

LANCEFIELD QUAY RIVERSIDE LIMITED**71-87 LANCEFIELD QUAY GLASGOW****REPORT TO OWNERS****BY LORNA FOY AND WALTER SEMPLE DIRECTORS****15th March 2017**

Having taken control of our development by self-factoring, the directors of Lancefield Quay Riverside Limited (LQR) now update you on our progress to date.

1. CHANGED COMMON BUILDINGS INSURANCE PREMIUM ALLOCATION.

The claims experience of the common insurance policy in recent years has been poor. Over £120K was paid and outstanding in claims in the two years ending on 30th April 2016. At the renewal on 1st May 2016, the premium inclusive of insurance premium tax increased from £54,840 to £86,362 excluding finance charge. The self-insured amounts were increased. The finance charge for advance payment of premium in ten equal monthly instalments at a rate of 6.2% flat was £5,182.

The directors have discussed with the broker ways to reduce the cost to owners, including:

1. There have been no claims in the present insurance year so far. The broker hopes to negotiate a lower premium.
2. The insurers carried out a risk assessment in August 2016. Ten mandatory actions had to be carried out within stated time limits. None of these had been carried out by the previous factor. When LQR took over Ken Robertson, our Quantity Surveyor, treated these actions as a priority. They have almost all been carried out within the limits of the available funds.
3. Terrorism cover will be discontinued.

From 1st May 2017 the insurance premium will be apportioned amongst owners according to the floor area of the property of each owner, not in equal shares as before. The floor measurement exercise has now been completed and is shown in Annex 1 attached. When we know the amount of the new premium we will notify owners of their share.

If there are any questions arising from the insurance premium apportionment, please address them as soon as possible to Walter Semple at walter@waltersemple.com

2. TRANSFER OF FACTORSHIP FROM CITY FACTORING LIMITED TO LANCEFIELD QUAY RIVERSIDE LIMITED (LQR) ON 28.11.2016.

Alex McDivitt was the factor of 71-87 Lancefield Quay (LQ) from 1st May 2013, using two companies in that time – A&K Property Management Services Limited and latterly City

15.03.2017.

Factoring Limited. Alex McDivitt had promised visibility of owner's bank accounts and to work with the owners' committee to achieve a high level of service.

City Factoring worked reasonably well until mid-2016 when they started to withhold information and failed to carry out necessary repairs or produce a budget and account for income and expenditure.

In addition, City Factoring double charged LQ for cleaning and misstated outstanding sums due from owners and failed to collect part of these sums.

City Factoring also lost control of the insurance claims. This resulted in the insurance premium rising from £54,840 to £86,262 (excluding 6% finance charge). The insurers increased the self-insured amounts and required 10 mandatory risk management actions to be complete within timescales. City Factoring failed to meet these deadlines and the insurance policy was at risk of being cancelled.

These failures resulted in a loss of confidence and trust in City Factoring.

The owners decided to set up a self-factoring company – Lancefield Quay Riverside Limited (LQR). The owners started the company on 28 November 2016 and terminated the City Factoring contract with immediate effect so that the risk management actions could be carried out and the insurance policy saved.

Intense but unsuccessful efforts have been made since 28th of November 2016 to persuade Alex McDivitt to provide copies of bank statements and other financial information held by City Factoring including owners contact information and payment history.

The only information Alex McDivitt has produced is a list of unpaid supplier invoices totalling £20,461.05. The list was checked with suppliers. The correct total is £29,205.35.

None of these supplier invoices have been paid by City Factoring nor have any of the owners' funds been returned from City Factoring to the owners, or paid to LQR.

Alex McDivitt has relied on a statement in the Code of Conduct for Property Factors that information relating to owners must be provided within three months of termination, that is on 28th February 2017. To avoid any dispute over the time limit, the directors of LQR decided not to take any action against City Factoring until expiry of the 3-month period.

At 12 March 2017, the directors or owners had not received any information from City Factoring. The absence of any accounting, information or return of owner's funds is very concerning. The directors have reported the situation to the police on the basis that failure to return owners' funds after three months suggests that they could have been misused although so far, there is no evidence that they have been misused. The directors will also assist the owners to recover their funds from City Factoring.

