

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

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21 December 2018

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

Year ended 31 December 2017

<u>INCOME</u>	2018	2017
	£	£
Service charge receivable	45,652	59,784
Rent charge receivable	3,310	3,310
TOTAL INCOME	<u>48,962</u>	<u>63,094</u>
 <u>EXPENDITURE</u>		
Developer recharge costs		
Management fee	433	485
Site management resources - Staff costs	3,256	10,900
Risk assessments, audits and reviews	-	29
Public and property owners liability insurance	498	1,407
Developer forward funding costs	296	-
	<u>4,483</u>	<u>12,821</u>
 Landscaping and maintenance		
Waste management		351
Strategic open space	9,602	15,313
Local open space	5,671	5,984
Play areas	510	482
SUDS system	304	461
Litter picking	1,426	827
Community facilities	7,481	10,623
	<u>24,994</u>	<u>34,041</u>
 Non adopted roads, lighting and sewage		
Repairs, maintenance and utilities	3,064	4,886
	<u>3,064</u>	<u>4,886</u>
 Professional fees		
Audit and accountancy fees	5,919	8,445
Legal and professional fees	1,228	2,901
	<u>7,147</u>	<u>11,346</u>
 Transfer to reserve fund	 5,965	 -
 TOTAL EXPENDITURE	 <u>45,653</u>	 <u>63,094</u>
 SERVICE CHARGE BALANCE	 <u>3,309</u>	 <u>-</u>