



25-27 Fleet Street

Torquay

Devon

TQ1 1DB

Service Charge Expenditure
Year End Report

29th September 2023 to

28th September 2024

Johnsonfellows.co.uk



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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 for the service charge period 29th September 2022 to 28th September 2023.

Enclosed within this report is a copy of the Service Charge Budget Schedule and Service Charge Apportionment Schedule.

The service charge is administered having regard to RICS Practice Standards; Service Charges in Commercial Property; Professional Statement 1st edition.

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 one is occupied by Tesco Express and the other is currently vacant. 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. This excluded from this service charge expenditure and is the sole responsibility of Tesco Stores Ltd.

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 communal services associated with this service charge 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 for recovery 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.



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 Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, Hertfordshire, AL7 1GA.

Please refer to the enclosed details in Appendix C for the relevant legislation of residential long leaseholder's rights and obligations which are relevant to the service charge. Any individual works required where any individual residential long leaseholders' contribution exceeds £250 plus VAT, will require consultation. No consultations were required in this financial year.

VAT

The property is elected for VAT.

Voids and Concessions

Where any void units exist, the responsibility for the service charge rests with the Landlord. There is presently one ground floor vacant retail unit.

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. Therefore, 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.

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 Express and ground floor retail unit 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:

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.

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.



Budget Commentary

The figures detailed below are the total budgets under each cost heading shown net of VAT. The budget is split between two schedules having regard to the apportionment percentages. 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 Budget Schedule detailing the split is enclosed at Appendix B.

| | Schedule 1 | Schedule 2 |
|-----------------------|-------------------|-------------------|
| • Pest Control | £0.00 | £0.00 |

No pest control measures were required within this financial year.

| | | |
|--------------------------|--------------|--------------|
| • Building Repair | £0.00 | £0.00 |
|--------------------------|--------------|--------------|

No ad hoc repairs were undertaken.

| | | |
|----------------------------|----------------|----------------|
| • Drain Maintenance | £633.24 | £556.76 |
|----------------------------|----------------|----------------|

Expenditure incurred related to gutter and downpipe cleaning required.

| | | |
|---------------------------|-----------------|-----------------|
| • Roof Maintenance | £1586.13 | £1562.25 |
|---------------------------|-----------------|-----------------|

This relates to expenditure incurred for roof maintenance and repairs required and associated costs for access.

| | | |
|-------------------------------|----------------|----------------|
| • Statutory Compliance | £158.31 | £170.03 |
|-------------------------------|----------------|----------------|

The expenditure incurred is for the annual testing of the lightning conductor and man safe system installed.



- **Audit Fee** **£131.936** **£141.69**

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 accountant's fee in respect of this.

- **Management Fee** **£1009.08** **£1083.76**

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

- **Facilities Management** **£324.67** **£348.69**

The figure represents the costs incurred in organising and supervising the various contracts in place, dealing with items of maintenance and ensure compliance. The fixed fee has been increased in line with RPI indexation.

Total **£3843.36** **£3873.18**

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Facilities Manager

Management Surveyor



Appendix A

| 25-27 Fleet Street, Torquay | | |
|--|------------------------------|-------------------|
| Service Charge Apportionment Schedule | | |
| Unit | Overall Apportionment | Percentage |
| Tesco Store | | 26.39% |
| Tesco Stores Ltd (Vacant Unit) | | 26.38% |
| Fleet Court Management | | 47.23% |
| | | 100.00% |
| Schedule 1 | | |
| Tesco Store | | 50.00% |
| Tesco Stores Ltd (Vacant Unit) | | 50.00% |
| Fleet Court Management | | 0.00% |
| | | 100.00% |
| Schedule 2 | | |
| Tesco Store | | 0.00% |
| Tesco Stores Ltd (Vacant Unit) | | 0.00% |
| Fleet Court Management | | 100.00% |
| | | 100.00% |



Appendix B

25-27 Fleet Street, Torquay

Service Charge Expenditure Schedule

29th September 2022 to 28th September 2023

Figures for Schedule 1 are shown net of VAT.