3. UNPAID DEBTS INCURRED BY CITY FACTORING BEFORE 28 NOVEMBER 2016.

City Factoring incurred expenditure on LQ prior to termination. Some of this expenditure is still outstanding to the suppliers as City Factoring has not paid it from owners' bank

15.03.2017.

accounts. The amount is £29,205.35. These debts are initially the liability of City Factoring who have a right to recover the amounts from owners, using the owner's funds from the service charge and special invoice for repairs from October 2016. In the absence of an accounting from City Factoring it is impossible to determine whether owners are due money after payment of these old debts or whether owners owe more. Ultimately these old debts are the owners liability and the directors consider that it is now time to pay the unpaid debts as these suppliers are becoming impatient and this could affect the development going forward.

In September 2016 City Factoring were authorised to instruct repairs at Stair 71 and also cleaning of gutters. Without an agreed budget or consultation with the Owners Association Committee, they invoiced each owner £367.97. When Lancefield Quay Riverside took over on 1 December this work had not started. In view of the risk posed by future winter storms, Lancefield Quay Riverside instructed the work and took over the financial liability for it. To date Lancefield Quay Riverside has only received approximately £13K from owners to settle the £367.97 invoice. The total for 93 flats is about £34K. The balance has been paid by owners to City Factoring or has not yet been paid by owners.

The current receipts from owners are not sufficient to cover these amounts. They are currently being funded by a loan from directors in the hope that monies will be received from City Factoring, and that owners who have not yet paid will pay amounts they owe. However owners need to be aware that these amounts may become due and will require to be paid by owners. Once we know more about the police investigation we will update owners. We are working hard to recover owners funds from City Factoring.

4. WHAT WE HAVE ACHIEVED SO FAR

For the last three months, Walter Semple, Lorna Foy, Jim Lambert, Ken Robertson, Michael McAllister and John Walsh have been very busy with various activities ranging from pursuing City Factoring, making contact with owners, sorting out various issues from owners, rectifying the common electricity charges, planning repairs and maintenance and starting to make the development a place that owners can be proud of. For a list of completed and continuing work please see Annex 2.

5. CONTACT WITH OWNERS AND PAYMENT HISTORY 1 DECEMBER 16 TO 3 MARCH 17

Contact with owners and transfer of service charges to LQR has been slow but is nearly complete. No information has been received from City Factoring so this has been difficult.

For information on service charge payments please see Annex 3.

46 flats paid LQR in December, 56 in January, 69 in February and 71 (22 unpaid) at 5 March 2017. 14 flats have not paid anything with 8 who started to pay but have not paid March Standing Order. We are in contact with 18 flats and expect them to pay soon. We have no contact details for 1 flat (reduced from 17 when LQR took over). Total service charge income received from 1 December 2016 to 5 March 2017 is £47,943, out of possible income of

15.03.2017.

£68,820 (93 x £185 x 4 months). Some of the balance has been paid to City Factoring and some is not yet received from owners.

Only £13,135 has been received to date for March service charge out of possible £17,205. Prompt payment of service charge is essential. It is therefore vital that remaining owners make contact with Lorna Foy (07814 387 046 or lornafoy@outlook.com) and start paying their service charges to LQR. Please see details of amounts due and bank details at Annex 3.

Recovery of funds from City Factoring will make a big difference. From communication from some owners we know:

- 20 owners have paid City Factoring the £367.97 October 16 repairs invoice = £7,360.
- 25 owners have paid City Factoring either some, or all of SC for Dec to Mar = £8,800.

Therefore City Factoring has had a least £16,160 of owners' funds in addition to the balances they held on 28th November 2016. Note, not all owners have provided this information so considerably more will have been paid to City Factoring.

Once all owners are paying LQR, we will go back through payment history from December to determine if owners have paid correct number of months and the repairs invoices (this will be difficult unless records are received from City Factoring).

In the meantime if owners could provide information on their payment history to Lorna Foy it would be appreciated (please see details requested at the bottom of Annex 3 "Providing information on payment history"). If you have already provided these details you do not need to provide them again.

6. CASHFLOW / BUDGET

Lorna Foy is managing cash flow carefully to keep the operation running smoothly. We will inform owners of our plans when we have more information regarding City Factoring Limited and we are notified of the insurance premium.

7. QUANTITY SURVEYOR

Ken Robertson, Quantity Surveyor of Westfield Surveying Services, was contracted by LQR. He has been adding much value and has:

- responded to all owners who have issues. He keeps a log of all these issues.
- nearly completed the 10 mandatory insurance actions required after of last year's insurance renewal and provided a report to the insurance company of progress.
- overseen all the work to the roof of Stair 71.
- been managing Michael/Jim (caretakers).
- listed projects/maintenance issues that will be undertaken over the coming months.
- started some projects, for example surveying and identifying dangerous lighting and tiling.
- been making new relationships with new suppliers/contractors and ensuring we receive a number of quotes for all work that is carried out.
- identified jobs to tidy the development – repairing post-boxes, painting etc.

