



Astor House and Holden Way

Lichfield Road

Mere Green

Birmingham

B74 2UG

Service Charge Expenditure Report

1st April 2018 to 31st March 2019



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Introduction

The report is intended to provide details of the expenditure for the service charge year.

A service charge is necessary due to there being communal structures, areas and services.

Johnson Fellows were appointed as managing agents of Astor House and Holden Way from 1st February 2019. The service charge budget, its apportionment and the individual units on-account service charge budget allocation was inherited from the previous surveyors.

As new managing agents Johnson Fellows have undertaken a comprehensive review of the apportionment matrix which has been updated to reflect changes to the tenants, units and communal services provided. The new matrix has been used for the service charge year-end accounts.

The Property

The property comprises of a number attached buildings with units used for retail, leisure, office and residential purposes. To the side and rear of the buildings is an access road and two service areas.

The common parts include the main structure and the external elements of the buildings (but not the shop frontages), the vehicular access way, service yards and the boundary walls/fences. The internal communal areas for the offices just serve a limited number of the office suites and include the entrance and stairs.

Not all leaseholders are responsible for contributing to all service charge expenditure for the property. For this reason, service charge schedules are used, details of which are set out below.

Service Charge Objectives

The object of this report is to provide clear explanation of the service charge expenditure on a not for profit/not for loss basis. It is also to promote clarity and transparency and to allow the leaseholders to budget accurately.

We encourage leaseholders to provide comments on the format and/or the information contained in this report which would assist in the report being improved for the benefit of all concerned. We would also welcome constructive feedback on the communal services provided at the property.

As Managing Agents, Johnson Fellows aim to provide a high-quality management service in order to provide a well-maintained environment, and delivering value for money for the service charge expenditure.

The service charge is administered having regard to Service Charges in Commercial Property; RICS professional statement 1st edition.

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 service charge payable by the commercial lessees has VAT charged at the standard rate. The service charge payable by the leaseholders of the residential maisonettes is charged inclusive of VAT, as the landlord is unable to recover the VAT on this part of the service charge expenditure.

As a result of the different VAT status of occupiers, service charge schedules are used.

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.

Reserve Fund

Recent exceptional works have been carried out to Astor House. Some of the works were improvements and are not service charge recoverable. For clarity, those works which are NOT funded from the service charge comprised of:

ASTOR HOUSE

| | |
|--|-------------|
| Cladding & insulation to front elevation | £159,989.00 |
| Window replacement | £37,693.94 |

Those works which are service charge recoverable comprised of:

ASTOR HOUSE

| | |
|-----------------------------------|-------------------|
| Roof repairs | £35,169.20 |
| Repairs to canopy | £4,107.98 |
| External lighting to canopy | £6,045.60 |
| Repairs to render | £550.00 |
| Removal of wasp's nest | £82.50 |
| Repair Handrail on rear elevation | £715.00 |
| TOTAL | £46,670.28 |

ASTOR HOUSE OFFICES

| | |
|------------------------------------|-------------------|
| Repairs to internal communal areas | £39,689.00 |
| Fire Alarm Works | £2,623.50 |
| Asbestos Report | £840.00 |
| Post box | £635.68 |
| Decorate rear staircase | £462.00 |
| TOTAL | £44,250.18 |

Due to there being no established reserve fund the landlord funded the cost of these works. The cost of the works which are service charge recoverable are being repaid to the landlord



from the service charge, subject to interest at 2% plus Barclays Bank base rate. Contributions which have been included in recent service charge accounts are:

ASTOR HOUSE

| | |
|--|------------|
| Service Charge accrual to 31/3/18 | £30,000.00 |
| YE 31 st March 2019 accrual | £10,000.00 |
| YE 31 st March 2020 accrual | £10,000.00 |

ASTOR HOUSE OFFICES

| | |
|--|------------|
| Service Charge accrual to 31/3/18 | £22,310.00 |
| YE 31 st March 2019 accrual | £3,500.00 |
| YE 31 st March 2020 accrual | £3,500.00 |

The outstanding balance for Astor House Offices will be paid down at a rate of £3,500pa during 2020/2021.

