



JOHNSON FELLOWS
CHARTERED SURVEYORS

1016-1018 Kingsbury Road

Erdington

Birmingham

B24 9PZ

Service Charge Expenditure Report

30th September 2016 to

29th September 2017



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Introduction

The service charge expenditure report is intended to provide details of the expenditure for the service charge year just ended.

A service charge is necessary due to there being communal structures, services and areas.

The Property

The property comprises of three units with communal car parking/servicing and two access points from Kingsbury Road. To the rear of the site is a canal and to the side are residential dwellings.

The common parts serving the whole property do not include the buildings which are let in their entirety to the tenants. The Common parts include the vehicular access, car parking and the boundary walls/fences.

Voids and Concessions

The service charge for any void lettable units or attributable to any service charge concessions is the responsibility of the Landlord.

VAT

The Landlord has elected the property for VAT. The figures stated in this report are shown net of VAT.

The service charge payable will have VAT charged at the standard rate.

Banking

Due to the general level of service charge funds, they are not maintained within a discrete bank account. The funds are held within the Johnson Fellows Clients Account which is maintained with Barclays Bank plc. As a consequence, the service charge is not credited with any interest, neither are any bank charges allocated to the service charge.

Interest charged to tenants for late payment of service charge is credited to the service charge.

Reserve Fund

There is no reserve fund.

Service Charge Objectives

The object of this expenditure report is to provide clear explanation of the service charge expenditure on a not for profit/not for loss basis. It is also to promote clarity and transparency and to allow the leaseholders to budget accurately for the forthcoming year.



We encourage leaseholders to provide comments on the format and/or the information contained in this report which would assist in the report being improved for the benefit of all concerned. We would also welcome constructive feedback on the communal services provided at the property.

As Managing Agents, Johnson Fellows aim to provide a high-quality management service in order to provide a well-maintained environment, and delivering value for money for the service charge expenditure.

The service charge is administered having regard to Service Charges in Commercial Property; RICS Code of Practice.



Management Team

Facilities Manager:

Chris Monteith
Johnson Fellows, Charter House, 163 Newhall Street, Birmingham, B3 1SW
Direct Dial: 0121 234 0409
Mobile: 07786 072 755
Email: chris.monteith@johnsonfellows.co.uk

Chris Monteith is responsible for the repair and maintenance of the property and statutory compliance.

Management Surveyor:

Neil Wetherell
Johnson Fellows, Charter House, 163 Newhall Street, Birmingham, B3 1SW
Direct Dial: 0121 234 0406
Mobile: 07836 313 914
Email: neil.wetherell@johnsonfellows.co.uk

Neil Wetherell is responsible for the overall management of the property.

Service Charge Accountant:

Rebecca Glover
Client Accounts
Johnson Fellows, Charter House, 163 Newhall Street, Birmingham, B3 1SW
Direct Dial: 0121 234 0405
Email: rebecca.glover@johnsonfellows.co.uk

Rebecca Glover is the client accountant responsible for this property.



Service Charge Apportionment

The service charge operates for the whole property as defined in the lease documents. The apportionment percentages for each lessee are noted within the Service Charge Apportionment Schedule, as detailed in Appendix A.

The calculation of the apportionment percentages is based upon the Net Internal Area of each unit.



Expenditure Commentary

All figures are shown net of VAT

- **Car Park Cleaning** **£1,700**

The contract cost for the cleaning of the car park once per week, the removal of fly tipping and one-off cleaning as required.

- **Pest Control** **£660**

The contract cost for the hire of bait stations and the quarterly visits to site to maintain them.

- **Car Park Maintenance** **£3,100**

The cost of gritting of the car park during the winter and the repair of pot holes and re-lining of parking spaces/no parking areas.

- **Drain Maintenance** **£225**

Annual flush of the surface water drains serving the car park.

- **Statutory Compliance** **£350**

The health and safety audit undertaken during this service charge year.

- **Audit Fee** **£152**

The cost of the accountants certifying the year end service charge accounts.

- **Management Fee** **£2,566**

The fee to manage the property and administer the service charge. It is a fixed fee indexed linked annually to RPI.

Total **£8,753**

The expenditure was above the budget.

.....
Facilities Manager

.....
Partner

.....
Dated 20th February 2018

.....
Dated 20th February 2018



Appendix A

1016-1018 Kingsbury Road, Erdington, Birmingham, B24 9PZ

Service Charge Apportionment Schedule

30th September 2016 to 29th September 2017

Unit	Occupier	Area (m2)	Percentage
Unit 1, 1016	Capitol Tiles	325.28	63.1%
Unit 3, 1016	Greggs	98.63	19.1%
1016	Carphone Warehouse	91.8	17.8%
TOTAL		515.71	100.0%



Appendix B

1016-1018 Kingsbury Road, Erdington, Birmingham, B24 9PZ

Service Charge Variance Schedule

30th September 2016 to 29th September 2017

The property is VAT registered. Figures shown net of VAT.