The work done and instructed is attached as Annex 2.

Ken will also prepare a maintenance program for the development to ensure repair costs are kept to a minimum in future.

8. CARETAKER

Michael McAllister, our caretaker, has taken on more responsibilities than when employed by City Factoring, including cleaning the building. Michael is very positive and helpful and has proved to be valuable especially over the transition period.

Michael and Ken are working well together and have been progressing various projects in order to comply with the 10 mandatory insurance actions, to ensure the development is safe (e.g. – lighting, tiling) and also to tidy up the development (painting and fixing post boxes etc). Some of these projects are ongoing.

Jim Greig who previously cleaned LQ has been covering for Michael's holidays and while having an operation. He has also been cleaning the development in Michael's absence.

9. FACTOR REGISTRATION

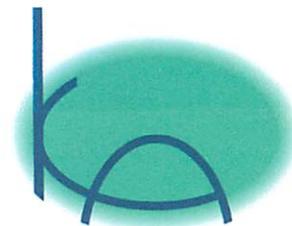
Property factors in Scotland who carry on a business must register as factors under the Property Factors (Scotland) Act 2011. The directors do not believe that LQR is carrying on a business but is set up by the owners only to manage 71 – 87 Lancefield Quay and recover expenditure. Despite this, the Scottish Government have told us that they are not able to say that we are not carrying on a business. They invited us to register. Failure to register is a criminal offence. The directors are not willing to expose the owners company to a risk of criminal prosecution and are therefore registering.

10. WEBSITE

The website continues as before and has been updated to record the change of factorship. Previously access to the website was limited to members of the Owners Association. Following the takeover of the factorship by LQR, this is no longer appropriate. Access to the website is now available to all owners with a title registered in the Land Register. Owners wishing access to the website should apply online. Provided the directors are satisfied that the applicant is an owner, access will be given. The directors believe that good communication with owners is essential. The website as one means of achieving this.

A list of contact numbers is included at Annex 4 – please do not hesitate to contact us if you have any issues, questions or you want to get involved.

ANNEX 1: LIST OF UNITS SHOWING FLOOR AREAS AND % OF TOTAL AREA



KIRK ARCHITECTS

Walter Semple Esq,
Lancefield Quay Riverside Limited
79/12 Lancefield Quay,
Glasgow G3 8HA

15th March 2017.

Dear Sir,

71-87 Lancefield Quay, Glasgow / Floor Measurements

We were originally engaged by City Factoring Ltd on behalf of the owners at 71-87 Lancefield Quay, Glasgow, to survey and calculate floor areas for 15 flats. These flats had estimated sizes on the Allied Surveyors spreadsheet which proved to be inaccurate.

Having visited several times to gain access, we have successfully surveyed the outstanding flats.

As a control between the Allied Surveyors calculations and our own, we measured one flat that had already been calculated. Our size was approximately 0.5 Square metres larger than Allied Surveyors'. It was established that we had included the thickness of the external wall between the flats and the conservatories. Allied Surveyors had not. We omitted the external wall from our calculations and resubmitted revised areas.

We are now content that the areas and apportionment are accurate and can be used for dividing the insurance premium fairly based on floor areas. I attach the spreadsheet showing these floor measurements signed by me as relative hereto.

We trust this meets with your approval.

