



**FIRST-TIER TRIBUNAL
PROPERTY CHAMBER (RESIDENTIAL
PROPERTY)**

Case Reference : **LON/00BK/LSC/2023/0354**

Property : **The Water Gardens, Burwood Place,
London W2 2DA**

Applicants : **Deepesh Kapadia (Flat 18)
Bharat Thakrar (Flat 254)
Dalal Al-Sayegh (Flat 24)
Mohammad Al-Sayegh (Flat 38)
Laila J Sayegh (Flat 153)**

Representative : **Brethertons LLP**

Respondent : **Church Commissioners for England**

Representative : **Charles Russell Speechlys LLP**

Type of Application : **Liability to pay service charges**

Tribunal : **Judge Nicol
Mrs A Flynn MA MRICS
Mr ON Miller**

Date and Venue of Hearing : **10th-12th February 2025**
10 Alfred Place, London WC1E 7LR

Date of Decision : **7th July 2025**

DECISION

Decisions of the Tribunal

- (1) The service charges challenged in these proceedings are reasonable and payable for the reasons set out below and in the attached Schedule at Appendix 2, save for:
- (a) £552.10 for internal cleaning
 - (b) £330 for Fire Protection & Equipment
 - (c) £326.99 for CCTV
 - (d) Management Fees reduced by 15%.
- (2) The Applicants seek an order under section 20C of the Landlord and Tenant Act 1985 in respect of the current proceedings, for which the Tribunal makes the following directions:
- (a) The Applicants shall, by **18th July 2025**, email to the Tribunal and to the Respondent submissions in writing setting out why the Tribunal should make the order sought;
 - (b) The Respondent shall, by **1st August 2025**, email to the Tribunal and to the Applicant any submissions in writing opposing the section 20C application;
 - (c) The Tribunal will thereafter determine the section 20C application on the papers, without a hearing.

Relevant legislative provisions are set out in Appendix 1 to this decision.

The Tribunal's Reasons

1. The Water Gardens are part of The Hyde Park Estate and consist principally of 4 blocks containing 250 flats and commercial premises fronting Edgware Road in west central London. The Respondent is the freeholder. Their current managing agents are Savills but, for the period relevant to this case, it was Knight Frank.
2. Lessees of two of the flats brought an application under section 27A of the Landlord and Tenant Act 1985 (“the Act”) challenging the reasonableness and payability of service charges for the year to March 2021. Three more lessees joined as Applicants during the proceedings.
3. The parties were directed to produce one bundle for the final hearing. Unfortunately, the Tribunal were instead provided with numerous separate documents, the principal ones being:
 - a. A main bundle of 2,746 pages;¹
 - b. A supplementary bundle of 718 pages;
 - c. 11 Excel spreadsheets;
 - d. A Word version of the Scott Schedule;
 - e. A skeleton argument from each counsel;
 - f. A section 20C application; and
 - g. A 15-page speaking note from Mr Fieldsend.
4. The case was heard over 3 days, starting on 10th February 2025. The participants were:
 - Mr Piers Harrison, counsel for the Applicants;
 - The Applicants’ witnesses:
 - Mr Mohammad Al-Sayegh, lessee of Flat 38;
 - Mr Deepesh Kapadia, lessee of Flat 18;
 - Mr James Fieldsend, counsel for the Respondent;
 - Mr Richard Miller, junior counsel for the Respondent;
 - The Respondent’s witnesses;

¹ A note for future reference: witness statements for use at a final hearing/trial neither need nor should have any exhibits as all relevant documents will be in the bundle anyway. Using exhibits causes duplication and puts documents out of any logical order.

- Ms Helen Mitchell, paralegal for Respondent's solicitors, Charles Russell Speechlys LLP;
 - Ms Denise Chapman, associate accountant with Savills;
 - Mr Tom Bell, Senior Residential Asset Manager for Savills and, previously, for Knight Frank;
 - Mr Peter Devere-Catt, a surveyor previously with Knight Frank;
 - Mr Joseph Fischbacher, also a surveyor previously with Knight Frank; and
 - Ms Laura Whyte, Senior Asset Manager for the Respondent.
5. The Respondent applied for a transcriber to attend to take a full transcription of the evidence. Judge Nicol initially refused it for a lack of supporting detail but the application was renewed and granted at the hearing. Ms Sarah Maguire set up her equipment and transcribed the proceedings starting after lunch on the first day. Several breaks were taken for her benefit during the course of the hearing.
6. At the end of the hearing, both counsel requested that they be permitted to submit a revised Scott Schedule to take account of invoices which had been disclosed after the Schedule's most recent iteration and for the Applicants to put in replies on all issues, having not yet done so. The Respondent would then also provide further comments. 14 days were provided for each stage with the final version to be filed by 28th March 2025. Both counsel assured the Tribunal that they did not expect any of the revisions to require any further hearing time. The Tribunal thereafter convened to consider its decision. The Tribunal apologises for the additional time it has taken to produce the written decision.
7. Attached to this decision is a final version of the parties' Scott Schedule listing specific service charge items in dispute, the parties' comments and the Tribunal's conclusions on each. The Respondent conceded some sums, although not necessarily for the reasons given by the Applicants, and the Applicants no longer required a determination on some issues, so the Tribunal focused on the remaining items.
8. The supplementary bundle included a List of Issues setting out a number of matters which needed to be considered outside the Scott Schedule and they are dealt with in turn below. There is a large number of individual items to consider, each referenced in several documents. It is not necessary or proportionate to transcribe all the points and all the documentary cross-references raised by the parties in this decision. The Tribunal listened carefully to all the arguments and read the relevant documents in order to reach this decision but apologises if some detail has been omitted.

Surveyor

9. By Paragraph 2 of the Second Schedule of the Applicants' leases, each Applicant covenanted to pay a service charge equivalent to a fixed percentage of the expenses likely to be incurred by the Respondent in connection with the services defined in the Seventh Schedule and Additional Matters in the Eighth Schedule. The expenses are those "estimated from time to time by the Surveyor".
10. Some leases at The Water Gardens expressly defined the "Surveyor" as "the Surveyor or Managing Agents" but the definition in the Applicants' leases simply said, "the Surveyor for the time being of the Lessors". The Applicants asserted that this meant someone who was a surveyor by profession, relying on *Kendal v Lewisham Borough* (1903) Knight's Local Government Reports 416. The person who did the estimates for 2020-2021 was Mr Bell who is not a surveyor by profession, although he holds a masters in real estate management, is a member of the Property Institute and has been working in block management since 2016.
11. The Tribunal has no hesitation in rejecting the Applicants' submission. A "surveyor" in ordinary parlance is not limited to a person with professional qualifications. There is nothing in either the task given in the lease to the Surveyor or the context of the lease as a whole that would require the profession of the person in question to be anything in particular. The Surveyor simply refers to the person appointed by the Respondent to carry out this and other related tasks relevant to fulfilling their obligations under the lease. The *Kendal* case involves an entirely different context and does not provide a universal definition of "surveyor".
12. The Respondent advanced a strong alternative argument that the Applicants were estopped from denying Mr Bell's ability to fulfil the role of the Surveyor in estimating the relevant sums since he or his predecessors in the role of residential asset manager had done it for many years without objection but it is not necessary to reach a conclusion on that.

Service Charge Date

13. Clause 2 of the Second Schedule to the Applicants' leases requires the service charge estimates to be prepared to 25th March of each year "or on such other date as the Lessor may from time to time by notice in writing stipulate", that date being called "the Service Charge Period Date". If there is a deficit or surplus on the actual costs to the Service Charge Period Date, clause 2 further provides that the lessees shall pay the deficit on demand or be credited with the surplus.
14. The accounts for 2020-2021 were prepared by the accountants, Price Bailey, to 31st March 2021, 6 days later. The Respondent argued that the service of the accounts was sufficient notice of the change of the Service Charge Period Date but that cannot be

right because the Service Charge Period Date is defined as the date to which the estimates are calculated. The same date must then be used for the actual costs. The scheme of the lease is that the estimated and actual costs should be for the same period.

15. The 2021 accounts were not actually issued until June 2022, when a balancing charge was demanded. The Applicants argued that the demands were not valid because the accounts had not been certified to the correct date. However, it is a logical fallacy to assume that a failure to comply with one aspect of the arrangements automatically invalidates the entire process. Service charge demands are not rendered wholly invalid by the inclusion of an element which is not payable – otherwise nothing would be payable every time, for example, if the standard of cleaning were successfully challenged or the cleaning of lessees' windows wrongly included.
16. Mr Bell stated in his witness statement that costs referable to the additional period amounted to £107,754.55. The Applicants pointed out that this would not have been apparent to any recipient of the demands but the same applies in the event of any non-payable charges being included. The fact that the precise correct sum owing is not discernible cannot render the entire amount not payable.
17. The correct period to 25th March was contained within the period used to 31st March. It would be wholly contrary to the service charge scheme of the lease for the lessees to be relieved of liability for the entire year on the basis that it had been wrongly extended by 6 or 7 days. Effectively, the lessees were being asked to pay a small proportion early. If they could show that any loss arose to them as a result, they would be entitled to sue for damages for breach of covenant, but it is notable that they did not claim to have suffered any loss as a result.

Section 20B

18. Under section 20B of the Act, a tenant is not liable to pay service charges demanded more than 18 months after the relevant costs have been incurred unless the landlord notified them in writing that those costs had been incurred and that they would subsequently be required under the terms of their lease to contribute to them by the payment of a service charge.
19. The Applicants' statement of case made the following argument:
 - a. The estimates not having been compiled by a "Surveyor", the interim demands were invalid.
 - b. The accounts and the balancing charge for the year ending March 2021 were not produced until June 2022.
 - c. 18 months before June 2022 is January 2021, within the last 3 months of the service charge year ending March 2021.

- d. The Respondent was required to prove that the service charges were demanded within 18 months of the relevant costs having been incurred.
- 20. The Tribunal has already held that the Applicants' argument as to the definition of "Surveyor" is wrong (see above). The interim demands were not invalid. They covered most of the service charges.
- 21. The total estimated budget for the year 2020/21 was £2,829,002. According to the accounts, actual expenditure totalled £2,961,692, less sundry additional income, leaving a deficit of £126,383 (under 4.5% of the budget) to be recovered by means of an additional balancing charge. It is not possible to attribute the costs giving rise to that deficit to a period more than 18 months prior to the demands for the balancing charge. Section 20B is irrelevant as there were no relevant costs taken into account in determining the amount of any service charge which were incurred more than 18 months before a demand for payment of the service charge was served on the Applicants.
- 22. On 22nd September 2021 the Respondent served a notice pursuant to section 20B(2) of the Act purporting to notify lessees of the service charge expenditure pending production of the accounts. The Applicants had various arguments about the validity of the section 20B notice, particularly in relation to the additional period of 25th to 31st March 2021, but they fall away given the Tribunal's determination that the service charges were demanded in time so that section 20B was irrelevant.

No Supporting Documentation

- 23. Service charge accounting for the Water Gardens is complex due to the size and variety of aspects of the estate. This was further complicated in the year to 31st March 2021 by the impact of COVID and a change in the accounting software from APB to QUBE. The later change-over in September 2022 from Frank Knight to Savills also added to the problems which arose in looking back to find out what had happened in that year. When the Water Gardens Residents Association raised questions about the 2021 accounts, the Respondent commissioned a forensic accountancy exercise by Kroll who produced a report dated 22nd December 2023 on the information available to them up to 30th November 2023.
- 24. Kroll analysed each item of expenditure into one of four categories:
 - (a) amount verified;
 - (b) amount unverified;
 - (c) amount rejected; and
 - (d) no supporting documentation.

25. They rejected some invoices because they related to a different year, to a different property or were duplications. The Respondent accepted these findings.
26. Kroll could not find supporting documentation for expenditure of £137,347. The Respondent's further efforts then located invoices for these items covering £121,291.31, leaving a balance of £16,055. A large proportion of the items making up this figure were accounting exercises, for example where expenses were accrued from an earlier period, perhaps because the relevant invoice was not available, but then reversed later.
27. The Applicants challenged the payability of service charges arising from expenditure for which there was no supporting documentation. The final version of the Scott Schedule stated that some of that expenditure was conceded or there was no need for a determination but it is not clear how much, if anything, is left as being challenged by the Applicants on this basis.
28. In any event, there is a serious flaw in the Applicants' challenge on this point. They argued that an absence of documentation, coupled with a lack of an explanation from the Respondent, meant that it was impossible to determine whether the expenditure was genuine and, therefore, the Tribunal should hold that the expenditure in question was not reasonably incurred. However, the Tribunal is not conducting an audit. While the absence of documentation may legitimately be questioned, it doesn't provide the answer by itself – by itself, it doesn't mean the service wasn't provided or the costs were not reasonably incurred. The Respondent pointed out that many of the missing invoices were for the supply of electricity but the Applicants did not suggest that the supply had ever been interrupted or that the respective charges were too high.
29. The Respondent did eventually provide a full explanation for the large majority, if not all, of the expenditure identified by Kroll as having no supporting documentation. The best explanation for anything left over is that it is missing due to one or more of the factors mentioned above, namely the complexity of administering the estate, the impact of COVID, the change-over from Knight Frank to Savills and the possibility of its being an accountancy exercise which would have no corresponding documentation. Therefore, the Tribunal is not satisfied that any service charges are unreasonable or not payable due to a lack of such documentation.

Apportionment

30. For some costs, they cover the provision of services across different parts of the estate and so have to be apportioned between those different parts. A single joint expert, Mr Peter Dening, was appointed to provide his opinion on such apportionment. This is somewhat unusual since the issue is within the Tribunal's own expertise. Nevertheless, the Applicants sought to rely on his opinion on those points where it differed from the apportionment made by the Respondent.

