

**From:** [Neil Jackson](#)  
**To:** [UKERS](#)  
**Subject:** Response to FRED 50 Draft FRC Abstract 1 RMCs Financial Statements  
**Date:** 08 November 2013 17:43:59

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Dear Sirs,

We are an Accounting Practice based in North West England handling over 150 RMCs, and having read FRED 50 and discussed with a number of my peers, I would like to put forward the following points:

Tech 03/11 is currently a more robust document than FRED 50 as it not only fits the RMC model better, it also provides example accounts which is essential if we are to standardise the financial reporting of RMCs

On the basis of Tech 03/11, we have spent a long time explaining to landlords that monies held by the RMC are monies held on trust and do not belong to the RMC itself and therefore do not belong in the statutory accounts of the RMC, the changes suggested by FRED 50 would both contradict this and serve to make a confusing difference between the statutory accounts and the service charge statement.

Due to the nature of leases, there is often specific information / breakdowns / reports that are required to be reported that are much easier to report as required in a service charge statement, rather than the restrictive format of company accounts.

The label of Dormant Company is not particularly appropriate for RMCs, Non-Trading (for those that do not carry on any form of trade) would be a better term.

I know of some accountants who have been providing AA02 forms to Companies House, whilst I feel this is an incorrect treatment, I do think that for non-trading RMCs a new statutory form could be produced similar in style to the AA02, but for the exclusive use of fulfilling the RMC's statutory obligations with Companies House. This would be much more convenient and help define the separation between the company's statutory information and the service charge statement.

In summary, the prime focus should be to fulfil the RMC's statutory obligations in the simplest (and therefore cheapest) manner, whilst separately providing a detailed service charge schedule that gives all the information required by the lease (which is a legal requirement), in an understandable format for the residents. I do not feel that FRED 50 addresses these points and therefore do not agree with the proposed draft.

Yours faithfully

**Neil Jackson**  
**Managing Director**



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