

ARHM GOOD PRACTICE NOTE

MODEL BUDGET AND ACCOUNTS

The ARHM's code of practice (Chapters 4 and 5) provides advice and best practice relating to budgets and accounts for members.

This note provides examples of how to set out a budget and statement of account based on good practice from members.

The forms of budget and accounts are not compulsory for members.

The ARHM encourages all members to include regular statements of account that include a balance sheet and show the position of reserves and the cash held in aggregate at the beginning and end of the accounting period.

The ARHM also advocates disclosure or any insurance commission is provided in the annual service charge accounts (Chapter 9 of the ARHM Code of Practice)

DISCLAIMER:

These notes have been prepared in the light of legislation and case law existing at the time of publication as a recommended procedure only. No liability can be accepted by the Association of Retirement Housing Managers for errors or omissions or for any loss or damage sustained by anyone acting in accordance with these notes. If the reader is in any doubt as to the application of these notes to particular circumstances they should consult a Solicitor.

Model Budget

Service Charge Budget for Model Court, Arhmentown
For Period ending 31st December 2019

	Proposed (2019)		Previous (2017)	
Income				
Guest Suite Income	£		£	
Laundry Income	£		£	
Manager's telephone contributions	£		£	
Other Income	£		£	
			£	
Total Income		£		£
Scheme Manager/Emergency Call				
Remuneration (inc NI and Pension)	£		£	
Relief/Deputy costs	£		£	
Manager's Telephone	£		£	
Sundry Expenses	£		£	
Emergency Monitoring	£		£	
Telephone Link	£		£	
		£		£
Communal Services				
Buildings Insurance	£		£	
Electricity	£		£	
Water and Sewerage	£		£	
Window Cleaning	£		£	
Grounds Maintenance	£		£	
Cleaning	£		£	
Fire Risk Assessment	£		£	
		£		£
Communal Repair and Maintenance				
Lift	£		£	
Fire System/Smoke Detection	£		£	
Emergency Call System	£		£	
Door Entry	£		£	
Laundry	£		£	
General Repairs	£		£	
		£		£
Reserve Funds				
Contingency/Depreciation	£		£	
Redecoration/Major repairs	£		£	
		£		£
Professional Services				
Management Fees	£		£	
Accountancy Fees	£		£	
Audit Fees	£		£	
Bank Charges	£		£	
Other Charges	£		£	
		£		£
TOTAL EXPENDITURE		£		£
LESS TOTAL INCOME		£		£
TOTAL ANNUAL SERVICE CHARGE		£		£

Your service charge is apportioned in accordance with your lease

	Apportionment	Annual Charge	Monthly Charge
One Bedroom	X%	£	£
Two Bedroom	X%	£	£

Model Accounts

Income and Expenditure Account for Model Court, Arhmentown for period ending 31st December 2019

	2018 Actual		2019 Actual		2019 Budget
Income					
Guest Suite Income	£		£		
Laundry Income	£		£		
Manager's telephone contributions	£		£		
Other Income	£		£		
			£		
Total Income		£		£	£
Scheme Manager/Emergency Call					
Remuneration (inc NI and Pension)	£		£		
Relief/Deputy costs	£		£		
Manager's Telephone	£		£		
Sundry Expenses	£		£		
Emergency Monitoring	£		£		
Telephone Link	£		£		
		£		£	£
Communal Services					
Buildings Insurance	£		£		
Electricity	£		£		
Water and Sewerage	£		£		
Window Cleaning	£		£		
Grounds Maintenance	£		£		
Cleaning	£		£		
Fire Risk Assessment	£		£		
		£		£	£
Communal Repair and Maintenance					
Lift	£		£		
Fire System/Smoke Detection	£		£		
Emergency Call System	£		£		
Door Entry	£		£		
Laundry	£		£		
General Repairs	£		£		
		£		£	£
Reserve Funds					
Contingency/Depreciation	£		£		
Redecoration/Major repairs	£		£		
		£		£	£
Professional Services					
Management Fees	£		£		
Accountancy Fees	£		£		
Audit Fees	£		£		
Bank Charges	£		£		
Other Charges	£		£		
		£		£	£
TOTAL EXPENDITURE		£		£	£
LESS TOTAL INCOME		£		£	£
TOTAL ANNUAL SERVICE CHARGE		£		£	£
TOTAL SURPLUS/DEFICIT		£		£	

In accordance with your lease the surplus / deficit will be

Balance Sheet as at 31st December 2019

ASSETS	2018		2019	
Resident Debtors	£		£	

Deficit on accounts previous year end	£		£	
Amount due from landlord/developer	£		£	
Other debtors	£		£	
Prepayments	£		£	
Bank and Cash	£		£	
Total		£		£
LIABILITIES				
Service Charges paid in advance	£		£	
Surplus on accounts previous year	£		£	
Amount owed to landlord/developer	£		£	
Other creditors	£		£	
Accruals	£		£	
Total		£		£
NET ASSETS		£		£
RESERVE FUNDS		2018		2019
REDECORATION				
Balance at start of year	£		£	
Additional contributions from Income and Expenditure	£		£	
Transfers from previous year	£		£	
Interest earned net of tax	£		£	
LESS				
Costs incurred during the year	(£)		(£)	
BALANCE AT YEAR END		£		£
CONTINGENCY FUND				
Balance at start of year	£		£	
Additional contributions from Income and Expenditure	£		£	
Transfers from previous years	£		£	
Contributions from resale of dwellings	£		£	
Interest earned net of tax	£		£	
LESS				
Costs incurred during the year	(£)		(£)	
BALANCE AT YEAR END		£		£
TOTAL RESERVES		£		£

Notes to Model Accounts

The manager should sign and date the balance sheet.

The leases may also include a requirement to certify or provide a certificate to the accounts and the manager should incorporate the correct wording when the balance sheet is signed.

You should include a note to the accounts if a designated bank account is held. This note should include the following information:

- The name of the bank account;
- The account number;
- The name and address of the bank;
- The rate of interest earned; and
- The withdrawal period on the account

Other notes to the accounts may be added at the discretion of the manager.