Yours faithfully

Brian Kirk

71-87 LANCEFIELD QUAY**ALLOCATION OF INSURANCE PREMIUM BY FLOOR AREA**

Type	Flat number	Area	Percentage of TFA (%)
A2L	71/1	63.09	0.85
A6L	71/2	50.84	0.68
A7	71/3	57.82	0.78
AR	71/4	57.82	0.78
D1L	71/5	123.28	1.66
A8L	71/6	51.30	0.69
C	71/7	102.56	1.38
A9L	71/8	46.64	0.63
A10R	71/9	51.30	0.69
DR	71/10	106.35	1.43
A1L	73/1	70.36	0.95
A3L	73/2	50.84	0.68
AL	73/3	57.82	0.78
A7	73/4	57.82	0.78
AR	73/5	57.82	0.78
DL	73/6	106.35	1.43
B2L	73/7	84.9	1.14
C	73/8	102.56	1.38
B2R	73/9	84.9	1.14
D3R	73/10	106.53	1.43
A3R	75/1	50.84	0.68
AL	75/2	57.82	0.78
AL	75/3	57.82	0.78
A7	75/4	57.82	0.78
AR	75/5	57.82	0.78
DL	75/6	106.35	1.43
B2L	75/7	84.9	1.14
C	75/8	102.56	1.38
B2R	75/9	84.9	1.14
A4R	77/1	69.92	0.94
A3R	77/2	50.84	0.68
A4L	77/3	69.92	0.94
AL	77/4	57.82	0.78
A7	77/5	57.82	0.78
AR	77/6	57.82	0.78
DL	77/7	106.35	1.43

B2L	77/8	84.9	1.14
C	77/9	102.56	1.38
B2R	77/10	84.9	1.14
DR	77/11	106.35	1.43
BR	79/1	70.66	0.95
BL	79/2	70.66	0.95
B51	79/3	86.15	1.16
B1R	79/4	85.83	1.16
B6R	79/5	86.15	1.16
C1	79/6	152.54	2.05
B3L	79/7	86.25	1.16
B4	79/8	89.65	1.21
D2R	79/9	84.08	1.13
D2L	79/10	84.08	1.13
B39	79/11	83.86	1.13
C1	79/12	152.54	2.05
A1L	81/1	70.36	0.95
AL	81/2	57.82	0.78
A7	81/3	57.82	0.78
A6	81/4	58.73	0.79
DL	81/5	106.35	1.43
B2L	81/6	84.90	1.14
C	81/7	102.56	1.38
B2R	81/8	84.90	1.14
DR	81/9	106.35	1.43
A1R	83/1	70.36	0.95
AL	83/2	58.50	0.79
A7	83/3	57.82	0.78
AR	83/4	57.82	0.78
DL	83/5	106.35	1.43
B2L	83/6	84.90	1.14
C	83/7	102.56	1.38
B2R	83/8	84.90	1.14
DR	83/9	106.35	1.43
AL	85/1	50.84	0.68
A3R	85/2	50.84	0.68
AL	85/3	57.82	0.78
A7	85/4	57.82	0.78
AR	85/5	57.82	0.78

DL	85/6	106.35	1.43
B2L	85/7	84.90	1.14
C	85/8	102.56	1.38
B2R	85/9	84.90	1.14
DR	85/10	106.35	1.43
A1R	87/1	70.36	0.95
A6R	87/2	50.84	0.68
AL	87/3	57.82	0.78
A7	87/4	57.82	0.78
A6L	87/5	57.82	0.78
A2R	87/6	63.09	0.85
DL	87/7	109.83	1.48
A10R	87/8	51.30	0.69
C	87/9	102.56	1.38
A9R	87/10	46.64	0.63
A8L	87/11	51.30	0.69
D4	87/12	109.83	1.48
	36	<u>248.05</u>	3.34
		<u>7430.19</u>	<u>100.00</u>

Brian R. Kirk

ANNEX 2: LIST OF COMPLETED AND CONTINUING WORK

Issue	Progress/Responsibility
Owner issues	
8 owners have reported issues	All have been contacted by Ken Robertson and problems solved or are in progress.

Insurance report – mandatory requirements	
Insurance premium	Walter Semple and Ken Robertson have been working hard to ensure that future premiums are lower than current premium.
Electrical PAT testing of portable equipment	Completed (for free by a supplier, negotiated by Ken Robertson).
Combustible materials and other items located in the electrical distribution cupboards removed	Completed by Michael McAllister and checked by Ken Robertson.
Roof repair of flat 71 and gutter cleaning	Completed.
Loose lead flashings gable end	Fixed and inspected by Ken Robertson.
Communal electrical installation to be periodically inspected and tested	Surveys completed.
Glazing at stair 77	Replaced.
Flood protection - drain Inspections Manhole covers and drains checked regularly to ensure not blocked. Drains to be cleaned annually.	Road sweeper /gully cleaner was sent to site and all road gullies in the immediate area were cleaned out and left in full working order. Regular checking now being done.
Flood protection – system to prevent floods.	Sand bags being purchased and procedure being put in place for use and to notify owners by Jim Lambert.
Brickwork needing replaced at flat 79 and 81	Quotes obtained and work will be completed in 2 weeks.