Repairs have been identified to the roof of 290 Lichfield Road. It is financial prudent to plan for the cost of these repairs in advance and to spread the cost over a period of time. For this reason, a reserve fund will be established for these works, but due to the Covid-19 pandemic, the funding of the reserve fund has been deferred.

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 in Appendix A. They are based upon the GIA calculated in accordance with the RICS Code of Measuring Practice, 6th Edition following the property being measured by Johnson Fellows.

A number of service charge schedules are used for the apportionment of the service charge expenditure. The Schedules are detailed below.

Schedule 1 – Astor House Internal Offices

There are a number of office suites (A, B, C, D and 2) which are accessed via a communal entrance and stairs. They also benefit from communal services including heating and fire alarm.

The expenditure shown in Schedule 1 is stated exclusive of VAT.

Schedule 2 – Astor House

All leaseholders within Astor House contribute to this schedule. The expenditure within this schedule includes the repair and maintenance of the structure and external parts of the building, but not the shop fronts.

Schedule 3 – 290 Lichfield Road (Commercial)

The ground floor retail unit of 290 Lichfield Road has been split into three retail units with two maisonettes situated above.



Two separate schedules have been adopted for 290 Lichfield Road due to the VAT status of the residential maisonettes. Schedule 3 is allocated 72% of the expenditure for the repair and maintenance of the structure and external parts of the building. The share reflects the split of the floor area of the commercial units and the residential maisonettes

The expenditure in Schedule 3 is shown exclusive of VAT.

Schedule 4 – 290 Lichfield Road (Residential)

This schedule is allocated 28% of the expenditure for the repair and maintenance of the structure and external parts of the building.

The budget is shown **inclusive** of VAT

Schedule 5 – Holden Way Phase 1

This schedule comprises of ground floor units with the part of the gym immediately above at first floor. The expenditure within this schedule includes the repair and maintenance of the structure and external parts of the building and is shown exclusive of VAT.

Schedule 6 – Holden Way Phase 2

This schedule comprises of one ground floor unit with part of the gym at first floor above. The expenditure within this schedule includes the repair and maintenance of the structure and external parts of the building and is shown exclusive of VAT.

Schedule 7 – All Tenants

The expenditure included in this schedule relates to the external communal areas, towards which all commercial leaseholders contribute.

The two maisonettes are excluded from this schedule as the residential tenants do not use the service yards or access road.

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:

Neil Wetherell
Johnson Fellows, Charter House, 163 Newhall Street, Birmingham, B3 1SW
Direct Dial: 0121 234 0406





Mobile: 07836 313 914

Email: neil.wetherell@johnsonfellows.co.uk

Neil Wetherell 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.

Expenditure Commentary

SCHEDULE 1 – Astor House Offices

All figures are shown net of VAT

- **Cleaning** **£2,394**

The contract cost for the cleaning of internal communal areas which serve the offices.

- **Window Cleaning** **£935**

The contract cost for the external window cleaning of Suites A, B, C, D & 2.

- **Landscape – Internal** **£234**

For the provision of internal planters. The contract was terminated and the planters were removed during the year.

- **Repairs - Internal** **£276**

Minor repairs were completed to the internal communal areas which serve the offices.

- **Electricity Supply** **£827**

The communal electricity supply serving the internal areas and services.

- **Gas Supply** **£1,990**

The communal gas supply for the heating of the offices.

- **Mechanical & Electrical Maintenance** **£4,798**

There is a single contract for the maintenance of services for the offices which cover:

- Fire alarm





- Emergency lighting
 - Fire extinguishers
 - Entrance roller shutter
 - Central heating boiler
 - Tap temperature tests
 - Gas safety inspection of the central heating boiler
- **Mechanical & Electrical Repairs** **£519**

A number of minor repairs were completed to the services during the year.

- **Health & Safety** **£685**

The cost of supervising the fire evacuation drill and minor health and safety services and works.

- **Loan Repayment** **£3,500**

The annual repayment of the Landlord's funding of the exceptional works carried out to the internal communal office areas in 2018.

Total

Schedule 1 **£16,158**

This is net of VAT.

SCHEDULE 2 – Astor House

All figures are shown net of VAT

- **Refuse** **£4,382**

The contract cost for the removal of refuse and fly tipping.

- **Building Repair** **£2,620**

A number of repairs were undertaking including concrete repairs to a sill and steps, gutters and brickwork.

