

**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 2018.**

In accordance with our engagement letter dated 5<sup>th</sup> 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 2018.

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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20 September 2019

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

Year ended 31 December 2018

| <u>INCOME</u>                                     | 2019                     | 2018                      |
|---|--------------------------|---------------------------|
|   | £                        | £                         |
| Service charge receivable                         | 15,486                   | 10,578                    |
| Rent charge receivable                            | 1,400                    | 1,400                     |
| <b>TOTAL INCOME</b>                               | <u><b>16,886</b></u>     | <u><b>11,978</b></u>      |
| <br><u>EXPENDITURE</u>                            |                          |                           |
| <b>Developer recharge costs</b>                   |                          |                           |
| Management fee                                    | 386                      | 183                       |
| Site management resources - Staff costs           | 3,259                    | 1,378                     |
| Risk Assessments, Audits and Reviews              | 8                        | -                         |
| Public and property owners liability insurance    | 196                      | 211                       |
| Developer forward funding costs                   | 206                      | 125                       |
|   | <u>4,054</u>             | <u>1,897</u>              |
| <br><b>Landscaping and maintenance</b>            |                          |                           |
| Waste Management                                  | -                        | -                         |
| Strategic open space                              | 3,717                    | 4,064                     |
| Local open space                                  | -                        | 85                        |
| Play areas  | 21                       | 26                        |
| SUDS system                                       | 122                      | 129                       |
| Litter picking                                    | 318                      | 221                       |
| Community facilities                              | 3,332                    | 3,166                     |
|   | <u>7,510</u>             | <u>7,691</u>              |
| <br><b>Non adopted roads, lighting and sewage</b> |                          |                           |
| Repairs, maintenance and utilities                | 1,685                    | 1,216                     |
|   | <u>1,685</u>             | <u>1,216</u>              |
| <br><b>Professional fees</b>                      |                          |                           |
| Audit and accountancy fees                        | 3,101                    | 257                       |
| Legal and professional fees                       | 536                      | 520                       |
|   | <u>3,637</u>             | <u>777</u>                |
| <br>Transfer to reserve fund                      | <br>-                    | <br>2,525                 |
| <br><b>TOTAL EXPENDITURE</b>                      | <br><u><b>16,886</b></u> | <br><u><b>14,106</b></u>  |
| <br><b>SERVICE CHARGE BALANCE</b>                 | <br><u><u>-</u></u>      | <br><u><u>(2,128)</u></u> |