



JOHNSON FELLOWS

CHARTERED SURVEYORS

455-469 Otley Road,

Undercliff,

Bradford,

BD2 4QF

**Service Charge Expenditure Report**

29<sup>th</sup> September 2021 to

28<sup>th</sup> September 2022



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## **Introduction**

This report has been produced by Johnson Fellows on behalf of Tesco Stores Ltd. It is intended to provide details of the expenditure for the service charge period from 29th September 2021 to 28th September 2022.

During this service charge year, Tesco has undertaken a re - roofing project. The cost of the roof works is recoverable through the service charge. This project was an un-budgeted expense that Tesco has elected to recover during the service charge year ending September 2022.

## **The Property**

The property comprises of a parade of retail shops. There is a forecourt to the front and a car park/service area to the rear which is accessed from the A6177.

The common parts serving the whole property include the main structure and the external parts of the buildings (but not the shop frontages), the vehicular access, forecourt, car park and the boundary walls/fences.

## **Service Charge Objectives**

The object of this expenditure report is to provide a clear explanation of the service charge expenditure on a not-for-profit/not-for-loss basis. It is also intended to promote clarity and transparency. Due to the low level of expenditure, the service charge is not ordinarily certified by external accountants, however in recognition of higher levels of expenditure in this service charge year, the costs have been independently audited by an external accountancy practice. A copy of the audited cost statement can be found at Appendix C

## **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 shown in this report are net of 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. Therefore, the service charge is not credited with any interest, neither are any bank charges allocated to the service charge.

## **Interest**

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



### **Reserve Fund**

Whilst the leases do provide for a reserve fund, one is not operated at present. Unbudgeted exceptional expenditure is recoverable.

### **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, as detailed in Appendix A.

A second schedule for Building Repair has been inserted into the budget for this service charge year to account for the roof works. Costs are apportioned to the relevant units. The service charge apportionment is shown at Appendix A and the Service Charge Schedules at Appendix B.

The apportionment of the service charge has regard to the NIA of each unit.

### **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](mailto:chris.monteith@johnsonfellows.co.uk)

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

#### **Management Surveyor:**

Angela Lindop  
Johnson Fellows, Charter House, 163 Newhall Street, Birmingham, B3 1SW  
Email: [angela.lindop@johnsonfellows.co.uk](mailto:angela.lindop@johnsonfellows.co.uk)

Angela Lindop 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](mailto:rebecca.glover@johnsonfellows.co.uk)

Rebecca Glover is the client accountant responsible for this property.



The exception to the normal arrangements is that the lease for 461 Otley Road provides for the service charge to include the external decorations of the shop front, whilst no other lease does. If such expenditure is incurred, the lease allows for all the costs to be apportioned to the tenant of 461 Otley Road.

### **Expenditure Commentary**

#### **SCHEDULE 1**

***All figures are shown net of VAT***

- **Management Fee** **£1256.68**

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 the Retail Price Index

- **Service Charge Audit Fee** **£250.00**

The charge related to the independent audit of the service charge expenditure by Haines Watts.

- **Facilities Management** **£259.64**

This is an agreed fee for the Facilities Manager to organise and supervise the service charge contracts and maintenance works. It is a fixed fee that is subject to annual review in line with the Retail Price Index

- **Landlords Risk Assessments & Audits** **£0.00**

There were no costs under this heading during the service charge year.

- **Electricity Supply** **£500.00**

The contribution to the electrical supply for costs of the communal lighting, which is supplied via the Tesco store meter. This cost was in line with the budgeted cost.

- **External Cleaning** **£0.00**

There were no costs charged during this service charge year.

- **Pest Control** **£372.96**

The pest control contract with Rentokil operating for the car park/service yard. This cost was in line with the budgeted cost.

- **Snow Clearance / Gritting** **£1538.74**

The actual expenditure required for OUTCO to carry out a gritting service to the car park, service yard and forecourt. This cost was marginally over budget due to the number of visits required during the service charge year.



- **Refuse** **£0**

The costs associated with the removal of adhoc waste on site. There was no expenditure during this service charge year.

- **Drainage** **£2082.50**

The cost associated with the flush of the surface water drains serving the car park. This cost was over budget due to requirement for a drainage camera survey.

- **Car Park Maintenance** **£0**

There was no expenditure required during the service charge year.

- **Decoration – External** **- £5154.80**

Accrued funds from a previous service charge year of £5,154.80 for external decorations have been applied to the roof repairs that were necessary during this service charge year.

- **Boundary Maintenance** **£0**

No expenditure was necessary.

- **Building Repairs** **£2300.72**

The actual expenditure required for building repairs including inspections to the roof, cleaning of the downpipe traps, and rebuilding brick pillar to match existing and installing required damp proof course. This cost was under budget for the service charge year.

- **Electrical Repair** **-£1,320.00**

Accrued funds from a previous service charge year of £1,320.00 for replacement LED external lighting fittings, have been applied to the roof repairs that were necessary during this service charge year.

