

Eastern Rent Assessment Panel
Great Eastern House Tenison Road Cambridge CB1 2TR
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REASONS FOR DECISION OF LEASEHOLD VALUATION TRIBUNAL
Landlord & Tenant Act 1985 Sections 27A and 20C
Commonhold & Leasehold Reform Act 2002 section 158

Premises: Flat 2, Greenstead Court, Greenstead Road, Colchester, Essex CO1 2SH
Our ref: CAM/22UG/LSC/2005/0031

Hearing: 7 November 2005

Applicant: Mr C Pasterfield (tenant)

Respondent: Southern Land Securities Limited
Managing Agent: Hamilton King Management Limited

Members of Tribunal: Mr G M Jones MA LLM (Cantab) - Chairman
Mr J R Humphrys FRICS
Ms C St Clair MBE BA

0. BACKGROUND

The Property

- 0.1 Greenstead Court is a private back land development on a sloping site off Greenstead Road, which runs into East Street and then, via East Hill, into the High Street. Heading out of town, it is not far to the campus of Essex University. The development comprises two fairly typical 1960's two-storey blocks, each containing eight flats, with a parking area in front and a small communal area between the two blocks. The blocks are of brick and tile construction, with some tile-hung facings and small flat-roofed entrance porches. At the rear the upper flats have balconies. The windows were originally metal-framed, many having been replaced by UPVC double-glazed units. Soffits and fascias were originally wooden. These have recently been replaced (or at least faced) in white UPVC and the gutters and down pipes renewed.
- 0.2 The Tribunal inspected on the morning of the hearing in the presence of representatives of both parties. The exterior of the property has recently been the subject of decoration and refurbishment. Simple landscaping has been carried out to the small communal area between the two blocks. It was not necessary for the Tribunal to undertake a detailed inspection of the works. However, our attention was drawn to certain aspects, of which more later.

- 0.3 The concrete driveway runs up a steep slope from Greenstead Road. To one side is a more modern block which shares this driveway, the ownership of which is unclear. Along the front of the building the driveway is below the level of the flat entrances. Originally there was a retaining brick wall with a raised pathway behind it. This has recently been removed and replaced with a concrete walkway at a lower level, bounded by metal posts and a heavy chain. The method of construction of the new walkway was not entirely apparent on inspection. There was evidence suggesting the use of shuttering, which was inadequately supported to contain the weight of concrete used without distortion. Certainly, the uneven width of the walkway and its wavy edge were consistent with this explanation.
- 0.4 One unusual feature of the recent works was the arrangements to carry away rainwater from down pipes. In the centre of the site, down pipes were set into the new concrete and appeared to feed into underground drains. At the ends of the site, down pipes discharged onto the walkways, with the intention that rainwater would run down the driveway to the highway drains. The rather unsatisfactory nature of this arrangement was exacerbated by the fact that the falls across the walkway were poor, even after execution of some untidy remedial works.

The Lease

- 0.5 The leases of the flats appear all to be in similar terms. The Applicant's leases dated 30 September 1965 was for a term of 999 years from that date at an annual rent of 15 guineas (£15.75). The rent is thus already scarcely worth collecting. In brief, under the terms of clause 5 and the Fourth Schedule, the landlord is responsible for the insurance of the blocks and for the maintenance and repair of the common parts, the communal areas, the main structure and exterior. The tenants are liable to contribute in equal shares to the landlord's costs of providing those services and (under paragraph 8) to "all other reasonable expenses incurred by the Lessors in connection with" those matters. In addition, under paragraph 9: -

"When any repairs, redecorations or renewals are carried out by the Lessors they shall be entitled to charge as the expenses or costs thereof their normal and reasonable charges (including profit) in respect of such work."

Management and Service Charge Accounts

- 0.6 The Respondent landlord and Hamilton King Management Limited ("HKM") share the same Managing Director, Mr Taube. The Respondent employs HKM to manage the development. HKM took over the management in 2001. There is no management contract as such; but the Tribunal has seen a letter of appointment dated 19 April 2001 which, however, does not set out the agreed fees. It appears that HKM charge either a minimum fee or, if greater, 15% of the cost of services. The letter of appointment provides that additional charges of 15% of the contract price + 2.5% for administration + VAT may be made for supervising major works (defined as including any contract worth more than £1,000).
- 0.7 HKM prepare annual service charge accounts which are certified in accordance with section 21 of the Landlord & Tenant Act 1985 (as amended). The year end in 1998 and 1999 was 30 April. After HKM took over, the year end was moved to 24 June. In each year for which accounts are available, the management fee appears to be a fixed charge, rather than a percentage of costs. Accounts for 1999 to 2004 reveal the following:

