

Scott Schedule						
Disputed service charges year ended 31 December 2013						
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 questioned		
				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 actual 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 occurring 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 charged insurance separately contrary to the terms of the lease, it was incorrect because it had already charged insurance within the service charge accounts, the insurance spanned 3 separate service charge years. AHMC has failed to account properly for the charge.		
				AHMC charged some of the respondents part of the costs for this year on 18 July 2018 which falls foul of the 18 month rule see p135 and p252 old bundle		
				AHMC did not apply the correct percentages when charging the budget in 2013		
				AHMC starts the statements of account with a debt brought forward which it has not explained and which is not possible following the previous Tribunal decision. The only balance brought forward should be all the payments made resulting in a substantial credit balance.		
				AHMC has failed to reverse all the administration charges in accordance with the previous Tribunal decision.		
				AHMC has credited £200.00 on 1 June 2013 on the statement page 80 old bundle but it has failed to supply a credit note. It must relate to the balance brought forward and it has been incorrectly allocated.		

				The service charge accounts for 2013 were not produced to some leaseholders at the time and they were not produced to the previous Tribunal despite the fact that they restated figures which were relevant to the hearing.		
				Mr A S Cook was the sole director of AHMC throughout 2013. At the time, he was an officer of Roxylight Group companies. He was appointed by the developer Saxon Urban (Two) Limited, which was also part of the Roxylight Group. Peach is part of the same Group. He has never been appointed by the leaseholders/members of AHMC. He has never disclosed the 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 £720 for the year on page 542. 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	900		900	AHMC has failed to produce any details.	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	6		450	AHMC has failed to produce any details, 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	906		1350			£906
Expenditure						

Rates and water	778		320	<p>The charge is unreasonable, AHMC charged 15 months expenditure in the year. AHMC has failed to charge on a consistent basis or in accordance with Tech 03/11. We have estimated a reasonable amount based on the actual charge in 2017.</p>	<p>Pursuant to clause 5 of the lease, the management company have covenanted to observe and perform the obligations specified in Schedule 8. Pursuant to clause 5 of the lease, the management company have covenanted to observe and perform the obligations specified in Schedule 8.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>The costs include standing charge and sewerage charges.</p> <p>Such costs are not unreasonable in the circumstances. The supply is the supply.</p>	<p>£628 Supply of water to common parts by Severn Trent is reasonable in amount (pages 573-576). Prepayment of £150 marked as "written off" at page 573 is disallowed.</p>
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Premises insurance	81015		30000	<p>AHMC charged leaseholders separately for insurance, which is contrary to the terms of the lease and inconsistent with previous and subsequent years, the documents demonstrate that it double charged. The working papers produced by AHMC make no sense, they indicate that the leaseholders charged insurance to AHMC. Vehicle and lift insurance should not be included under the cost heading "premises insurance". We are unable to calculate the actual expenditure from the inadequate information supplied by AHMC, the premium for 2013/14 is unreasonable, the charge for the year is clearly unreasonable. We have estimated £30,000 for the year, which includes an overprovision for the previous year, vehicle insurance £683 (page 598) is transferred to car parking costs below. A charge by RGP has been included under this cost heading as well as legal and professional costs, documents 591 and 926 appear to be identical save for a different reference.</p>	<p>Pursuant to clause 5 of the lease, the management company have covenanted to observe and perform the obligations specified in Schedule 8.</p> <p>Pursuant to paragraph 1 to Schedule 8, the applicant is obliged to provide the services set out in part 1 of Schedule 4.</p> <p>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, together with insurance of the estate communal areas.</p> <p>It is accepted by the management company that vehicle and lift insurance is placed by them, rather than being placed by the landlord (second applicant). The costs associated with the vehicle and lift insurance are split between the car park and estate schedules.</p>	<p>£46596 Premises insurance £43968.76. Lift insurance £1015.27 (page 597) (agreed) Excess (pages 602-609) allowed - £1612 [Valet parking insurance charged under car parking expenditure]</p>
Light and heat	17574		12136	<p>The charge is unreasonable, AHMC has overcharged by £3296. It included estimated charges for 3 months £2073 at p569 in the old bundle (not transferred to the new bundle) which was unnecessary. Some of the charges have been based on business rather than residential tariffs and as a result AHMC has charged for climate change levy and VAT has been applied at 20% rather than 5%. The amount overcharged is £1223, see documents 625, 627, 629, 639, 647, 649, 657, 659, 667, 669, 671, 673, 681, 684. The amended total is £14278. AHMC has failed to identify car park expenditure, 15% of the amended total has been transferred below.</p>	<p>Pursuant to clause 5 of the lease, the management company have covenanted to observe and perform the obligations specified in Schedule 8.</p> <p>Pursuant to paragraph 1 to Schedule 8, the applicant is obliged to provide the services set out in part 1 of Schedule 4.</p> <p>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.</p> <p>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.</p> <p>The management company attaches page 693a to insert into the bundle which shows the Eon credit reports for 2013.</p>	<p>£12567 Actual payments made in 2013 as shown at page 693a total £16008. Some of the EON invoices include VAT at 20%. Accordingly, some EON charges are incorrectly made on the basis of business rather than residential supply. We therefore deduct the overcharge as calculated by Mr Barton in the sum of £1223. Total - £14785 Estate (85%) = £12567 Car Parking (15%) = £2218</p>