31. The Applicants sought to challenge the premiums for the building insurance on the basis that they had been wrongly apportioned but, in fact, there were separate premiums assessed for each of the residential areas and other parts of the estate so that there had not been any apportionment.
32. In relation to those areas where there was an apportionment, there is no one definitive answer. It is a matter of professional judgment how to apportion, for example, the amount of time the staff spent looking at CCTV cameras. So long as the Respondent adopts an apportionment which is objectively reasonable, it is irrelevant that there is a different apportionment which is also reasonable.
33. Electricity and lightning conductor maintenance costs are apportioned at 5% to the commercial tenants and the balance to the residential areas. The Respondent's witness, Mr Bell, is unaware of how that apportionment was originally calculated but he noted that there are 18 floors and the commercial premises occupy one of those floors. Mr Denning suggested the costs should be split equally between the commercial and residential premises but the Tribunal struggles to see the equity in that, given the considerably larger number of residential units. The Tribunal is not satisfied that the apportionment used is unreasonable.
34. During the 2021 service charge year, the on-site staff were employed by Knight Frank Promise, a subsidiary of the agents, Knight Frank, who then charged for their costs, including salary, training, pension contributions, VAT, agency cover and out of hours call outs. The staff consisted of a Building Manager, an Assistant Building Manager and 8 day porters and 4 night porters working on rotation. There were also mobile security patrols supplied by another company, Croma Vigilant, across this and other estates, the costs of which were split equally between the estates.
35. The staff costs were apportioned by 8% to the commercial premises (Mr Bell produced a table setting out how this was broken down), 3% to the Respondent and the balance to the residential premises. Mr Denning's calculation was very similar, being 9.2% and 3.45% for the first two categories respectively. The Tribunal cannot see that either figure is unreasonable. As referred to above, the Tribunal may use any apportionment which is objectively reasonable.
36. Mr Denning asserted that the commercial premises were the main beneficiary of the security patrols based on Mr Bell's description of the service provided at paragraphs 70-76 of his statement and proposed a split of 60% commercial and 40% residential. However, this would appear to be a basic misunderstanding. The patrols were principally around the exterior of the building at ground floor level which is where the commercial premises are located but the residential premises would benefit substantially from such patrols too. Mr Denning was told that the residential areas were gated and so, by implication, inaccessible, but Mr Bell's evidence is that the security patrols went there too. Again, the Tribunal is not satisfied that the Respondent's apportionment is unreasonable.

37. Each lessee pays a fixed percentage share of the service charge expenditure under paragraph 2 of the Second Schedule of their lease. When the leases were originally granted, the percentages added up to 100% but The Water Gardens has changed since then. Three flats which were originally staff flats are no longer reserved for that purpose and have been let on long leases – they are liable for a percentage of service charge costs calculated by floor area. There is also additional first floor office space and an additional space known as the Pod. The Respondent collected service charges in relation to them (other than the Pod, albeit that that was a mistake), resulting in a collection of more than 100% of the service charge expenditure, but offset the additional amounts from the existing lessees' liability before applying the relevant proportions. The Applicants accepted that this would achieve a mathematical outcome similar to adjusting the proportion in every lease but nevertheless argued that a term should be implied into each and every lease requiring the Respondent to re-calculate every lease's proportion in such circumstances.
38. The Applicants relied on *H Waites Ltd v Hambledon Court Ltd* [2014] EWHC 651 (Ch) in which Morgan J rejected the tenants' argument that, where there was an estate of 12 flats held on leases where each flat lessee agreed to contribute 1/12 of the relevant costs by way of service charge, there was an implied term against the landlord developing further flats. He said as follows:
65. I consider that the clear assumption made by the parties to the flat and garage leases when initially entered into was that the Estate would not comprise more than 12 flats and 12 garages. On that basis, it was agreed that each lessee of a flat and garage would pay 1/12 of the relevant costs. If that assumption were later to be falsified (save where an original flat was sub-divided), I consider that it would be open to a court to imply that the consequential agreement as to a 1/12 apportionment would no longer be applicable. In such a case, I consider that it would be obvious that what should replace the reference to 1/12 should be a reference to "a fair proportion".
39. However, that case turned on its own facts. No evidence has been adduced here that the original parties to the leases proceeded on any assumptions as to the future composition of the estate or any part of it. No other basis was proffered for implying the term the Applicants seek. Further, the term in question was not defined or set out so that the Tribunal could examine its validity or practicality.
40. The Applicants ask the Tribunal to make directions for the re-apportionment of all flats but the Tribunal does not have the jurisdiction to do that, not least for those flats whose lessees are not part of these proceedings.

Staff costs

41. In his evidence, Mr Kapadia sought to call into question the reasonableness of the staff costs by comparing them to average salaries for a porter in London as reported by the website, Glassdoor, and making an allowance for national insurance contributions. This does not begin to provide a fair and proper comparison to the staff costs at the Water Gardens (see paragraph 34 above). The Tribunal is not satisfied that there is sufficient evidence to think that the staff costs are unreasonable in amount.

Legal Fees

42. The service charges include legal fees which the Applicants calculate as £52,372 when concessions arising from the Kroll report are taken into account.
43. According to Ms Mitchell, other than any flats retained and rented out by the Respondent, there are approximately four flats that have no provisions in them to recover legal costs against a lessee. The others have both section 146 and indemnity cost recovery provisions at paragraphs 8 and 12 to the Fifth Schedule. The Applicants did not argue that these provisions do not allow the recovery of legal costs but that, based on the authority of *Skilleter v Charles* (1991) 24 HLR 421, it is subject to a condition that the Respondent chases the particular defaulting lessees for the costs.
44. The Applicants' submission does not call the payability of the legal fees into question for two reasons. Firstly, as with most cases involving lease clause interpretations, *Skilleter* is about the interpretation of the particular clause in front of the court and does not establish a general principle. Secondly, the Tribunal accepts Ms Mitchell's evidence that, other than cases in which the lessee remedies their default promptly on receipt of a letter of claim, the Respondent does pursue lessees for the legal costs they incur. Unless and until those costs are recovered and credited back, the Respondent is entitled to recover their costs through the service charge.
45. Ms Whyte's evidence was that the Respondent covers any shortfall in the recovery of legal fees arising from those flats which do not have lease provisions allowing such recovery. The Applicants could not find the Respondent's contribution and concluded it did not exist. This does not appear to have been put to any of the Respondent's witnesses. The Applicant's inability to find something is not sufficient evidence to outweigh the witness's evidence that it does.

Insurance Commission

46. The Respondent received a commission from the insurance premium. From that commission:
- (a) They paid Aon for broker services – £85,000 for the year 2019/20 and £105,000 for 2020/21.

- (b) They paid Knight Frank for the availability of claims handling. The Applicants queried whether the on-site staff handled claims but, according to the evidence of Ms Whyte, which the Tribunal accepts, Knight Frank had a dedicated staff member for this purpose and the on-site staff would do no more than tasks such as facilitating access for a site visit by a loss adjuster. The Applicants also asserted that there were no invoices for Knight Frank's claims handling work but Ms Whyte identified the two relevant invoices, one based on 7.5% of the premium and the other based on £250 per claim.
- (c) The Respondent retained £35,677.35 for the year 2019/20 and £41,385.49 for 2020/21 as payment for having arranged the insurance.

47. Therefore, all commissions were for services provided. The Applicants put forward no evidence that any of these figures were unreasonable relative to anywhere else in the market.

Reserve fund

48. The Applicants challenged the amount of the Reserve Fund. Mr Bell's evidence was that he carefully considered the allocation within the budget for the Reserve Fund. He took into account planned major works and the possibility of unforeseen major works. An example of the latter was an electrical upgrade which arose from a scheduled electrical inspection. According to another witness, Mr Devere-Catt, the 2021 Reserve Fund allocation arose in particular from two anticipated items of expenditure, on the external tiles of two of the blocks and for the electrical infrastructure, but also took into account the lifts and asbestos works. He further said contributions were limited as they had previously already been significant.

49. The Tribunal accepts the Respondent's account. The Applicant had no real grounds to doubt it.

Cleaning

50. The Applicants challenged the cleaning costs on the basis that, on their calculation, the hourly rate appeared to be high. However, they produced no comparable quotes or other evidence and so the Tribunal is not satisfied that the costs are unreasonable.

Management Fees

51. The Kroll report found a significant number of errors in the accounting, many of which the Respondent was forced to concede. They were producing further invoices until quite late in the course of these proceedings. The change-over from Knight Frank to Savills may well have had much to do with that but that change was the Respondent's choice and isn't an excuse. Further, whatever the consequences may be, preparing accounts to the wrong year end is a clear error which inhibits clarity and

transparency. In the circumstances, the Tribunal has decided that the management fees have not been reasonably incurred to the extent that they exceed 85% of the amount charged in management fees for the 2021 service charge year.

52. The parties' Agreed List of Issues asks at paragraph 32 if the Applicants may rely on clause 8.3.1 of the Respondent's management agreement with Knight Frank. The Tribunal looked at the agreement but there is no clause 8.3.1 nor does any part of clause 8 seem relevant. This issue was not referred to in oral submissions and so the Tribunal has assumed it is no longer relevant.

Costs

53. The Applicants sought an order under section 20C of the Landlord and Tenant Act 1985 prohibiting the Respondent from putting their costs of these proceedings on the service charge. The parties' preference was to make submissions in the light of the Tribunal's decision. Accordingly, the Tribunal has made directions for the determination of that issue by means of written submissions for a decision on the papers, without a further hearing. The Tribunal would encourage the parties to seek settlement on this issue, if at all possible.

Name: Judge Nicol

Date: 7th July 2025

Appendix 1 – Relevant legislation

Landlord and Tenant Act 1985 (as amended)

Section 18

- (1) In the following provisions of this Act "service charge" means an amount payable by a tenant of a dwelling as part of or in addition to the rent -
 - (a) which is payable, directly or indirectly, for services, repairs, maintenance, improvements or insurance or the landlord's costs of management, and
 - (b) the whole or part of which varies or may vary according to the relevant costs.
- (2) The relevant costs are the costs or estimated costs incurred or to be incurred by or on behalf of the landlord, or a superior landlord, in connection with the matters for which the service charge is payable.
- (3) For this purpose -
 - (a) "costs" includes overheads, and
 - (b) costs are relevant costs in relation to a service charge whether they are incurred, or to be incurred, in the period for which the service charge is payable or in an earlier or later period.

Section 19

- (1) Relevant costs shall be taken into account in determining the amount of a service charge payable for a period -
 - (a) only to the extent that they are reasonably incurred, and
 - (b) where they are incurred on the provisions of services or the carrying out of works, only if the services or works are of a reasonable standard;and the amount payable shall be limited accordingly.
- (2) Where a service charge is payable before the relevant costs are incurred, no greater amount than is reasonable is so payable, and after the relevant costs have been incurred any necessary adjustment shall be made by repayment, reduction or subsequent charges or otherwise.

Section 20B

- (1) If any of the relevant costs taken into account in determining the amount of any service charge were incurred more than 18 months before a demand for payment of the service charge is served on the tenant, then (subject to subsection (2)), the tenant shall not be liable to pay so much of the service charge as reflects the costs so incurred.
- (2) Subsection (1) shall not apply if, within the period of 18 months beginning with the date when the relevant costs in question were incurred, the tenant was notified in writing that those costs had been incurred and that he would subsequently be required under the terms of his lease to contribute to them by the payment of a service charge.

Section 20C

- (1) A tenant may make an application for an order that all or any of the costs incurred, or to be incurred, by the landlord in connection with proceedings before a court, residential property tribunal or the Upper Tribunal, or in connection with arbitration proceedings, are not to be regarded as relevant costs to be taken into account in determining the amount of any service charge payable by the tenant or any other person or persons specified in the application.
- (2) The application shall be made—
 - (a) in the case of court proceedings, to the court before which the proceedings are taking place or, if the application is made after the proceedings are concluded, to a county court;
 - (aa) in the case of proceedings before a residential property tribunal, to that tribunal;
 - (b) in the case of proceedings before a residential property tribunal, to the tribunal before which the proceedings are taking place or, if the application is made after the proceedings are concluded, to any residential property tribunal;
 - (c) in the case of proceedings before the Upper Tribunal, to the tribunal;
 - (d) in the case of arbitration proceedings, to the arbitral tribunal or, if the application is made after the proceedings are concluded, to a county court.
- (3) The court or tribunal to which the application is made may make such order on the application as it considers just and equitable in the circumstances.

Section 27A

- (1) An application may be made to the appropriate tribunal for a determination whether a service charge is payable and, if it is, as to -
 - (a) the person by whom it is payable,
 - (b) the person to whom it is payable,
 - (c) the amount which is payable,
 - (d) the date at or by which it is payable, and
 - (e) the manner in which it is payable.

- (2) Subsection (1) applies whether or not any payment has been made.
- (3) An application may also be made to the appropriate tribunal for a determination whether, if costs were incurred for services, repairs, maintenance, improvements, insurance or management of any specified description, a service charge would be payable for the costs and, if it would, as to -
 - (a) the person by whom it would be payable,
 - (b) the person to whom it would be payable,
 - (c) the amount which would be payable,
 - (d) the date at or by which it would be payable, and
 - (e) the manner in which it would be payable.
- (4) No application under subsection (1) or (3) may be made in respect of a matter which -
 - (a) has been agreed or admitted by the tenant,
 - (b) has been, or is to be, referred to arbitration pursuant to a post-dispute arbitration agreement to which the tenant is a party,
 - (c) has been the subject of determination by a court, or
 - (d) has been the subject of determination by an arbitral tribunal pursuant to a post-dispute arbitration agreement.
- (5) But the tenant is not to be taken to have agreed or admitted any matter by reason only of having made any payment.

Rights of appeal

By rule 36(2) of the Tribunal Procedure (First-tier Tribunal) (Property Chamber) Rules 2013, the tribunal is required to notify the parties about any right of appeal they may have.

If a party wishes to appeal this decision to the Upper Tribunal (Lands Chamber), then a written application for permission must be made to the First-tier Tribunal at the regional office which has been dealing with the case.

The application for permission to appeal must arrive at the regional office within 28 days after the tribunal sends written reasons for the decision to the person making the application.

If the application is not made within the 28 day time limit, such application must include a request for an extension of time and the reason for not complying with the 28 day time limit; the tribunal will then look at such reason(s) and decide whether to allow the application for permission to appeal to proceed, despite not being within the time limit.

The application for permission to appeal must identify the decision of the tribunal to which it relates (i.e. give the date, the property and the case number), state the grounds of appeal and state the result the party making the application is seeking.

If the tribunal refuses to grant permission to appeal, a further application for permission may be made to the Upper Tribunal (Lands Chamber).

