



JOHNSON FELLOWS
CHARTERED SURVEYORS

125 Hinckley Road

Leicester

LE3 0TF

Service Charge Expenditure Report

25st March 2016 to 24th March 2017



Contents

Introduction
The Property
Voids and Concessions
VAT
Banking
Service Charge Objectives
Management Team
Service Charge Apportionment
Expenditure Commentary

Appendices

- A. Service Charge Apportionment Schedule
- B. Service Charge Variance Schedule
- C. Service Charge Expenditure Certificate

Johnson Fellows. Charter House, Newhall Street, Birmingham, B3 1SW





Introduction

Historically, Tesco have maintained the communal areas at Hinckley Road. As all of the tenants benefit from the use of the communal areas and are liable to contribute towards their upkeep under the terms of their leases a service charge has been introduced in order that all of the tenants contribute towards the communal costs.

This report has been produced by Johnson Fellows on behalf of the Landlord, Tesco Stores Limited. The report is intended to provide details of the expenditure incurred for the service charge year ending 24th March 2017.

The Property

The property consists of a parade of 4 retail units and one void unit. It is located within 1 mile of Leicester city centre and has access off A563 Hinckley Road roundabout. The site benefits from a front car parking facility, landscaped area and rear service yard which are maintained directly by the service charge.

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 service charge payable by the commercial lessees 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 on late payment of service charge by tenants is to be credited to the service charge.

There is no sinking fund or reserve fund.



Service Charge Objectives

The service charge expenditure report is aimed at providing a clear explanation of the expenditure incurred and is to promote clarity and transparency. Should any occupier have comments on the format or the information contained in this report that would assist with the report being improved for the benefit of all concerned, these comments would be welcome. We would also welcome constructive feedback on the communal services provided at the property.

The objective of Johnson Fellows as Managing Agents is to provide a high quality management service. In doing so, we aim to provide a well maintained business environment, delivering value for money for the service charge expenditure.

The service charge year end accounts and this report have been prepared having regard to the RICS Practice Standards; Service Charges in Commercial Property, 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:

George Brittain

Johnson Fellows, Charter House, 163 Newhall Street, Birmingham, B3 1SW

Direct Dial: 0121 234 0454

Mobile: 07884 352 576

Email: george.brittain@johnsonfellows.co.uk

George Brittain 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 provisions are set out in each tenants lease. These consistently provide for each tenant to pay a due proportion of the service charge which is attributable to each tenant's premises. The due proportion is based primarily on the net internal area of each property relative to the total net internal area of all units. If such apportionment is inappropriate, the Landlord has reasonable discretion to adopt such other due proportion as is fair and reasonable. This may include attributing the whole expenditure to a particular unit.

The net internal areas for the commercial units have been obtained from the 2010 ratings list on the VOA website, and the area for the house has been provided by Tesco.

The costs included within the budget for Schedule 1 relate to the repair and maintenance of the communal areas. The communal areas are defined as the car park located at the front of the parade on Hinckley Road, and a strip of land located at the rear of the parade on Stretton Road. All tenants contribute towards Schedule 1.

Schedule 2 relates to any Building repairs required to units 1 & 2, and only the leaseholders of units 1 & 2 contribute towards these costs.

Schedule 3 relates to items of expenditure which are non-recoverable through the lease granted on the warehouse. Tesco agree to cover the proportion of expenditure attributable to the warehouse premises. The percentage shown for the supermarket and warehouse in the percentage apportionment schedule in Appendix A is based on the overall combined floor areas of both premises. The other percentages in the schedule have not been adjusted and will remain unaffected.

The service charge percentage apportionments are detailed in Appendix A.



Expenditure Commentary

SCHEDULE 1 – All Tenants

All figures are shown net of VAT

- **Cleaning** **£634.40**

Tesco have a contract in place for daily cleaning. The cleaning contract covers both the internal and external cleaning for multiple Tesco properties.

Based upon information provided by Tesco and the cleaning contractors, we have calculated the proportion of the cost attributable to just the car park is £12.20 per week, which equates to £634.40 pa.

- **Boundary Maintenance** **£1,285.00**

Repairs to brick wall and installation of wall end plates.

- **Car Park Maintenance** **£1,640.00**

Costs to repaint car park lines, no ad hoc works were required.

- **Drain Maintenance** **£600.00**

On inspection no flush out was needed.

Total

Schedule 1 **£4,159.40**



SCHEDULE 2 – Units 1 & 2 Leaseholders

All figures are shown net of VAT

- **Building Repair** **£0.00**

No repairs were made this year.

- **Signage** **£0.00**

No signage was needed this period.