Wages	81532		15305	<p>The total should be £61,218 according to p697 of which 25% is charged to the estate fund to be consistent with previous years, 75% is transferred to car park expenditure below. 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.</p>	<p>Pursuant to clause 5 of the lease, the management company has covenanted to observe and perform the obligations specified in Schedule 8.</p> <p>Pursuant to paragraph 1 to Schedule 8, the applicant is obliged to provide the services set out in part 1 of Schedule 4.</p> <p>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.</p> <p>Further and/or alternatively, paragraph 9 to part 1 to Schedule 4 requires the applicant to provide such staff as it considers necessary in connection with the provision of other services.</p> <p>The management company accepts that the page 697 submitted in the bundle is incorrect. Attached to this Scott Schedule is the correct page 697. This shows the wages being £81,532.29 and social security as £7,000.48, which is the amount on the 2013 accounts.</p>	<p>£20383 Valet parking is provided 24/7, 365 days per week. There are 4 employees who work on rotational shifts. National minimum wage in 2013 was £6.31 which would result in wages of approximately £55,000. £10 per hour produces a figure of approximately £87,000. It would appear that the hourly rate of the valet parking operatives was a little over £9. We find that rate to be reasonable. The figure of £81532 is supported by the revised page 697 produced at the hearing Total - £81532 Estate (25%) = £20383 Car Parking (75%) = £ 61149</p>
Social security	7000		1321	<p>The total should be £5,283 according to p697 of which 25% is charged to the estate fund to be consistent with previous year, 75% is transferred to car park expenditure below</p>	<p>As above.</p>	<p>£1750 See revised page 697 Total - £7000 Estate (25%) = £1750 Car Parking (75%) = £5250</p>
Telephone	2731		2213	<p>AHMC has failed to identify car parking charges, 12.5% should be transferred to be consistent with previous years, there is no document to support the charge of £202.05 on 01/01/13, the charges for January 2013 are included at p700, the amended total is £2529 and £316 has been transferred to car parking charges below, the estate total is £2213</p>	<p>Pursuant to clause 5 of the lease, the management company have covenanted to observe and perform the obligations specified in Schedule 8.</p> <p>Pursuant to paragraph 1 to Schedule 8, the applicant is obliged to provide the services set out in part 1 of Schedule 4.</p> <p>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.</p> <p>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.</p> <p>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.</p>	<p>£2213 We disallow £202.25 for which there is no documentary evidence (nominal ledger entry only at page 698). Total - £2529 Estate (87.5%) = £2213 Car Parking (12.5%) = £316</p>

					The costs associated with the telephone are split between the car park and estate schedules.	
Post and stationery	534		74	The charges by Peach are unreasonable. VAT should not be applied to postage. No receipts from the post office have been produced. Document 795 does not relate to this year, it is exactly the same as document 1583 save for the reference number.	See above. The post and stationery costs are incurred by Peach, and then re-charged to the management company. Given that Peach are VAT registered, the re-charge is subject to VAT. Document attached to insert into bundle - page 795a.	£534 Additional documents (both 795a) show postage charges of £60 and £400 without the addition of VAT. The Management Company has to send out service charge demands, Budgets, AGM minutes and other correspondence to 179 apartments. Whilst increasingly electronic communication will be used by many we find the sum of £460 to be reasonable. We allow David Simon costs of £74.40 (page 794) as these are not challenged
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	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 its managing agent. The directors of the management company are lessees and, as a board of directors, have resolved to appoint Peach as their agent.	£21480