Appendix 2 – Scott Schedule

ITEM NUMBE R	ITEM & Tab No. Kroll Appx. C	Total £££ charged to Tenant acc. Y end 2021	Total £££ considered unreasonable / Disputed	WHY UNREASONABLE / DISPUTED	£££ if any we would pay along with condition/s	TENANT COMMENTS / Details of Calculations	RESPONDENT'S (LANDLORD) COMMENTS	TENANT’S REPLY	RESPONDENT’S REPLY	FIRST-TIER TRIBUNAL’S COMMENTS
1	Staff Salaries C.2.1	£657,816.00	£26,502.36	No invoices	£££ can be considered only upon evaluation of invoice /Cr. note with detailed breakdown& proof of payment	Column AC in C.2.1 Even the negative items have to be considered; not acceptable to either add or reverse a charge without supporting documentation. It appears Kroll have reversed charges of accruals (creditors) even when supporting invoices are non-existent.	<div>The disputed sum of £26,502.3 is an aggregation of debits and credits. After netting off credits against debits the actual charge is £5,551.50.</div> <div>Kroll App C.2.1 line 15: SAV ID 1176 – (£7,152.54) – is an accounting credit adjustment made to reflect and reverse an accrual made in the previous year. Please see WG Working Paper, D1-AR, line 1437. The accrual was reversed because the sum was charged to the previous year, but the invoice was only received in the current year (2021). Therefore, this adjustment has a nil effect on the 2021-year accounts as the cost has been taken into account and included in the previous year. Please see a copy of the relevant corresponding invoice, SAV ID 1246, at pages 233-234 of the Bundle of Invoices.</div> <div>Kroll App C.2.1 line 13: SAV ID 1174 – (£2,800) - is an accounting credit adjustment made to reflect and reverse an accrual made in the previous year. Please see WG Working Paper, D1-AR, line 1434. The accrual was reversed because the sum was invoiced in the</div>	<div>Without conceding any underlying point of principle, and without prejudice to any challenge in any other jurisdiction as to the amount of the credit, the As do not maintain their challenge to credits. Where this concession applies the reply will be “Credit conceded”.</div> <div>As explained in closing submissions as a matter of the proper construction of paragraph 2(a) of the Second Schedule of the Leases cost from an earlier year cannot be brought into the balancing exercise for the subject year. Where the As take this point the reply will be: “Contractually barred”.</div> <div>As also explained in closing submissions it is As’ case that cost incurred 18 months prior to the service of the s.20B notice at p657 are barred by s.20B LTA 1985. That date is 21st Mar 2021. Where the As take this point the reply will be: “S.20B barred”.</div> <div>Kroll App C.2.1 line 15: SAV ID 1176 (£7,152.54) . The invoice is a Property management recruitment invoice for £7,152.54. The invoice date is 11th March 2020 and the costs relate to the weeks ending 1st and 8th March 2020. The costs therefore fully relate to the year ending March 2020 (“YE 2020”). R’s explanation that this relates to the previous year and has a nil effect on YE 2021 is accepted.</div> <div>Kroll App C.2.1 line 13: SAV ID 1174 – (£2,800). The underlying sums relate to Jun 19 and Feb 2020. Credit conceded.</div>	<div>Noted.</div> <div>“Contractually barred” Para.2(a) is not limited in the way the As argue: (1) for the purposes of the balancing exercise the actual costs are those in “any period ending on the [SCPD]” (emphasis added); (2) the costs are not limited to those incurred within the period of a year preceding the SCPD; (3) in any event, if the invoice was not raised until SC 2021, then it is a cost incurred in that year; (4) the As have had the benefit of the service</div> <div>“First S20B Barred Response” (NB in connection with this argument the As have identified the wrong relevant date: it is not 21.03.21. The s.20B(2) given in connection with SC 21 is dated 22.09.21 [SBp21], and the date 18 months earlier, is 23.03.20.) (1) This is a new point first raised in closing and the As should not be allowed to take the point: (i) it is not a point arising on As’ SoFC – para.35 of SoFC [p1309]: there the s.20B argument is directed to whether there was a demand / notification “within 18 months of the sums expended in YE 2021” and in answer the CCE point to the s.20B(2) notice dated 22.09.21 [SBp21], whereas the “new” s.20B argument is directed to costs expended before the YE 2021; (ii) consistent with the submission that the point is “new”: (a) it is not a point raised in the agreed detailed list of issues, which expressly deal with s.20B arguments (Issue 3) (and is not a point that was taken on the Scott Schedule at the time that list was agreed) and (b) in closing the argument was introduced as “ ... our position now is that ...” ; (iii) it is not a point of law only, it is mixed one of law (what does s.20B require) and fact (was a valid demand / notice given in accordance with those requirements); (iv) if the As are allowed to take the point, directions will be required for: (a) further evidence (relevant evidence will include: contractual terms for the payment of each challenged cost (relevant to when the cost was incurred) and what (if any) notification was given of the cost) and (b) argument (including: when was the cost “incurred” for purposes of section and was notice given for the purposes of s.20B(2))</div> <div>“Second S20B Barred Response” (2) Moreover, in so far the argument is taken in connection with “pre-payment” costs (where payment was made in SC 20 in respect of services that straddle that year and SC 21), the As said in closing, “where the invoice straddles the period, [the R] are asking for an apportioned sum. That is right. So, when we respond to the updated schedule, we will concede that sum ... if [the sum] is partially in period and partially not, it should be apportioned. As they have done correctly with some, but not with others.” Yet SSch, they do not “concede” those sums. So, as regards those pre-payment sums and the As’ s.20B argument, not only is the challenge one not made prior to closing, it is one that was not even made in closing (in completing the SSch the As are reversing their position as explained in closing).</div> <div>It is noted that the S20b notice that the Applicants should refer to is at page 11 of the Supplemental Bundle dated 22 September 2021, 18 months prior to that notice is 23 March 2020.</div> <div>Noted</div> <div>Noted</div>	<div>Where a point has been agreed, conceded or no longer challenged, the Tribunal makes no further comment.</div> <div>The Tribunal agrees with the Respondent’s submission. Paragraph 2(a) of the Second Schedule of the Leases is not limited in the way the Applicants claim. The Applicants’ interpretation would make it impossible to account for sums incurred in one year but invoiced in another.</div> <div>The section 20B issue is addressed in the main body of the Tribunal’s decision.</div>

						<p>previous year. This adjustment has the effect of a credit on the 2021-year accounts.</p> <p>Kroll App C.2.1 line 21: SAV ID 1182 – (£507.18) – is a credit to reflect the balance adjustment on a provisional accrual made in the previous year following receipt of the invoice. The adjustment has the effect of a credit on the 2021-year accounts. The invoice can be found at page 235 of the Bundle of Invoices. Please see WG Working Papers, D1-AR, line 141.</p> <p>Kroll App C.2.1 line 111: SAV ID 1272 - £104.80 – this is an apportionment of an invoice for £498.82 located at page 4333 of the Bundle of Invoices. The invoice is for security, specifically out of hours call handling. £104.80 is the apportioned share of the cost to the Water Gardens.</p> <p>Kroll App C.2.1 line 118: SAV ID 1279 - £1,000 - is an estimated accrual in relation to mobile patrol costs for June 2020. The relevant accrual entry can be found in the WG Working Papers, D1-AR at line 1488.</p> <p>Kroll App C.2.1 line 76: SAV ID 1237 - £971.24 - is an overtime expenditure item (Promise Ram) as outlined on the invoice at page 236 of the Bundle of Invoices.</p> <p>Kroll App C.2.1 line 81: SAV ID 1242 – (£15.71) – this adjustment is a credit on the 2021-year accounts. See also WG Working Papers D1-AR line 1509.</p> <p>Kroll App C.2.1 line 93: SAV ID 1254 – £6,798.35 - Please see located invoice at pages 240-241 of the Bundle of Invoices.</p>	<p>Kroll App C.2.1 line 21: SAV ID 1182 – (£507.18). Credit conceded.</p> <p>Kroll App C.2.1 line 111: SAV ID 1272 - £104.80. The proper apportionment falls within Issue 14 on the List of Issues.</p> <p>Kroll App C.2.1 line 118: SAV ID 1279 - £1,000. This relates to June 2020 which was during Covid lockdown. R has not been able to produce an invoice or other evidence to establish that the cost was incurred. Denied.</p> <p>Kroll App C.2.1 line 76: SAV ID 1237 - £971.24. Conceded.</p> <p>Kroll App C.2.1 line 81: SAV ID 1242. Credit: conceded.</p> <p>Kroll App C.2.1 line 93: SAV ID 1254. Conceded.</p>	<p>Noted</p> <p>Agreed depends on the Tribunal’s decision on issue 14.</p> <p>As to Kroll App C.2.1 line 118: SAV ID 1279 - £1,000 - It appears that the Applicants are inferring that there was no mobile patrol during June 2020. This has not been pleaded previously and it was not put to any of the witnesses in cross examination. You will note in the WG Working Papers, D1-AR, at lines 1486 – 1490 that there are invoices in the surrounding months in relation to mobile patrol. This amount, in relation to June 2020, is an accrual in the absence of an invoice, and it is therefore payable.</p> <p>Noted.</p> <p>Noted.</p> <p>Noted.</p>	<p>As considered elsewhere in the Tribunal’s decision, the Respondent’s apportionment is reasonable.</p> <p>The Tribunal agrees with the Respondent.</p>	
2			£129,178.94	No invoices	£££ can be considered only upon evaluation of invoice /Cr. note with detailed breakdown & proof of payment	Col. W Row 26 to 29; C.2.1 No invoices provided	Kroll App C.2.1 lines 26-29: SAV ID’s 1187, 1188, 1189 and 1190 - have been located and can be found at pages 236 to 238 of the Bundle of Invoices.	Conceded. It goes to the quality of management that KF could not produce invoices from its own subsidiary until a late stage.	Please see list of issues 31.	
3			£43,391.20	No invoices	£££ can be considered only upon evaluation of invoice /Cr. note with detailed breakdown & proof of payment	Col. W Row 108; C.2.1 No invoices provided	Kroll App C.2.1 line 108: SAV ID 1269 has been located and can be found at page 4349 of the Bundle of Invoices.	Conceded.	Noted.	
4			£59,120.13	No back up EDGEWARE ROAD CONTRIBUTION	£££ can be considered only upon evaluation of document "D6"	Col. K Row 113; C.2.1 amount of £59120.13 is based on a document called "D6" which has not been provided. This amount is then multiplied by 0.8936 = £52829.75 and considered as verified in Col.V Row113. The difference amount of £6290.38 is then being considered as rejected. The Edgware Road contribution amount of £59120.13 is supposed to be derived being 8% of the total gross salaries which in the certified accounts is £657816; However this 8% amount of £59’120.13 has been deducted without explanation to arrive at the gross salaries amount of £657816 and then to cover up the errors this amount has been multiplied by 0.8936. This is wrong accounting. The convoluted language used in footnote no. 9 confuses the issue further instead of explaining it.	Kroll App C.2.1 line 113: SAV ID 1274 – (£59,120.13) – this is a credit adjustment on the 2021-year accounts and therefore there is no charge. Please see WG Working Papers, D1-AR line 1546.	The amount of the proper apportionment for the commercial parts is one of the issues for the Tribunal (Issue 13). The correct approach is to reduce the expenditure applied to the residential service charge (on the basis that the part apportioned to the commercial premises will be recovered under the service charge for that part) rather than applying a credit to the residential service charge. This is required by the Lease -see para 2(e) of the Second Schedule p206.	Where the benefit of a service is shared between the residential parts and other parts of TWG, CCE correctly (and in accordance with para.2(e)) apply to the total cost of the service, a credit in respect of those other parts before identifying the amount to be included in the calculation of the residential SC and then only include as the “expense” in that SC, the cost net of the credit. So, account is taken of the benefit other parts enjoy from the service before the residential SC is calculated. To illustrate with reference to staff costs: (1) the total staff cost for SC21 was £739,106.17; (2) the non-residential share of those costs was (i) £59,120.13 for the commercial Ts (item 4 on the costs SSch) and (ii) £22,170.04 for CCE (item 5 of the SSch), respectively, 8% and 3% of the total cost per the apportionment % adopted; (3) the amount for staff costs included in the residential SC 21 accounts, was £657,816; (4) that is the total cost less the contributions from the commercial Ts and CCE. In any event, (and correctly) the As do not suggest that the CCE’s approach makes any arithmetical difference.	The Tribunal accepts the Respondent’s statement of the relevant facts/ calculation. There appears to be no difference between the parties’ approaches but, even if there were, there is no arithmetical difference. As considered elsewhere in the Tribunal’s decision, the Respondent’s apportionment is reasonable.
5			£22,170.04	No back up CLIENT CONTRIBUTION	£££ can be considered only upon evaluation of document “D6”	Col. K Row 114; C.2.1 amount based on a document called “D6” which has not been provided. A total salary amount of £657’816 has been arrived at after deducting these 2 amounts of Edgware Rd. Contribution & Client Contribution. Then 8% & 3% of this same amount of £657’816 is taken to calculate the amount of Edgware Road Contribution & Client Contribution in Appendix D.5.3. Then 8% & 3% of this same amount of £657’816 is taken to calculate the amount of Edgware Road Contribution & Client Contribution in Appendix D.5.3 Therefore it is very important that this document “D6” is provided to us. Currently it is like saying Chicken no. 1 laid egg no.1; and then at the same time saying same Chicken no. 1 was born from same egg no.1. It’s not possible.	Kroll App C.2.1 line 114: SAV ID 1275 – (£22,170.04) – this is a credit adjustment on the 2021-year accounts and therefore there is no charge. Please see WG Working Papers, D1-AR line 1547.	The amount of the proper apportionment for the CCE is one of the issues for the Tribunal (Issue 13). The correct approach is to reduce the expenditure applied to the residential service charge so that only the correctly apportioned sum is applied to the residential service charge.	As above.	As above.