Total

Schedule 2 **£0.00**



SCHEDULE 3 – All Tenants

All figures are shown net of VAT

- **Landscape - External** **£700.00**

Two 6 monthly visits to attend to the high-level tree pruning and cut back of vegetation to the raised beds at the front of the site.

- **Interest** **£0.00**

Any interest charge on late payment of the service charge will be credited to the budget heading.

- **Audit Fee** **£250.00**

The RICS Service Charge Code of Practice states that service charge accounts should be independently certified on an annual basis.

- **Management Fee** **£5,249.99**

This figure represents the cost incurred for the management of the property and administration of the service charge, including periodic inspection. The RICS Service Charge Code of Practice recommends that this be a fixed fee, subject to annual RPI increase.

- **Facilities Management** **£360.00**

The cost for the Facilities Manager to organise and supervise the service charge contracts and maintenance works.

Total

Schedule 3 **£6,559.99**

.....
Management Surveyor

Dated 25th October 2017

.....
Facilities Manager

Dated 25th October 2017



Appendix A

125 Hinckley Road, Leicester, LE3 0TF

Service Charge Apportionment Schedule

25th March 2016 to 24th March 2017

Unit	Schedule	Area (sq m)	Percentage
Warehouse	1	624.65	43.6%
Unit 1	1	77.44	5.4%
Unit 2	1	74.18	5.2%
Supermarket	1	400.61	28.0%
House	1	255.48	17.8%
1 Total		1432.36	100.00%
Unit 1	2	77.44	51.1%
Unit 2	2	74.18	48.9%
2 Total		151.62	100.00%
Unit 1	3	77.44	5.4%
Unit 2	3	74.18	5.2%
Supermarket & Warehouse	3	1025.26	71.6%
House	3	255.48	17.8%
3 Total		1432.36	100.00%



Appendix B

125 Hinckley Road, Leicester, LE3 0TF

Service Charge Variance Schedule

25th March 2016 to 24th March 2017

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

Service Charge Item	Schedule	Actual YE 2016	Budget YE 2017	Actual YE 2017	Budget v Actual Variance %	Budget v Actual Variance £
Car Park Cleaning	1	£784.40	£ 800	£634.40	-20.70%	-£165.60
Boundary Maintenance	1	£860.00	£ 1,000	£1,285.00	28.50%	£285.00
Car Park Maintenance	1	£700.00	£ 3,000	£1,640.00	-45.33%	-£1,360.00
Drain Maintenance	1	£0.00	£ 800	£600.00	-25.00%	-£200.00
1 Total		£2,344.40	£ 5,600	£4,159.40	-25.73%	-£1,440.60
Building Repair	2	£300.00	£ 300	£0.00	-100.00%	-£300.00
Signage	2	£0.00	£ 300	£0.00	-100.00%	-£300.00
2 Total		£300.00	£ 600	£0.00	-100.00%	-£600.00
Landscaping	3	£700.00	£ 700	£700.00	0.00%	£0.00
Interest	3	-£37.21	£ -	£0.00	0.00%	£0.00
Audit Fees	3	£250.00	£ 250	£250.00	0.00%	£0.00
Management Fees	3	£5,181.00	£ 5,250	£5,249.99	0.00%	-£0.01
Facilities Management Fees	3	£350.00	£ 360	£360.00	100.00%	£0.00
3 Total		£6,443.79	£6,560.00	£6,559.99	0.00%	-£0.01
Grand Total		£9,088.19	£12,760.00	£10,719.39	-15.99%	-£2,040.61



Appendix C

TESCO STORES LIMITED

**125 HINCKLEY ROAD
LEICESTER**

SERVICE COSTS AUDIT STATEMENT

YEAR ENDED 24TH MARCH 2017





**125 Hinckley Road
Leicester**

Certificate of Service Costs for the year ended 24th March 2017

	2017	2016
Schedule 1		
Cleaning	634.40	784.40
Boundary maintenance	1,285.00	860.00
Car park maintenance	1,640.00	700.00
Drain maintenance	600.00	0.00
	<u>4,159.40</u>	<u>2,344.40</u>
Schedule 2		
Building Repair	0.00	300.00
Schedule 3		
Landscape	700.00	700.00
Interest	0.00	(37.21)
Audit fees	250.00	250.00
Management fees	5,249.99	5,181.00
Facilities Management	360.00	350.00
	<u>6,559.99</u>	<u>6,443.79</u>
Total expenditure	<u><u>10,719.39</u></u>	<u><u>9,088.19</u></u>

No reserve fund is held for this property

In our opinion the above is a fair summary of the costs incurred by or on behalf of Tesco Stores Limited in connection with the matters for which the service charge is payable and is sufficiently supported by accounts, receipts and other documents which have been produced to us.


Haines Watts Chartered Accountants