



137 Newhall Street

Birmingham

B3 1SW

Service Charge Expenditure Report

1st April 2021 to 31st March 2022



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Introduction

This report has been produced by Johnson Fellows on behalf of 137 Newhall Street (Management) Ltd. It is intended to provide details of the expenditure for the service charge period.

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

Johnson Fellows were appointed managing agents by 137 Newhall Street (Management) Ltd on 25th December 2021. In compiling the service charge accounts for the year ending 31st March 2022 we have relied upon information provided by the previous managing agents, Bullys. We are aware there was no new budget for the service charge year, the on-account service charge payable for the previous year continued to be collected.

The Property

The property is 137 Newhall Street, a multi-occupied office development refurbished in the late 1980's comprising twelve units over four floors providing a total of 21,166 sq ft of accommodation. The units are owned by individual long leaseholders, some of which are sublet.

The common parts include the main structure and external elements of the building, external car park with entrance gates and boundary walls. The internal communal areas include reception, stairs, corridors and passenger lift.

All occupiers have 24-hour access to the property.

Service Charge Objectives

The object of this report is to provide an 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.

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 aims 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 professional statement 1st edition.

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.

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 the late payment of service charge by leaseholders is credited to the service charge.

Reserve Fund

A reserve fund has been implemented. This is to provide for future costs for maintaining the property. The Reserve Fund is held in a discrete bank account in order to obtain interest on the retained funds.

It is anticipated a significant sum of the reserve fund will be expended during the service charge year ending 2023 on the refurbishment of the lift car and associate equipment. At this stage it is estimated the cost of the works will be circa £70K.

Service Charge Apportionment

The apportionment basis has regard to the net internal floor areas. Each long leaseholder pays an amount calculated as a percentage of the floor space they are demised in relation to the total demised floor area of the property.

A Service Charge Apportionment is attached at Appendix A.

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:





Maria Lazenbury
Johnson Fellows, Charter House, 163 Newhall Street, Birmingham, B3 1SW
Direct Dial: 0121 234 0462
Mobile: 07887 745 635
Email: maria.lazenbury@johnsonfellows.co.uk

Maria Lazenbury is responsible for the overall management of the property.

Commentary

All figures are shown net of VAT

- **Bank Interest** **£0**

No interest was earned on the service charge credit balance.

- **Administration** **£463**

The accountants fee for managing the payroll.

- **Management Fee** **£7,525**

The agreed fee for managing the property and administration of the service charge. It is a fixed fee subject to annual review in line with inflation.

- **S/C Audit Fee** **£2,505**

The independent certification by accountants of the annual service charge accounts having regards to the RICS Service Charge Code of Practice.

The expenditure also includes the accountancy fees for the management company.

- **Building Manager** **£22,041**

The employment costs of the building manager/commissionaire.

- **Facilities Management** **£750**

The figure represents the costs incurred in organising and supervising the service charge contracts and managing regulation compliance.

- **Landlords Risk Assessments, Audits & Reviews** **£0**

No costs were incurred this year.

- **Signage** **£403**

The maintenance of the tenant's directory board in reception.

- **Electricity** **£6,270**

The cost for the electricity used within the communal areas.





- **Water and Sewage Charges** £49

The water supply to central plant, common parts and retained areas, excluding direct consumption by the occupiers.

- **Security Guarding** £750

The costs of securing the building when required and out of hour call outs as a result of the alarm activations.

- **Security Systems** £423

The annual service of the intruder alarm panel, including the phone line for remote monitoring.

- **Internal Cleaning** £7,416

The internal cleaning of the common parts.

- **Window Cleaning** £1,040

The cleaning of the external windows.

- **Pest Control** £341

The replenishment of the bait boxes to prevent rodent activity.

- **Snow Clearance / Gritting** £0

No costs were incurred this year.

- **Refuse Collection** £6,558

The annual cost of the removal of the occupier's waste from the premises.

- **Drainage** £187

This cost provision is for the annual flush of the external drainage point and Aco drain.

- **Professional Fees** £0

No costs were incurred this year.

- **Life safety systems maintenance** £1,239

The annual service of the fire equipment including the panel and fire extinguishers together with the fire evacuation drill.

This year also included the update of the building EICR.