				<p>proposed. Peach has now resigned, not before time, the members/leaseholders of AHMC voted to remove it in 2014.</p>	<p>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.</p> <p>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, the respondent failed to attend his appointment with Peach.</p> <p>It is accepted that the accounts in this year disclosed a list of debtors. However, there has been no intervention on the part of the Information Commissioner's Office in relation to this.</p> <p>It is accepted that Peach issue an invoice in advance of their services which is then paid monthly in arrears.</p> <p>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.</p>	
Repairs and renewals	21570		5687	<p>The schedule does not agree with the accounts, 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 following charges to a reasonable level in accordance with the previous Tribunal decision pages 803, 822, 823, 825, 827, 834, 836, 842. We are unable to accept charges for Work on flats £2250, Roxylight <u>£843.50</u>, document 811 which is illegible</p>	<p>Pursuant to clause 5 of the lease, the applicant has covenanted to observe the obligations specified in Schedule 8.</p> <p>Pursuant to paragraph 1 to Schedule 8, the applicant is obliged to provide the services set out in part 1 of Schedule 4.</p> <p>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.</p> <p>Further and/or alternatively paragraph 2 to part 1 to Schedule 4 requires the applicant to (whenever reasonably necessary) paint, decorate or otherwise treat:</p> <ol style="list-style-type: none"> 1. the outside of the building; 2. the building communal areas; 3. the estate communal areas. <p>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.</p> <p>The management company has no record of any request made by the respondent for details of hourly rates and labour/materials per invoice.</p> <p>Document 811 is reproduced and attached hereto to insert into the bundle.</p>	<p>£11893</p> <p>As a starting point we have used expenditure of £18660.78 which appears at page 801 rather than the figure which appears in the accounts. No explanation was given by the Applicant in relation to that discrepancy.</p> <p>Mr Barton does not dispute the invoices of independent contractors.</p> <p>Mr Barton does not dispute that repairs were carried out by Peach but disputes the hourly rate applied for labour. At the hearing Mr Petty told us that he would prepare a job list and that 2/3 Roxylight employees would attend to carry out the maintenance work. Peach charged labour at £250 per day. We reduce labour carried out by Peach to £150 per day having regard to labour rates for general maintenance in the East Midlands. This is consistent with the determination of the 2015 Tribunal which capped daily rate at £150 per day (see paragraph 91 of 2015 Decision).</p> <p>As we do not have a labour/materials split for all Peach invoices we have reduced invoices 13/89,91,106,107,108,109,111 (pages 800 and 801) by 30% (reduce by £3674)</p> <p>A further copy of page 811 has been produced. Whilst still difficult to read we accept the amount paid by the Management Company to an independent contractor Wilson Electrical Distributors</p> <p>We disallow £2250 "work on flats". The only supporting evidence is a bank statement at page 818 which indicates "TFR ON ACCOUNT".</p>

					The management company make every effort to make a claim against the buildings Insurance Policy for any internal repairs due to leaks etc., however, if the repair cost is lower than the Insurance Excess then the repairs are undertaken at the expense of the service charge.	We disallow £843.50 paid to Roxylight which appears to be in the form of till receipts from Wickes. There are no primary accounting records in the Bundle to support this item of expenditure.
Lift maintenance	16705		16705			£16705
Household and cleaning	20536		8397	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 in 2014. The monthly charges are unreasonable and we have reduced the charges to that level, the charge by Peach page 874 is unreasonable and we have reduced it in accordance with the previous Tribunal decision.	<p>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.</p> <p>Pursuant to paragraph 3 to part 1 to Schedule 4, the applicant is obliged to keep the building communal areas and estate communal areas clean and reasonably lit.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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</p>	<p>£11124</p> <p>Linda Clarke Service charged £1400 per month to clean 4 of the blocks twice per month and Wimbledon once per month. In addition, the valet office was cleaned 4 times per month and the courtyard swept twice per week.</p> <p>In 2014 Linda Clarke was replaced by Global Cleaning Contractors who charged £652 per month for exactly the same service. We therefore reduce amount claimed to £652 per month.</p> <p>The invoice at page 874 relates to sweeping the underground car park. We were told that this takes place twice each year and takes two days. Originally this was carried out by two men but was then reduced to one man. We find the sum of £300 per visit (£600 per annum) to be reasonable.</p> <p>The sums paid to Map Waste (page 865) and Moore Window Cleaning (page 878) are accepted by Mr Barton.</p>