Year	Management charges both blocks	Total expenditure both blocks
1997-8	£900.00 + VAT = £1,057.50	£2,490.67
1998-9	£900.00 + VAT = £1,057.50	£3,863.33
1999-0	£1,040.00 + VAT = £1,222.00	£4,609.03
2000-2	Not available – HKM take over management	
2001	Management Charges Block 1	Total expenditure Block 1
2002-3	£1,000.53 + VAT = £1,175.62	£27,519.21
2003-4	£3,963.09 + VAT = £4,656.63	£2,282.29

- 0.8 The large increase in service charge expenditure for 2002-3 reflects the estimated value of a contract for substantial external works and associated costs, which together account for a total of £25,101.52 (made up of items of £24,264.65 and £836.87). The explanation of the rather surprising figures for 2003-4 is also associated with the same contract. It appears that there was a saving, as some of the work for which estimates were obtained was not done. This led to a reduction from £24,264.65 to £19,987.29 and an overall credit to tenants of £614.83. It is not immediately apparent how the management charges for that year were calculated.

1. THE DISPUTE

- 1.1 The source of Mr Pasterfield's complaint is the arrangements surrounding the works referred to at paragraph 0.8 above. In 2002, HKM decided to commission works of refurbishment to the exterior of the buildings, the Tribunal being concerned with Block 1 comprising Flats 1-8. It does not appear that there was any formal consultation with tenants on the questions whether external works should be carried out and, if so, what should be done and when. Timing (particularly as regards the timescale for payment of related service charge contributions) would, of course, be important to tenants. However, it appears that there were informal discussions and that tenants were generally in agreement that work needed to be done. There was a strong feeling that improvements should be carried out to communal areas.
- 1.2 Accordingly, HKM instructed GKR Associates, Chartered Building Surveyors (Mr Graham Richards MRICS) to prepare a specification and seek tenders. The works were divided into two parts. Tenders were received from three contractors. Delta Contract Services Ltd submitted the lowest tenders for both parts. On 14 May 2003, HKM wrote to tenants giving details of the proposed costs, based on the lowest tender, and offering various payment options. The cost of works to the communal areas was divided equally between the two blocks. The costings for Mr Pasterfield's block were as follows: -

	£
Delta Contract Services Ltd: block	13,050.00
communal areas (50%)	3687.50
Professional fees (GKR) 10%	<u>1,673.75</u>
	18,411.25
VAT on registered supplies (Delta only)	<u>2,929.06</u>

	Sub-total	21,340.31
	Brought forward	21,340.31
Management fees (HKM) 15%		3,201.04
VAT		<u>560.18</u>
		<u>25,101.53</u>

1.3 The costings for Mr Pasterfield's block thus amounted to a total of £25,101.53, including professional fees and management charges. Observations were invited from tenants. This process substantially complied with the statutory consultation requirements then in force. It appears that no significant observations were received. Accordingly the contract was awarded to Delta Contract Services Ltd.

1.4 Inspection revealed that the state of the front walls and pathways was such that Mr Richards considered it necessary to consult structural engineers Bruce Associates. In the light of their discussions, Mr Richards recommended that they should be demolished. On 24 November 2003 a letter was sent to tenants informing them that: -

“Instead of carrying out remedial works to [the front walls and pathways] it would be more conducive and cheaper to lower the pathways.”

There was a meeting with tenants, at which those present agreed to this scheme. According to Mr Richards, the walkway was then constructed according to a specification (which the Tribunal did not see) prepared by Bruce Associates. The old walls and pathways were removed completely. A reinforced concrete retaining wall was constructed with a toe projecting back towards the building. The void was back-filled with a lean concrete mix and a new concrete pathway laid on top.