- **Loan Repayment** **£10,000**

The annual repayment of the Landlord's funding of the exceptional works carried out to the external parts of Astor House in 2018.

Total

Schedule 2 **£17,002**





This is net of VAT.

SCHEDULE 3 – 290 Lichfield Road (Commercial)

All figures are shown net of VAT

- **Building Repair** £298

A number of minor repairs were completed.

- **Decoration – External** £97

The costs for treating the timber refuse store.

Total

Schedule 3 £395

This is net of VAT.

SCHEDULE 4 – 290 Lichfield Road (Residential)

All figures are shown inclusive of VAT

- **Building Repair** £50

A number of minor repairs were completed.

- **Decoration – External** £45

The costs for treating the timber refuse store.

Total

Schedule 4 £96

This is inclusive of VAT.

SCHEDULE 5 – Holden Way Phase 1

All figures are shown net of VAT

- **Building Repair** £87

One minor repair was completed.

Total

Schedule 5 **£87**

This is net of VAT.

SCHEDULE 6 – Holden Way Phase 2

All figures are shown net of VAT

Total

Schedule 6 **£0**

This is net of VAT.

SCHEDULE 7 – All Tenants

All figures are shown net of VAT

- **Cleaning** **£6,204**

The contract cost for the cleaning of the external communal areas.

- **Pest Control** **£428**

The contract costs for the maintenance of the bait boxes provided around the external communal areas.

- **Drain Maintenance** **£1,886**

The contract cost for the flush of the surface water drains serving the external communal areas and the rain water goods serving all buildings, together with two minor repairs.

- **Electrical Repair** **£213**

Two minor repairs were completed to the external communal lighting.

- **Repairs – External** **£735**

The most significant repair was to a number of damaged concrete bollards.

- **Gritting** **£4,323**

The contract cost for the gritting of communal areas during winter.

- **Electrical Supply** **£1,174**

The supply of electricity to the external communal lighting.



- **Health & Safety** **£917**

The cost of the annual health & safety audit of the external communal areas.

- **Income** **-£3,745**

Contributions to the maintenance costs of the access road and service yard by the third parties who have rights of way over these areas and are liable to contribute to maintenance costs, but who are not otherwise part of the service charge regime at the property.

- **Interest** **-£90**

Interest charged for the late payment of service charge which is credited to the service charge.

- **Audit Fees** **£750**

The fees for the external accountants to certify the annual service charge accounts.

- **Management Fees** **£7,287**

The fee to manage the property and administer the service charge which is a fixed fee, indexed linked annually to RPI.

- **Facilities Management** **£3,009**

A share of the facilities management costs for the administration of the maintenance works and contracts.

Total

Schedule 7 **£23,519**

This is net of VAT.

Grand Total **£57,330**

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.....

Management Surveyor

Facilities Manager

9th November 2020

9th November 2020

.....

.....

Dated

Dated





Appendix B

Astor House, Lichfield Road, Mere Green, Sutton Coldfield, B74 2UG (02159)

Service Charge Variance

1st April 2018 to 31st March 2019

The property is VAT registered. Figures shown net of VAT.