					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
Door entry system	250		0	no details supplied		£248 Invoice dated 9/12/13 in sum of £248.40 produced at hearing
Pump station	1159		1159			£1159
Fire alarm	11177		10172	Unhelpfully AHMC has replaced document 707 in the old bundle which agreed with the accounts and inserted document 887 in the new bundle which no longer agrees. The fire risk assessment should be excluded, it is shown separately. Document 896 relates partly to 2014 and AHMC should include a prepayment to reduce the charges to a reasonable level, comply with Tech 03/11 and be consistent with the previous year. £1005 has been deducted from the accounting balance.	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.	£10203 Deduct £999.60 for fire risk assessment (at page 908) which is a separate cost heading from £11202.88 shown at page 887.
Lighting maintenance and bulbs	310		310			£310
Sundry expenses	475		0	no details supplied	Document attached to insert into bundle - page 901a	Disallowed Copy nominal ledger at page 901a does not show any/sufficient information to support this expenditure
Dry riser maintenance	1062		1062			£1062
Emergency lighting inspection	2150		2150			£2150

Fire risk assessment	1180		0	<p>This was not necessary, an assessment was carried out the previous year. It is unclear who actually undertook the service, in the previous year it was AHMC's own employees whose salaries are being charged elsewhere. The charge by Peach is unreasonable. The training costs appear to be for the benefit of Peach to charge AHMC.</p>	<p>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.</p> <p>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.</p> <p>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.</p> <p>The management company considered it appropriate and reasonable to undertake a fire risk assessment (FRA) in 2013, notwithstanding that an FRA has been undertaken in 2012. Matters of health and safety are paramount.</p> <p>The costs associated with the FRA is not unreasonable and is within market norms.</p> <p>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.</p>	<p>£180 Training costs allowed. Fire Risk Assessment disallowed.</p>
Accountancy	2800		260	<p>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.</p>	<p>Pursuant to clause 5 of the lease, the applicants have covenanted to observe and perform the obligations specified in Schedule 8.</p> <p>Pursuant to paragraph 1 to Schedule 8, the applicant is obliged to provide the services set out in part 1 to Schedule 4.</p> <p>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.</p> <p>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.</p> <p>Pursuant to the terms of the lease, the management company is required to undertake an audit.</p> <p>The audit fees are within market norms.</p>	<p>£2000</p>
Fall restraint system inspection	486		486			<p>£486</p>