6			£10,946.97	No details of apportionment	£££ can be considered only upon being provided details of apportionment	Col. W Row 59 to 68; C.2.1; Marked Unveried by Kroll with following note: These invoices have been split so that only the amount relating to the Water Gardens has been allocated under "Costs in the period". The basis for the split is unclear and inconsistent, despite all of the invoices being split between the same six properties. For four invoices, 21.01% of the invoices has been allocated to the Water Gardens. For four invoices, 16,67% of the invoices has been allocated to the Water Gardens. For one invoice, 20.00% of the invoices has been allocated to the Water Gardens. Kroll have included the apportioned amounts under "Amount unverified" on the basis that it has not been possible to verify that the apportionment percentages used are	Kroll App C.2.1 lines 59-68: SAV ID's 1220-1129 – these are apportioned costs of the charge for the security mobile patrol. See list of issues No.14.	This is an issue for the Tribunal (Issue 14).	See list of issues no.14.	As considered elsewhere in the Tribunal's decision, the Respondent's apportionment is reasonable.
7	Staff office costs C.2.3	£15,768.00	£4,050.96	Amount Rejected by Kroll	£££ can be 3considered only upon submission of invoices and proof of prepayment if any		Has been conceded.			
8			£28,465.66	Accounting error		C.2.3, Col. AC has several amounts that have no supporting documents or invoices but they are stating some as prepayments bought forward and being set off with the reserve fund which is not acceptable.	<p>The disputed sum of £28,465.66 is an aggregation of debits and credits. After netting off credits against debits the actual charge is £5,424.21.</p> <p>Kroll App C.2.3 lines 14 -15, SAV ID's 1069 and 1070 these are prepayments and the corresponding invoices are SAV ID's 1164 and 1165. Where there are corresponding debits and credits relating to reserve fund transfers, the explanation is as follows: (1) in a preceding year a cost has been debited to the service charge (2) at the year end it is considered that the cost is to be applied to the reserve fund (3) so, a credit is made against the debited cost in the service charge (4) the cost is not debited to the reserve fund and so provision is made (as a debit) for the cost in the following year's service charge (5) at that year's end it is again considered that the cost should be debited to the reserve fund and so again there is a corresponding credit. Step 5 is what has happened in 2021-year accounts. The consequence is nil effect. We refer to the evidence of Denise Chapman given in chief and in cross examination and see also List of Issues no.5 and speaking note para 21.</p> <p>Kroll App C.2.3 line 44, SAV ID 1099 – (£2,059.20) – This is an accounting credit adjustment and there is no charge to the 2021-year accounts.</p> <p>Kroll App C.2.3 lines 19, 20, 22, 44, 45, 86, 102, 103, SAV ID's 1073, 1074, 1077, 1099, 1100, 1141, 1157 and 1158 have now been located at pages 221 - 231 of the Bundle of Invoices.</p> <p>Kroll App C.2.3 lines 23-29: SAV ID's 1078-1093 – these are accounting adjustments made to reflect and reverse accruals made in the previous year. This is a credit adjustment on the 2021-year accounts and therefore there is no charge</p> <p>Kroll App C.2.3 line 18 SAV ID 1073 - £743.43 – of that invoice £743.43 was a prepayment into the 2021-year accounts. See WG Working Paper, H3, line 123. See pages 221-222 of the Bundle of Invoices. See also speaking note para 66.</p>	<p>Kroll App C.2.3 lines 14 -15, SAV ID's 1069 and 1070. Contractually barred and s.20 barred, but there is no need for a determination. Taking the matter step by step. Step 1 "(1) in a preceding year a cost has been debited to the service charge". So there has been a service charge expense in a previous year. Steps 2 and 3: "(2) at the year end it is considered that the cost is to be applied to the reserve fund (3) so, a credit is made against the debited cost in the service charge". Due to the credit the expenditure was not brought into account in the balancing mechanism under the lease. Steps 4 & 5: "(4) the cost is not debited to the reserve fund and so provision is made (as a debit) for the cost in the following year's service charge (5) at that year's end it is again considered that the cost should be debited to the reserve fund and so again there is a corresponding credit." Step 4 is a mistake: the cost should have been debited to the reserve fund and a debit should not have been made for the next year. These costs are recoverable if at all in the year in which they were incurred. Step 5 is also a mistake though, so if both are reversed it is the same as both being allowed. Effectively R has "kicked the can down the road" but if it seeks to recover these sums in a future year they will be barred. It is, however, recognised that there is no need for the Tribunal to determine this issue in relation to YE 21.</p> <p>Kroll App C.2.3 line 44, SAV ID 1099 – (£2,059.20. Credit conceded.</p> <p>Kroll App C.2.3 lines 19, 20, 22, 44, 45, 86, 102, 103, SAV ID's 1073, 1074, 1077, 1099, 1100, 1141, 1157 and 1158 – conceded save as set out below Page refs are to the Bundle of Invoices</p> <p>Line 20 SAV ID 1075 invoice not at referenced location and cannot be found. Rejected.</p> <p>Line 21 SAV ID 1076 is not at the referenced location it is at p4203. The invoice is dated 15th May 2021 and relates to June 2021. This relates to YE 22. Contractually barred.</p> <p>Line 22 SAV ID 1077 p224 the invoice is dated 4th February 2020 and relates to YE 20. Contractually barred and s.20 barred.</p> <p>Line 44 SAV ID 1099 p225 the invoice is dated 20th Dec 2019. It relates to YE 2020. Contractually barred and s.20 barred.</p>	<p>Noted that Applicants state that no need for determination.</p> <p>Noted.</p>	

The Respondent's accounts and records are complex, as might be expected for a large estate with various unique features, and sometimes need clarification to be understood. That is the case for these sundry invoices in respect of each of which the Tribunal accepts the Respondent's explanation. The section 20B issue is addressed in the main body of the Tribunal's decision.

								<div>Line 45 SAV ID 1100 p227 the invoice is dated 31st January 2020 and relates to YE 20. Contractually barred and s.20 barred.</div> <div>Line 86 SAV ID1141 p228 the invoice is dated 3rd February 2020 and relates to YE 20. Contractually barred and s.20 barred.</div> <div>Lines 102-3 SAV IDs 1157-8. The IT Assist invoices at p221 and p229-231 do not appear to relate to these sums. Rejected.</div> <div>Kroll App C.2.3 lines 23-29: SAV ID's 1078-1093. Credit conceded.</div> <div>Kroll App C.2.3 line 18 SAV ID 1073 - £743.43. The invoice is dated 13th March 2020 and the cost period was 1/3/202 to 1/5/2020. 61 days in total and 24 days fell in 2020. So the cost would be apportioned £292.49 to YE 20 and £450.94 to YE 21, but recovery is barred by s.20B.</div>	<div>Supply in the earlier year, no invoice in that year, no accrual provision in that year's accounts, invoice received in 2021 service charge year, cost is recoverable see Contractually Barred Response see above at Item 1. As regards "s20 barred" please see "First S20 Barred Response" see response in item 1 above.</div> <div>SAV ID 1141 at page 228 of the bundle (invoice number 51212) is dated 3 February 2021 and is therefore not contractually barred and no s20 barred as within the 2021 service charge year.</div> <div>SAV ID's 1157 and 1158 can be found at pages 229- 232. These invoices are for the entirety of the Hyde Park Estate, but the expenditure for each block has been separated on the invoice itself. For both invoices, the Water Gardens contribution is £180 plus VAT, amounting to £216.</div> <div>Noted.</div> <div>Kroll App C.2.3 line 18 SAV ID 1073 – the total invoice is £1,115.20 not £743.43. £371.71 was charged to YE2020 accounts when the invoice was received and the remainder, being the £743.43, was charged to the YE 2021 accounts, being the period it related to. As regards "s20 barred" recovery response, please see First 20b Barred Response and Second 20b Barred Response.</div>	
9	Pest Control C.3.1	£3,713.00	£365.00	Amount Rejected by Kroll			Has been conceded (£365).		Noted.	
10			£254.00	Amount Rejected because No invoices			The amount of £254 at row 13 of Appendix C.3.1 of the Kroll Report (that does not have a SAV ID number) reflects a prepayment brought forward from the prior year. Price Bailey have taken the total invoice of £681, which reflected a full quarter, which was processed in the prior year and prepaid only 37 days to reflect the part of the invoice that overlapped into the current year (2021). The invoice can now be found at page 324 of the Bundle of Invoices.	In this instance R has correctly apportioned the invoice: £254 conceded.		
11				Tested verified Invoices			We took random 4 verified charges from C.3.1 Savills ID nos 9=£600; 10=£600; 11=£600; AND 12=£600 We located three invoices and could not find just one verified invoice of savills savills ID no. 10 for £600 We could not find invoice for Savills ID 10 We therefore accept 100% of the amount considered as verified by Kroll . Tested verified Invoices	Kroll App C.2.3 line 13 (no corresponding SAV ID) - £254 – of that invoice £254.07 was a prepayment for 2021 year. See WG Working Paper, D1-AR, line 12. See also page 324 of the Bundle of Invoices.		
12	Window Cleaning W Coppard C.3.2	£14,581.00	£5,067.50	Failed test of verified invoices	£5,067.50	we checked Savills ID no's 127=£885; 129=£885; 131=£885; 133=£885 and 136=£958.75. We saw invoices of amounts of £885 but they did not match with the invoice no. or dates in C.3.2. Moreover we saw several invoices where W Coppard has written "No Annual Works Order No. has been provided from Knight Frank to date, despite numerous requests." We are therefore claiming 50% of the verified amount total of £10'135	Kroll App C.3.2 lines 23, 25, 27, 29, 31, SAV ID's 127, 129, 131, 133 and 136, D1-AR on WG Working Papers Column C, rows 161 – 167. Kroll have verified that these amounts were correctly included in the 2021 year accounts, see column V on the Kroll App C.3.2. This appears to be a challenge based on an audit of Kroll's own audit.	Conceded. On a balance of probabilities it is likely that Warren Coppard did perform the work even though the invoices have been lost.	Noted.	
13			£1,344.00	Amount Rejected by Kroll			Has been conceded.			
14			£3,102.00	Amount Rejected due to No invoices		C.3.2 - Savills ID nos. 124, 125, 126, 138, 147. Kroll App C.3.2 line 43: SAV ID 147 - £87 - has now been located at page 526 of the Bundle of Invoices. Kroll App C.3.2 lines 20-22, 34: SAV ID's 124, 125, 126 and 138 have not been located. Please see paragraph 19 of William Bell's second witness statement. Please also see list of issues no. 4 and witness statement of Denise Chapman para 36 [S224] and her exhibit [s264].	Conceded. On a balance of probabilities it is likely that Warren Coppard did perform the work even though the invoices have been lost.	Noted.		
15	Internal Cleaning C.3.3	£214,900.00	£98,122.72	Unreasonable in amount and no details of apportionment	£102,240.00	Ref. to C.3.3, Col V Row 21-32. We have separately prepared a detailed working called CLAIM REF 2, explaining justification of our claim	Please see list of issues no. 30, speaking note 73-75.	Issue 30 – the As rest on their oral submissions.	Noted.	The cleaning charges are addressed in the main body of the Tribunal's decision.
16	Internal Cleaning C.3.3		£2,034.00	Amount Rejected by Kroll			Has been conceded.			
17			£557.00	Amount Rejected because No invoices			C.3.3 - Savills ID nos 98 & Row 86 Column AC amount which has no Savills ID	Kroll App C.3.3, line 51 and "note 5" at line 94: SAV ID 67 – £198 - please see speaking note para 67d. Balance of £5 is an estimated accrual for hygiene services from March 2021.	C.3.3 - Savills ID nos 98. R's hypothesises now is that it was a mistake only to charge £198 to the service charge account in relation to the Masterfix invoice referred to at line 51 and that line 98 properly includes the balance. This was not the explanation given in the original schedule where it stated: "We have asked Price Bailey for an explanation as to the second ID of £552.10". There are several objections to this new explanation offered by way of submission. First £198 and £552.10 do not add up to £750. Second the explanation would need to be supported by evidence. Had this explanation been given in evidence it could have been tested in cross-examination. The underlying invoice at line 51 is for an EICR i.e. an Electrical Installation Condition Report which is a report required by Electrical Safety Standards in the Private Rented Sector (England) Regulations 2020, which as the name suggests relates to premises let by landlords in the private rented sector. The Tribunal will have the relevant expertise to appreciate that £750 is a large sum for a single such report and it is likely that the invoice was for several such reports. It seems plausible that the cost was apportioned. The Tribunal cannot assume in favour of R without having heard evidence that the full cost of £750	The inclusion of £198 at line 51, is an error by Kroll. The correct corresponding entry in the WG working papers, D1-AR, line 86 where it can be seen that the invoice as charged to SC2021 is the full £750 and that invoice has nothing to do with an EICR report. The invoice for an EICR report is a separate charge for £198 and has nothing to do with the £750 charge. In light of this explanation speaking note 67d can be ignored.

