



**JOHNSON FELLOWS**  
CHARTERED SURVEYORS

60-63 High Street

Egham

Surrey

TW20 9EX

**Service Charge Expenditure Report**

**24<sup>th</sup> June 2021 to 23<sup>rd</sup> June 2022**



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





## **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 24<sup>th</sup> June 2021 to 23<sup>rd</sup> June 2022.

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

## **The Property**

The property is located on Egham High Street, approximately half a mile from the A30 Egham By-Pass, which leads to Junction 13 of the M25 Motorway one mile to the north.

The property is of steel framed construction with brick elevations. It is part single storey and part three storey. The ground floor consists of a Tesco Superstore. There are first and second floor offices above to the front section of the building.

The offices are accessed via a separate entrance from High Street. The entrance foyer leads to a dedicated communal staircase. Male and female toilets are provided at first and second floor landing levels.

The communal services provided for the property consist of the upkeep and maintenance of the internal office entrance, staircase and toilets, electricity and gas supplies, associated statutory compliance and the external upkeep of the front section of the building to which the offices form part. Tesco is directly responsible for the maintenance of the structure and roof for the rear single storey Superstore.

## **Voids and Concessions**

Where any void units exist, the responsibility for the service charge rests with the Landlord. The second floor offices are currently vacant.

## **VAT**

The property is elected for VAT, consequently the expenditure stated within this report is net of 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 tenants is to be credited to the service charge.

## **Reserve Fund**

There is no reserve fund.



### **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 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 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 RICS Professional Statement; Service Charges in Commercial Property; 1st Edition.



## **Management Team**

### Facilities Manager:

Robert Scott  
Johnson Fellows, Charter House, 163 Newhall Street, Birmingham, B3 1SW  
Direct Dial: 0121 234 0407  
Mobile: 07540 732 602  
Email: robert.scott@johnsonfellows.co.uk

Robert Scott is responsible for the repair and maintenance of the property and statutory compliance.

### Management Surveyor:

Tina Hothi  
Johnson Fellows, Charter House, 163 Newhall Street, Birmingham, B3 1SW  
Mobile: 07594 089 316  
Email: tina.hothi@johnsonfellows.co.uk

Tina Hothi 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 apportionment for each schedule is detailed within the Service Charge Apportionment Schedule attached at Appendix A.

Schedule One            Office Occupiers Only

Schedule Two           All Occupiers

There are two separate schedules set up. The occupiers of the first and second floor offices contribute towards Schedule One. All occupiers contribute towards Schedule Two.

The apportionment percentages are calculated based on net internal floor areas. Costs that are shared between both schedules for items such as Management and Auditors Fees have been apportioned between the schedules based approximately on the total budget cost within each schedule.



## Expenditure Commentary

### **SCHEDULE 1 – Office Occupiers Only**

*All figures are shown net of VAT*

- **Internal Cleaning** **£1,300.00**

The expenditure represents the contract cost for the twice weekly clean of the common areas and toilets. The operative is on site for 2 hours per week. The costs were under budget due to a reduced service during the pandemic.

- **Cleaning Materials** **£432.81**

The expenditure is for the purchase of cleaning consumables such as toilet roll, soap and paper towels. The costs were over budget due. This is largely due to the sanitary disposal contract being included under this heading.

- **Window Cleaning** **£0.00**

The budget provided for the bi-annual external cleaning of the windows to the entrance hall and offices. The works were not completed so no expenditure was incurred.

- **Internal Building Repair** **£2,070.00**

The budget allowed a contingency for any ad-hoc items of internal repair. The main work completed during the year related to repairs within the toilets. Expenditure was under budget.

- **Electrical Supply** **£1,205.02**

The cost heading allowed for the electricity consumption within the common parts. The expenditure was marginally over budget.

- **Gas Supply** **£2,147.97**

The cost heading allowed for the gas consumption within the offices. The total expenditure was substantially below budget.

- **Water Charges** **£0.00**

The budget heading allowed for the anticipated cost of the water rates for the offices. The water bills continued to be sent to and paid by Tesco during the year. No recharge or expenditure was incurred.