- **Electrical Maintenance** £60

A minor lighting repair..



- **Lift Maintenance Contract** £5,808

The maintenance contract for the passenger lift.

- **Car Park Maintenance** £190

The costs of minor repairs to the car park.

- **Decoration External** £0

No costs were incurred this year.

- **Building Repair** £285

Minor repairs to the building.

- **Interest** - £ 0.01

Interest on the late payment of service charge.

- **Other Income** -£4,000

A payment was received for the erection of scaffolding on the property for the maintenance of the adjacent building.

- **Building Insurance** £8,767

The premium for insuring the building, which this year included cover for the loss of service charge and terrorism.

- **Engineering Insurance** £513

The premiums for the engineering insurance and safety inspection.

- **Reserve Fund** £18,086

A contribution has been paid to the reserve fund as a result of the underspend against the service charge income received.

- **Total** **£87,668**

The expenditure was in line with the service charge income received due to the contribution to the reserve fund.

maria.lazenbury.1

Management Surveyor

Facilities Manager



Appendix A

137 Newhall Street Birmingham (p0000015)

Service Charge Unit Percentages

Recovery Group = sc

Reconciliation Period = 01/04/2021-31/03/2022

*Amounts in gbp

Unit	Tenant	Days	Schedule 1
UNIT_01	Mr AC & Mrs LN Tomkins (Original)	365.00	4.5800
UNIT_02	David Kenna Lawson & Paul Maurice Bass (Original)	365.00	8.6900
UNIT_03	Eminent Properties Ltd (Original)	365.00	10.4700
UNIT_04	Phoenix Wealth Trustee Services Ltd (Original)	365.00	6.3300
UNIT_05	Phoenix Wealth Trustee Services Ltd (Original)	365.00	6.3300
UNIT_06	The Wilkes & Williams Group Individual SIPPS (Original)	365.00	11.8900
UNIT_07	RE Investments Ltd (Original)	365.00	5.3900
UNIT_08	Phoenix Wealth Trustee Services Ltd (Original)	365.00	6.9900
UNIT_09	The Trustees of the PP SSAS (Original)	365.00	10.9800
UNIT_10	Elias Topping (Original)	365.00	5.4800
UNIT_11	Citysites (Birmingham) Ltd (Original)	365.00	10.2600
UNIT_12	Citysites (Birmingham) Ltd (Original)	365.00	12.6100
Total			100.0000



Appendix B

137 Newhall Street Birmingham (p0000015)

Service Charge Budget Comparison

Recovery Group = sc

Reconciliation Period = 01/04/2021-31/03/2022

*Amounts in gbp

Code	Description	Actual (03/2022)	Budget (03/2022)	Variance	%
1	Schedule 1				
4100-0130	Bank Interest	0.00	50.00	-50.00	-100.0000
4200-0020	Administration Charge	463.00	0.00	463.00	
5100-0101	Management Fee	7,525.00	8,700.00	-1,175.00	-13.5057
5100-0203	S/C Audit Fees	2,505.00	2,850.00	-345.00	-12.1053
5100-0308	Building Manager	22,040.59	23,000.00	-959.41	-4.1713
5100-0309	Facilities Manager	750.00	0.00	750.00	
5100-0401	Landlords risk assessments, audits &	0.00	2,000.00	-2,000.00	-100.0000
5100-0402	Health & Safety	0.00	0.00	0.00	
5100-0408	Signage	402.50	500.00	-97.50	-19.5000
5200-0501	Electricity	6,270.28	8,000.00	-1,729.72	-21.6215
5200-0801	Water and sewage charges	48.49	50.00	-1.51	-3.0200
5300-0901	Security guarding	749.86	2,900.00	-2,150.14	-74.1428
5300-0902	Security systems	423.23	100.00	323.23	323.2300
5300-1001	Internal Cleaning	7,416.36	6,500.00	916.36	14.0978
5300-1003	Window cleaning	1,040.00	750.00	290.00	38.6667
5300-1007	Pest control	341.34	1,000.00	-658.66	-65.8660
5300-1010	Snow clearance / Gritting	0.00	200.00	-200.00	-100.0000
5300-1014	Refuse collection	6,558.06	5,300.00	1,258.06	23.7370
5300-1016	Drainage	187.50	1,200.00	-1,012.50	-84.3750
5300-1108	Professional Fees	0.00	1,500.00	-1,500.00	-100.0000
5400-1204	Life safety systems maintenance	1,239.08	1,200.00	39.08	3.2567
5400-1207	Electrical Maintenance	60.00	0.00	60.00	
5400-1211	Fire prevention/detection	0.00	0.00	0.00	
5400-1301	Lift maintenance contract	5,807.76	5,900.00	-92.24	-1.5634
5400-1502	External Repairs and maintenance	0.00	0.00	0.00	
5400-1505	Car Park Maintenance	190.00	200.00	-10.00	-5.0000
5400-1516	Decoration External	0.00	3,400.00	-3,400.00	-100.0000
5400-1530	Building Repair	285.20	5,000.00	-4,714.80	-94.2960
5400-1531	Roof Maintenance	0.00	0.00	0.00	
5500-1601	Interest	-1.37	0.00	-1.37	
5500-1703	Other income	-4,000.00	0.00	-4,000.00	
5600-1901	Building Insurance	8,767.03	7,400.00	1,367.03	18.4734
5600-1902	Engineering Insurance	512.63	0.00	512.63	
5700-2202	Reserve fund	18,086.29	0.00	18,086.29	
	Schedule Total	87,667.83	87,700.00	-32.17	-0.0367
	Total	87,667.83	87,700.00	-32.17	-0.0367