								was omitted by mistake.		
18	Internal Cleaning C.3.3		£0.00	Tested verified Invoices		We checked Savills ID nos. 63=£1'267.20; 69=£633.60; 74=£1'645.20; 88=£1'003.51; 94=£1'128.-- Out of the 5 we searched the files - we could not find one invoice out of the 5. We therefore accept 100% of the BALANCE amount considered as verified by Kroll for all the amounts except the fixed monthly amounts and the amounts that have been rejected and without supporting invoices				
19	Special cleaning C.3.4	£4,171.00	£0.00	Tested verified Invoices		We checked Savills ID nos 108=£1'884.71; 109=£725.75; 110=172.8; , 111=£633.60; 112=£266.40, 113=487.68 We found all invoices to be accurate We therefore accept 100% of the amount considered as verified by Kroll				
20	Waste Management C.3.5	£4,401.00	£754.27	No invoices		C.3.5 Savills ID 153 and 155; Where no invoice exists and the amount is still being reversed we consider it to be an Accounting error	The disputed sum of £754.27 is an aggregation of debits and credits. After netting off credits against debits the actual charge is £83.81. Kroll App C.3.5 line 15 and 17: SAV ID's 153 (£335.23) and 155 - £419.04. SAV ID 153 is a credit. The accrual was reversed because the sum was charged to the previous year, but the invoice was only received in the current year (2021). The difference between the debit and credit reflects that the accrual (which was an estimate) was less than the actual invoice. The cost effect on the 2021 year is £83.81. SAV ID 155 can now be found at page 80 of the Bundle of Invoices.	Kroll App C.3.5 line 15 and 17. Line 15 credit conceded . Line 17 the invoice is at p80 and is dated 23 rd March 2020. It relates to 23/02/2020 - 28/03/2020 and so has 4 days in period. The proper apportionment is 4/34. = £49.08.	Noted. The cost effect on the 2021 service charge year, of £83.81, is the difference between the debit and the credit reflecting that the estimated accrual was less than the actual invoice, not an apportionment of 4 days.	The Tribunal accepts the Respondent's explanation. The Applicants have relied on their mistaken assertion that relevant costs may only have been incurred in one year.
21	Gas C.3.6	£12,792.00	£2,189.00	Amount Rejected by Kroll			Has been conceded .			
22			£14,772.31	No invoices		Being the amounts Savills ID 1601=£500; 1602=£1040.48; 1603=£1426.68; 1604=£1329.01; 1605=£1420.17; 1606=£6807.01; 1608=£1426.68; 1616=£120.14; 1620=£235.26; 1629=£75.05; 1643=£80.93; 1656=£69.24; 1668=£281.93; 1669=£419.01; 1670=£238.76; 1671=£350.03; 1672=£378.61 All these are amounts without supporting documents. The following items are accruals, furthermore, because an invoice was not received in the service charge year, but the invoice was received the accounts were finalised, and was therefore accrued for, the amounts correspond with the invoice sum. - Line 81, SAV ID 1668 - £281.93 – page 297 – WG Working Papers D2 Gas AR line 90 - Line 82, SAV ID 1669 - £419.01 – page 301 – WG Working Papers D2 Gas AR line 91 - Line 83, SAV ID 1670 - £238.76 – page 305 – WG Working Papers D2 Gas AR line 92 - Line 84, SAV ID 1671 - £350.03 – page 309 – WG Working Papers D2 Gas AR line 93 - Line 85, SAV ID 1672 - £378.61 – page 313 – WG Working Papers D0 Variance, line 17 (N17). Kroll App C.3.6 line 14, SAV 1601 – (£500) – is an accounting credit adjustment made to reflect and reverse an estimated accrual made in the previous years. This is a credit adjustment on the 2021-year accounts and therefore there is no charge Kroll App C.3.6 line 15, SAV 1602 – (£1,040.48) – accrual made in the previous year. The invoice was not received in 2021, therefore anticipated debit line 78 is reversed with credit, line 15, which has a nil effect on service charge. Kroll App C.3.6 line 16, SAV 1603 – (£1,426.68) - is an accounting credit adjustment made to reflect and reverse an accrual made in the previous year. Please see WG Working Paper, D3 – Electricity AR, line 19. The accrual was reversed because the sum was charged to the previous year, but the invoice was only received in the current year (2021). The corresponding invoice is SAV ID 1608, line 21, which cannot be located but corresponding credit amounts to a nil effect. Kroll App C.3.6 line 17, SAV ID 1604 – £1,329.01 - accrual made in the previous year. The invoice was not received in 2021, therefore anticipated debit, line 80, is reversed with credit at line 17, which has a nil effect on service charge. Kroll App C.3.6 line 18, SAV ID 1605 – £1,420.17 - accrual made in previous year and invoices lines 22 and 23 come into the current year, and therefore there is a reversal at line 18. The reversal is greater than the aggregate of the two invoices, therefore net effect of credit to 2021-year account and therefore on charge. Kroll App C.3.6 line 19, SAV ID 1606 – £6,807.01 - accrual made in the previous year. The invoice was not received in 2021, therefore anticipated debit line 79 is reversed with credit at line	Savills ID 1601-1606- credits conceded . The matching debits are 1608, 1665, 1666, & 1667. Savills ID 1616, 1620, 1629, 1643, 1656 at lines 29, 33, , 42, 56, & 69 conceded . As to these: - Line 81, SAV ID 1668 - £281.93 – page 297 – WG Working Papers D2 Gas AR line 90 - Line 82, SAV ID 1669 - £419.01 – page 301 – WG Working Papers D2 Gas AR line 91 - Line 83, SAV ID 1670 - £238.76 – page 305 – WG Working Papers D2 Gas AR line 92 - Line 84, SAV ID 1671 - £350.03 – page 309 – WG Working Papers D2 Gas AR line 93 - Line 85, SAV ID 1672 - £378.61 – page 313 – WG Working Papers D0 Variance, line 17 (N17). These invoices relate to 1 st March to 31 st March 2021 and ought to be apportioned in the ratio 24/31 to the YE 21.	Noted. Noted. See list of issues no.2. Depends on whether the Tribunal accepts the Applicants argument that the YE is 24 March or the Respondent's argument that for this year it is 31 March. If the Respondent is right, there is no apportionment required.	The Tribunal does not accept that the correct approach is to apportion between years – there is no rationale for doing so. The Applicants accept that part of the costs may come within the year 2020/21 so there is no reason why the entire cost cannot.	

							19, which has a nil effect on service charge.			
23	Water & Sewage C.3.7	£8,290.00	£8,316.15	Accounting error / misleading accounting error	£££ can be considered only upon submission of invoices and proof of prepayment if any	C.3.7, Col. AC has several amounts that have no supporting documents or invoices but they are stating some as prepayments bought forward and being set off with the reserve fund which is not acceptable. Savills ID nos. 176, 182, 187	<p>The disputed sum of 8,316.15 is an aggregation of debits and credits. After netting off credits against debits the actual charge is £6,316.15.</p> <p>Kroll App C.3.7 line 14: SAV ID 176 - (£1,500) - is an accounting credit adjustment made to reflect and reverse an accrual made in the previous year. Please see WG Working Paper, D1- AR, line 224. The accrual was reversed because the sum was charged to the previous year, but the invoice was only received in the current year (2021). The corresponding invoice is SAV ID 185, line 23, which cannot be located but as identified by the corresponding credit, this amounts to a nil effect on the service charge account.</p> <p>Kroll App C.3.7 line 16: SAV ID 176 - £500 - is an accounting credit adjustment made to reflect and reverse an accrual made in the previous year. Please see WG Working Paper, D1- AR, line 227. The accrual was reversed because the sum was charged to the previous year, but the invoice was only received in the current year (2021). The corresponding invoice is SAV ID 187, line 25, which cannot be located but as identified by the corresponding credit, this amounts to a nil effect on the service charge account.</p> <p>Kroll App C.3.7 line 20: SAV ID 182 – (£6,316.15) – is a credit adjustment on the 2020-year accounts and therefore there is no charge. Please see WG Working Papers, D1-AR, line 232.</p>	<p>Kroll App C.3.7 line 14: SAV ID 176 - (£1,500) credit conceded.</p> <p>Kroll App C.3.7 line 16: SAV ID 178 – R’s reference to 176 is a typo – see line 14.. Lines 227 and 239 show that the original expenditure was in YE 19. The underlying sums are contractually barred and s.20 barred. There is no need for a determination because there is a nil effect on the service charge account so R is not seeking recovery in this year.</p> <p>Kroll App C.3.7 line 20: SAV ID 182 – credit conceded.</p>	<p>Noted.</p> <p>Noted that Applicants state that no need for determination.</p> <p>Noted.</p>	
24	Management Fees C.3.8	£165,169.00	£81,350.66	Unreasonable in amount. No invoices	£81,350.66 we would feel is acceptable provided proof of payment is provided with audit number	C.3.8 Col. AC has amounts that have no supporting documents or invoices; one they are reversing in spite of having no invoice. The Applicants have not produced alternative quotes but they rely on the Tribunal's expert knowledge of such matters and the poor job of management in this case given the number of missing invoices, the need to have an external auditor investigate matters, and the failure to make apportionments in accordance with the lease.	<p>The disputed sum of £81,350.66 is an aggregation of debits and credits. After netting off credits against debits the actual charge is £40,675.33.</p> <p>Kroll App C.3.8, line 15, 18 and 19: SAV ID’s 193, 196 and 197 can be located at pages 81-83 of the Bundle of Invoices.</p>	<p>Issues 31 and 32 in the list of issues. Refer to As’ skeleton.</p> <p>Kroll App C.3.8, line 15, 18 and 19: SAV ID’s 193, 196 and 197 – The invoices at p81 and 82 fall to be apportioned as they relate to 1st Jan to 31st March 2020 and thus there are only 7 days in the period. This may not matter if the Tribunal takes a broad-brush approach to management fees.</p>	<p>Save for what is said on SAV ID’s below, there appears to be no challenge to the costs under this item beyond those raised in issues 31 and 32 as to which the Tribunal has our argument.</p> <p>See list of issues no.2. Depends on whether the Tribunal accepts the Applicants argument that the YE is 24 March or the Respondent’s argument that for this year it is 31 March. If the Respondent is right, there is no apportionment required.</p>	The Management Fees are dealt with in the main body of the Tribunal’s decision.
25	Electricity C.3.9	£6,921.98	£6,922.00	Amount Rejected by Kroll			Has been conceded .			
26			£27,050.78	No invoices, Accounting error / misleading accounting error	£££ can be considered only upon submission of invoices and proof of prepayment if any	C.3.9, Col. AC has several amounts that have no supporting documents or invoices but they are stating some as prepayments bought forward and being set off with the reserve fund which is not acceptable Being the amounts Savills ID 1679=£1000; 1680=£1000; 1681=£1000; 1682=£1000; 1683=£1000; 1684=£1375.37; 1685=£1568.63; 1686=£1169.74; 1691=£1862.18; 1745=£277.3; 1749=£2749.18; 1750=£6807.01; 1752=£891.18; 1765=£1343.50; 1766=£905.11; 1767=£480; 1769=£1669.37; 1770=£1361.98; 1771=£1493.71; 1772=£825.13;	<p>The disputed sum of £27,050.78 is an aggregation of debits and credits. After netting off credits against debits the actual charge is £12,937.04.</p> <p>Please see list of issues no. 11 and 12. Has been conceded that the meters identified at columns M and N at the WG Working Papers, D3 Electricity AR ought not to have been included in residential service charge account.</p> <p>The effect of that concession is to be calculated using the following methodology. (1) you take the totals shown in Columns M and N at WG Working Papers D3 Electricity AR, (2) Against the amounts shown in N line 126 there is to be added the credit applied for 5% service road contribution to electricity shown in Column N line 108. That gives a revised total of £11,878.62. (3) Against both totals in Column M and N line 126 (£76.27 and £11,878.62 (as revised)) account needs to be taken of concessions already given against those totals via the Amount Rejected concessions that CCE has previously made – as to which see Kroll App C.3.9 columns X to AB. (4) The net effect of that exercise is to produce revised amounts for columns M and N line 126. For Column M the revised amount is a credit of £188.64. For Column N the revision of £11,878.62 is a revised amount of £10,447.37 (5) The aggregate of those two totals – a credit of £188.64 and a debit of £10,447.37 – is £10,258.73. (6) Against that sum of £10,258.73 there needs to be applied a reduction to reverse in part the crediting back in of the service road 5% contribution referred to at step 2 above. The calculation of the reduction is 5% of the aggregated totals shown at Columns M and N line 126 being £76.27 and £11,878.62 (as revised). That is £597.74. (7) Part of that £597.74 is included within the concession previously given Amount Rejected - £371.46 – so the revised reduction is £226.27. (8) So the total net effect of the concession given is a credit to the 2021-year account of £10,032.46 (being £10,258.73 - £226.27).</p> <p>Savills ID 1749 & 1750. The comment at column L of C.3.9 is “not clear as to what these payments relate to”. The invoices have never been provided. Savills ID 1749 is in the sum of £2,749.18. In DC’s schedule at SB p268 it states that this corresponds with Savills ID1604 combined with Savills ID 1605, which are credits <u>which relate to Gas</u>.</p> <p>The explanation given above by R for ID1604 under Gas above is: “Kroll App C.3.6 line 17, SAV ID 1604 – £1,329.01 - accrual made in the previous year. The invoice was not received in 2021, therefore anticipated debit, line 80, is reversed with credit at line 17, which has a nil effect on service charge.”</p> <p>And the explanation for ID 1605 is: “Kroll App C.3.6 line 18, SAV ID 1605 – £1,420.17 - accrual made in previous year and invoices lines 22 and 23 come into the current year, and therefore there is a reversal at line 18. The reversal is greater than the aggregate of the two invoices, therefore net effect of credit to 2021-year account and therefore on charge. “</p> <p>On that basis IDs 1604 and 1605 are accounting entries to cancel an accrual in a prior year. So one would expect to see only a credit in YE 2021.</p> <p>If that is the case then there ought not to be a debit in the same under Electricity. Effectively the tenants have been charge the same sum twice once under Gas and once under Electricity. This is a clear duplication.</p> <p>Savills ID 1750 is in the sum of £6,807.01. There is a similar explanation at the DC schedule at SB p268: that it “is the cash transaction of paying for the estimated accrual of SAV ID 1606 and corresponds with 1666”. Here the duplication seems clear because from the way matter are set out in the Schedule:</p>	<p>Savills ID 1676 and 1677 & 1765 and 1766. In the previous iteration of the schedule R stated as follows: “As regard Savills ID 1676 and 1677: (1) in a previous year there is a duplicated entry (2) in that year one of those entries would have been reversed with a credit (3) in this year a debit is made in anticipation of a formal credit (4) by year end no credit received therefore (5) manual credits are made per Savills ID 1765 and 1766.” If there was a double charge in a previous year that ought to be corrected by a credit but here there are positive sums and negative sums leading to a nil effect on the service charge account. So the duplication has not been cancelled.</p> <p>At the end of 2020 Accruals were entered for £6,807.01 being late Southern Electricity invoices for gas costs covering the period 25/12/2019-01/03/2020 (inv 631570575/0025) During the year ending 2021 a payment was made in respect of inv 631570575/0025 for £6,807.01. This payment was incorrectly posted to Electricity costs and then allocated to Block A – Other as unidentified by Price Bailey. Price Bailey carried forward the £6,807.01 accrual under Gas costs because they had not identified an invoice or payment having been received during the year. This resulted in the charge of £6,807.01 having been duplicated, once in Gas costs and once in Electricity cost. This resulted in the charge of £6,807.01 having been duplicated, once in Gas costs and once in electricity cost. As a consequence the practical effect of the Respondents concessions (albeit on an incorrect premise) the effect is that the duplication is reversed and there is no double charge. With the consequence that the charge to the service charge is for this amount but in relation to the correct service i.e. gas.</p> <p>At the end of 2020 Accruals were entered for £6,807.01 being late Southern Electricity invoices for gas costs covering the period 25/12/2019-01/03/2020 (inv 631570575/0025) During the year ending 2021 a payment was made in respect of inv 631570575/0025 for £6,807.01. This payment was incorrectly posted to electricity costs and then allocated to Block A – Other as unidentified by Price Bailey. Price Bailey carried forward the £6,807.01 accrual under Gas</p>	Again the Tribunal accepts the Respondent’s explanations. The Applicants have not had to pay more than is reasonable or payable. The fact that there were errors is reflected in the reduction to the management fees and will be relevant to the section 20C application.	