1.5 The final account was rendered to tenants on 24 June 2005. This was presented as follows: -

	£
Delta Contract Services Ltd: block	9,852.00
communal areas (50%)	6,948.51
Professional fees (GKR) 10%	<u>1,680.05</u>
	18,480.56
VAT on registered supplies (Delta only)	<u>2,940.07</u>
Sub-total	21,420.63
Management fees (HKM) 15%	3,213.09
VAT	<u>562.29</u>
	<u>25,196.01</u>

1.6 The overall cost, leaving aside the structural engineers' fees (50% of which were included as a separate item in the service charge account for 2003-4 in the sum of £290.81) was thus only £94.49 over budget. The basis of the adjustments was explained in the documentation sent to tenants. There had been some savings on the cost of works, partly because of the omission of some fencing and exterior lighting. On the other hand, the cost of works on the walkway had

escalated from £3,820 (items 3.4 and 3.5 in the original specification) to £11,407.

- 1.7 It is not suggested that the final costings were unreasonable for the work done. However, Mr Pasterfield, who had been led to expect significant savings, was surprised at the total. In particular, the only information which had been given to tenants in relation to the walkways, namely, the letter of 24 November 2003, suggested that the revised specification would reduce the cost. Mr Pasterfield began to study the figures with some care.
- 1.8 Although he had some issues with the standard of workmanship, Mr Pasterfield decided not to challenge the costs of the external works. His attention became focused on the charges rendered by HKM. Firstly, he noticed that management fees had been calculated as a percentage of the other costs, including professional fees. Tenants had been told that management charges would be 15% (+ VAT) *on the cost of the works*. Secondly, he noticed that management charges were claimed on the VAT payable to the builders. He decided to challenge the management fees.

2. THE ISSUES

- 2.1 The Applicant's claim is simple. He says that the management fees are not reasonable for the work done in relation to the building works and should be reduced. Using the words of the statute, the fees were not reasonably incurred by the landlord and the tenants should not have to pay more than is reasonable.

3. THE EVIDENCE

- 3.1 Most of the relevant facts were not in dispute. The Tribunal read the documents in the trial bundle and took note of the oral evidence. The Tribunal does not intend, in this Decision, to refer to every relevant document or recite every piece of evidence, but will set out the crucial findings of fact and, where the facts were disputed, will explain the basis upon which those findings were reached.
- 3.2 The Applicant appeared in person. He explained how his concerns had arisen. He said that he could not recall being consulted about the decision to carry out all the works in one year. Even spread over 12 months (the most generous payment option offered), the cost amounted to £250 per month per flat. He did not object to the decision to carry out the works, which were badly needed. He was unhappy with some of the workmanship. He felt that the uneven width of the concrete walkway was unacceptable; but it was too late to do anything about that. The cost of remedial works would be disproportionate. He was concerned that the rotten wooden fascias and soffits had been clad rather than being replaced. Evidence of this could be seen on the gable end of Block 2 (which the Tribunal saw on the site inspection). He did not object to the level of professional fees, though he considered that the defects in workmanship could have been avoided by better supervision.
- 3.3 Bearing in mind the poor standard of supervision and the limited consultation, the management fees were not justified. He happened to know that the Respondent paid £5,000 for the reversion. Having regard to the length of the leases and the modest level of rent, he assumed the only reason for the purchase was the hope of profiting from management fees.

On that basis, it was a very successful investment.

- 3.4 The Respondent was represented by Mrs K Evans and Mrs E Gilbert of HKM, with Mr B Taylor observing. There had been some confusion in relation to implementation of directions order dated 16 June 2005. Mr Pasterfield did not understand that it was his duty to prepare bundles to include the Respondent's documents.
- 3.5 The Respondent, having served its documents on Mr Pasterfield, was unsure what to do in the circumstances. In the outcome, the Respondent very sensibly and helpfully produced bundles at the hearing, which was adjourned from 11.55 to 12.25 to enable the Tribunal to read the documents. The hearing then continued with an examination of the documents, so that the Tribunal was confident of having understood them correctly. At the Tribunal's request, Mrs Evans made enquiries during the luncheon adjournment, with a view to producing the management agreement and ascertaining the mode of construction of the concrete walkway, a matter of some concern to the valuer member of the Tribunal. As is apparent from the facts set out under paragraphs 0.6 and 1.4 above, both enquiries met with some success.
- 3.6 Mrs Evans was able to offer additional information about management charges. The management contract period coincides with the fiscal year and has to be apportioned between two accounting years. The actual charges were increased annually to take account of inflation and were as follows: -

2001-2	£837.49 + VAT
2002-3	£875.01 + VAT
2003-4	£965.00 + VAT
2004-5	£997.45 + VAT

It looks very much as though the figure originally proposed in 2001 was £800.00 + VAT, though Mrs Evans did not say so. She did not know how the original figure was decided upon, as this was outside her sphere of authority. She said that the fees charged in connection with the building works were based on HKM's usual scale of fees and were permitted by the terms of appointment and by the lease.