Figures for Schedule 2 are shown gross of VAT.

| Service Charge Item | Schedule | Budget 2022/23 | Actual 2022/23 | Differential |
|------------------------|----------|-------------------|-------------------|--------------------|
| External Cleaning | 1 | £ - | £ - | £ - |
| Pest Control | 1 | £ 527.70 | £ - | -£ 527.70 |
| Building Repair | 1 | £ 791.55 | £ - | -£ 791.55 |
| Drain Maintenance | 1 | £ 844.32 | £ 633.24 | -£ 211.08 |
| Roof Maintenance | 1 | £ 2,638.50 | £ 1,586.13 | -£ 1,052.37 |
| Professional Fees | 1 | £ 1,846.95 | £ - | -£ 1,846.95 |
| Statutory Compliance | 1 | £ 184.70 | £ 158.31 | -£ 26.39 |
| Audit Fee | 1 | £ 131.93 | £ 131.93 | £ - |
| Management Fee | 1 | £ 898.56 | £ 1,009.08 | £ 110.52 |
| Facilities Management | 1 | £ 289.11 | £ 324.67 | £ 35.56 |
| Total | | £ 8,153.32 | £ 3,843.36 | -£ 4,309.96 |
| External Cleaning | 2 | £ - | £ - | £ - |
| Pest Control | 2 | £ 566.76 | £ - | -£ 566.76 |
| Building Repair | 2 | £ 850.14 | £ - | -£ 850.14 |
| Drain Maintenance | 2 | £ 906.82 | £ 566.76 | -£ 340.06 |
| Electrical Maintenance | 2 | £ - | £ - | £ - |
| Roof Maintenance | 2 | £ 2,833.80 | £ 1,562.25 | -£ 1,271.55 |
| Professional Fees | 2 | £ 1,983.66 | £ - | -£ 1,983.66 |
| Health and Safety | 2 | £ - | £ - | £ - |
| Statutory Compliance | 2 | £ 198.37 | £ 170.03 | -£ 28.34 |
| Reserve Fund | 2 | £ - | £ - | £ - |
| Audit Fee | 2 | £ 141.69 | £ 141.69 | £ - |
| Management Fee | 2 | £ 965.07 | £ 1,083.76 | £ 118.69 |
| Facilities Management | 2 | £ 310.51 | £ 348.69 | £ 38.18 |
| Total | | £ 8,756.82 | £ 3,873.18 | -£ 4,883.64 |
| | | | £ 7,716.54 | |



Appendix C

The Service Charges (Summary of Rights and Obligations, and Transitional Provision) (England) Regulations 2007

- (1) This summary, which briefly sets out your rights and obligations in relation to variable service charges, must by law accompany a demand for service charges. Unless a summary is sent to you with a demand, you may withhold the service charge. The summary does not give a full interpretation of the law and if you are in any doubt about your rights and obligations you should seek independent advice.
- (2) Your lease sets out your obligations to pay service charges to your landlord in addition to your rent. Service charges are amounts payable for services, repairs, maintenance, improvements, insurance or the landlord's costs of management, to the extent that the costs have been reasonably incurred.
- (3) You have the right to ask a leasehold valuation tribunal to determine whether you are liable to pay service charges for services, repairs, maintenance, improvements, insurance or management. You may make a request before or after you have paid the service charge. If the tribunal determines that the service charge is payable, the tribunal may also determine:
 - a. who should pay the service charge and who it should be paid to;
 - b. the amount;
 - c. the date it should be paid by; and
 - d. how it should be paid.

However, you do not have these rights where:

- e. a matter has been agreed or admitted by you;
 - f. a matter has already been, or is to be, referred to arbitration or has been determined by arbitration and you agreed to go to arbitration after the disagreement about the service charge or costs arose;
 - g. or a matter has been decided by a court.
- (4) If your lease allows your landlord to recover costs incurred or that may be incurred in legal proceedings as service charges, you may ask the court or tribunal, before which those proceedings were brought, to rule that your landlord may not do so.
 - (5) Where you seek a determination from a leasehold valuation tribunal, you will have to pay an application fee and, where the matter proceeds to a hearing, a hearing fee, unless you qualify for a waiver or reduction. The total fees payable will not exceed £500, but making an application may incur additional costs, such as professional fees, which you may also have to pay.
 - (6) A leasehold valuation tribunal has the power to award costs, not exceeding £500, against a party to any proceedings where:
 - a. it dismisses a matter because it is frivolous, vexatious or an abuse of process; or
 - b. it considers a party has acted frivolously, vexatiously, abusively, disruptively or unreasonably.