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								<p>There is debit and a credit for Gas explained on the basis that there is an accrual from the previous year and a reversal. That would seem correct in the sums correspond to YE 2020 – see columns G&H at C.3.6. There is then a duplicate debit for the same sum in Electricity which should be disallowed.</p> <p>Savills ID 1768 to 1772 remain unlocated and are challenged.</p> <p>As to the concession in green the methodology and total is agreed. To be clear the net effect of the concession given is a credit to the 2021-year account of £10,032.46 over and above previous concessions.</p>	<p>costs because they had not identified an invoice or payment having been received during the year. This resulted in the charge of £6,807.01 having been duplicated, once in Gas costs and once in electricity cost. This resulted in the charge of £6,807.01 having been duplicated, once in Gas costs and once in electricity cost. As a consequence, the practical effect of the Respondents concessions (albeit on an incorrect premise) the effect is that the duplication is reversed and there is no double charge. With the consequence that the charge to the service charge is for this amount but in relation to the correct service i.e. gas.</p> <p>There were no invoices at the end of the service charge year, these are for March 2021, at the end of the service charge period. By the end of the service charge year (2021) invoice not received so each of these is an accrual (invoices received during the course of following service charge year). Reconciliation between accrual in 2021 and invoice received in YE2022 will be dealt with in YE2022 accounts.</p> <p>Agreed.</p>	
27	Fire Protection & Equipment C.3.10	£46,722.00	£1,759.00	Amount Rejected by Kroll			Has been conceded .			
28			£14,959.11	No invoices Accounting error / misleading accounting error	£££ can be considered only upon submission of invoices and proof of prepayment if any	C.3.10. Col. AC has several amounts that have no supporting documents or invoices but they are stating some as prepayments bought forward and being set off with the reserve fund which is not acceptable Being the amounts Savills ID 1284=£250.3; 1285=£147.24; 1286=£250.30; 1287=£250.30; 1288=£119.46; 1289=£119.46; 1290=£119.46; 1291=£250.03; 1292=£250.03; 1293=£115.40; 1294=£250.03; 1302=£530.4; 1303=£530.4; 1304=£312; 1305=£530.40; <u>1354=£330</u> ; 1360=£3345.6; 1383=£4896.24; 1385=£720; 1386=£269.26; 1389=£530.40; 1390=£530.40; 1391=£312;	<p>The disputed sum of £14,959.11 is an aggregation of debits and credits. After netting off credits against debits the actual charge is £9,710.31.</p> <p>Kroll App C.3.10 lines 85 – 90, SAV ID's 1355-1360 correspond with lines 25-30, SAV ID's 1295-1300. Where there are corresponding debits and credits relating to reserve fund transfers, the explanation is as follows: (1) in a preceding year a cost has been debited to the service charge (2) at the year end it is considered that the cost is to be applied to the reserve fund (3) so, a credit is made against h debited cost in the service charge (4) the cost is not debited to the reserve fund and so provision is made (as a debit) for the cost in the following year's service charge (5) at that year's end it is again considered that the cost should be debited to the reserve fund and so again there is a corresponding credit. The consequence is a net £0. We refer to evidence of Denise Chapman given in cross examination and in chief and see also List of Issues no.5 and speaking note para 21.</p> <p>Kroll App C.3.10 lines 14-24, SAV ID's 1284-1294 - this accounting adjustment has the effect of splitting the invoice across the two years in the proportions that they relate to. Therefore the 2021 accounts have received the correct charge for that portion of the invoice.</p> <p>Kroll App C.3.10 lines X32-35, Savills ID 1302-1305 - are accruals reversing from YE 2020 expenditure which relates to the period 5/11/19-4/2/20 with the invoices having been processed in YE 2021 (Savills ID 1312-1315 & 1340) resulting in the expenditure being accounted for in the correct period with nil effect on YE 2021.</p> <p>Kroll App C.3.10 lines 32-35: SAV ID's 1302-1305 are accounting credit adjustments made to reflect and reverse an accrual made in the previous year. Please see WG Working Paper, D1-AR, line 1437. The accrual was reversed because the sum was charged to the previous year, but the invoice was only received in the current year (2021). Therefore, this adjustment has a nil effect on the 2021-year accounts as the cost has been taken into account and included in the previous year.</p> <p>Kroll App C.3.10 line 84: SAV ID:1354 - £330 – has not been located. Please see list of issues no.4.</p> <p>Kroll App C.3.10 line 90: SAV ID 1360 – (£20,127.01) – corresponds with line 30. Where there are corresponding debits and credits relating to reserve fund transfers, the explanation is as follows: (1) in a preceding year a cost has been debited to the service charge (2) at the year end it is considered that the cost is to be applied to the reserve fund (3) so, a credit is made against h debited cost in the service charge (4) the cost is not debited to the reserve fund and so provision is made (as a debit) for the cost in the following year's service charge (5) at the year end 2021, a corresponding credit is applied, but the cost is not transferred to the reserve fund, so there is no charge to the residential tenants. As to steps 1-4 the principle here is the same as that put forward in connection with issue 5 as to which see evidence of Denise Chapman given in chief and cross examination and speaking note 21.</p> <p>Kroll App C.3.10, line 113: SAV ID 1383 - £30,050.99 – this item has been split out at Appendix C.3.10.1 and invoices have been provided (SAV ID 1780 (line 16), 1792-1797 (lines 28-33) and can be found at pages 317-323 of the Bundle of Invoices.</p>	<p>Kroll App C.3.10 lines 85 – 90, SAV ID's 1355-1360 – see response to Item 8 above. No need for a determination.</p> <p>Kroll App C.3.10 lines 14-24, SAV ID's 1284-1294 – conceded.</p> <p>Kroll App C.3.10 lines 32-35 Savills ID 1302-1305. Credits conceded.</p> <p>Kroll App C.3.10 line 84: SAV ID:1354 - £330. There is no invoice and no adequate narrative at C.3.10 which simply states "Church Run 05.06.20" at col. G. Unlike other Amthal invoices there is no invoice number at col. N. The As maintain their challenge.</p> <p>Kroll App C.3.10 line 90: SAV ID 1360 – (£20,127.01) – corresponds with line 30. – see response to Item 8 above. No need for a determination.</p> <p>Kroll App C.3.10, line 113: SAV ID 1383 - £30,050.99 – this item has been split out at Appendix C.3.10.1</p> <p>SAV ID 1780 (line 16) see p317 of the Bundle of Invoices. This sum was incurred on 25th February 2020 so it is within YE 20. Contractually barred and s.20 barred.</p>	<p>Noted that Applicants state that no need for determination.</p> <p>Noted.</p> <p>Noted.</p> <p>Challenge is missing invoice, see issue 4.</p> <p>Noted that Applicants state that no need for determination.</p> <p>Please see list of issues no.4.</p> <p>Supply in the earlier year, no invoice in that year, no accrual provision in that year's accounts, invoice received in 2021 service charge year, cost is recoverable see Contractually Barred Response see above at Item 1. As regards "s20 barred" please</p>	As the Respondents submitted, the mere absence of an invoice is not sufficient to render not payable a service charge arising from a relevant cost. However, there still needs to be sufficient evidence or a cogent explanation. Neither is present here and so £330 is not payable.
										Again, the Tribunal accepts the Respondent's position. Costs are not contractually barred for being incurred in a

								<div>SAV ID 1792-1797 (lines 28-33) conceded.</div> <div>Kroll App C.3.10, lines 115 -121: SAV ID’s 1385, 1386, 1389, 1390 and 1391 have been located and can found at pages 258 to 262 of the Bundle of Invoices.</div>	<div>see “First S20 Barred Response” see response in item 1 above.</div> <div>Noted.</div> <div>Kroll App C.3.10, SAV ID’s 1389-1391 at pages 260-262 of the Bundle of Invoices: Supply in the earlier year, no invoice in that year, no accrual provision in that year’s accounts, invoice received in 2021 service charge year, cost is recoverable see Contractually Barred Response see above at Item 1. As regards “s20 barred” please see “First S20 Barred Response” see response in item 1 above.</div>	<div>different year.</div> <div>As above.</div>
29	Water Hygiene C.3.11	£6,356.00	£9,758.02	No invoices Accounting error / misleading accounting error		Being Savills ID 219 This amount has been explained as a prepayment made in the previous financial year on 19.9.2019 However no supporting documents have been provided. If the amount is being reversed it needs to be reversed against a particular document; If not it can be paid a 2nd time if the invoice is presented again.	<div>The disputed sum of £9,758.02 is an aggregation of debits and credits. After netting off credits against debits the actual charge is £0.</div> <div>Kroll App C.3.11, line 27: SAV ID 219 – (£9,758.02) - Where there are corresponding debits and credits relating to reserve fund transfers, the explanation is as follows: (1) in a preceding year a cost has been debited to the service charge (2) at the year end it is considered that the cost is to be applied to the reserve fund (3) so, a credit is made against h debited cost in the service charge (4) the cost is not debited to the reserve fund and so provision is made (as a debit) for the cost in the following year’s service charge (5) at that year’s end it is again considered that the cost should be debited to the reserve fund and so again there is a corresponding credit. The consequence is a net £0. We refer to evidence of Denise Chapman given in cross examination and in chief and see also List of Issues no.5 and speaking note para 21.</div>	<div>Kroll App C.3.11, line 27: SAV ID 219 – (£9,758.02) - see response to Item 8 above. No need for a determination.</div>	<div>Noted that Applicants state that no need for determination.</div>	
30	Risk Assessments C.3.12	£17,896.00	£4,322.1	No invoices Accounting error / misleading accounting error		<div>C.3.12, Col. AC has several amounts that have no supporting documents or invoices but they are stating some as prepayments bought forward and being set off with the reserve fund which is not acceptable Being Savills ID 1415=£540; 1420=£56.71; 1421=£56.71; 1422=£56.71; 1441=£450; 1448=£1170; 1449=£1800; 1457=£192; No invoices have been provided to us to assess whether or not the charges are reasonable</div>	<div>The disputed sum of £4,322.13 is an aggregation of debits and credits. After netting off credits against debits the actual charge is £812.13.</div> <div>Kroll App C.3.12, line 16, SAV ID 1415 – (£540) - is an accounting credit adjustment made to reflect and reverse an accrual made in the previous year. Please see WG Working Paper, D1-AR, line 1714. The accrual was reversed because the sum was charged to the previous year, but the invoice was only received in the current year (2021). Therefore, this adjustment has a nil effect on the 2021-year accounts as the cost has been taken into account and included in the previous year. Please see a copy of the relevant corresponding invoice, SAV ID 1436, at page 268 of the Bundle of Invoices.</div> <div>Kroll App C.3.12, line 42: SAV ID 1441 - £450 - has now been located and can be found at page 269 of the Bundle of Invoices.</div> <div>Kroll App C.3.12 lines 49-50: SAV ID’s 1448 & 1449 relate to invoices identified in the prior period relating to Reserve Fund expenditure corresponding with SAV ID’s 1424 & 1425. Where there are corresponding debits and credits relating to reserve fund transfers, the explanation is as follows: (1) in a preceding year a cost has been debited to the service charge (2) at the year end it is considered that the cost is to be applied to the reserve fund (3) so, a credit is made against h debited cost in the service charge (4) the cost is not debited to the reserve fund and so provision is made (as a debit) for the cost in the following year’s service charge (5) at that year’s end it is again considered that the cost should be debited to the reserve fund and so again there is a corresponding credit. The consequence is a net £0. We refer to evidence of Denise Chapman given in cross examination and in chief and see also List of Issues no.5 and speaking note para 21.</div> <div>Kroll App C.3.12, line 58: SAV ID 1457 - £192- has now been located and can be found at page 270 of the invoice bundle.</div> <div>Kroll App C.3.12, lines 21-23: SAV ID 1420-1422: Conceded as cost relates to the Car Parks.</div>	<div>Kroll App C.3.12, line 16, SAV ID 1415 – (£540) credit conceded.</div> <div>Kroll App C.3.12, line 42: SAV ID 1441 - £450 conceded.</div> <div>Kroll App C.3.12 lines 49-50: SAV ID’s 1448 & 1449 - see response to Item 8 above. No need for a determination.</div> <div>Kroll App C.3.12, line 58: SAV ID 1457 - £192 conceded.</div> <div>Kroll App C.3.12, lines 21-23: SAV ID 1420-1422. Concession noted. These invoices also relate to YE 2020. The fact that concessions are being made even after the trial in relation to invoices which were not produced to Kroll suggests the Tribunal should not give R the benefit of the doubt in relation to unlocated invoices which may well also be out of period or not relate to the residential parts.</div>	<div>Noted.</div> <div>Noted</div> <div>Noted that Applicants state that no need for determination.</div> <div>Noted.</div> <div>This is the Applicants submission in support of their position on issue 4. Determination of that issue is on the balance of probabilities. The tribunal has the Respondents arguments in speaking note beginning paragraph 17.</div>	

