



JOHNSON FELLOWS
CHARTERED SURVEYORS

25-27 Fleet Street

Torquay

Devon

TQ1 1DB

Service Charge Expenditure Report

29th September 2016 to

28th September 2017



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Introduction

This report has been produced by Johnson Fellows on behalf of the Landlord, Tesco Stores Ltd. It is intended to provide details of the expenditure incurred during the service charge period 29th September 2016 to 28th September 2017.

The Property

The property is located on Fleet Street, within the pedestrianised area of Torquay town centre.

Fleet Street is approximately 3 miles to the south of the A380 South Devon Highway and a further 20 miles from the start of the M5 Motorway.

The property is part two storey and part three storey. It is of brick construction with pitched tiled roofs and a listed stone façade. The ground floor consists of two retail units occupied by Tesco Metro and Coffee #1. The upper levels are converted to residential flats. There is a single storey flat roofed extension to the rear, which forms part of the Tesco Metro store.

The residential flats are held under a long lease by Fleet Court Management. Under this lease, they are responsible for the maintenance of the internal communal areas associated with the flats and operate a separate service charge. The single storey flat roofed rear extension is also excluded from this service charge budget, which is the sole responsibility of Tesco.

The communal services associated with this service charge budget relate to the exterior and structure of the main building and consist of external cleaning, pest control, roof maintenance, drain maintenance and external building repairs.

Service Charge Objectives

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

The objective of this report is to provide a clear explanation of the service charge expenditure on a not for profit/not for loss basis. It is also to promote clarity and transparency.

Should any occupier have comments on the format, or the information contained in this report which would assist in the report being improved for the benefit of all concerned, these comments would be welcomed. We would also welcome constructive feedback on the communal services provided at the property.

The service charge is administered having regard to Service Charges in Commercial Property; RICS Code of Practice 3rd Edition, and the Service Charge Residential Management Code; RICS Code of Practice 3rd Edition.



Residential Service Charge Obligations

In accordance with the Landlord & Tenant Act 1987, Section 48, it is confirmed that the Landlord is Tesco Stores Limited and their address for the service of notices is Highwoods (2nd Floor), 2 Falcon Way, Shire Park, Welwyn Garden City, Hertfordshire, AL7 1GA.

VAT

The property is elected for VAT.

Void and Concessions

Where any void units exist, the responsibility for the service charge rests with the Landlord. There are presently no voids.

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 tenants is to be credited to the service charge.

Reserve Fund

There is no reserve fund.



Service Charge Apportionment

The apportionment basis has regard to the net internal floor areas. The lease for the upper parts contains a fixed percentage. Tesco will continue to be fully responsible for the rear flat roofed section of their store. The front sections of the Tesco store and Coffee #1 are broadly the same size.

As a result of VAT having to be treated differently for the commercial and residential elements of the property, two service charge schedules have been adopted. All expenditure is applicable to both schedules and the 'overall apportionment' percentages are used to divide the expenditure between the schedules. Schedule 1 is applicable to the expenditure for the commercial occupiers and is net of VAT. Schedule 2 is applicable to the expenditure for the residential parts and is gross of VAT.

A Service Charge Apportionment Schedule 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:

Ian Starbuck
Johnson Fellows, Charter House, 163 Newhall Street, Birmingham, B3 1SW
Direct Dial: 0121 234 0462
Mobile: 07887 745 635
Email: ian.starbuck@johnsonfellows.co.uk

Ian Starbuck 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.



Expenditure Commentary

All costs are split between two schedules. Schedule 1 is based on 52.77% of the total expenditure and is net of VAT. Schedule 2 is based on 47.23% of the total expenditure and is gross of VAT.

A Service Charge Variance Schedule is enclosed at Appendix B.

	Schedule 1	Schedule 2
• External Cleaning	£316.61	£283.39

The expenditure relates to the removal of waste and the cleaning of the shared service yard/fire escape route.

• Pest Control	£0.00	£0.00
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The budget allowed for the implementation of a pest control contract to the rear shared service yard. However, this was not implemented due to a shortage of funds.

• Building Repair	£304.35	£272.40
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The budget allowed for the commencement of the external cleaning of the listed stone façade. These works were not carried out due to concerns over funds. The expenditure relates the removal and replacement of timber cladding to the rear of Coffee #1 following leaks.

• Electrical Maintenance	£0.00	£0.00
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The budget provided for the testing of the emergency lighting located within the service yard. These works were not completed due to concerns over expenditure.

• Roof Maintenance	£26.38	£23.62
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The cost heading allowed for any ad hoc unforeseen repairs that may be required to the roof area. The expenditure related to an initial inspection to determine the cause of a leak.

• Drain Maintenance	£897.07	£873.78
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The expenditure relates to the ongoing quarterly cleaning of the gutters and drainage systems.

• Health and Safety	£2,432.12	£2,612.20
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The expenditure relates to an accrual of funds for the installation of a new lightning conductor system. The works will be completed in the new service charge year.

• Audit Fee	£131.93	£141.69
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The RICS Service Charge Code of Practice states that it is best practice for service charge accounts to be independently certified on an annual basis. The expenditure relates to the accountants fee in respect of this.



Appendix A

25-27 Fleet Street, Torquay

Service Charge Apportionment Schedule

29th September 2016 to 28th September 2017

Unit	Overall Apportionment	Percentage
Tesco Store		26.39%
Coffee #1		26.38%
Fleet Court Management		47.23%
		100.00%
Schedule 1		
Tesco Store		50.00%
Coffee #1		50.00%
Fleet Court Management		0.00%
		100.00%
Schedule 2		
Tesco Store		0.00%
Coffee #1		0.00%
Fleet Court Management		100.00%
		100.00%



Appendix B

25-27 Fleet Street, Torquay

Service Charge Variance Schedule

29th September 2016 to 28th September 2017

Figures for Schedule 1 are shown net of VAT.

Figures for Schedule 2 are shown gross of VAT.

Service Charge Item	Schedule	Budget Figure	Expenditure Figure	Variance
External Cleaning	1	£ 263.85	£ 316.61	£ 52.76
Pest Control	1	£ 422.16	£ -	-£ 422.16
Building Repair	1	£ 1,055.40	£ 304.35	-£ 751.05
Electrical Maintenance	1	£ 263.85	£ -	-£ 263.85
Roof Maintenance	1	£ 263.85	£ 26.38	-£ 237.47
Drain Maintenance	1	£ 395.78	£ 897.07	£ 501.29
Heath and Safety	1	£ 2,374.65	£ 2,432.12	£ 57.47
Audit Fee	1	£ 131.93	£ 131.93	£ -
Management Fee	1	£ 791.55	£ 791.52	-£ 0.03
Total		£ 5,963.02	£ 4,899.98	-£ 1,063.04
External Cleaning	2	£ 283.38	£ 283.39	£ 0.01
Pest Control	2	£ 453.41	£ -	-£ 453.41
Buildinging Repair	2	£ 1,133.52	£ 272.40	-£ 861.12
Electrical Maintenance	2	£ 283.38	£ -	-£ 283.38
Roof Maintenance	2	£ 283.38	£ 23.62	-£ 259.76
Drain Maintenance	2	£ 425.07	£ 873.78	£ 448.71
Heath and Safety	2	£ 2,550.42	£ 2,612.20	£ 61.78
Audit Fee	2	£ 141.69	£ 141.69	£ -
Management Fee	2	£ 850.14	£ 850.16	£ 0.02
Total		£ 6,404.39	£ 5,057.24	-£ 1,347.15