Appendix C

SERVICE CHARGE STATEMENT OF ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2022

FOR

137 NEWHALL STREET MANAGEMENT LIMITED

137 NEWHALL STREET

jwHinks
CHARTERED ACCOUNTANTS
19 Highfield Road
Edgbaston
Birmingham
B15 3BH





137 NEWHALL STREET MANAGEMENT LIMITED
137 NEWHALL STREET

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FOR THE YEAR ENDED 31 MARCH 2022

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137 NEWHALL STREET MANAGEMENT LIMITED
137 NEWHALL STREET

CLIENT APPROVAL CERTIFICATE
FOR THE YEAR ENDED 31 MARCH 2022

This report has been produced for Johnson Fellows on behalf of 137 Newhall Street Management Limited, the landlord of 137 Newhall Street, and relates to the reconciled service charge for the year ended 31 March 2022. This report has been produced having regards to the best practice guidelines for service charges in commercial property that have been published through the collaboration of a number of professional bodies representing a diversity of interests throughout the property industry.

The report is intended to provide further explanation as to actual service charge costs incurred against the budget issued to tenants.

I hereby certify that, according to the information available to me, the attached statement of service charge expenditure report and accompanying information on pages 3 to 7 records the true cost to the landlord of providing the service to the property for the year ended 31 March 2022, in accordance with the terms of the lease and, where practicable, the current edition of RICS Professional Statement, *Service Charges in Commercial Property*.

Signed

Neil Wetherell
Position: Partner

For and on behalf of Johnson Fellows

Date: 21st November 2022



137 NEWHALL STREET MANAGEMENT LIMITED
137 NEWHALL STREET

INDEPENDENT ACCOUNTANTS' REVIEW REPORT
FOR THE YEAR ENDED 31 MARCH 2022

We have reviewed the statement of service charge expenditure for the above property and notes for the year ended 31 March 2022, set out on pages 3 to 7. The statement of service charge expenditure has been prepared by the Manager in accordance with guidance issued by the current edition of RICS Professional Statement, Service Charges in Commercial Property.

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 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 2400 (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 account performs procedures, primarily consisting of making inquiries of management and other responsible for the services that comprise the service charge on this property, as appropriate, and applying analytical procedures, and evaluates the evidence obtained. The procedure do not include the review of the allocation or appointment of service charge expenditure to occupiers.

The procedures performed in a review are sustainably 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

Without modifying our conclusion, we draw attention to Note 1 to the accounts, which describes the basis of accounting. The statement of service charge expenditure and certificate are prepared by the Manager to show how the service charge costs charged to occupiers are made up. As a result, the Statement of service charge expenditure may not be suitable for another purpose.

Our report is made in accordance with the terms of our engagement and is intended solely for the Manager for issue to current occupiers (and the owner). 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.

