate to the balance brought forward.		

				Mr A S Cook was the sole director of AHMC from 1 January 2014 to 7 April 2014 p537. At the time, he was an officer of Roxylight Group companies. He was appointed by the developer Saxon Urban (Two) Limited, which was part of the Roxylight Group. Peach is also part of the same Group. He has never been appointed by the leaseholders/members of AHMC. Other directors are stated to have been appointed during 2014 however Mr Cook had no authority to appoint directors because the members voted to remove him as a director in February 2014. The directors have failed to declare their conflicts of interest.		
				AHMC has failed to disclose details of the actual car park expenditure although it must possess that information otherwise it would be unable to disclose a deficit of £63 for the year on page 543. It is impossible for the respondents to reconstruct that figure from the limited information produced by AHMC. We have used our best endeavours to allocate the costs despite it not being our responsibility.		
Other income	-209		900	no details have been supplied by AHMC, therefore we are unable to accept the charge, we have estimated income of £900 in accordance with the accounts for 2013. AHMC is stated to be a non profit making company therefore all income must be accounted for within the service charge accounts, which is consistent with previous years.	These do not fall within the Tribunal's jurisdiction under section 27A of the Landlord and Tenant Act 1985 ("the 1985 Act").	The Tribunal's jurisdiction is limited to making a determination under section 27A of the 1985 Act as to liability to pay a service charge. Service Charge means amounts payable by a tenant in accordance with section 18(1). Under the terms of the Lease the service charge is "Tenant's Share of Expenses". Income received or receivable by the Management Company is neither a Service Charge item nor an Expense and therefore falls outside the jurisdiction of the Tribunal.
Deposit account interest	-1117		650	AHMC has failed to produce any details, deposit account interest cannot be negative, the inadequate interest indicates that monies are not being held correctly, we have estimated 1% based on the average reserve fund balance	These do not fall within the Tribunal's jurisdiction under section 27A of the Landlord and Tenant Act 1985 ("the 1985 Act").	See above
sub total	-1326		1550			**-1326**
Expenditure						

Rates and water	647		320	The charge is unreasonable, we have estimated an amount based on the actual charge in 2017.	Pursuant to clause 5 of the lease, the management company have covenanted to observe and perform the obligations specified in Schedule 8. Pursuant to paragraph 1 to Schedule 8, the applicant is obliged to provide the services set out in part 1 of Schedule 4. Paragraph 10 to Schedule 4 requires the applicant to pay all taxes, charges and outgoings payable in respect of the building communal areas or estate communal areas or expenses which are not the responsibility of the leaseholders. Accordingly, such costs are recoverable pursuant to paragraph 10 to part 1 of Schedule 4 of the lease. Further and/or alternatively, paragraph 3 to part 1 to Schedule 4 requires the management company to keep the building communal areas and estate communal areas clean and reasonably lit. The management company accounts for invoices in the year in which those invoices are received. This is the basis of the accounting method adopted by the management company. The management company does not apportion invoices for rates and water across service charge years, even if the services span other service charge years. The charges relate to usage for the common parts, and the supply is used by a number of individuals and suppliers, including site staff, gardeners, cleaners, contractors etc. The costs include standing charge and sewerage charges. Such costs are not unreasonable in the circumstances. The supply is the supply.	**£647** Supported by Severn Trent invoices at page 931.
Premises insurance	53143		40000	The cost heading is a misnomer, insurance for the car parking is included. Car parking charges £3468, + £4275 = £7743 are transferred below. AHMC has failed to include prepayments in the working papers and has failed to disclose details when requested. The premium is unreasonable, there is no independent evidence of the insurance premium from the 2nd applicant. We have estimated £40,000 as a reasonable charge	Pursuant to clause 5 of the lease, the management company have covenanted to observe and perform the obligations specified in Schedule 8. Pursuant to paragraph 1 to Schedule 8, the applicant is obliged to provide the services set out in part 1 of Schedule 4. Paragraph 10 to Schedule 4 requires the applicant to pay all taxes, charges and outgoings payable in respect of the building communal areas or estate communal areas, which includes payment to the second applicant (as landlord) of the premiums paid by the second applicant in respect of the services set out in part 2 of the Schedule. Part 2 of the Schedule relates to buildings insurance,	**£45400** Premises Insurance £43968.76 (agreed) Lift insurance £1431.05 (agreed) (page 935) Valet insurance of £4275.48 (agreed) (page 936) has been allocated to car park expenditure.