Service Charge Item	Actual 2015/2016	Budget 2016/2017	Actual 2016/2017	Budget v Budget Variance %	Budget v Budget Variance £
Cleaning	£ 1,620	£ 2,000	£ 1,700	-15.00%	-£ 300
Pest Control	£ 660	£ 330	£ 660	100.00%	£ 330
Car Park Maintenance	£ 1,090	£ 2,000	£ 3,100	55.00%	£ 1,100
Drain Maintenance	£ 150	£ 300	£ 225	-25.00%	-£ 75
Landscape - External	£ -	£ -	£ -	N/A	£ -
Statutory Compliance	£ -	£ 350	£ 350	0.00%	£ -
Signage	£ -	£ -	£ -	0.00%	£ -
Interest	£ -	£ -	£ -	N/A	£ -
Audit Fees	£ 150	£ 152	£ 152	0.00%	£ -
Management Fees	£ 2,525	£ 2,566	£ 2,566	0.00%	£ -
TOTAL	£ 6,195	£ 7,698	£ 8,753	13.70%	£ 1,055



Appendix C

CAPITAL & PROVINCIAL RETAIL LTD

**KINGSBURY ROAD
ERDINGTON**

SERVICE COSTS AUDIT STATEMENT

YEAR ENDED 29TH SEPTEMBER 2017





**Kingsbury Road
Erdington**

Certificate of Service Costs for the year ended 29th September 2017

	2017 £
Cleaning	1,700.00
Pest control	660.00
Car park maintenance	3,100.00
Drain maintenance	225.00
Statutory compliance	350.00
Audit fees	152.00
Management fees	2,566.00
Total expenditure	<u>8,753.00</u>

Independent Accountant's Review Report

To the Manager, Kingsbury Road, Erdington

We have reviewed the statement of service charge expenditure for the above property for the year ended 29 September 2017. The statement of service charge expenditure has been prepared by the Manager in accordance with guidance issued by the RICS in the Code of Practice, Services Charges in Commercial Property, Third edition.

Manager's Responsibility for the Statement of service charge expenditure

The Manager is responsible for the preparation of the statement of service charge expenditure and for such internal control as the Manager determines is necessary to enable the preparation of statements that are free from material misstatement, whether due to fraud or error.

Reporting Accountant's Responsibility

Our responsibility is to express a conclusion on the statement of service charge expenditure based on the procedures we have performed and the evidence we have obtained. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2400, Engagements to Review Historical Financial Statements (Revised). ISRE 2400 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the statement of service charge expenditure, taken as a whole, is not prepared in all material respects in accordance with the provisions of the Code of practice '*Service charges in commercial property*' issued by the RICS. ISRE 4000 (Revised) also requires us to comply with relevant ethical requirements.

A review of a statement of service charge expenditure in accordance with ISRE 2400 (Revised) is a limited assurance engagement. The reporting accountant performs procedures, primarily consisting of making inquiries of management and others responsible for the services that comprise the service charge on this property, as appropriate, and applying analytical procedures, and evaluates the evidence obtained. The procedures do not include review of the allocation or apportionment of service charge expenditure to occupiers.

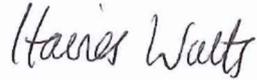
The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on the statement of service charge expenditure.

Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the statement of service charge expenditure is not prepared, in all material respects, in accordance with the provisions of the Code of practice 'Service charges in commercial property' issued by the RICS.

Basis of Accounting, and Restriction on Distribution and Use

Our report is made in accordance with the terms of our engagement and is intended solely for the Manager to issue to current occupiers. This report should not be distributed to or used by other parties. Our work has been undertaken to enable us to make this report to the Manager and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility or liability to anyone other than the Manager in connection with the report or this engagement.



Haines Watts
Sterling House
97 Lichfield Street
Tamworth
Staffordshire
B79 7QF

CAPITAL & PROVINCIAL RETAIL LTD
KINGSBURY ROAD ERDINGTON
Proof of Certificates totalling costs per
Cost Schedule

Service Charge Certificates Raised	
	5,523.15
	1,671.83
Total raised	<u>7,194.98</u>
Total costs per schedule	<u>8,753.00</u>
Difference	<u>(1,558.02)</u>
	82% thereabouts