JW Hinks LLP

Date: 22 November 2022

JW Hinks LLP
Chartered Accountants
19 Highfield Road
Edgbaston
Birmingham
B15 3BH



137 NEWHALL STREET MANAGEMENT LIMITED
137 NEWHALL STREET

INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2022

	2022		BUDGET	2021	
	£	£	£	£	£
INCOME					
Service charges	87,700			87,700	
		87,700			87,700
ADMINISTRATION					
Management fees	7,525		8,700	8,700	
Service charge accounting fees	2,505		2,400	2,410	
Staff costs	22,041		23,000	15,183	
Administration fees	463		450	648	
Facilities manager	750		-	-	
Landlords risk assessment	-		2,000	500	
Other professional fees	-		1,500	1,650	
UTILITIES					
Electricity	6,270		8,000	6,502	
Water and sewerage charges	49		50	42	
SOFT SERVICES					
Security guarding	750		2,900	575	
Security systems	423		100	510	
Cleaning	7,416		6,500	6,595	
Window cleaning	1,040		750	1,060	
Waste management	6,558		5,300	6,223	
Pest control	341		1,000	749	
Snow clearance/road gritting	-		200	-	
Signage	403		500	599	
HARD SERVICES					
Life safety systems maintenance and repairs	1,239		1,200	808	
Car parking M & E maintenance and repairs	190		200	925	
Electrical maintenance	60		-	-	
Lift maintenance and repairs	5,808		5,900	5,714	
Building repairs	285		5,000	1,035	
Redecoration	-		3,400	729	
Drains and gutters	187		1,200	262	
INCOME					
Interest	(1)		50	(8)	
Other income	(4,000)		-	-	
INSURANCE					
Engineering insurance	513		500	452	
Building insurance	8,767		7,400	6,933	
RESERVE FUND					
Reserve fund	18,086		-	18,904	
		87,668	88,200		87,700
Surplus/(deficit) for the year		32			-



137 NEWHALL STREET MANAGEMENT LIMITED
137 NEWHALL STREET

BALANCING STATEMENT AS AT 31 MARCH 2022

	2022	2021
	£	£
ASSETS		
Service charges owed by tenants	10,063	10,762
Other debtors	-	2,390
Prepayments	5,867	8,829
Cash at bank	159,458	132,674
	<u>175,388</u>	<u>154,655</u>
LIABILITIES		
Service charge in advance	21,925	21,925
Trade creditors	1,884	-
Surplus for the year	32	-
VAT balance	2,351	2,412
Accruals	6,508	5,727
	<u>32,700</u>	<u>30,064</u>
NET ASSETS	<u>142,688</u>	<u>124,591</u>
Represented By:		
Reserve Fund		
Balance at 31 March 2021	124,591	105,598
Interest	11	89
Reserve fund transfer for the year	18,086	18,904
Balance at 31 March 2022	<u>142,688</u>	<u>124,591</u>



137 NEWHALL STREET MANAGEMENT LIMITED
137 NEWHALL STREET

APPORTIONMENT SUMMARY
FOR THE YEAR ENDED 31 MARCH 2022

Unit	Expenditure for the year £	Amounts Invoiced on account £	Balance due from/(to) tenants £
1	4,015	4,017	(2)
2	7,619	7,621	(2)
3	9,179	9,182	(3)
4	5,549	5,552	(3)
5	5,549	5,552	(3)
6	10,424	10,428	(4)
7	4,725	4,726	(1)
8	6,128	6,131	(3)
9	9,626	9,629	(3)
10	4,804	4,806	(2)
11	8,995	8,997	(2)
12	11,055	11,059	(4)
	<u>87,668</u>	<u>87,700</u>	<u>(32)</u>

1. ACCOUNTING POLICIES

This statement is prepared on an accruals basis under the historical cost convention.

2. VAT

The landlord has elected to waive the exemption from VAT. Therefore, all service charge expenditure is shown exclusive of VAT. VAT will be charged at the appropriate rate on all service charge payments demanded/invoiced by the landlord.

3. CASH AT BANK

The balance is held in a Managing Agent designated Client Account with Barclays Bank Plc.

4. RESERVE FUND

The reserve fund has been established to meet the costs of large, non regular repair and maintenance work. The present level of the fund may prove insufficient given the uncertainty as to when such costs may occur.