					together with insurance of the estate communal areas. It is accepted by the management company that vehicle insurance is placed by them, rather than being placed by the landlord (second applicant). The costs associated with the vehicle is split between the car park and estate schedules.	
Light and heat	13777		7279	AHMC entered into a QLTA in February 2014 and failed to follow the consultation procedure. AHMC has overcharged by £5214. A credit note of £3510.91 has been omitted by AHMC, being the difference between the opening balance on p1061 and the closing balance on p1050. Again charges have been made at the business rate instead of the residential rate, see documents 952, 954, 965, 967, 976, 978, 986, 994, 1005, 1007, 1016, 1018, 1028, 1030, 1051, 1053. Errors have been charged, documents 1021, 1032, 1035, 1040, 1043 should all be nil. The charge has been amended to £8563 and 15% of that figure £1284 has been transferred to car parking charges leaving £7279 as estate charges.	Pursuant to clause 5 of the lease, the management company have covenanted to observe and perform the obligations specified in Schedule 8. Pursuant to paragraph 1 to Schedule 8, the applicant is obliged to provide the services set out in part 1 of Schedule 4. Paragraph 10 to Schedule 4 requires the applicant to pay all taxes, charges and outgoings payable in respect of the building communal areas or estate communal areas or expenses which are not the responsibility of the leaseholders. Accordingly, such costs are recoverable pursuant to paragraph 10 to part 1 of Schedule 4 of the lease. The management company accepts that in 2013 the tariff was a business rather than residential tariff. However, the management company sought a refund which was received in later service charge years. The refund will therefore show in later accounts. The management company attaches page 1082a to insert into the bundle which shows the Eon credit reports for 2014.	**£8832** It is clear that lighting and heating is supplied to the communal areas, lifts and car parking. The energy supplier is EON. Actual payments made during 2014 as shown at page 1082a total £15660. However, page 1082a only shows payments January to October (10 months). We have therefore started from an adjusted figure for 12 months of £18792. We deduct credits (pages 942-944) totalling £6697.55 In addition, the Tribunal notes that supply is still, in some instances being charged at business rate of 20% VAT. We deduct £1703.09 to adjust to residential rate (being the balance of overcharge of £5241 less credit note of £3510.91) It is conceded by the Management Company that it entered into a three year QLTA with EON from 20/2/14 to 19/2/17. No consultation has been carried. However, the contribution of the Respondents is less than £100 per Apartment and are therefore not capped. Total - £10391 Estate (85%) = £8832 Car Parking (15%) = £1559
Wages	81694		18966	Even though there are only 3 or 4 employees per month the charge does not agree with the wages records, we have taken the lower of the two and accept £75862. AHMC has failed to allocate between car parking and estate charges, therefore 75% of the adjusted total £56896 has been transferred to car parking charges leaving £18966 estate costs.	Pursuant to clause 5 of the lease, the management company has covenanted to observe and perform the obligations specified in Schedule 8. Pursuant to paragraph 1 to Schedule 8, the applicant is obliged to provide the services set out in part 1 of Schedule 4. Paragraph 7 to part 1 to Schedule 4 requires the applicant to employ one or more car parking attendants (either directly or by entering into a contract with a firm of professional car park attendants) to park one private motor car for the owners of each flat which has the benefit of the parking facility. Further and/or alternatively, paragraph 9 to part 1 to Schedule 4 requires the applicant to provide such	**£20035** The Tribunal uses the figure at updated pages 1090 -1093 (£80138.70 at updated page 1093) Total - £80139 Estate (25%) = £20035 Car Parking (75%) = £60104