- **Interest** **- £13.42**

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

**Schedule 1 Total £2073.02**



**SCHEDULE 2**

*All figures are shown net of VAT*

- **Building Repairs** **£97,396.25**

The actual expenditure incurred by Tesco Stores Limited who carried out roofing works to the retail letting units. Tesco funded the roof works as part of a wider project which included their store. £97,396.25 is the cost of the roofing works to the retail letting units only and does not include any costs associated with the Tesco store roof.

**Schedule 2 Total**  
**£94,351.69**

**Schedule 1 Total £2073.02**  
**Schedule 2 Total £97,396.25**

**Total expenditure £ 99,469.27**

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Facilities Manager

Surveyor



## Appendix A

455-469 Otley Road, Undercliffe S/C (01437)				
<b>Service Charge Unit Percentages</b>				
Recovery Group = sc				
Reconciliation Period = 29/09/2021-28/09/2022				
*Amounts in gbp				
Unit	Tenant	Days	Schedule 1	Schedule 2
0001	<b>465/469 Otley Road</b>	365.00	50.9600	0.0000
0002	<b>463 Otley Road</b>	365.00	10.9500	22.3300
0003	<b>461 Otley Road</b>	365.00	10.6400	21.7000
0004	<b>457/459 Otley Road</b>	365.00	20.9600	42.7400
0005	<b>455 Otley Road</b>	365.00	6.4900	13.2300
	<b>Total</b>		<b>100.0000</b>	<b>100.0000</b>



## Appendix B

455-469 Otley Road, Undercliffe S/C (01437)					
<b>Service Charge Budget Comparison</b>					
Recovery Group = sc					
Reconciliation Period = 29/09/2021-28/09/2022					
*Amounts in gbp					
Code	Description	Actual (09/2022)	Budget (09/2022)	Variance	%
<b>1</b>	<b>Schedule 1</b>				
5100-0101	Management Fee	1,256.68	1,257.00	-0.32	-0.0255
5100-0203	S/C Audit Fees	250.00	0.00	250.00	
5100-0309	Facilities Manager	259.64	260.00	-0.36	-0.1385
5100-0401	Landlords risk assessments, audit	0.00	500.00	-500.00	-100.0000
5200-0501	Electricity	500.00	500.00	0.00	0.0000
5300-1002	External Cleaning	0.00	1,560.00	-1,560.00	-100.0000
5300-1007	Pest control	372.96	370.00	2.96	0.8000
5300-1010	Snow clearance / Gritting	1,538.74	1,500.00	38.74	2.5827
5300-1014	Refuse collection	0.00	250.00	-250.00	-100.0000
5300-1016	Drainage	2,082.50	600.00	1,482.50	247.0833
5400-1505	Car Park Maintenance	0.00	1,500.00	-1,500.00	-100.0000
5400-1516	Decoration External	-5,154.80	0.00	-5,154.80	
5400-1525	Boundary Maintenance	0.00	650.00	-650.00	-100.0000
5400-1530	Building Repair	2,300.72	5,000.00	-2,699.28	-53.9856
5400-1535	Electrical Repair	-1,320.00	0.00	-1,320.00	
5500-1601	Interest	-13.42	0.00	-13.42	
	<b>Schedule Total</b>	<b>2,073.02</b>	<b>13,947.00</b>	<b>-11,873.98</b>	<b>-85.1364</b>
<b>2</b>	<b>Building Repair</b>				
5400-1530	Building Repair	97,396.25	0.00	97,396.25	
	<b>Schedule Total</b>	<b>97,396.25</b>	<b>0.00</b>	<b>97,396.25</b>	
	<b>Total</b>	<b>99,469.27</b>	<b>13,947.00</b>	<b>85,522.27</b>	<b>613.1947</b>

**Appendix C**

**TESCO STORES LIMITED**

**455-469 OTLEY ROAD  
UNDERCLIFFE**

**SERVICE COSTS STATEMENT**

**INDEPENDENT REVIEW**

**YEAR ENDED 28TH SEPTEMBER 2022**

**Haines Watts**

**455-469 OTLEY ROAD  
UNDERCLIFFE  
Certificate of Service Costs for the Year Ended 28TH SEPTEMBER 2022**

**2022**

**Schedule 1**

Building Repair	2,300.72
Electrical Repair	(1,320.00)
Decoration - External	(5,154.80)
Electricity	500.00
Drainage	2,082.50
Gritting	1,538.74
Pest Control	372.96
Interest	(13.42)
Audit Fees	250.00
Management Fees	1,256.68
Facilities Management	259.64
	<u>2,073.02</u>

**Schedule 2**

Building Repair	<u>97,396.25</u>
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**Total Expenditure** 99,469.27

**No reserve fund held.**

**Independent Accountant's Review Report**

To the Manager, Orion House

We have reviewed the statement of service charge expenditure for the above property for the year ended 28 September 2022. 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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