31	Building Insurance C.3.13	£340,152.00	£340,152.00	No details of apportionment No proof of Payment No Invoice from Insurance Company		Kroll in their Appendix C tab C.3.13 footnote 1 have clearly admitted the fact that they are unaware of the method of apportionment. See their footnote below 1. These invoices are apportioned, but the basis for the apportionment is not available. Therefore, as we are unable to calculate whether the apportionment is correct, we include these costs under "Amount unverified". The apportionment and the basis of charging £340,152.continues to remain unanswered even after a supposed to be forensic audit has been completed. Neither the landlords, nor Savills, nor Knight Frank have been able to explain. The unnamed ex-employee of the ex- managing agents Knight Frank, who, during the course of this supposed to be forensic audit has appeared from nowhere (almost like a genie out of a bottle) to provide Kroll with their forensic conclusion was most probably unreachable. The lease clearly mentions using insurers with a similar profile to "Ecclesiastical Insurance plc" and is very clear that on demand tenants are provided with evidence of payment. Evidence of payment cannot mean merely submitting an invoice; evidence of payment means providing the audit number and the nominal cash account. See claim ref. 4a - 1 and 4a - 2. The documents that have been submitted as invoices are not really invoices from an insurer. Instead they look more like intercompany or inter departmental memos or credit / debit notes that have been submitted.	Please see list of issues 6-9 and speaking note 22-34.	Please refer to As’ skeleton and notes of oral closing argument.	Noted.	The Tribunal accepts the Respondent’s explanation: a. There is no apportionment, each block has its own policy. b. The sums in the accounts don’t match the premiums because the insurance and accounting years don’t match. c. Commission was payable because it was remuneration for services provided by Aon and Knight Frank.
32	Drainage C.3.14	£12,299.00	£6,060.00	Amount Rejected by Kroll		Rejected amount by Kroll	Has been conceded .			
33			£1,093.00	No invoices Accounting error / misleading accounting error		C.3.14, Col. AC has several amounts that have no supporting documents or invoices but they are stating some as prepayments bought forward and being set off with the reserve fund which is not acceptable Being Savills ID nos 1549=£890.40; 1553=£202.80; no supporting documents	Kroll App C.3.14, line 13: SAV ID 1549 has now been located can be found at page 271 of the invoice bundle. Conceded as work in connection with retail unit. Kroll App C.3.14, line 17, Savills ID 1553 has now been located and can be found page 272 of the invoice bundle.	Kroll App C.3.14, line 17, Savills ID 1553 this relates to Safestore from a blockage in the main stack pipe above and should be apportioned between the residential and commercial service charge.	Work to main stack pipe and stack pipe located in resi part of TWG. In any event, noted Applicant’s don’t suggest how costs should be apportioned.	Again, the Tribunal accepts the Respondent’s explanation.
34	Boiler Maintenance C.3.15	£34,770.00	£16,753.01	No invoices Accounting error / misleading accounting error		C.3.15, Col. AC has several amounts that have no supporting documents or invoices but they are stating some as prepayments bought forward and being set off with the reserve fund which is not acceptable Being Savills ID nos. 325=£15899.88; 368=£228; 369=£625.13;	The disputed sum of £16,753.01 is an aggregation of debits and credits. After netting off credits against debits the actual charge is (£397.13) CREDIT. Kroll App C.3.15, lines 14-16: SAV ID’s 320-322 – relate to invoices identified in the prior period relating to Reserve Fund expenditure corresponding with SAV ID’s 324-326. Where there are corresponding debits and credits relating to reserve fund transfers, the explanation is as follows: (1) in a preceding year a cost has been debited to the service charge (2) at the year end it is considered that the cost is to be applied to the reserve fund (3) so, a credit is made against h debited cost in the service charge (4) the cost is not debited to the reserve fund and so provision is made (as a debit) for the cost in the following year’s service charge (5) at that year’s end it is again considered that the cost should be debited to the reserve fund and so again there is a corresponding credit. The consequence is a net £0. We refer to evidence of Denise Chapman given in cross examination and in chief and see also List of Issues no.5 and speaking note para 21.	Credit conceded .	Noted.	
35	Lightening Conductor Testing C.3.16	-£684.00	£720.00	No invoices		C.3.16; Being Savills ID no 1590 no supporting documents	The disputed sum of £720 is a credit balance. There is no charge to the service charge.	Credit conceded .	Noted.	
36	Video Entry System C.3.17	£7,089.00	£6,995.00	No invoices		C.3.17, has several amounts that have no supporting documents or invoices but they are stating some as prepayments bought forward and being set off with the reserve fund which is not acceptable Being Savills ID no 240=£300; 241=£300; 256=£6395, no supporting documents	The disputed sum of £6,995.00 is an aggregation of debits and credits. After netting off credits against debits the actual charge is £600. Kroll App C.3.17, line 31: SAV ID 241 - £300 – has been located and can be found at page 85 of the Bundle of Invoices. Kroll App C.3.17, lines 30 and 46: SAV ID’s 240 and 256 has not been located. Please see list of issues no.4. Kroll App C.3.17, line 14: SAV ID 224 - £6,395 – relates to SAV ID 356 (line 46) Where there are corresponding debits and credits relating to reserve fund transfers, the explanation is as follows: (1) in a preceding year a cost has been debited to the service charge (2) at the year end it is considered that the cost is to be	Kroll App C.3.17, lines 30 and 31 SAV ID’s 240 and 241. SAV ID 241 - £300 – this invoice relates to gates and barriers of the north car park see p85 of the Bundle of Invoices. Amount rejected. SAV ID 240 This also appear to relate to one of the car parks – see column F at C.3.17 where this entry has the same narrative as ID 241. It is reasonable to suppose that this relates to the south car park. Amount rejected. Kroll App C.3.17, line 14: SAV ID 224 - £6,395 –relates to SAV ID 256 (line 46) – typo corrected in bold. – see response to Item 8 above. No need for a determination.	Kroll App C.3.17, lines 30 and 31: SAV ID 240 and 241 - conceded as work in connection with the Car Park’s. Amount £300. Noted that Applicants state that no need for determination.	

							applied to the reserve fund (3) so, a credit is made against h debited cost in the service charge (4) the cost is not debited to the reserve fund and so provision is made (as a debit) for the cost in the following year's service charge (5) at that year's end it is again considered that the cost should be debited to the reserve fund and so again there is a corresponding credit. The consequence is a net £0. We refer to evidence of Denise Chapman given in cross examination and in chief and see also List of Issues no.5 and speaking note para 21.			
37			£273.00	Not Water Gardens – Kroll report			Has been conceded .			
38			£4,450.80	Inaccurate accounting / wrong entry		Savills ID 230 footnote provided C.3.17 1. Invoice AFP_637791 is for services provided over 364 days from 02/03/2020. The expense for this invoice has been recognised in FY21, and then fully reversed out to reflect the release of the accrual brought forward. However, since the services provided cover 334 days in FY21, only the impact of 30 days should have been reversed. For the amount relating to the invoice we include the entire amount as "Amount verified", and we then include the amount relating to the accrual reversal for FY20 as "Amount verified", with the remainder in "Amount rejected". The net impact is that only the proportion of the invoice relating to FY21 is under "Amount verified". The above footnote provided by Kroll does not make sense and is self contradictory. If as asserted by Kroll the majority amount relates to FY 2020 there should be corresponding set off amount.	The disputed sum of £4,450.80 is a credit balance. Kroll C.3.17, line 20: SAV ID 230 - relates to the period 2/3/2020-1/3/2021.The invoice was accrued in full to YE 2020 in error. Only the portion relating to 2/3/20-24/3/20 (£366.82) should have been accrued. Kroll have taken a very black and white approach to their testing. Therefore, Kroll have identified the balance of the accrual as not relating to the current period. The invoice relating to SAV ID 236 £4,450.80 has been received in the current period. The error was made in the prior period, but the benefit has been received in the current period therefore £0 charged to YE 2021.	Credit conceded .	Noted.	
39	Lift Maintenance C.3.18	£30,895.00	£23,027.79	No invoices Accounting error / misleading accounting error		C.3.18, Col. AC has several amounts that have no supporting documents or invoices but they are stating some as prepayments bought forward and being set off with the reserve fund which is not acceptable Being Savills ID 389=£1020; 390=£1164; 391=£1458; 392=£2544; 402=£32; 449=£1566; 450=£1491.60; 451=£1830.36; 452=£2981.78; 453=£3178.79; 454=£4074; 455=£1687.26; No supporting documents.	The disputed sum of £23,027.79 is an aggregation of debits and credits. After netting off credits against debits the actual charge is £2,216. Kroll App C.3.18, lines 20-26: Savills ID 379-385 relate to invoices identified in the prior period relating to Reserve Fund expenditure corresponding with SAV ID's 449-455. Where there are corresponding debits and credits relating to reserve fund transfers, the explanation is as follows: (1) in a preceding year a cost has been debited to the service charge (2) at the year end it is considered that the cost is to be applied to the reserve fund (3) so, a credit is made against h debited cost in the service charge (4) the cost is not debited to the reserve fund and so provision is made (as a debit) for the cost in the following year's service charge (5) at that year's end it is again considered that the cost should be debited to the reserve fund and so again there is a corresponding credit. The consequence is a net £0. We refer to evidence of Denise Chapman given in cross examination and in chief and see also List of Issues no.5 and speaking note para 21. Kroll App C.3.18, line 32-33: SAV ID's 391&392 are reversing SAV ID 377 & 378. i.e. removal of the prepayment in YE 2020 which have all reversed into 2021 resulting in a nil effect to both periods. Where there are corresponding debits and credits relating to reserve fund transfers, the explanation is as follows: (1) in a preceding year a cost has been debited to the service charge (2) at the year end it is considered that the cost is to be applied to the reserve fund (3) so, a credit is made against the debited cost in the service charge (4) the cost is not debited to the reserve fund and so provision is made (as a debit) for the cost in the following year's service charge (5) during the service charge year, a corresponding credit is applied, cost is transferred to the reserve fund, so there is nil effect on the service charge and no charge to the residential tenants. Step 5 is what has happened in 2021-year accounts. The consequence is nil effect. We refer to the evidence of Denise Chapman given in chief and in cross examination and see also List of Issues no.5 and speaking note para 21. Kroll App C.3.18, lines X to X: SAV ID's 389 and 390- these are credits to the 2021-year accounts.	Kroll App C.3.18, lines 20-26: Savills ID 379-385 – see response to Item 8 above. No need for a determination .	Noted that Applicants state that no need for determination.	
40			£5,205.00	Amount Rejected by Kroll			Has been conceded .			
41	Lift Telephone C.3.19	£8,747.00	£2,980.54	No invoices Accounting error / misleading accounting error		C.3.19, Col. AC has several amounts that have no supporting documents or invoices but they are stating some as prepayments bought forward and being set off with the reserve fund which is not acceptable Being Savills ID no 463=£149.86; 464=£149.86; 468=£901.96; 469=£1479.04; 473=£149.93; 478=£149.89;	The disputed sum of £2,980.54 is an aggregation of debits and credits. After netting off credits against debits the actual charge is £2,381.10. Kroll App C.3.19, lines 15-16 SAV ID's 463 and 464 - is an accounting credit adjustment made to reflect and reverse an accrual made in the previous year. Please see WG Working Paper, D1-AR, line 582 and 585. The accrual was reversed because the sum was charged to the previous year, but the invoice was only received in the current year (2021). Therefore, this adjustment has a nil effect on the 2021-year accounts as the cost has been taken into account and included in the previous year. The corresponding invoices are SAV ID's 473 and 474. Kroll App C.3.19, lines 20 and 21: SAV ID's 468 and 469 have now been located and can be found at pages 96 and 97 of the Bundle of Invoices.	Kroll App C.3.19, lines 15-16 SAV ID's 463 and 464 – credits conceded .	Noted.	Again, the Applicants' approach of apportioning between years is wrong.
							Kroll App C.3.19, lines 20 and 21: SAV ID's 468 and 469 – the invoices are both dated 22 nd January 2020 and relate to the period 01/01/2020 - 30/06/2020. They fall to be apportioned – 182 days in total and 97 days are in period so they fall to be apportioned in the ratio 97/182 – so £481 and £783.89.	See list of issues no.2.		

42	Television Satellite C.3.20	£850.00	£0.00							
43	CCTV C.3.21	£3,038.00	£6832.29	No invoices Accounting error / misleading accounting error		C.3.21, Col. AC has several amounts that have no supporting documents or invoices but they are stating some as prepayments bought forward and being set off with the reserve fund which is not acceptable Being Savills ID no 262=£200; 253=£200; 264=£200; 274=£194.51; 287=£431.99; 290=£1884.78; 294=£1288.01; 295=£1314; 296=£1119;	The disputed sum of £6832.29 is an aggregation of debits and credits. After netting off credits against debits the actual charge is £226.50. Kroll App C.3.21, lines 15 and 16: SAV ID's 263 and 264 - is an accounting credit adjustment made to reflect and reverse an estimated accrual made in the previous year. Please see WG Working Paper, D1-AR, line 332 and 333. The accrual was reversed because the sum was charged to the previous year, but the invoice was only received in the current year (2021). Therefore, this adjustment has the effect of a credit (£11.16) to YE 2021. The corresponding invoices are SAV ID's 274 and 275. Kroll App C.3.21, line 14: SAV ID 262 - an accounting credit adjustment made to reflect and reverse an estimated accrual made in the previous year. Please see WG Working Paper, D1-AR, line 332 and 333. Please see WG Working Paper, D1-AR, lines 331 (reversal) and c/fw line 370. The invoice was not received in the 2021 year and therefore it was carried forward resulting in a no charge to 2021-year accounts. Kroll App C.3.21, lines 21 and 42: SAV ID's 269 and 290 - SAV ID 290 appears to be reversing SAV ID 269. Kroll App C.3.21 lines 18-20: SAV ID's 266 – 268 relate to invoices identified in the prior period relating to Reserve Fund expenditure corresponding with SAV ID's 294-296. Where there are corresponding debits and credits relating to reserve fund transfers, the explanation is as follows: (1) in a preceding year a cost has been debited to the service charge (2) at the year end it is considered that the cost is to be applied to the reserve fund (3) so, a credit is made against h debited cost in the service charge (4) the cost is not debited to the reserve fund and so provision is made (as a debit) for the cost in the following year's service charge (5) at that year's end it is again considered that the cost should be debited to the reserve fund and so again there is a corresponding credit. The consequence is a net £0. We refer to evidence of Denise Chapman given in cross examination and in chief and see also List of Issues no.5 and speaking note para 21.	Kroll App C.3.21, lines 15 and 16: SAV ID's 263 and 264 – credits conceded . Kroll App C.3.21, line 14: SAV ID 262 – credit conceded . Kroll App C.3.21, lines 21 and 42: SAV ID's 269 and 290 - SAV ID 290 appears to be reversing SAV ID 269. Agreed, no determination needed . Kroll App C.3.21 lines 18-20: SAV ID's 266 – 268 – see response to Item 8 above. No need for a determination . SAV ID 287 remains unlocated and is rejected.	Noted Noted. Noted that Applicants state that no need for determination. Noted that Applicants state that no need for determination. Missing invoice see issue 4. But against invoiced sum of £431.99 there are x3 credits of £35 being the total of £105 (see unlocated invoices SB 268 – SAV ID's 1078, 1079 and 1080). So actual net cost to SC2021 is £326.99.	There is no explanation apparent. Therefore £326.99 is disallowed.
44			£199							
45	EXTERNAL LANDSCAPING C.3.22	£88,811.00	£51,752.83	No invoices Accounting error / misleading accounting error / Failure to apportion cost between lessees and commercial head lessee		C.3.22, Col. AC has several amounts that have no supporting documents or invoices but they are stating some as prepayments bought forward and being set off with the reserve fund which is not acceptable Being Savills ID nos 497=£11780.40; 498=£11065.6; 499=£17901.95; 500=£10524.88; 516=£480;	The disputed sum of £51,752.83 is an aggregation of debits and credits. After netting off credits against debits the actual charge is £11,004.88. Kroll App C.3.22, lines 19-21 SAV ID's 497-499 are accruals reversing from YE 2020 for the period 01/02/2020-30/04/2020. This is then corrected by Savills ID 500 (line 22) which reduces the accruals for 1/4/20-30/4/20 as that should not be accrued into YE 2020. Kroll App C.3.22, line 38: SAV ID 516 has been provide provided at page 109 of the Bundle of Invoices.	Kroll App C.3.22, lines 19-21 SAV ID's 497-500 - conceded . Kroll App C.3.22, line 38: SAV ID 516 – conceded .	Noted. Noted.	
46	INTERNAL REPAIRS C.3.23	£79,228.00	£46,604.12	No invoices Accounting error / misleading accounting error		C.3.23, Col. AC has several amounts that have no supporting documents or invoices but they are stating some as prepayments bought forward and being set off with the reserve fund improper accounting practice and is not acceptable	The disputed sum of £46,604.12 is an aggregation of debits and credits. After netting off credits against debits the actual charge is £30,482.36. Kroll App C.3.23: SAV ID's 620-622 (lines 92 and 94) corresponding with SAV ID 924-926 (lines 396-398);Where there are corresponding debits and credits relating to reserve fund transfers, the explanation is as follows: (1) in a preceding year a cost has been debited to the service charge (2) at the year-end it is considered that the cost is to be applied to the reserve fund (3) so, a credit is made against h debited cost in the service charge (4) the cost is not debited to the reserve fund and so provision is made (as a debit) for the cost in the following year's service charge (5) at that year's end it is again considered that the cost should be debited to the reserve fund and so again there is a corresponding credit. The consequence is a net £0. We refer to evidence of Denise Chapman given in cross examination and in chief and see also List of Issues no.5 and speaking note para 21. Kroll App C.2.23: SAV ID's 599-608 (lines 71-80) SAV ID's 771-780 (lines 243 - 252) - Where there are corresponding debits and credits relating to reserve fund transfers, the explanation is as follows: (1) in a preceding year a cost has been debited to the service charge (2) at the year end it is considered that the cost is to be applied to the reserve fund (3) so, a credit is made against the debited cost in the service charge (4) the cost is not debited to the reserve fund and so provision is made (as a debit) for the cost in the following year's service charge (5) during the service charge year, a corresponding credit is applied, the cost is transferred to the reserve fund, so there is nil effect on the	Kroll App C.3.23: SAV ID's 620-622 (lines 92 and 94) corresponding with SAV ID 924-926 (lines 396-398) and Kroll App C.2.23: SAV ID's 599-608 (lines 71-80) SAV ID's 771-780 (lines 243 - 252) – see response to Item 8 above. No need for a determination .	Noted that Applicants state that no need for determination.	