					staff as it considers necessary in connection with the provision of other services. Pages 1090 to 1093 are reproduced and attached. Gross salaries for the year are £80,139, in addition to under provision for PAYE accrual in November 2018 totalling £602 and PAYE paid to HMRC during 2014 in excess of amount required and corrected at March 2015 year end totalling £953. This totals £81,694.	
Social security	6706		1595	Even though there are only 3 or 4 employees per month the charge does not agree with the wages records, we have taken the lower of the two and accept £6381. AHMC has failed to allocate between car parking and estate charges, therefore 75% of the adjusted total £4786 has been transferred to car parking charges leaving £1595 estate costs.	As above.	**£1676** See amended page 1093 – Employers NI (net of rebate). Total - £6705 Estate (25%) = £1676 Car Parking (75%) = £5029
Telephone	3309		2813	AHMC has failed to allocate between parking and estate charges, 12.5% = £496 has been transferred to car parking charges, leaving £2813 estate charges	Pursuant to clause 5 of the lease, the management company have covenanted to observe and perform the obligations specified in Schedule 8. Pursuant to paragraph 1 to Schedule 8, the applicant is obliged to provide the services set out in part 1 of Schedule 4. Paragraph 10 to Schedule 4 requires the applicant to pay all taxes, charges and outgoings payable in respect of the building communal areas or estate communal areas or expenses which are not the responsibility of the leaseholders. Accordingly, such costs are recoverable pursuant to paragraph 10 to part 1 of Schedule 4 of the lease. Further and/or alternatively, paragraph 6 to part 1 to Schedule 4 requires the applicant to provide, operate, maintain and renew any appliances or systems which it considers necessary for the safety and security of the occupiers of Alexandra House. Further and/or alternatively, paragraph 14 to part 1 to Schedule 4 requires the applicant to generally manage, administer and protect the amenities of the building communal areas and the estate communal areas. The costs associated with the telephone are split between the car park and estate schedules.	**£2895** Total - £3309 Estate (87.5%) = £2895 Car Parking (12.5%) = £414 [Mr Barton's figures are based on 85/15% split not 87.5/12.5% as stated]
Post and stationery	1045		70	The charges by Peach are unreasonable. VAT should not be applied to postage. No receipts from the post office have been produced.	As above. The post and stationery costs are incurred by Peach, and then re-charged to the management company.	**£324** Total of invoices at pages 1206, 1208 and 1209 (no VAT has in fact been charged for postage). No other invoices have been produced by the Applicant.

					Given that Peach are VAT registered, the re-charge is subject to VAT.	
Management fees	30087		4475	The management is woefully inadequate, Peach failed to disclose its connection with the Roxylight Group, it has not complied with the RICS code of practice despite the lengthy explanations by the previous Tribunal, the system of charging is incorrect, insurance was charged separately, it has failed to issue valid invoices, multiple versions of invoices have been produced, Peach has been unable to explain adequately the expenditure included within the service charge accounts, it has not been transparent, it failed to allow inspection of the supporting documents, it has failed to produce valid year end certificates to leaseholders. It failed to follow the consultation procedure, unreasonable administration charges have been applied. Peach has failed to disclose details of all income and benefits it has received arising from the management. Peach breached the data protection act by disclosing (incorrect) personal information in the accounts p532. Peach has no authority for charging fees in advance, it has failed to repay the monies which the previous Tribunal found it had overcharged. The charge is unreasonable, a nominal sum of £25 per unit is proposed. Peach has now resigned, not before time, the members/leaseholders of AHMC voted to remove it in 2014.	Pursuant to clause 5 of the lease, the management company has covenanted to observe and perform the obligations specified in Schedule 8. Pursuant to paragraph 1 to Schedule 8, the applicant is obliged to provide the services set out in part 1 of Schedule 4. Paragraph 14 to part 1 to Schedule 4 requires the applicant to generally manage, administer and protect the amenities of the building communal areas and estate communal areas and, for that purpose, employ managing agents. Pursuant to clause 5 of the lease, the management company has covenanted to observe and perform the obligations specified in Schedule 8. Pursuant to paragraph 1 to Schedule 8, the applicant is obliged to provide the services set out in part 1 of Schedule 4. Paragraph 14 to part 1 to Schedule 4 requires the applicant to generally manage, administer and protect the amenities of the building communal areas and estate communal areas and, for that purpose, employ managing agents. The criticisms raised by the respondent are denied. It is denied that the management on the part of Peach has been inadequate. Any connection, or otherwise, with the Roxylight Group is irrelevant: the management company is a lessee owned and controlled management company and has chosen to employ the services of Peach as it's managing agent. The directors of the management company are lessees and, as a board of directors, have resolved to appoint Peach as their agent. It is disputed that the system of charging has been incorrect. Whilst there have been occasions in which insurance is shown as a separate charge, this practice is not uncommon within the industry. It is disputed that there has been a failure to allow inspection of supporting documents. The respondent has sought to exercise his rights under sections 21 and 22 of the 1985 Act. Most recently,	**£21480**

					the respondent failed to attend his appointment with Peach. It is disputed that the 2014 accounts disclosed a list of debtors. Document 532 which the Respondent refers to is in relation to 2013. It is accepted that Peach issue an invoice in advance of their services which is then paid monthly in arrears. It is also accepted that Peach have no reside as managing agent. Ray Petty, Estate Manager, retires at the end of July 2019. Given Mr Petty's involvement and experience with the building, coupled with his impending retirement, Peach has given notice to the management company of their intention to resign.	