- **Mechanical & Electrical Maintenance** **£3,095.00**

The budget provided for the annual boiler service, the service of the toilet heater, water temperature testing and the emergency lighting testing. The expenditure was marginally under budget.



- **Access System** **£0.00**

The budget provided for the maintenance of the intercom/door entry system. No expenditure was incurred during the year.

- **Fire Prevention** **£0.00**

The expenditure relates to the annual maintenance contract for the fire alarm. The costs were under budget.

- **Statutory Compliance** **£0.00**

The budget provided for the completion of a Health & Safety audit. However, this was not completed.

- **Audit Fee** **£348.00**

The RICS Service Charge Code of Practice states that service charge accounts for commercial properties are to be independently certified on an annual basis. The Accountants fee for certifying the year end service charge account is on budget at £400.00. This has been split between both schedules.

- **Management Fee** **£2,488.53**

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 review or indexation. The total fixed fee for the service charge year is £2,779.77 and is split between both schedules.

- **Facilities Management** **£1,186.82**

The figure represents the costs incurred to organise and supervise the various contracts in place, deal with items of maintenance and ensure compliance. The total fixed fee for the service charge year is £1,325.72 and is split between both schedules.

**Total**

**Schedule 1** **£14,274.15**



## **SCHEDULE 2 – All Occupiers**

**All figures are shown net of VAT**

- **Building Repair** **£0.00**

The budget provided a contingency sum for any unexpected external repairs. No expenditure was incurred.

- **Drain Maintenance** **£1,005.00**

The budget allowed for the cleaning of the rainwater goods. The expenditure was above budget.

- **Statutory Compliance** **£0.00**

The budget provided for the annual lightning conductor test. This was not completed during this service charge year.

- **Audit Fee** **£52.00**

The RICS Service Charge Code of Practice states that service charge accounts for commercial properties are to be independently certified on an annual basis. The Accountants fee for certifying the year end service charge account is on budget at £400.00. This has been split between both schedules.

- **Management Fee** **£371.85**

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 review or indexation. The total fixed fee is £2,779.77 and is split between both schedules.

- **Facilities Management** **£177.35**

The figure represents the costs incurred to organise and supervise the various contracts in place, deal with items of maintenance and ensure compliance. The total fixed fee for the service charge year is £1,325.72 and is split between both schedules.

- **Landlords Risk Assessment, Audit & Review** **£265.00**

The figure represents the costs incurred to organise and supervise the various contracts in place, deal with items of maintenance and ensure compliance. The total fixed fee for the service charge year is £1,325.72 and is split between both schedules.

### **Total**

**Schedule 2** **£1,871.20**



R. Scott

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Facilities Manager

Management Surveyor

Dated 09<sup>th</sup> July 2023

Dated 09<sup>th</sup> July 2023



**Appendix A**

**60-63 High Street, Egham, Surrey**

**Service Charge Apportionment Schedule**

**24th June 2020 to 23rd June 2021**

| <b>Floor</b>   | <b>Schedule</b> | <b>Area Sq Ft</b> | <b>Percentage</b> |
|----------------|-----------------|-------------------|-------------------|
| First Floor    | 1               | 2,810             | 50.40%            |
| Second Floor   | 1               | 2,765             | 49.60%            |
| <b>1 Total</b> |                 | <b>5,575</b>      | <b>100.00%</b>    |
| Ground Floor   | 2               | 2,810             | 33.51%            |
| First Floor    | 2               | 2,810             | 33.51%            |
| Second Floor   | 2               | 2,765             | 32.98%            |
| <b>2 Total</b> |                 | <b>8,385</b>      | <b>100.00%</b>    |

**Shared costs are split based on 87% Schedule 1 and 13% Schedule 2**



## Appendix B

**60-63 High Street, Egham, Surrey**

### **Service Charge Variance Schedule**

**24th June 2021 to 23rd June 2022**

The property is VAT registered. Figures for all schedules are shown net of VAT.

