



**JOHNSON FELLOWS**  
CHARTERED SURVEYORS

**61/77 High Street**

**Harborne**

**Birmingham**

**B17 9NS**

**Service Charge Expenditure Report**

**26<sup>th</sup> March 2015 to 25<sup>th</sup> March 2016**



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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, Harborne High Street Management (2) Ltd. It is intended to provide details of the expenditure incurred during the service charge year 26<sup>th</sup> March 2015 to 25<sup>th</sup> March 2016.

## **The Property**

The property is located on Harborne High Street and comprises nine retail units, with first and second floor accommodation, the majority of which are residential maisonettes accessed from the rear car park. However, three of the units use the upper floors for ancillary purposes, with access from the ground floor commercial units.

The car park to the rear is held separately and is maintained by Hare Hatch Developments. It has been agreed that the Management Company will contribute 30% towards its repair and maintenance costs.

The communal services provided for the property consist of items such as pest control and electricity for the communal lighting. There is also a small forecourt area fronting St Johns Road, which is repaired and maintained via the service charge. Although the roof and balconies are the responsibility of the individual long leaseholders, by common agreement they are also repaired and maintained via the service charge. This does not include the rear extensions which remain the responsibility of each individual long leaseholder.

## **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 Service Charges in Commercial Property; RICS Code of Practice 3<sup>rd</sup> Edition.

## **VAT**

The property is not elected for VAT, consequently the expenditure stated within this report is gross of VAT.

## **Voids and Concessions**

Where any void units exist, the responsibility for the service charge rests with the Landlord. There is currently no void accommodation.



### **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**

A Reserve Fund has been set up in order to accrue funds for the replacement of the roof coverings to both first and second floor levels. The Reserve Fund is held in a discrete bank account in order to obtain interest on the retained funds. The account is maintained with Barclays Bank plc, Kidderminster branch.



## **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:

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

Rebecca Glover is the client accountant responsible for this property.



### **Service Charge Apportionment**

There are two separate schedules of apportionment adopted. This is due to the wording of the lease for Central Midland Estates, the long leaseholder of 61 High Street, which states that the Tenant is responsible for their own buildings insurance and for the repair and maintenance of their building. Therefore they do not contribute towards the buildings insurance or any repairs and maintenance associated with the communal front and rear roof/canopies.

Schedule One            All Long Leaseholders

Schedule Two           All Long Leaseholders, except 61 High Street

Items that are shared between both schedules, such as management and auditors fees, are apportioned based on the total budget expenditure (net of fees) for each schedule.

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



## **Expenditure Commentary**

### ***SCHEDULE 1 – Contributions by all Units***

***All figures are shown gross of VAT***

- **Pest Control** **£432.00**

The expenditure represents the annual pest control contract for the external rear areas, which covers 4 visits per year.

- **Building Repair** **£415.00**

The budget provided a contingency sum for any unforeseen items of external repair. The expenditure included repairs to the bollards and paving slabs on the forecourt fronting St Johns Road.

- **Car Park Maintenance** **-£1,683.90**

The Management Company has agreed to reimburse Hare Hatch Developments 30% of the cost for any repairs or maintenance carried out to the rear car park. The credit shown relates to the cancellation of an invoice received in a previous year.

- **Audit Fee** **£45.00**

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 accounts was £450. This has been split between both schedules, with 10% applied to Schedule 1 and 90% applied to Schedule 2.

- **Management Fee** **£638.00**

The management fee is a fixed cost agreed by the Management Company in accordance with the RICS Service Charge Code. The total fee of £6,381.00 (inc VAT) has been split between both schedules, with 10% applied to Schedule 1 and 90% applied to Schedule 2.

### **Total**

**Schedule 1** **-£153.90**



## **SCHEDULE 2 – Contributions by all Units except 61 High Street**

**All figures are shown gross of VAT**

- **Building Repair** **£665.00**

The budget provided a contingency sum for any unforeseen items of external repair. The main items of expenditure included repairs and debris removal to the front canopy.

- **Electrical Repair** **£0.00**

The budget provided a contingency sum for any electrical repairs or replacement bulbs that may be required to the emergency lighting at first floor level. No expenditure was incurred.

- **Roof Maintenance** **£0.00**

The budget heading provided a contingency sum for any patch repairs required to the lower walkway roof. No repairs were required during the year.

- **Electricity Supply** **£274.74**

The expenditure relates to the electricity consumption for the communal parts. This came in below budget.

- **Reserve Fund** **£15,000.00**

The Reserve Fund has been set up in order to accrue funds for the replacement of the roof coverings. Following completion of the upper level roof, the reserve fund balance was zero at the commencement of the service charge year. The proposal is to build it up again before the completion of the lower level roof. The budget provided for a £12,000 contribution in the current year. In addition to this, a £3,000 accrual was made from the previous service charge year. The anticipated total cost of the lower level roof works is £32,000.