Repairs and renewals	14489		8529	The schedule does not agree with the accounts, work to the interior of flats is not valid service charge expenditure, charges by Peach and Roxylight are unreasonable, we have requested details of hourly rates and labour/materials per invoice but no details have been forthcoming therefore we have had to estimate amounts to reduce the charges to a reasonable level in accordance with the previous Tribunal decision. We cannot accept documents 1243, 1261, 1262, 1264, 1265 we have reduced documents 1240, 1259, 1260	Pursuant to clause 5 of the lease, the applicant has covenanted to observe the obligations specified in Schedule 8. Pursuant to paragraph 1 to Schedule 8, the applicant is obliged to provide the services set out in part 1 of Schedule 4. Paragraph 1 to part 1 to Schedule 4 requires the applicant to keep the structural and external parts of the building, the building communal areas and the communal service media serving the building or estate in good and substantial repair and condition, renewing wherever necessary. Further and/or alternatively paragraph 2 to part 1 to Schedule 4 requires the applicant to (whenever reasonably necessary) paint, decorate or otherwise treat: 1. the outside of the building; 2. the building communal areas; 3. the estate communal areas. Further and/or alternatively, paragraph 3 to part 1 to Schedule 4 requires the applicant to keep the building communal areas and estate communal areas clean and reasonably lit. The management company has no record of any request made by the respondent for details of hourly rates and labour/materials per invoice. The management company are unclear as to the issues raised by the respondent with documents 1243, 1261, 1262, 1264, 1265, 1240, 1259, 1260 and simply put do not understand the point the respondent is making here or the respondent's challenge.	**£11502** Mr Barton accepts that work was done and done to a reasonable standard. He does not dispute the invoices of independent contractors. Our starting point is the nominal ledger at pages 1224-1226 which shows total expenditure of £14161.09. As in previous year the Tribunal reduces Peach labour rate to £150 per day. As we do not have a labour/materials split for all invoices we have reduced 14/29, 30, 40 and 41 by 30% (reduce by £2240) Invoices Roxylight to Peach at 1261, 1262, 1264 and 1265 (marked "incorrectly invoiced") are disallowed (deduct £418.47)

Lift maintenance	17560		11793	The charge is unreasonable, the decision to appoint Schindler in March and April was unreasonable, we have been double charged for those months, the Otis charges are for a full 12 months. The Schindler charges £5767 have been deducted.	Pursuant to clause 5 of the lease, the applicant has covenanted to observe the obligations specified in Schedule 8. Pursuant to paragraph 1 to Schedule 8, the applicant is obliged to provide the services set out in part 1 of Schedule 4. Paragraph 1 to part 1 to Schedule 4 requires the applicant to keep the structural and external parts of the building, the building communal areas and the communal service media serving the building or estate in good and substantial repair and condition, renewing wherever necessary. Further and/or alternatively paragraph 2 to part 1 to Schedule 4 requires the applicant to (whenever reasonably necessary) paint, decorate or otherwise treat: 1. the outside of the building; 2. the building communal areas; 3. the estate communal areas. Further and/or alternatively, paragraph 3 to part 1 to Schedule 4 requires the applicant to keep the building communal areas and estate communal areas clean and reasonably lit. Further and/or alternatively, paragraph 6 to part 1 to Schedule 4 requires the applicant to provide, operate, maintain and renew any appliances or systems which the applicant considers necessary for the safety and security of the occupiers. The costs associated with the maintenance of the lift is not unreasonable and is within market norms. The management company are unclear as to the issues raised by the respondent, and simply put do not understand the point the respondent is making here or the respondent's challenge.	**£11793** Otis were main contractors for all lifts. In February 2014 Peach terminated the Otis contract as it was felt that the service provided was "questionable". Schindler then began a handover process which involved modifying the lift systems to remove the OTIS REM system. This work was necessary as the REM system prevents any company other than OTIS from carrying out work to the lifts. Mr Petty told the Tribunal that Schindler did not do any work to the lifts other than to start to remove the REM system. At this point the Management Company became aware that the Otis contract contained a 5 year notice clause. The upshot of this was that the Management Company decided not to use Schindler after all and stayed with Otis. The work done by Schindler was completely unnecessary. As Mr Petty told the Tribunal any work required to be done to the lifts would have been covered by Otis under their existing contracts. Schindler did not do any work. We disallow entirely Schindler invoices pages 1271-80 in the sum of £5767.
Household and cleaning	16285		14184	Following complaints made by leaseholders regarding the standard and cost of cleaning, Peach changed the cleaning contractor and the monthly charge of £1,400 pm was reduced to £652 pm this year. The monthly charges are unreasonable and we have reduced the charges to that level, the charges by Peach pages 1297 and 1307 are unreasonable and we have reduced them in accordance with the previous Tribunal decision.	Pursuant to clause 5 of the lease, the applicant has covenanted to observe and perform the obligations specified in Schedule 8. Pursuant to paragraph 1 to Schedule 8, the applicant is obliged to provide the services specified in part 1 of Schedule 4. Pursuant to paragraph 3 to part 1 to Schedule 4, the applicant is obliged to keep the building communal	**£14389** Global Cleaning took over during the course of 2014. We reduce the two Linda Clarke invoices from £1400 each (pages 1287 and 1290) to £652 each. We have reduced the costs of car parking sweep carried out by Peach (pages 1297 and 1307) to £600 in total