- 3.7 Mrs Gilbert, who was the manager responsible for Greenstead Court, said that HKM tended to carry out works in response to concerns raised by tenants, which she considered appropriate, as they were paying the bills. Greenstead Court was in a very poor state when HKM took over the management. HKM always wrote to tenants about proposals for external works and then kept them informed as works progressed and liaised over matters such as, in decorating contracts, leaving windows open. Methods of payment were discussed; on many occasions, tenants were permitted to spread payments over two years. In this case a letter dated 15 January 2004 referred to omissions and savings and made it clear that the overall cost would remain more or less the same. Tenants were informed in advance about management charges, as a result of which they did not usually complain afterwards.
- 3.8 Both parties having nothing more to add, the hearing concluded at 1600 hours. The Tribunal

was not able to establish from the witnesses the basis of calculation of the management charge for 2003-4.

4. THE LAW

Service Charges

- 4.1 Under **section 18 of the 1985 Act** (as amended) service charges are amounts payable by the tenant of a dwelling, directly or indirectly, for services, repairs, maintenance, improvement, insurance or the landlord's costs of management. Under section 19 relevant costs are to be taken into account only to the extent that they are reasonably incurred and, where they are incurred on the provision 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. Where a service charge is payable before the relevant costs are incurred, no greater amount than is reasonable is so payable.
- 4.2 Under **section 27A** the Tribunal has jurisdiction to determine whether a service charge is payable and, if so, the amount which is payable; also 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 so, the amount which would be payable.
- 4.3 Under **section 158 and Schedule 11 of the Commonhold & Leasehold Reform Act 2002** variable administration charges are payable by a tenant only to the extent that the amount of the charge is reasonable. An application may be made to the LVT to determine whether an administration charge is payable and, if so, how much, by whom and to whom, when and in what manner it is payable.

Costs

- 4.4 The Tribunal has no general power to award inter-party costs, though a limited power now exists to make wasted costs orders. In general, if the terms of the lease so permit, the landlord is able to recover legal and other costs (eg the fees of expert witnesses) associated with an application to the Tribunal as part of the service charge.
- 4.5 However, under **section 20C** of the Act of 1985 the Tribunal has power, if it would be just and equitable so to do in the circumstances of the case, to prevent the landlord from adding to the service charge any costs of the application. In the Lands Tribunal case *Tenants of Langford Court –v- Doren Ltd* in 2001 HH Judge Rich QC said that the LVT should use section 20C to avoid injustice.
- 4.6 In addition, under regulation 9 of the Leasehold Valuation Tribunal (Fees) (England) Regulations 2003 the Tribunal may order a party to reimburse the Applicant in respect of application and hearing fees.

5. CONCLUSIONS

The Contract Works

- 5.1 Although the cost of the contract works is not in dispute, it is relevant for the Tribunal to

consider the quality of the works. It was impossible to tell whether the walkway was constructed in accordance with the structural engineer's design as reported to the Tribunal.

Undoubtedly, the variable width of the walkway and its wavy edge suggest that the shuttering was inadequately supported. The arrangements for carrying away rainwater from the down pipes are poor and inadequate. The workmanship was poor and the supervision insufficient. It is unclear whether the fascias and soffits were replaced or, as Mr Pasterfield believes, merely refaced, possibly enclosing rotten timber which may eventually cause further problems.

- 5.2 However, the specifications prepared by Mr Richards appear generally to have been adequate and the control and reporting of building costs carried out to a reasonable professional standard. Despite the involvement of the structural engineer, the need to rebuild the walkway and the omission of other works must surely have involved extra work on his part. If the builder poured concrete without waiting for Mr Richards to inspect, there would have been little he could do about it afterwards.
- 5.3 Overall, in the judgment of the Tribunal, the contract price reflects the quality of workmanship. The work was cheaply done and the result reflects that. But the majority of the work appears serviceable, even if some of it is cosmetically poor. Mr Richards' fee, at 10% of the contract price, was competitive for a contract of this size; some surveyors would have charged more. Having regard to the extent of his responsibilities and the quality of his work, the Tribunal concludes that his fees were reasonable. The Applicant benefits from the fact that Mr Richards is not registered for VAT. It was undoubtedly reasonable to consult a structural engineer and the fees charged by Bruce Associates were also reasonable.

