

Church Street (Maidstone) Management Company Limited
O & A Hospital

Notes of Explanation to Accompany Estimate of Service Charge Expenditure for Year to December 2017

O & A Hospital was first occupied in 2009 and as with all new schemes it takes a period of three to four years to gather the expenditure history in establishing the service charge budget. This is due to the many warranties and guarantees in place for up to two years following completion together with other variable aspects of each particular building.

Following the dismissal of Countrywide Estate Management in June 2014 it took a further several months to ascertain accounting records from them. Furthermore many utility accounts were unpaid including electricity, water supply and waste water. The Directors of CSMC Ltd were in fact left with over £12,000 debt which has been and is being resolved in agreement with those suppliers. The electricity account is completely up to date. Water management, both supply and waste, are being met by monthly standing order arrangements which accommodate the previous debt and ongoing services.

CSMC Ltd are now the appointed managing agents to the buildings and in 2017 Olga D'Silva is Chair and Administrative Secretary, Fergus Poncia is Company Secretary, Peter Stock, Financial Director, Kristie Smith, PR, Communications and Administration and Paul Peacock, on site management of contractors and services. David Berry will assist Paul Peacock throughout 2017 and Jonathan Castle will assist Peter Stock. Kate Holland will support with Planning and related matters.

Contributions to the Service Charge Budget are apportioned to each leaseholder at O & A Hospital as a percentage of the square footage of each apartment. Calculations have now been made taking a variety of other factors into consideration, to spread the cost of managing and maintaining the development more fairly and directly in relation to the costs incurred by individual blocks, individual households and consumption of services. Unfortunately some blocks cost more to run from utility service consumption ie electric and water, some take longer to clean, some have car parking spaces whilst others do not. In addition there are one, two and three bedroom apartments which has to be taken into account when assessing service fees. These assessments are also affected by the maintenance of each and the work done to each, for example pigeon spikes and redecoration. Consideration was also given to the grade 2 listing of three buildings and accordingly a small premium was attached to reflect the increased costs associated with running and maintaining those blocks. Your contribution apportionment and the contribution payable are set out in your Lease and is detailed in your Application for payment attached.

Under the terms of your lease your contribution is payable in two equal parts and your payment is due on 1st January and 1st July each year. Methods of payment: these can be made by cheque payable to 'Church Street (Maidstone) Management Company Limited' and addressed to **Ackland Webb**, at **49 Canterbury Innovation Centre, University Road, Canterbury, Kent CT2 7FG** or by **BACS payment directly to CSMC bank account: NatWest. Account Name: Church Street (Maidstone) Management Company Ltd. Sort Code: 60-60-08 Account No: 53032306**

Your service charge contributions, along with that paid by all leaseholders at O & A Hospital make up the total service charge income. No other source of income is available to discharge services, maintenance and repairs to the property. To ensure maintenance and services can be planned and completed, payment of your service charge contribution, along with that of your neighbours must be paid promptly to enable us to pro-actively maintain and service the property. Where no funds are available, we cannot instruct contractors or pay utilities and insurance. Under the terms of the Lease we can adopt a robust arrears collection procedure where payment is not made and additional costs for administration caused by these delays, however we prefer to avoid such charges in the belief owners will act responsibly. For this reason, we invite you to contact us should you have any queries or be unable to pay your contribution.

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Insurances	Costs	Note of Explanation
Buildings Insurance		The cost of insurance for the buildings will be collected directly by Land Commercial Surveyors, the appointed agents of Higgins Homes. The policy provides for full terrorism cover and includes landlords' common parts fittings. Leaseholders are advised to insure the contents of their homes and all personal possessions. If you are subletting or intending to sub-let your apartment, you should seek professional advice regarding insurance for your apartment. Ground Rent on behalf of Higgins Homes Plc will be charged separately of your service charge and collected by Land Commercial Surveyors.
Directors and Officers Insurance		The cost of a development specific policy that protects directors of the management company against personal financial loss resulting from any claim against them consequential to their office in company. Directors of the Management Company are leaseholders at the Property; their appointment is a legal requirement under Company Law. They are elected to take responsibility of the management services provided under the terms of the lease.
Homeowners Emergency Assistance		The cost of the outside working hours emergency service. The service will not cover emergencies within each apartment, only the structure and communal areas of the apartment buildings. Electrical and plumbing contractors selected by CSMC Ltd are available on the website at www.theoldhospitalmaidstone.co.uk . Normal emergency services i.e. police, ambulance and fire are available under regular circumstances.