					areas and estate communal areas clean and reasonably lit. Further and/or alternatively, pursuant to paragraph 4 to part 1 to Schedule 4, the applicant is obliged to keep the external surfaces of the windows for each apartment, together with the external and internal services of the windows in the communal areas clean. Further and/or alternatively, pursuant to paragraph 9, the applicant is obliged to provide such staff as it considers necessary in connection with the provision of services in this schedule. Further and/or alternatively, pursuant to paragraph 14 to part 1 to Schedule 4, the applicant is obliged to generally manage, administer and protect the amenities of the building communal areas and estate communal areas. The management company has no records of any complaints being made against the standard and cost of cleaning. The management company conducted a poll in 2014 to assess whether the leaseholders were happy with the level of service and whilst the feedback was good, the management company decided to change contractors. The costs associated with household and cleaning are within market norms.	
Water testing	667		667			**£667**
Pump station	584		0	no supporting document has been produced, the working paper does not provide any meaningful information other than a charge was raised on the last day of the year	Pursuant to clause 5 of the lease, the applicant has covenanted to observe and perform the obligations specified in Schedule 8. Pursuant to paragraph 1 to Schedule 8, the applicant is obliged to provide the services set out in part 1 to Schedule 4. Pursuant to paragraph 1 to part 1 to Schedule 4, the applicant is required to keep the communal service media serving the building or estate in good and substantial repair and condition, and renewed when necessary. Further and/or alternatively, paragraph 6 to part 1 to Schedule 4 requires the applicant to provide, operate, maintain and renew any appliances or systems which it considers necessary for the safety of the occupiers of the building.	**£584** See invoice at 1312a and 1312b and nominal ledger at 1312c

					Further and/or alternatively, paragraph 14 to part 1 to Schedule 4 requires the applicant to generally manage, administer and protect the amenities of the building communal areas and the estate communal areas. Document attached to insert into bundle – page 1312a – 1312c.	
Fire alarm	8421		7421	The fire risk assessment has been included under this cost heading which is inconsistent with other years, the charge was unnecessary and the amount is unreasonable	Pursuant to clause 5 of the lease, the applicant has covenanted to observe and perform the obligations specified in Schedule 8. Pursuant to paragraph 1 to Schedule 8, the applicant is obliged to provide the services set out in part 1 to Schedule 4. Pursuant to paragraph 1 to part 1 to Schedule 4, the applicant is required to keep the communal service media serving the building or estate in good and substantial repair and condition and renewed when necessary. Further and/or alternatively, paragraph 6 to part 1 to Schedule 4 requires the applicant to provide, operate, maintain and renew any appliances or systems which it considers necessary for the safety of the occupiers of the building. Further and/or alternatively, paragraph 14 to part 1 to Schedule 4 requires the applicant to generally manage, administer and protect the amenities of the building communal areas and the estate communal areas. The management company considered it appropriate and reasonable to undertake a fire risk assessment (FRA) in 2014, notwithstanding that an FRA has been undertaken in previous years. Matters of health and safety are paramount. The costs associated with the FRA is not unreasonable and is within market norms. The FRA was undertaken by Ray Petty, Estate Manager. Mr Petty's career has been in building and maintenance, and Mr Petty has worked at Alexandra House for the duration. He is therefore more than adequately placed to conduct the FRA.	**£7421** Disallow FRA of £1000 (pages 1314 and 1319).
Sundry expenses	213		213			**£213**