- **Insurance** **£3,501.89**

The expenditure relates to the annual buildings insurance premium. The cost was on budget.

- **Audit Fee** **£405.00**

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 accounts was £450. This has been split between both schedules, with 10% applied to Schedule 1 and 90% applied to Schedule 2.



- **Management Fee** **£5,743.04**

The management fee is a fixed cost agreed by the Management Company in accordance with the RICS Service Charge Code. The total fee of £6,381.00 (inc VAT) has been split between both schedules, with 10% applied to Schedule 1 and 90% applied to Schedule 2.

**Total**

**Schedule 2** **£25,589.67**

.....  
Management Surveyor

Dated 17<sup>th</sup> August 2016

.....  
Facilities Manager

Dated 17<sup>th</sup> August 2016



**Appendix A**

**61/77 High Street, Harborne, Birmingham, B17 9NS**

**Service Charge Apportionment Schedule**

**26th March 2015 to 25th March 2016**

| <b>Unit</b>    | <b>Schedule</b> | <b>Percentage</b> |
|----------------|-----------------|-------------------|
| 61             | 1               | 41.00%            |
| 63/63A         | 1               | 8.00%             |
| 65/65A         | 1               | 6.00%             |
| 67/67A         | 1               | 10.00%            |
| 69/69A         | 1               | 6.00%             |
| 71/71A         | 1               | 8.00%             |
| 73/73A         | 1               | 8.00%             |
| 75/75A         | 1               | 5.00%             |
| 77             | 1               | 8.00%             |
| <b>1 Total</b> |                 | <b>100.00%</b>    |
| 63/63A         | 2               | 13.30%            |
| 65/65A         | 2               | 15.80%            |
| 67/67A         | 2               | 13.30%            |
| 69/69A         | 2               | 10.80%            |
| 71/71A         | 2               | 10.80%            |
| 73/73A         | 2               | 13.30%            |
| 75/75A         | 2               | 11.34%            |
| 77             | 2               | 11.36%            |
| <b>2 Total</b> |                 | <b>100.00%</b>    |



## Appendix B

**61/77 High Street, Harborne, Birmingham, B17 9NS**

### **Service Charge Variance Schedule**

**26th March 2015 to 25th March 2016**

The property is not VAT registered. Figures for all schedules are shown gross of VAT.

| Service Charge Item  | Schedule | Budget             | Expenditure        | Variance %      | Variance £      |
|----------------------|----------|--------------------|--------------------|-----------------|-----------------|
| Pest Control         | 1        | £ 432.00           | £ 432.00           | 0.00%           | £ -             |
| Building Repair      | 1        | £ 1,000.00         | £ 415.00           | -58.50%         | -£ 585          |
| Car Park Maintenance | 1        | £ 600.00           | -£ 1,683.90        | -380.65%        | -£ 2,284        |
| Audit Fee            | 1        | £ 45.00            | £ 45.00            | 0.00%           | £ -             |
| Management Fees      | 1        | £ 638.00           | £ 638.00           | 0.00%           | £ -             |
| <b>1 Total</b>       |          | <b>£ 2,715.00</b>  | <b>-£ 153.90</b>   | <b>-105.67%</b> | <b>-£ 2,869</b> |
| Building Repair      | 2        | £ 1,500.00         | £ 665.00           | -55.67%         | -£ 835          |
| Electrical Repair    | 2        | £ 500.00           | £ -                | -100.00%        | -£ 500          |
| Roof Maintenance     | 2        | £ 2,000.00         | £ -                | -100.00%        | -£ 2,000        |
| Electricity Supply   | 2        | £ 750.00           | £ 274.74           | -63.37%         | -£ 475          |
| Reserve Fund         | 2        | £ 12,000.00        | £ 15,000.00        | 25.00%          | £ 3,000         |
| Insurance            | 2        | £ 3,500.00         | £ 3,501.89         | 0.05%           | £ 2             |
| Audit Fee            | 2        | £ 405.00           | £ 405.00           | 0.00%           | £ -             |
| Management Fees      | 2        | £ 5,743.00         | £ 5,743.04         | 0.00%           | £ 0             |
| <b>2 Total</b>       |          | <b>£ 26,398.00</b> | <b>£ 25,589.67</b> | <b>-3.06%</b>   | <b>-£ 808</b>   |
| <b>Grand Total</b>   |          | <b>£ 29,113.00</b> | <b>£ 25,435.77</b> | <b>-12.63%</b>  | <b>-£ 3,677</b> |