Management Fees

- 5.4 The RICS Residential Management Code (approved by the Secretary of State under section 87 of the Leasehold Reform Housing & Urban Development Act 1993) recommends that managing agents and their client (in this case the Respondent landlord) should enter into written management contracts, which should cover the basis of fee charging and the duties to be performed. Management contracts are normally governed by the Supply of Goods & Services Act 1982, which implies into such contracts terms to the effect that services shall be provided to a reasonable standard and (if costs are not agreed) at a reasonable cost. Where there is a service charge to tenants, flat fees are preferable to percentage charges. Basic management services usually include dealing with minor repairs.
- 5.5 HKM have the best of both worlds. If expenses are low, they charge a flat fee; if expenses are high, they charge a percentage. In the judgment of the Tribunal, the minimum charge for 2004 at just over £120.00 per flat (excl VAT) is not unreasonable, bearing in mind that this is a fairly small development of 16 flats. The percentage charge is on the high side but is, in practice, unlikely to be applicable. The Tribunal makes no finding as to whether the basis of charging as a whole is reasonable. It is sufficient to conclude (as the Tribunal does) that the basic charges at the rates listed by Mrs Evans were reasonable.
- 5.6 It is usual for managing agents to charge a separate fee for preparing specifications, obtaining tenders and supervising substantial repairs and alterations. Many managing agents have in-

house surveyors who deal with such matters. Other employ outside contractors. In addition, separate fees may be provided for preparing and serving statutory notices on tenants and dealing with consultations, which is usually done by the managing agents themselves.

- 5.7 In this case the lease expressly authorises additional charges in cases where the landlord carries out work. Bearing in mind that the original lessor was probably a building company, the purpose of this clause may well have been only to authorise the landlord to charge profit costs on work carried out by its own workmen. The clause does not, on the face of it, deal with the position of a managing agent.
- 5.8 The letter of engagement in this case entitles HKM to charges of 15% of the contract price + 2.5% for administration + VAT for supervising major works. It is, however, clear that the management fees were not fixed at arm's length and are not evidence of open market prices. Moreover, HKM did not supervise the works. The charges rendered were considerably more than 15% on the cost of the works (as advertised to tenants) and included management fees and VAT upon professional fees and VAT. In any event, the Tribunal must consider whether the charges were reasonably incurred in the circumstances of the case.
- 5.9 In the judgment of the Tribunal, an overall charge of 15% on the cost of the works (and no more), to include administration, would have been reasonable. In calculating this figure, professional fees and VAT should be disregarded. As the surveyor's fees amounted to 10%, that leaves 5% for HKM, to which VAT must be added. HKM should have included the structural engineer's fee in the building works account. The basic management fee for 2004 should have been the minimum fee, calculated by taking 40 weeks at the 2003-4 rate and 12 weeks at the 2004-5 rate.
- 5.10 The revised calculation of the cost of works is set out in Schedule 1 hereto. The service charge account for year ending 24 June 2004 must also be rewritten, which the Tribunal has attempted to do in Schedule 2. As set out in the Decision Notice served herewith the parties have permission to apply within 14 days from the date of the Decision to challenge the said calculation, in default of which, the Order of the Tribunal shall be in accordance with clauses 1 and 2 of the Decision Notice.

Costs

- 5.11 This Tribunal takes the view that it has a wide discretion to exercise its powers under section 20C in order to avoid injustice to tenants. An obvious injustice would occur if a successful tenant applicant (and indeed his fellow tenants) were obliged to contribute to the legal costs of the unsuccessful landlord or, irrespective of the outcome, if the tenant were obliged to contribute to costs incurred unnecessarily or wastefully. A wide variety of other circumstances may occur and the section permits the Tribunal to make appropriate orders on the facts of each case.
- 5.12 Overall, on the information available to date, the Tribunal concludes that it would be just and equitable in the circumstances of the case to order that the landlord should be disentitled from treating his costs of and arising out of the application as relevant costs to be taken into account in determining any service charge relating to Greenstead Court. This conclusion is

subject to any “Calderbank” offers or other relevant correspondence the parties may submit to the Tribunal within the time limited. The parties have permission as set out in the Decision Notice to submit written arguments in relation to costs.