5. SUMMARY OF ALL FEES CHARGED BY THE MANAGING AGENT

	Total fees	Professional fees	Procurement fees
	£	£	£
	7,525	7,525	-

6. ACCRUALS

These are expenses for goods and services actually incurred in a period for which no invoice has been received. As the cost relates to the period, it should be charged to the service charge account for that period.

	£
Service charge accounting fees	2,495
Electricity	606
Staff costs	485
Cleaning	1,854
Lift maintenance and repairs	933
Life safety systems maintenance and repairs	97
Public & property owners liability	18
Security guarding	20
	<u>6,508</u>

7. PREPAYMENTS AND SECURITY DEPOSITS

These are expenses for goods and services invoices during this accounting period that relates to a future accounting period (full or part year) or for a deposit that will be repaid when contract has ended. Therefore, the amounts below have been adjusted and will appear in the next accounting period as applicable.

	£
Water and sewerage charges	55
Waste management	1,796
Staff costs	36
Security guarding	350
Life safety systems maintenance and repairs	459
Pest control	170
Building insurance	2,714
Engineering insurance	285
Bank interest	2
	<u>5,867</u>



137 NEWHALL STREET MANAGEMENT LIMITED
137 NEWHALL STREET

NOTES TO THE SERVICE CHARGE STATEMENT OF ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2022

8. EMPTY UNITS AND CONCESSIONS GRANTED TO TENANTS.

Where appropriate, costs are apportioned on a daily basis and for the avoidance of doubt it is confirmed that the landlord bears an appropriate proportion of the service charge expenditure in respect of voids and vacant premises.

Likewise, if any tenant has any form of concession, whereby their contribution towards the service charge is capped, or is lower than the apportionment due, the landlord pays the difference.

9. CONTRACTS

The suppliers detailed below have a contract in force for the services they provide that covers this (or future) accounting period

Contractor	Services	Annual contract Value	Start date	Length of contract
Phosters	Facilities management	£5,298	August 15	Ongoing
Phosters	Lift maintenance	£500	August 15	Ongoing
Betapest	Pest control	£360	December 20	12 months
Biffa	Trade waste services	£6,300	December 18	Ongoing
Premier Support Services	Cleaning	£7,263	January 16	Ongoing
Arrow Cleaning	Window cleaning	£960	August 15	Ongoing
Justice Fire and Security	Fire alarm maintenance	£459	March 16	12 months
Password Security	Security systems maintenance	£250	November 19	12 months
Engle Power Limited	Electricity			
British Telecom	Phone services			
Kings Security Systems	Annual keyholding			



jwHinks
CHARTERED ACCOUNTANTS

T 0121 456 0190

F 0121 456 0191

W www.jwhinks.co.uk

E info@jwhinks.co.uk

JW Hinks LLP
19 Highfield Road
Edgbaston
Birmingham
B15 3BH

Registered office
and a list of the LLP members
is available at the above address

Registered to carry on audit work
in the UK and Ireland
and regulated for a range of
investment business activities
by the Institute of Chartered
Accountants in England and Wales



SERVICE CHARGE STATEMENT OF ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2022

FOR

137 NEWHALL STREET MANAGEMENT LIMITED

137 NEWHALL STREET

jwHinks
CHARTERED ACCOUNTANTS

19 Highfield Road

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137 NEWHALL STREET MANAGEMENT LIMITED
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137 NEWHALL STREET

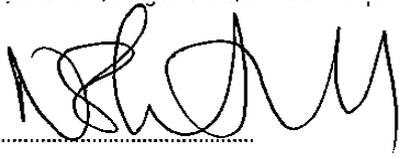
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The report is intended to provide further explanation as to actual service charge costs incurred against the budget issued to tenants.

I hereby certify that, according to the information available to me, the attached statement of service charge expenditure report and accompanying information on pages 3 to 7 records the true cost to the landlord of providing the service to the property for the year ended 31 March 2022, in accordance with the terms of the lease and, where practicable, the current edition of RICS Professional Statement, Service Charges in Commercial Property.