Dry riser maintenance	768		768			**£768**
Emergency lighting inspection	1240		1240			**£1240**
Fire risk assessment				included under fire alarm above	As above.	Disallowed under fire alarm above.
Accountancy	2760		260	The service provided by the accountant and the cost remain unreasonable despite the comments made by the previous Tribunal, the service charge accounts are inadequate as described above, changes of accounting policies have not been disclosed, the accounts do not comply with Tech 03/11 . No auditors or accountants report has been issued to leaseholders. We propose £260 based on the charges of another accountant's charges to a management company for providing a full service at a similar size block of apartments.	Pursuant to clause 5 of the lease, the applicants have covenanted to observe and perform the obligations specified in Schedule 8. Pursuant to paragraph 1 to Schedule 8, the applicant is obliged to provide the services set out in part 1 to Schedule 4. Pursuant to paragraph 14 to part 1 to Schedule 4, the applicant is required to generally manage and administer the estate, and for that purpose employ solicitors, accountants, auditors and/or other professional advisers. Further and/or alternatively, paragraph 16 to part 1 to Schedule 4 requires the applicant to comply with all statutory obligations relating to the management company. Pursuant to the terms of the lease, the management company is required to undertake an audit. The audit fees are within market norms.	**£2000**
Legal and professional fees	15412		7325	AHMC has supplied working papers which do not agree with the accounts, the information is therefore unreliable. We have asked AHMC to supply details of the costs relating to the previous Tribunal but we have not received a reply. According to the note in the accounts p537, £15412 had been incurred and we have deducted £5412 which is in excess of the amount allowed by the Tribunal. It was irresponsible of AHMC if it were taking legal action against leaseholders at a time when it was found to be overcharging and its demands were invalid, it should have put its house in order first. AHMC informed leaseholders that the cost of legal action taken against leaseholders would not be included in service charge expenditure. Advice given to individuals has been excluded.	Pursuant to clause 5 of the lease, the applicants have covenanted to observe and perform the obligations specified in Schedule 8. Pursuant to paragraph 1 to Schedule 8, the applicant is obliged to provide the services set out in part 1 to Schedule 4. Pursuant to paragraph 14 to part 1 to Schedule 4, the applicant is required to generally manage and administer the estate, and for that purpose employ solicitors, accountants, auditors and/or other professional advisers. Further and/or alternatively, paragraph 16 to part 1 to Schedule 4 requires the applicant to comply with all statutory obligations relating to the management company. Documents are attached at page 1341a – 1341b.	**£4405** The total of the invoices at pages 1334 -1341 is £14405. Invoices at pages 1334 to 1336 are from Clark & Son Solicitors to Mr Cook and Mr Lakhani who are Directors of the Management Company. We find those sums are payable by the Management Company as Expenses under paragraph 16 of Part 1 of Schedule 4 of the Lease as they relate to Articles of Association, meetings of the Management Company and appointment/removal of Directors. Invoices at 1337 to 1339 relate to debt collection and are payable for the reasons given in 2013. Invoice at 1340 (PDC solicitors - £7453.08) relates to “pursuing a claim against Mr Keith Barton … for outstanding service charge arrears at the County Court and the First Tier Tribunal…”. Invoice at 1340 (fees of Mr Brynmor Adams of counsel - £5400) relates to the previous Tribunal hearing on 3-5th December 2014. At the hearing Mr Cook (having spoken with Miss Zanelli) told the Tribunal that, on the advice of counsel, fees in relation to the 2014/2015 hearings would be dealt with in a specific manner. Accordingly, we deduct £10,000 which we were told