| Service Charge Item      | Schedule       | Budget                 | Expenditure            |
|--------------------------|----------------|------------------------|------------------------|
| Internal Cleaning        | 1              | £<br>1,500.00          | £<br>1,300.00          |
| Cleaning Materials       | 1              | £<br>300.00            | £<br>432.81            |
| Window Cleaning          | 1              | £<br>300.00            | £<br>-                 |
| Internal Building Repair | 1              | £<br>1,500.00          | £<br>2,070.00          |
| Electrical Supply        | 1              | £<br>500.00            | £<br>1,205.02          |
| Gas Supply               | 1              | £<br>6,500.00          | £<br>2,147.97          |
| Water Charges            | 1              | £<br>600.00            | £<br>-                 |
| Access System            | 1              | £<br>300.00            | £<br>-                 |
| Mechanical & Electrical  | 1              | £<br>2,500.00          | £<br>3,095.00          |
| Fire Prevention          | 1              | £<br>1,000.00          | £<br>-                 |
| Statutory Compliance     | 1              | £<br>700.00            | £<br>-                 |
| Audit Fee                | 1              | £<br>348.00            | £<br>348.00            |
| Management Fee           | 1              | £<br>2,356.43          | £<br>2,488.53          |
| Facilities Management    | 1              | £<br>1,123.82          | £<br>1,186.82          |
|                          | <b>1 Total</b> | <b>£<br/>19,528.25</b> | <b>£<br/>14,274.15</b> |
| Building Repair          | 2              | £<br>1,500.00          | £<br>-                 |
| Drain Maintenance        | 2              | £<br>200.00            | £<br>1,005.00          |
| Statutory Compliance     | 2              | £<br>300.00            | £<br>-                 |
| Audit Fee                | 2              | £<br>167.93            | £<br>52.00             |
| Management Fees          | 2              | £<br>352.11            | £<br>371.85            |



|  |   |                       |                       |
|--|---|-----------------------|-----------------------|
| Landlords Risk Assessment Audit & Review | 2 | £<br>-                | £<br>265.00           |
| Facilities Management                    | 2 | £<br>52.00            | £<br>177.35           |
| <b>2 Total</b>                           |   | £<br><b>2,572.04</b>  | £<br><b>1,871.20</b>  |
| <b>Grand Total</b>                       |   | £<br><b>22,100.29</b> | £<br><b>16,145.35</b> |

**TESCO STORES LTD**

**60-63 HIGH STREET EGHAM  
SURREY**

**SERVICE COSTS AUDIT STATEMENT**

**YEAR ENDED 23RD JUNE 2022**

**Haines Watts**

**60-63 High Street Egham  
Surrey  
Certificate of Service Costs for the year ended 23rd June 2022**

|                                       | 2022             | 2021             |
|---------------------------------------|------------------|------------------|
| <b>1st &amp; 2nd Floor</b>            |                  |                  |
| Cleaning                              | 1,300.00         | 1,175.00         |
| Cleaning Materials                    | 432.81           | 729.39           |
| Repairs - Internal                    | -                | 250.00           |
| Electric Supply                       | 1,205.02         | 767.20           |
| Gas Supply                            | 2,147.97         | 1,114.94         |
| Mechanical and Electrical Maintenance | 3,095.00         | 2,335.00         |
| Fire Prevention                       | -                | 610.00           |
| Audit fees                            | 348.00           | 348.00           |
| Management fees                       | 2,488.53         | 2,418.39         |
| Facilities Management                 | 1,186.82         | 1,153.37         |
| Internal repairs and maintenance      | 2,070.00         | -                |
|                                       | 14,274.15        | 10,901.29        |
| <b>All Floors</b>                     |                  |                  |
| Drain Maintenance                     | 1,005.00         | 440.00           |
| Audit fees                            | 52.00            | 52.00            |
| Management fees                       | 371.85           | 361.38           |
| Facilities Management                 | 177.35           | 172.35           |
| Risk Assessment, audit and review     | 265.00           | -                |
|                                       | 1,871.20         | 1,025.73         |
| <b>Total expenditure</b>              | <b>16,145.35</b> | <b>11,927.02</b> |

**Independent Accountant's Review Report**

To the Manager, High Street Egham

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



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