

Appendix 2

INSPECTION OF 2006 NGH SERVICE CHARGE ACCOUNTS

BY MOORE STEPHENS (CHARTERED ACCOUNTANTS)

PRINCIPAL FINDINGS

- **Accounting Systems are sound, but no Fixed Asset Records maintained.**
- **2004 Service Charge Deficit of £80,004 not invoiced to Leaseholders & now time-barred. Possibly now recoverable from Freeholder, Maintenance Trustee, or possibly future surpluses.**
- **Outstanding pre-2005 arrears due from Letting Office (NGHA1) of £8,869 remains unpaid. Payable by Fairbriar.**
- **Commercial Contributions to Maintenance Fund:**
 - **Letting Office (now NGHA2) historically exempted from contributing to Service Charge.**
 - **Basis of calculation of proportion of Annual Service Charge Costs payable by Commercial Leaseholders queried. Recommends Maintenance Trustee and RALA should review and agreed methodology should be formally documented.**
- **Outstanding Debtor Arrears at 19.11.2007 amount to some £394,000 of which some £130,000 are due from Commercial Leaseholders.**
- **Since Moore Stephens commenced their inspection in September 2007, the Maintenance Fund has received a payment of £116,000 from Fairbriar.**