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Sundries	Costs	Note of Explanation
Postage Copying and Consumables		Expenditure for items such as postage & copying, additional keys, secure documents archive storage, hire of venue for Directors & Leaseholder meetings, etc.
Reserves and Cyclical Repairs	Costs	Note of Explanation
Reserve Accumulation		This is the budgeted sum to accumulate each year to meet the cost of future major expenditure as and when required. This amount may be revised once the Long Term Capital Expenditure report has been produced. To accumulate realistic Reserve Funds will avoid the need to collect large sums of money in the form of additional contributions from you in the future for major works, renewals and repairs, such as external and internal re-decoration. The Directors of CSMC Ltd have now implemented a reserve fund following payment by Higgins Homes of £24,647 and will continue to increase this amount yearly by adding approximately 9% of the service charge annually now the true nature of expenditure at the development has been accurately assessed.
Professional Fees	Costs	Note of Explanation
Health & Safety Risk Assessment		To ensure the appropriate measures are in place to deal with all potential hazards and that a correct fire safety procedures are in place and following H&S advice, fire extinguishers will be placed in common areas throughout the development in 2017. CSMC Ltd have also purchased their own scaffolding plant to ensure H&S compliance and to reduce future maintenance costs where applicable.

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Directors/Management Fees		The annual fee payable to Directors of CSMC Maidstone Ltd for the upkeep of the buildings and grounds to ensure compliance with the Lease in the management of the Property is £9,750 per annum. This equates to £125.00 per apartment, per annum with no VAT.
Accountancy Fees		The cost for an independent accountant to prepare annual income & expenditure accounts in accordance with Landlord & Tenant Law. New Accountants have been appointed to prepare accounts for 2016 and beyond. Mr David Muggridge of Ackland Webb based in Canterbury is the accountant.
CoSec Fees		These fees are covered by Directors Remuneration and Accountancy fees payable to Ackland Webb. The management company must have a person or body to keep official records of its membership, share certificates and note any changes and report these to Companies House on an annual basis. This fee covers the secretariat costs for this service. In addition, the charge for the Annual Return Fee at Companies House for filing the above information is included in this head of expenditure.

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Services and Maintenance	Costs	Note of Explanation
Common Area Cleaning		The contract provides for cleaning of the communal hallways to include the staircase, common area hallways, main entrance, glazing and carpets throughout. The estimated expenditure also provides for weekly cleaning of the bin store. In addition, where items of furniture and other goods are left within the bin store, the contractor will remove such items and charge accordingly for disposal at Local Authority Waste Site. <i>We <u>have not</u> included an allowance for this as we request residents' dispose of unwanted appliances and goods themselves to avoid additional charges to the service charge amount.</i>
Electricity Common Area		This provides for electricity consumed in respect of the common parts lighting, entry and access systems together with all other communal installations.
General Repairs		For minor repairs to the property and grounds that may be required during this service charge year.
Door Entry Systems		This is for repairs and maintenance of the door entry systems.
Redecoration		Internal Redecorations must take place every five years. These are heavy expenditure items. Directors have appraised and accepted quotations for these works and the 2nd phase 7-12 Dudley House has been completed (July 2016). Goring Place 1-8 (June 2016) Further works planned for the second half of 2016 were limited to the external window frames and sills at Fairfax Court, given financial constraints. Subject to finance redecoration works to Fairfax Court and Brockman Place may go forward in 2017.

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Grounds Maintenance		The annual cost of grounds, lawn cutting and maintenance. The specification includes pruning and pest controls together with weeding and feeding of specimen plants as required. The cost is based on approximately 48 visits per annum. It is not possible to provide set dates and times for the contractor to attend, however Monday will be the normal day bar Bank Holidays and Easter or Christmas Festivals.