								<div>Line 346 SAV ID 874 p177 the invoice is dated 21st October 2021 and relates to a course starting on 21st February 2022. Contractually barred.</div> <div>Line 352 SAV ID 880 invoice is dated 25th March 2021 and relates to YE 2022. Contractually barred.</div> <div>Line 358 SAV ID 886 p190. The invoice is dated 26th March 2021 and relates to the service road. So it falls within YE 2022 and even if it fell in the relevant year it would fall to be apportioned. Contractually barred.</div> <div>Line 359 SAV ID 887 p192. The invoice is dated 26th March 2021 and relates to YE 22.</div> <div>Line 361 SAV ID 889 p194 the invoice is dated 29th March 2021 and relates to YE 22.</div> <div>Line 366 SAV ID 894 p709 relates to the Safestore escape corridor lights. Rejected.</div> <div>Line 404 SAV ID 932 p196 the invoice is dated 3rd March 2020 and falls within YE 2020. Contractually barred and s.20 barred. In any event it relates to an EICR being provided to one of the flats in hand (F231) and ought to be a recharge to CCE. See p2693 where F231 is identified as one of those in hand.</div> <div>Line 405 SAV ID 933 p108 the invoice is dated 6th March 2020 and falls within YE 20. Contractually barred and s.20 barred.</div> <div>Line 406 SAV ID 934 p110 invoice is dated 9th March 2020 and falls within YE 20. Contractually barred and s.20 barred.</div> <div>Line 40 SAV ID 935 p111 invoice is dated 23rd March 2020 and falls within YE 20. Contractually barred.</div> <div>As to the concessions for SAV ID’s 884, 885 and 886 this is the first time that the concession has been made and these sums do not fall within any prior concession.</div>	<div>TWG apportioned amount to invoice £132, conceded.</div> <div>Whether this is SC2021 or 2022 depends on the Tribunals decision on the period end for SC2021. If the end of the period is the 31 March (R’s case) then invoice in period, if period end 24 March (A’s case) then invoice out of period. Which is the right period end date, see list of issues no.2.</div> <div>SAV ID 886 has been conceded as work in connection with the Car Park and therefore not relating to the residential parts.</div> <div>Whether this is SC2021 or 2022 depends on the Tribunals decision on the period end for SC2021. If the end of the period is the 31 March (R’s case) then invoice in period, if period end 24 March (A’s case) then invoice out of period. Which is the right period end date, see list of issues no.2.</div> <div>Invoice straddles SC2021 and 2022. For SC 2021 only part of the invoice is charged £56.74. The invoice is dated 29 March, so whether £56.74 is chargeable depends on YE. Whether this is SC2021 or 2022 depends on the Tribunals decision on the period end for SC2021. If the end of the period is the 31 March (R’s case) then invoice in period, if period end 24 March (A’s case) then invoice out of period. Which is the right period end date, see list of issues no.2. Alternatively, If A is right then nevertheless a proportion of the invoice is chargeable under SC2021 being in respect of period 1 March – 24 March (A’s case) which apportioned amount would be £43.90</div> <div>Conceded.</div> <div>Service in SC2020, invoice although dated 03.03.2020 not received in SC2020 so accrual provision in SC2020, invoice received SC2021 because accrual made in SC2020 in SC2021 there is a credit to reverse the invoice so nil charge to SC 2021.</div> <div>In the previous year there has been an accrual. Invoice received in 2021 because there is an accrual in previous year there is a corresponding credit and therefore there is a nil effect on YE2021. And therefore, not contractually barred or s20 barred as there is no charge on the 2021 service charge year.</div> <div>In the previous year there has been an accrual. Invoice received in 2021 because there is an accrual in previous year there is a corresponding credit and therefore there is a nil effect on YE2021. And therefore, not contractually barred or s20 barred as there is no charge on the 2021 service charge year.</div> <div>In the previous year there has been an accrual. Invoice received in 2021 because there is an accrual in previous year there is a corresponding credit and therefore there is a nil effect on YE2021. And therefore, not contractually barred or s20 barred as there is no charge on the 2021 service charge year.</div> <div>Agreed.</div>	
47			£4141	Amount Rejected by Kroll			Has been conceded .			
48	EXTERNAL REPAIRS C.3.24	£44,308.00	£22,789.91	No invoices Accounting error / misleading accounting error Failure to apportion cost between lessees and commercial head lessee		C.3.24, Col. AC has several amounts that have no supporting documents or invoices but they are stating some as prepayments bought forward and being set off with the reserve fund which is not acceptable Being Savills ID nos =£ 945=£720; 947=£135; 950=£102; 951=£102; 952=£570; 953=£1194; 955=£1004.51; 956=£144; 961=£8748; 988=£315; 990=£168; 994=£276; 1003=£144; 1004=£930; 1008=£354; 1013=£354; 1022=£180; 1027=£2304; 1031=£96 1035=£120; 1036=£96; 1044=£1320;	<div>The disputed sum of £22,789.91 is an aggregation of debits and credits. After netting off credits against debits the actual charge is £15,405.00.</div> <div>Kroll App C.3.24, line 35 and 36: SAV ID’s 960 and 961: Where there are corresponding debits and credits relating to reserve fund transfers, the explanation is as follows: (1) in a preceding year a cost has been debited to the service charge (2) at the year end it is considered that the cost is to be applied to the reserve fund (3) so, a credit is made against the debited cost in the service charge (4) the cost is not debited to the reserve fund and so provision is made (as a debit) for the cost in the following years’ service charge (5) during the service charge year, a corresponding credit is applied, the cost is transferred to the reserve fund, so there is nil effect on the service charge and no charge to the residential tenants. Please see list of issues no.4 and speaking note para 21.</div> <div>Kroll App C.3.24, line 37: SAV ID 962 - Where there are corresponding debits and credits relating to reserve fund transfers, the explanation is as follows: (1) in a preceding year a cost has been debited to the service charge (2) at the year-end it is considered that the cost is to be applied to the reserve fund (3) so, a credit is made against h debited cost in the service charge (4) the cost is not debited to the reserve fund and so provision is made (as a debit) for the cost in the following year’s service charge (5) at that year’s end it is again considered that the cost</div>	<div>Kroll App C.3.24, line 35 and 36: SAV ID’s 960 and 961 & Kroll App C.3.24, line 37: SAV ID 962 – see response to Item 8 above. No need for a determination.</div>	Noted that Applicants state that no need for determination.	

							<p>should be debited to the reserve fund and so again there is a corresponding credit. The consequence is a net £0. We refer to evidence of Denise Chapman given in cross examination and in chief and see also List of Issues no.5 and speaking note para 21.</p> <p>Kroll App C.3.24, lines 121-126 - Savills ID 1046-1051 are all accruals for invoices which relate to YE 2020 which have still not been processed within the year. These relate to accruals reversing from YE 2020 (Savills ID 939, 947, 950-953) This has a nil effect on the 2021-year accounts.</p> <p>Kroll App C.3.24, Savills ID 941, 942, 945, 946, 948, 949, 954, 955, 956, 957 and 958 is an accounting credit adjustment made to reflect and reverse an accrual made in the previous year. Please see WG Working Paper, D1-AR, line 1437. The accrual was reversed because the sum was charged to the previous year, but the invoice was only received in the current year (2021). Therefore, this adjustment has a nil effect on the 2021-year accounts as the cost has been taken into account and included in the previous year. The corresponding invoices are listed below:</p> <p>SAV ID 941 corresponds with SAV ID 965 SAV ID 942 corresponds with SAV ID 966 SAV ID 945 corresponds with SAV ID 969 SAV ID 946 corresponds with SAV ID 970 SAV ID 948 corresponds with SAV ID 971 SAV ID 949 corresponds with SAV ID 972 SAV ID 954 corresponds with SAV ID 977 SAV ID 955 corresponds with SAV ID 1009 SAV ID 956 corresponds with SAV ID 982 SAV ID 957 corresponds with SAV ID 983 SAV ID 958 corresponds with SAV ID 984</p> <p>Kroll App C.3.24, line 63: SAV ID 988: can be found at page 211 of the Bundle of Invoices. Conceded as work in connection with South Car Park.</p>	<p>Kroll App C.3.24, lines 121-126 - Savills ID 1046-1051 – sums conceded.</p>	<p>Noted.</p>	
49			£4071	rejected by kroll			Has been conceded .			
50	ACCOUNTING FEES C.3.25		£13,190.00			Amount rejected in its completeness unless Price Baileys submit to us the Nominal Ledger account given to them by Knight Frank together with the nominal cash account and the bank reconciliation statement in which they have certified and mentioned in their declaration of factual finding in the Certified accounts year end 03-2021.	Respondent's Comments: The challenge is not one to contractual payability or reasonableness.		No response noted.	The Tribunal agrees with the Respondent that the Applicants' comments do not identify a challenge to the reasonableness or payability of the accounting fees.
51	INTEREST C.3.26	-1179	£42,974	reasoning behind	taking the average £ amount rather than the accurate because we have not been able to see our nominal cash account.	We have taken the average amount of cash balances for the year 2020 and 2021 and this (£4,019,562+£457,436,7) resulted in £4,29,464.5 and while the BOE rate been in 2020/2021 in the range between 0.1-0.2% for risk free asset class, we added only 80 basis point additional to the risk free rate for fixed deposit or money market account returns at the time. Hence 1%.	Interest is a credit. As regard interest see note 1.2 of the accounts.	Without prejudice to their right to challenge the amount of interest in other proceedings, it is accepted that this is not a question for the Tribunal.	Noted.	
52	LEGAL FEES C.4.1	£58,533.00	£45,747.32	Not chargeable to service charge account		Legal charges incurred by landlord for pursuing tenants for various reasons that can best be classified as breach of lease terms. The landlords managing agents have to recover these legal fees from the respective tenants and not debit the service charge account Savills ID nos. 1494;1499;1500;1501;1502;1503;1504;1505;1506;1507;1508; 1509;1510;1511;1512;1513;1514;1515;1516; 1517;1520;1521;1522;1524;1525;1526;1527; 1529;1530;1537;1538;1539;1540;1541;1542;	See List of Issues no. 24 and speaking note 58-62. The invoices referred to at speaking note 63 – Applicant's in closing confirmed no longer challenged – as regards remaining invoices see "Table of Legal Fees" submitted with Respondent's skeleton argument which identifies in yellow invoices previously conceded Amounted Rejected. And those highlighted in green where there was a corresponding credit and so nil effect to the service charge. Documents "Table of legal fees" identifies where the corresponding legal fees can be seen.	Please refer to oral closing submissions.	See List of Issues no. 24 and speaking note 58-62.	The issue of legal fees is addressed in the main body of the Tribunal's decision.
53			£3,180.00	Invoice without details Appears to be a reserve fund charge		Savills ID 1518 Invoice does not provide details such as description and clocking information				
54			£4,200.00	Electrical notices reserve fund charge		Savills ID 1519; No details provided				
55			£3,169.20	Inadequate details on invoice		Savills ID 1520; Inadequate details provided				
56			£1,500.00	Not chargeable to service charge account		Savills ID 1523; Invoice lacks details; appears to be an invoice for taking action against a tenant and needs to be recovered from the tenant and not charged to the service charge account				

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57			£2,400.00	Invoice without details Appears to be a reserve fund charge		Savills ID 1532 Invoice does not provide details such as description and clocking information			
58			£1,356.00	Electrical notices reserve fund charge		Savills ID 1535; no details provided			
59			£1,650.00	Inadequate details on invoice		Savills ID 1536; no details provided Invoice just states "LBA Fixed Fees - See schedule attached hereto" but no schedule has been provided along with the invoice			