Other issues	
Roof 71 repair	Robert Taylor was selected to fix the roof at 71 due to urgency before winter set in and as he had previous experience of the roof. Work is finished and Ken Robertson has inspected the work and found it to be of a high standard. Final inspection in progress.
Garage door not working	Fixed after Walter Semple negotiated with supplier who has not been paid by City Factoring.

Faulty keypads/door locks	3 separate occasions where locks/keypads have been fixed.
Guttering and window cleaning (windows with no access)	Quotes are being obtained.
Lighting throughout development	Survey carried out by Ken Robertson and Michael McAllister of all lighting in development, quotes obtained for lighting in poor condition. Lighting will be replaced in March as considered dangerous.
Tiling stair wells	Survey carried out by Ken Robertson and Michael McAllister of all tiling in stair wells, quotes obtained for tiling in poor condition. Tiling will be replaced in March as considered dangerous.
Painting garage bollards and other painting	Paint matches have been identified and painting will be completed by Michael McAllister soon.
Repairing locks to post boxes	Locks have been identified and repairs will be carried out (at owners' expense) to repair locks of post boxes.
Updating website	Walter Semple and Jim Lambert have completed this.

Many other tasks have been completed but there are too many to list.

ANNEX 3: SERVICE CHARGES DUE, BANK DETAILS OF LQR AND REQUEST FOR INFORMATION FROM OWNERS

Monthly Factor Service Charge now in advance

We decided that from 1 December 2016 the monthly service charge should be paid in advance. As a result, the December payment was due on 1 December, the January payment was due on 31 December, the February payment was due on 31 January and the March payment due on 28 February.

Payments due to be paid to Lancefield Quay Riverside

- Any arrears of service charge for November 2016 and any previous month (that have not been paid to City Factoring).
- £185 December service charge – was due on 1 December 2016.
- £185 January service charge – was due on 31 December 2016.
- £185 February service charge – was due on 31 January 2017.
- £185 March service charge – was due on 28 February 2017.
- Repairs invoice issued by City Factoring in October 2016 - £367.97 (if you have not paid it to City Factoring it should be paid to LQR). LQR has taken over liability for the building repairs which are now completed and require to be paid.
- Levy of £300 that was payable on 30 June 2015 (if you have not paid it to City Factoring it should be paid to LQR). The amount remaining unpaid on 30 September 2016 was £4,767.31. The directors insist that these amounts must be paid to LQR.
- Also please note that the service charge changed in May 2016 from £165 to £185. If you have continued to pay £165 then you would also owe £20 per month since then.

Monthly standing orders

A standing order is required to be set up by each owner for £185 to be paid in advance on the last day of each month, for the following month. For example, once the above amounts have been paid the next Standing Order should be set up on 31 March 2017 (this is for April's Service Charge).

Bank details for Lancefield Quay Riverside

The bank account details are:

Name - Lancefield Quay Riverside Limited

Sort code - 83-52-00

Account number - 16321407

Please ensure you include your flat number (e.g. Flat 87/7) as your bank reference. Also note that you won't be able to fit the full name of "Lancefield Quay Riverside Limited" into your online banking "beneficiary name" field. It is no problem to simply use "Lancefield Quay".

Providing information on payment history

Owners should contact Lorna Foy (if they have not already done so) and provide details of the following:

- Last payment you made to City Factoring including date paid and amount.
- Whether you have been paying £165 or £185 to City Factoring (correct amount is £185).
- Whether you have paid the repairs invoice issued by City Factoring in October 2016 of £367.97 to City Factoring. If you have not paid it to City Factoring it should be paid to LQR.
- Whether you have paid the Levy of £300 that was payable on 30 June 2015 to City Factoring. If you have not paid it to City Factoring it should be paid to LQR.

ANNEX 4: CONTACT DETAILS

71-87 LANCEFIELD QUAY

MANAGERS

LANCEFIELD QUAY RIVERSIDE LIMITED

A COMPANY BELONGING TO ALL OWNERS HERE

Caretaker and Handyman:

Michael McAllister

Office: 77 Lancefield Quay

Mobile: 07538 313192

Email: michael-lqr@outlook.com

Office Opening hours

Monday - Thursday 7am-3pm

Friday 7am-1pm

Building Maintenance and Administration:

Ken Robertson MRICS:

Mobile: 07557 445420

Email: wssl53@yahoo.co.uk

Finance:

Lorna Foy CA:

Mobile: 07814 387 046

Email: lornafoy@outlook.com