Signed



Neil Wetherell
Position: Partner

For and on behalf of Johnson Fellows

Date..... 21st November 2022

**INDEPENDENT ACCOUNTANTS' REVIEW REPORT
FOR THE YEAR ENDED 31 MARCH 2022**

We have reviewed the statement of service charge expenditure for the above property and notes for the year ended 31 March 2022, set out on pages 3 to 7. The statement of service charge expenditure has been prepared by the Manager in accordance with guidance issued by the current edition of RICS Professional Statement, Service Charges in Commercial Property.

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 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 2400 (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 account performs procedures, primarily consisting of making inquiries of management and other responsible for the services that comprise the service charge on this property, as appropriate, and applying analytical procedures, and evaluates the evidence obtained. The procedure do not include the review of the allocation or appointment of service charge expenditure to occupiers.

The procedures performed in a review are sustainably 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.

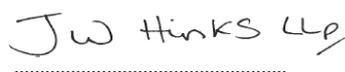
Conclusion

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

Without modifying our conclusion, we draw attention to Note 1 to the accounts, which describes the basis of accounting. The statement of service charge expenditure and certificate are prepared by the Manager to show how the service charge costs charged to occupiers are made up. As a result, the Statement of service charge expenditure may not be suitable for another purpose.

Our report is made in accordance with the terms of our engagement and is intended solely for the Manager for issue to current occupiers [and the owner]. 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.


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Date: 22 November 2022

J W Hinks LLP
Chartered Accountants
19 Highfield Road
Edgbaston
Birmingham
B15 3BH

137 NEWHALL STREET MANAGEMENT LIMITED
137 NEWHALL STREET

INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2022

	2022		BUDGET	2021	
	£	£	£	£	£
INCOME					
Service charges	87,700			87,700	
		87,700			87,700
ADMINISTRATION					
Management fees	7,525		8,700	8,700	
Service charge accounting fees	2,505		2,400	2,410	
Staff costs	22,041		23,000	15,183	
Administration fees	463		450	648	
Facilities manager	750		-	-	
Landlords risk assessment	-		2,000	500	
Other professional fees	-		1,500	1,650	
UTILITIES					
Electricity	6,270		8,000	6,502	
Water and sewerage charges	49		50	42	
SOFT SERVICES					
Security guarding	750		2,900	575	
Security systems	423		100	510	
Cleaning	7,416		6,500	6,595	
Window cleaning	1,040		750	1,060	
Waste management	6,558		5,300	6,223	
Pest control	341		1,000	749	
Snow clearance/road gritting	-		200	-	
Signage	403		500	599	
HARD SERVICES					
Life safety systems maintenance and repairs	1,239		1,200	808	
Car parking M & E maintenance and repairs	190		200	925	
Electrical maintenance	60		-	-	
Lift maintenance and repairs	5,808		5,900	5,714	
Building repairs	285		5,000	1,035	
Redecoration	-		3,400	729	
Drains and gutters	187		1,200	262	
INCOME					
Interest	(1)		50	(8)	
Other income	(4,000)		-	-	
INSURANCE					
Engineering insurance	513		500	452	
Building insurance	8,767		7,400	6,933	
RESERVE FUND					
Reserve fund	18,086		-	18,904	
		87,668	88,200		87,700
Surplus/(deficit) for the year		32			-

BALANCING STATEMENT AS AT 31 MARCH 2022

	2022	2021
	£	£
ASSETS		
Service charges owed by tenants	10,063	10,762
Other debtors	-	2,390
Prepayments	5,867	8,829
Cash at bank	159,458	132,674
	<u>175,388</u>	<u>154,655</u>
LIABILITIES		
Service charge in advance	21,925	21,925
Trade creditors	1,884	-
Surplus for the year	32	-
VAT balance	2,351	2,412
Accruals	6,508	5,727
	<u>32,700</u>	<u>30,064</u>
NET ASSETS	<u>142,688</u>	<u>124,591</u>
Represented By:		
Reserve Fund		
Balance at 31 March 2021	124,591	105,598
Interest	11	89
Reserve fund transfer for the year	18,086	18,904
Balance at 31 March 2022	<u>142,688</u>	<u>124,591</u>