						was charged as contractual costs against Mr Barton and the other Respondents and not charged to the service charge account. The balance of those two invoices (£2853) is payable by the service charge but not, on the evidence of Mr Cook, by Mr Barton. Accordingly, we credit Mr Barton with £17 (Apartment 94) and £14 (Apartment 117).
Bad debts recoverable	-4135		-6478	no details of £2343 bad debts written off have been supplied and we require further details, the credit has been accepted	This issue was raised in the FtT in 2014. 4 flats had been transferred to RBS on administration of Saxon Urban 2 Limited. Service charges of £4,135.03 were not paid and written off. Saxon Urban 2 accepted the charge of £4,135.03 and would forego the balance of £2,342.73.	**-£4135** The Tribunal accepts the explanation given by the Management Company. This is not a service charge item but is monies receivable by the Management Company. Accordingly, this matter is outside the jurisdiction of the Tribunal
Bank charges	218		0	The charges are unreasonable	Pursuant to clause 5 of the lease, the applicant has covenanted to observe and perform the obligations specified in Schedule 8. Pursuant to paragraph 1 to Schedule 8, the applicant is obliged to provide the services set out in part 1 to Schedule 4. Paragraph 13 to Schedule 4 entitles the applicant to borrow money to enable it to meet its obligations under that schedule. The management company operate two accounts: general maintenance fund and reserve account (also referred to as maintenance levy fund). The bank charges relate to those accounts and are based on general usage. This is standard practice.	**£218** See reasons given in previous year
Transfer to reserve fund	20600		0	AHMC is not operating the reserve fund correctly, it has failed to make adjustments in accordance with the previous Tribunal decision, it is therefore carrying forward the incorrect balance, it has failed to supply details of a separate bank account, it has failed to disclose details of expenditure which has been deducted from the reserve fund, it has failed to justify the contributions as requested, the respondents are unable to accept the charge until the fund is operated correctly.	Pursuant to clause 3.1.2, each leaseholder has covenanted to observe and perform the tenant's obligations specified in parts 1 and 2 of Schedule 6. Paragraph 2 to part 1 to Schedule 6 requires each leaseholder to pay their share of the expenses to the applicant calculated and payable as specified in part 1 of Schedule 5. Part 2 to Schedule 5 entitled the applicant to invest such payments on deposit. Further and/or alternatively, paragraph 2 to part 2	**£20600**

					to Schedule 5 entitles the applicant, at its discretion, to place or invest such sums as a reserve. Reserve is defined in the recitals (at clause 1.1.18) as being anticipated future expenditure which the applicant decides it would be prudent to collect on account of its obligations in the lease. The respondent does not appear to be challenging the management company's ability to collect a reserve fund, nor does the respondent appear to be challenging the reasonableness of the funds collected. These are the only two matters within the Tribunal's jurisdiction under section 27A and 19 of the 1985 Act.	
Transfer to maintenance levy fund	-746		0	not permitted by the lease	As above.	**-£746** The Management Company is to credit the excess to the Tenant's next payment of the Tenant's Share of Expenses (paragraph 3.5.2.2 of Schedule 5 Part 1).
sub total	285744		121440			**£172208**
net estate expenditure	287070		119890			**£173534** Apartment 53 - £780 Apartment 58 - £904 Apartment 60 - £775 Apartment 65 -£940 Apartment 94 - £ 1042-£17= £1025 Apartment 117 - £856 -£14 = £842
car park expenditure				AHMC has failed to disclose car park expenditure for the year and is therefore in breach of the terms of the lease. It obviously possesses the information otherwise it would be unable to disclose a deficit of £683 for the year on page 543. It is not for the respondents to calculate amounts on behalf of AHMC but we have used our best endeavours to do so		
Electricity			1284	transferred from above		**£1559**
Staff Wages			56896	transferred from above		**£60104**
Social security			4786	transferred from above		**£5029**
Insurance			4041	7743 transferred from above, AHMC has failed to include a prepayment £3702 within the accounts (£4275 x 314/365) therefore it has charged 23 months for the year which is unreasonable		**£4275** Valet insurance (agreed) (page 936)
Telephone			496	transferred from above		**£414**
sub total			67503			**£71381** 1.25% payable by Apartments 58, 65 and 94 = £892

Total	287070		187393			**Tenant's Share of the Expenses:** **Apartment 53 - £780** **Apartment 58 - £1796** **Apartment 60 - £775** **Apartment 65 - £1832** **Apartment 94 - £1917** **Apartment 117 - £842**