The Lands Tribunal has similar powers when hearing an appeal against a decision of a leasehold valuation tribunal.

- (7) If your landlord:
 - a. proposes works on a building or any other premises that will cost you or any other tenant more than £250, or



- b. proposes to enter into an agreement for works or services which will last for more than 12 months and will cost you or any other tenant more than £100 in any 12 month accounting period,

Your contribution will be limited to these amounts unless your landlord has properly consulted on the proposed works or agreement or a leasehold valuation tribunal has agreed that consultation is not required.

- (8) You have the right to apply to a leasehold valuation tribunal to ask it to determine whether your lease should be varied on the grounds that it does not make satisfactory provision in respect of the calculation of a service charge payable under the lease.
- (9) You have the right to write to your landlord to request a written summary of the costs which make up the service charges. The summary must:
 - a. cover the last 12 month period used for making up the accounts relating to the service charge ending no later than the date of your request, where the accounts are made up for 12 month periods; or
 - b. cover the 12 month period ending with the date of your request, where the accounts are not made up for 12 month periods
- (10) The summary must be given to you within 1 month of your request or 6 months of the end of the period to which the summary relates whichever is the later.
- (11) You have the right, within 6 months of receiving a written summary of costs, to require the landlord to provide you with reasonable facilities to inspect the accounts, receipts and other documents supporting the summary and for taking copies or extracts from them.
- (12) You have the right to ask an accountant or surveyor to carry out an audit of the financial management of the premises containing your dwelling, to establish the obligations of your landlord and the extent to which the service charges you pay are being used efficiently. It will depend on your circumstances whether you can exercise this right alone or only with the support of others living in the premises. You are strongly advised to seek independent advice before exercising this right.
- (13) Your lease may give your landlord a right of re-entry or forfeiture where you have failed to pay charges which are properly due under the lease. However, to exercise this right, the landlord must meet all the legal requirements and obtain a court order. A court order will only be granted if you have admitted you are liable to pay the amount or it is finally determined by a court, tribunal or by arbitration that the amount is due. The court has a wide discretion in granting such an order and it will take into account all the circumstances of the case.

TESCO STORES LTD

**25-27 FLEET STREET
TORQUAY**

SERVICE COSTS STATEMENT

INDEPENDENT REVIEW

YEAR ENDED 28 SEPTEMBER 2023

Haines Watts

**25-27 Fleet Street
Torquay
Certificate of Service Costs for the year ended 28 September 2023**

| | 2023 | 2022 |
|----------------------------------|------------------------|-------------------------|
| Commercial (Net) | | |
| Pest control | - | 791.55 |
| Drain maintenance | 633.24 | 633.24 |
| External repairs and maintenance | - | 2,139.35 |
| Professional fees | - | 738.78 |
| Roof maintenance | 1,586.13 | 2,575.18 |
| Statutory compliance | 158.31 | 158.31 |
| Audit fees | 131.93 | 131.93 |
| Management fees | 1,009.08 | 898.56 |
| Facilities management | 324.67 | 289.08 |
| | <u>3,843.36</u> | <u>8,355.98</u> |
| Residential (Gross) | | |
| Pest control | - | 642.33 |
| Drain maintenance | 566.76 | 566.76 |
| External repairs and maintenance | - | 2,118.23 |
| Professional fees | - | 793.46 |
| Roof maintenance | 1,562.25 | 2,304.82 |
| Statutory compliance | 170.03 | 170.03 |
| Audit fees | 141.69 | 141.69 |
| Management fees | 1,083.76 | 965.04 |
| Facilities management | 348.69 | 310.48 |
| | <u>3,873.18</u> | <u>8,012.84</u> |
| Total Expenditure | <u><u>7,716.54</u></u> | <u><u>16,368.82</u></u> |

No reserve fund is held on this property.

Independent Accountant's Review Report

To the Manager, 25-27 Fleet Street, Torquay.

We have reviewed the statement of service charge expenditure for the above property for the year ended 28 September 2023. 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, 1st 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.



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