- 5.13 In addition, the Tribunal has considered whether to exercise its power under regulation of the Leasehold Valuation Tribunals (Fees) (England) Order 2003 by ordering the Respondent to reimburse the application fee of £100 and the hearing fee of £150. In all the circumstances of the case the Tribunal takes the view that it would be just and equitable so to order. This order is also subject to any “Calderbank” offers or other relevant correspondence and written submissions as set out in the Decision Notice.

Geraint M Jones MA LLM (Cantab)
Chairman
16 December 2005

A handwritten signature in black ink, appearing to read 'Geraint M Jones', written over a horizontal line.

Eastern Rent Assessment Panel
Great Eastern House Tenison Road Cambridge CB1 2TR
Telephone: 0845 1002616 Facsimile: 01223 505116



DECISION NOTICE

Premises: Flat 2, Greenstead Court, Greenstead Road, Colchester, Essex CO1 2SH
Our ref: CAM/22UG/LSC/2005/0031

Hearing: 7 November 2005

Applicant: Mr C Pasterfield (tenant)

Respondent: Southern Land Securities Limited
Managing Agent: Hamilton King Management Limited

Members of Tribunal: Mr G M Jones MA LLM (Cantab) - Chairman
Mr J R Humphrys FRICS
Ms C St Clair MBE BA

UPON HEARING the Applicant in person and Mesdames K Evans and E Gilbert of Hamilton King Management Limited for the Respondent

IT IS ORDERED AS FOLLOWS: -

- 1. Management and administration fees reasonably incurred in relation to the works carried out at Block 1 comprising Flats 1 to 8 Greenstead Court by Delta Contract Services Limited in 2003 were in the sum of £840.03 + VAT and any charges in excess of that sum are not payable by the tenants.**
- 2. It is declared that the service charge account for the said block for year ending 24 June 2004 shall be amended to show a credit due to tenants of £2,473.38.**
- 3. The Respondent shall not be entitled to include in any future service charge account any costs incurred in connection with this Application.**
- 4. This Decision shall take effect 15 days from the date hereof unless by that date either party shall have applied to the Tribunal to make further representations as to the calculation of the figures shown at clauses 1 and 2 above or as to the costs orders set out at clauses 3 and 4 above.**

5. The parties have permission to apply to the Tribunal within 14 days from the date hereof, accompanied by any written representations the party applying wishes to make and any documents the Tribunal is asked to take into account, in respect of the following matters:-
- (a) The calculation of the sums set out at clauses 1 and 2 above in accordance with the findings of the Tribunal
 - (b) The proposed orders in clause 3 hereof as to costs and in clause 4 hereof as regards reimbursement of fees.
6. The party so applying shall at the same time serve upon the other party notice of the application, together with copies of the accompanying representations and documents.
7. In the event such application is made the other party shall have permission to submit to the Tribunal within a further period of 14 days written representations in reply, accompanied by any documents that party wishes the Tribunal to take into account.
8. Unless either party asks for a hearing, the Tribunal shall decide such applications on the basis of the written submissions and documents so submitted.



Geraint M Jones MA LLM (Cantab)
Chairman
16 December 2005

SCHEDULE 1
FINAL ACCOUNT FOR CONTRACT WORKS

	£
Delta Contract Services Ltd: block	9,852.00
communal areas (50%)	6,948.50
Professional fees (GKR) 10%	1680.05
(Bruce Associates 50%)	<u>247.50</u>
	18,728.05
VAT on registered supplies (Delta only)	<u>2,983.40</u>
Sub-total	21,711.45
Management fees (HKM) 5% on cost of works	840.03
VAT	<u>147.00</u>
	<u><u>22,698.48</u></u>

SCHEDULE 2
SERVICE CHARGE ACCOUNT YEAR ENDING 24 JUNE 2004

ITEM	£
Repairs & general maintenance	71.93
Cleaning and/or gardening	36.25
Major works & fees tender	(25,101.52)
Major works & fees completed (inc. management fees)	22,698.48
Surveyors & professional fees	nil
Accountancy	107.00
Buildings insurance premium	1,397.00
Management fee: 40 weeks @ £965.00 + VAT	872.21
12 weeks @ £997.45 + VAT	<u>270.46</u>
Total	423.74
Service charges previously billed	<u>(2,897.12)</u>
Credited to tenants	<u><u>2,473.38</u></u>