Pest Control	496		496			£496
Legal and professional fees	2280		-425	AHMC has supplied working papers totalling £2655 which exceeds the amount included in the accounts, the information is therefore unreliable. AHMC has failed to explain who is charging these amounts and no supporting documents have been produced. It was irresponsible of AHMC if it were taking legal action against leaseholders at a time when a Tribunal found it to be overcharging and its demands were invalid, it should have put its house in order first. In correspondence AHMC has stated that the cost of legal action is not charged as service charge expenditure. The charge by RGP appears to have been claimed under insurance and documents 591 and 926 appear to be identical save for a different reference number. In the absence of adequate information, the charges cannot be accepted as reasonable.	<p>Pursuant to clause 5 of the lease, the applicants have covenanted to observe and perform the obligations specified in Schedule 8.</p> <p>Pursuant to paragraph 1 to Schedule 8, the applicant is obliged to provide the services set out in part 1 to Schedule 4.</p> <p>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.</p> <p>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.</p>	<p>£2055</p> <p>No invoices have been produced to support pages 924-925. The Management Company relies on the nominal ledger (page 924a). PDC are a property debt collection company. The fees claimed are for letters before action for arrears recovery and/or late payment charges. These sums are therefore administration charges payable by the defaulting leaseholders under paragraph 21.1 of Schedule 6 Part 1 to the Lease. It would appear that the Management Company charges these fees to the service charge under para. 14 of Part 1 to Schedule 4 and then gives credit if recovery from the leaseholder is successful. We therefore allow the sum claimed as set out at page 924a (which includes credits)</p> <p>The invoice from RGP at page 926 gives no indication as to what work has been carried out. The note at page 927 suggests that the work may relate to floor plans but no further details have been given despite this item being specifically disputed by Mr Barton. In the absence of explanation as to what work has been carried out this item of expenditure is disallowed</p>
Bank charges	241		0	The charges are unreasonable	<p>Pursuant to clause 5 of the lease, the applicant has covenanted to observe and perform the obligations specified in Schedule 8.</p> <p>Pursuant to paragraph 1 to Schedule 8, the applicant is obliged to provide the services set out in part 1 to Schedule 4.</p> <p>Paragraph 13 to Schedule 4 entitles the applicant to borrow money to enable it to meet its obligations under that schedule.</p> <p>The management company operate two accounts: general maintenance fund and reserve account (also referred to as maintenance levy fund).</p> <p>The bank charges relate to those accounts and are based on general usage. This is standard practice.</p> <p>Document attached to insert into bundle - page 924a</p>	<p>£241</p> <p>The Management Company has two accounts – general service charge fund and reserve fund. Monies are held separately and the Tribunal finds that bank charges will inevitably be incurred.</p>
Finance costs	224		-626	AHMC has supplied a working paper which does not agree with the accounts, the information is therefore unreliable. Charges by Mr Lakhani, an officer of AHMC and Roxylight Group Companies, were found to be unreasonable by the previous Tribunal. AHMC is being devious by claiming the expenditure under a different cost heading, the respondents have deducted £850 from the balance in the accounts.	<p>Pursuant to clause 5 of the lease, the management company have covenanted to observe and perform the obligations specified in Schedule 8.</p> <p>Pursuant to paragraph 1 to Schedule 8, the applicant is obliged to provide the services set out in part 1 of Schedule 4.</p> <p>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</p>	<p>Disallowed</p> <p>At the hearing Miss Zanelli conceded that she “could shed no light” on what this expenditure relates to.</p>

					buildings insurance, together with insurance of the estate communal areas. 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.	
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 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.	£20600
Transfer from maintenance levy fund	-84551		-86746	This account is not permitted by the lease, the restated balance as at 01/01/13 is repayable to the leaseholders in accordance with the lease. The allocation to the estate fund and the car park fund has been made in accordance with the disclosure on p543.	As above.	-£73220 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). We adopt figure in the accounts of £84551 but have followed Mr Barton's apportionment to car parking of £11331 leaving a balance of £73220 to the Estate.
sub total	241068		25598			£114510
net estate expenditure	240162		24248			£113604 Apartment 53 - £511 Apartment 58 - £592 Apartment 60 - £507 Apartment 65 - £615 Apartment 94 - £682 Apartment 117 - £561
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 £720 for the year on page 542. It is not for the respondents to calculate amounts on behalf of AHMC but we have used our best endeavours to do so		

Electricity			2142	transferred from above		£2218
Staff Wages			45914	transferred from above, AHMC's charge of £3,413 to leaseholders on 18/07/18 has not been explained and is not understood, it falls foul of the 18 month rule		£61149
Social security			3962	transferred from above, AHMC's charge of £3413 to leaseholders on 18/07/18 has not been explained and is not understood, it falls foul of the 18 month rule		£5250
Insurance			683	Transferred from premises insurance (page 598)		£4277 Vehicle movement insurance is renewed in November of each year and dealt with in the accounts by prepayments and reversal. The account item is 8204. The prepayment reversed for 2013 is £3593.71 (page 577) to which we add £682.96 (page 598) making a total of £4277.
Telephone			316	transferred from above		£316
Transfer from maintenance levy fund			-11331	see above		-£11331
sub total			41685			£61879 1.25% payable by Apartments 58, 65 and 94 =£773
Total	240162		65933			Tenant's Share of the Expenses: Apartment 53 - £511 Apartment 58 - £1365 Apartment 60 - £507 Apartment 65 -£1388 Apartment 94 - £1455 Apartment 117 - £561