APPORTIONMENT SUMMARY
FOR THE YEAR ENDED 31 MARCH 2022

Unit	Expenditure for the year £	Amounts invoiced on account £	Balance due from/(to) tenants £
1	4,015	4,017	(2)
2	7,619	7,621	(2)
3	9,179	9,182	(3)
4	5,549	5,552	(3)
5	5,549	5,552	(3)
6	10,424	10,428	(4)
7	4,725	4,726	(1)
8	6,128	6,131	(3)
9	9,626	9,629	(3)
10	4,804	4,806	(2)
11	8,995	8,997	(2)
12	11,055	11,059	(4)
	<hr/>	<hr/>	<hr/>
	87,668	87,700	(32)
	<hr/>	<hr/>	<hr/>

NOTES TO THE SERVICE CHARGE STATEMENT OF ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2022

1. ACCOUNTING POLICIES

This statement is prepared on an accruals basis under the historical cost convention.

2. VAT

The landlord has elected to waive the exemption from VAT. Therefore, all service charge expenditure is shown exclusive of VAT. VAT will be charged at the appropriate rate on all service charge payments demanded/invoiced by the landlord.

3. CASH AT BANK

The balance is held in a Managing Agent designated Client Account with Barclays Bank Plc.

4. RESERVE FUND

The reserve fund has been established to meet the costs of large, non regular repair and maintenance work. The present level of the fund may prove insufficient given the uncertainty as to when such costs may occur.

5. SUMMARY OF ALL FEES CHARGED BY THE MANAGING AGENT

	Total fees	Professional fees	Procurement fees
	£	£	£
	7,525	7,525	-

6. ACCRUALS

These are expenses for goods and services actually incurred in a period for which no invoice has been received. As the cost relates to the period, it should be charged to the service charge account for that period.

	£
Service charge accounting fees	2,495
Electricity	606
Staff costs	485
Cleaning	1,854
Lift maintenance and repairs	933
Life safety systems maintenance and repairs	97
Public & property owners liability	18
Security guarding	20
	<hr/>
	6,508
	<hr/> <hr/>

7. PREPAYMENTS AND SECURITY DEPOSITS

These are expenses for goods and services invoices during this accounting period that relates to a future accounting period (full or part year) or for a deposit that will be repaid when contract has ended. Therefore, the amounts below have been adjusted and will appear in the next accounting period as applicable.

	£
Water and sewerage charges	55
Waste management	1,796
Staff costs	36
Security guarding	350
Life safety systems maintenance and repairs	459
Pest control	170
Building insurance	2,714
Engineering insurance	285
Bank interest	2
	<hr/>
	5,867
	<hr/> <hr/>

NOTES TO THE SERVICE CHARGE STATEMENT OF ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2022

8. EMPTY UNITS AND CONCESSIONS GRANTED TO TENANTS.

Where appropriate, costs are apportioned on a daily basis and for the avoidance of doubt it is confirmed that the landlord bears an appropriate proportion of the service charge expenditure in respect of voids and vacant premises.

Likewise, if any tenant has any form of concession, whereby their contribution towards the service charge is capped, or is lower than the apportionment due, the landlord pays the difference.

9. CONTRACTS

The suppliers detailed below have a contract in force for the services they provide that covers this (or future) accounting period

Contractor	Services	Annual contract Value	Start date	Length of contract
Phosters	Facilities management	£5,298	August 15	Ongoing
Phosters	Lift maintenance	£500	August 15	Ongoing
Betapest	Pest control	£360	December 20	12 months
Biffa	Trade waste services	£6,300	December 18	Ongoing
Premier Support Services	Cleaning	£7,263	January 16	Ongoing
Arrow Cleaning	Window cleaning	£960	August 15	Ongoing
Justice Fire and Security	Fire alarm maintenance	£459	March 16	12 months
Password Security	Security systems maintenance	£250	November 19	12 months
Engie Power Limited	Electricity			
British Telecom	Phone services			
Kings Security Systems	Annual keyholding			



T 0121 456 0190

F 0121 456 0191

W www.jwhinks.co.uk

E info@jwhinks.co.uk

JW Hinks LLP

19 Highfield Road

Edgbaston

Birmingham

B15 3BH

Registered office

and a list of the LLP members

is available at the above address

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in the UK and Ireland

and regulated for a range of

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by the Institute of Chartered

Accountants in England and Wales