

ACCOUNTANT'S REPORT TO THE BOARD OF DIRECTORS OF NGP MANAGEMENT COMPANY RESIDENTIAL (CELL E) LIMITED IN RESPECT OF THE SERVICE CHARGE INCOME AND EXPENDITURE ACCOUNT FOR NEWCASTLE GREAT PARK (CELL E) FOR THE YEAR ENDED 31 DECEMBER 2017.

In accordance with our engagement letter dated 5th January 2016, we have performed the procedures agreed with you and enumerated below with respect to the service charge income and expenditure account for Newcastle Great Park (Cell E) for the year ended 31 December 2017.

This report is made to the management company for issue with the Statement of Income and Expenditure in accordance with the terms of our engagement. Our work has been undertaken to enable us to make this report to the management company and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the management company for our work or for this report.

Basis of report

Our work was carried out having regard to TECH 03/11 [Residential Service Charge Accounts] published jointly by ICAEW, ACCA, ARMA, ICAS and RICS. In summary, the procedures we carried out with respect to the service charge accounts were:

1. to check whether the figures contained in the statement were extracted correctly from the accounting records maintained by the management company;
2. to check, based on a sample, whether entries in the accounting records were supported by documentation or other evidence that we inspected;
3. to test the arithmetical accuracy of the statement;
4. to review the expenditure included in the statement to confirm that it appears to be in accordance with the provisions of the TP1.

These procedures did not constitute an audit in accordance with International Standards on Auditing (UK and Ireland) and were not designed to provide any assurance regarding whether the amounts charged are a reasonable amount for the services, or whether those services were provided effectively.

Report of Factual Findings

No exceptions were noted from our performance of the procedures set out in items 1 to 4 above.

UNW LLP
Chartered Accountants
Citygate
St James Boulevard
NEWCASTLE UPON TYNE
NE1 4JE

21 December 2018

UNW LLP, Citygate, St James' Boulevard, Newcastle upon Tyne, NE1 4JE

 +44 (0)191 243 6000  enquiries@unw.co.uk  www.unw.co.uk

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NGP Management Company Residential (Cell E) Limited
Service Charge - Income and Expenditure Report

Year ended 31 December 2017

<u>INCOME</u>	2018
	£
Service charge receivable	10,578
Rent charge receivable	1,400
TOTAL INCOME	<u>11,978</u>
<u>EXPENDITURE</u>	
Developer recharge costs	
Management fee	183
Site management resources - Staff costs	1,378
Public and property owners liability insurance	211
Developer forward funding costs	<u>125</u>
	1,897
Landscaping and maintenance	
Strategic open space	4,064
Local open space	85
Play areas	26
SUDS system	129
Litter picking	221
Community facilities	<u>3,166</u>
	7,691
Non adopted roads, lighting and sewage	
Repairs, maintenance and utilities	<u>1,216</u>
	1,216
Professional fees	
Audit and accountancy fees	257
Legal and professional fees	<u>520</u>
	777
Transfer to reserve fund	2,525
TOTAL EXPENDITURE	<u>14,106</u>
SERVICE CHARGE BALANCE	<u><u>(2,128)</u></u>