

## Understanding your income against expenditure statement

### Why have I received an Income against expenditure statement for communal services?

We believe it is important that you see how much it costs to provide services where you live. At the end of the financial year, we review the costs previously incurred to help us estimate forecast costs for the following year.

Your statement provides you with information about:

- the budget we previously estimated for communal costs
- the actual cost of these services and
- any variance between the two amounts.

If we have overestimated costs from the previous year, we will offset this surplus (credit) amount in the following years' budget. If we have under estimated costs, we will ask you to make up the shortfall and include amount in your service charge calculation for the following year.

### Does the Income against Expenditure statement show all of the services provided by Knightstone?

Your statement only includes services you are required to contribute towards as per covenant's relating to your property. It does not show all of the services that we may provide at your scheme.

### How do you calculate the expenditure?

We review costs incurred relating to communal services during the period from 1 April – 31 March annually and your statement shows how much we have spent on these services.

### How do you calculate the income received?

We review income requested from you and your neighbours between 1 April – 31 March and your statement shows how much we have collected towards individual services.

### How do you calculate the variance for each service?

We calculate out how much we have spent on communal services during 1 April – 31 March, and how much income we have received from you and your neighbours during the same period. We then subtract the actual costs of providing these services from the income received. If we incur more costs than income, the shortfall will appear as a deficit (debit) amount in the

variance column. If we incur less costs than previously estimated, any surplus (credit) amount in the variance column.

### What do you do with the surplus or deficit amount?

We carry forward any surplus or deficit amount to the following years' service charge and include this amount in our calculation.