



JOHNSON FELLOWS
CHARTERED SURVEYORS

290/292 Soho Road

Handsworth

Birmingham

B21 9LZ

Service Charge Expenditure Report

24th June 2017 to 23rd June 2018



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



Regulated by RICS



Introduction

This Report has been produced by Johnson Fellows on behalf of the Landlords, Mr R Lal, Mr P Lal and Mr J L Gangotra.

The report is intended to provide a detailed breakdown of the expenditure for the service charge year ending 23rd June 2018.

The Property

The subject property is located on Soho Road (B4100), approximately two miles to the north of Birmingham City Centre. The premises comprise of a two storey building with basement, ancillary store and car park/yard to the rear. Access to the rear yard is directly from Soho Road.

The building consists of three retail units to the ground floor, albeit two of these have been knocked through into a larger single unit, with office accommodation to the first floor. Access to the first floor is internally from the larger retail unit.

The common parts mainly comprise of the roof and basement boiler room.

Voids and Concessions

The responsibility for the service charge in respect of void accommodation rests with the Landlord.

VAT

The Landlord has not 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.

Service Charge Objectives

The Service Charge Expenditure Report is aimed at providing a clearer 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 which would assist in 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 high quality management services. In so doing we aim to provide a well maintained business environment and deliver 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 Code of Practice for Service Charges in Commercial Properties 3rd Edition.



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 percentages have regard to the net internal area of each occupational unit, or the percentage expressed within the lease where applicable.

A service charge apportionment percentage schedule is enclosed in Appendix A.

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Expenditure Commentary

SCHEDULE 1

All figures are shown inclusive of VAT.

- **Building Repair** **£1,260.00**

This is the cost for the annual PPM works including drains, roof and gutter cleaning services.

- **Gas Supply** **£11,341.33**

The budget provides for the annual gas consumption for the central heating system in the building. The expenditure incurred for the year came in under budget.

- **Water Charges** **£656.07**

This cost heading provides for the water charges incurred from Seven Trent Water for the consumption and drainage to the whole building. The expenditure this year was lower than expected due to receiving a credit for an over billing in the previous period.

- **Central Heating Maintenance** **£1,002.00**

The budget provided for the boiler service and for the annual gas safety certificate to be arranged. The overspend was due to replacing a valve and 2 call outs for faults.

- **Insurance** **£45.25**

The cost provides for the annual engineering insurance premium for the gas central heating boiler.

- **Audit Fee** **£270.00**

The budget provides for Haines Watts Chartered Accountants to certify the service charge year end accounts. The cost was in line with the budget.

The accountant's statement can be seen in Appendix C of this Report.



- **Facilities Management** **£300.00**

The cost to provide facilities management support for the property.

- **Management Fees** **£5,362.00**

The cost represents the management fee for the property this is linked to the retail price index.

Total

Schedule 1 **£20,236.65**

See Appendix B for the variation between the budget and the expenditure incurred this year.

The total expenditure for the year came in less than the budget.

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Management Surveyor

.....
Facilities Manager



Appendix A

290 - 292 Soho Road, Handsworth, Birmingham B21 9LZ

Service Charge Apportionment Schedule

24th June 2017 to 23rd June 2018

Unit	Percentage
290	37.00%
290a	17.18%
292	36.24%
Landlord	9.58%
	100.00%



Appendix B

290 - 292 Soho Road, Handsworth, Birmingham B21 9LZ

Service Charge Variance Schedule

24th June 2017 to 23rd June 2018

The property is not VAT registered. Figures are shown inclusive of VAT

Service Charge Item	Schedule	Budget 2017/2018	Actual 2017/2018	Budget v Actual Variance %	Budget v Actual Variance £
Building Repair	1	£1,000.00	£1,260.00	26.00%	260.00
Gas Supply	1	£12,000.00	£11,341.33	-5.49%	-658.67
Water Charges	1	£1,500.00	£656.07	-56.26%	-843.93
Central Heating System	1	£400.00	£1,002.00	150.50%	602.00
Insurance	1	£150.00	£45.25	-69.83%	-104.75
Signage	1	£0.00	£0.00	0.00%	0.00
Audit Fee	1	£270.00	£270.00	0.00%	0.00
Management Fees	1	£5,362.00	£5,362.00	0.00%	0.00
Facilities Management	1	£300.00	£300.00	0.00%	0.00
Total		£ 20,982.00	£ 20,236.65	-3.55%	-745.35



Appendix C

P LAL, JL GANGOTRA & R LAL

**290 - 292 SOHO ROAD
HANDSWORTH, BIRMINGHAM**

SERVICE COSTS AUDIT STATEMENT

YEAR ENDED 23RD JUNE 2018





290-292 Soho Road
Handsworth, Birmingham
Certificate of Service Costs for the year ended 23rd June 2018

	2018	2017
Schedule 1		
Building repair	1,260.00	2,570.00
Gas supply	11,341.33	6,540.25
Water charges	656.07	3,871.83
Central heating maintenance	1,002.00	300.00
Insurance	45.25	42.90
Audit fees	270.00	216.00
Management fees	5,362.00	5,173.04
Facilities Management	300.00	300.00
Total expenditure	20,236.65	19,014.02

No reserve fund is held for this property

Independent Accountant's Review Report

To the Manager, Soho Road

We have reviewed the statement of service charge expenditure for the above property for the year ended 23 June 2018. 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, Third 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.

Haines Watts
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