| Service Charge Item | Schedule | Actual YE 3/2018 | Budget YE 3/2019 | Actual YE 3/2019 | Actual v Budget Variance % | Actual v Budget Variance £ |
|-------------------------------------|---|------------------|------------------|------------------|----------------------------|----------------------------|
| Cleaning | 1 - Astor House Offices | £ 2,414 | £ 2,394 | £ 2,394 | 0.01% | £ 0 |
| Window Cleaning | 1 - Astor House Offices | £ 906 | £ 933 | £ 935 | 0.23% | £ 2 |
| Decoration - Internal | 1 - Astor House Offices | £ - | £ - | £ - | N/A | £ - |
| Landscape - Internal | 1 - Astor House Offices | £ 393 | £ 420 | £ 234 | -44.25% | £ -186 |
| Repairs - Internal | 1 - Astor House Offices | £ 5,769 | £ 2,000 | £ 276 | -86.20% | £ -1,724 |
| Electricity Supply | 1 - Astor House Offices | £ 718 | £ 1,600 | £ 827 | -48.32% | £ -773 |
| Gas Supply | 1 - Astor House Offices | £ 2,497 | £ 3,000 | £ 1,990 | -33.66% | £ -1,010 |
| Water Charges | 1 - Astor House Offices | £ - | £ - | £ - | N/A | £ - |
| Mechanical & Electrical Maintenance | 1 - Astor House Offices | £ 4,798 | £ 5,495 | £ 4,798 | -12.69% | £ -697 |
| Mechanical & Electrical Repairs | 1 - Astor House Offices | £ 1,171 | £ 2,000 | £ 519 | -74.04% | £ -1,481 |
| Health & Safety | 1 - Astor House Offices | £ 524 | £ 900 | £ 685 | -23.94% | £ -215 |
| Reserve Fund | 1 - Astor House Offices | £ - | £ - | £ - | N/A | £ - |
| Loan Repayment | 1 - Astor House Offices | £ 3,500 | £ 3,500 | £ 3,500 | 0.00% | £ - |
| Exceptional Expenditure | 1 - Astor House Offices | £ - | £ - | £ - | N/A | £ - |
| Management Fees | 1 - Astor House Offices | £ 1,973 | £ 1,894 | £ - | -100.00% | £ -1,894 |
| Facilities Management | 1 - Astor House Offices | £ - | £ - | £ - | N/A | £ - |
| | 1 - Astor House Offices Total | £ 22,321 | £ 24,136 | £ 16,158 | -33.05% | £ -7,978 |
| Refuse | 2 - Astor House | £ 4,054 | £ 3,980 | £ 4,382 | 10.11% | £ 402 |
| Building Repair | 2 - Astor House | £ 5,487 | £ 4,000 | £ 2,620 | -34.50% | £ -1,380 |
| Decoration - External | 2 - Astor House | £ - | £ - | £ - | N/A | £ - |
| Reserve Fund | 2 - Astor House | £ - | £ - | £ - | N/A | £ - |
| Loan Repayment | 2 - Astor House | £ 10,000 | £ 10,000 | £ 10,000 | 0.00% | £ - |
| Exceptional Expenditure | 2 - Astor House | £ - | £ - | £ - | N/A | £ - |
| Management Fees | 2 - Astor House | £ 2,603 | £ 2,649 | £ - | -100.00% | £ -2,649 |
| Facilities Management | 2 - Astor House | £ - | £ - | £ - | N/A | £ - |
| | 2 - Astor House Total | £ 22,144 | £ 20,629 | £ 17,002 | -17.58% | £ -3,626 |
| Building Repair | 3 - 290 Lichfield Road (Commercial) | £ - | £ - | £ 298 | N/A | £ 298 |
| Decoration - External | 3 - 290 Lichfield Road (Commercial) | £ - | £ - | £ 97 | N/A | £ 97 |
| Reserve Fund | 3 - 290 Lichfield Road (Commercial) | £ - | £ - | £ - | N/A | £ - |
| Exceptional Expenditure | 3 - 290 Lichfield Road (Commercial) | £ - | £ - | £ - | N/A | £ - |
| Management Fees | 3 - 290 Lichfield Road (Commercial) | £ - | £ - | £ - | N/A | £ - |
| Facilities Management | 3 - 290 Lichfield Road (Commercial) | £ - | £ - | £ - | N/A | £ - |
| | 3 - 290 Lichfield Road (Commercial) Total | £ - | £ - | £ 395 | N/A | £ 395 |
| Building Repair | 4 - 290 Lichfield Road (Residential) | £ - | £ - | £ 50 | N/A | £ 50 |
| Decoration - External | 4 - 290 Lichfield Road (Residential) | £ - | £ - | £ 45 | N/A | £ 45 |
| Reserve Fund | 4 - 290 Lichfield Road (Residential) | £ - | £ - | £ - | N/A | £ - |
| Exceptional Expenditure | 4 - 290 Lichfield Road (Residential) | £ - | £ - | £ - | N/A | £ - |
| Management Fees | 4 - 290 Lichfield Road (Residential) | £ - | £ - | £ - | N/A | £ - |
| Facilities Management | 4 - 290 Lichfield Road (Residential) | £ - | £ - | £ - | N/A | £ - |
| | 4 - 290 Lichfield Road (Residential) Total | £ - | £ - | £ 96 | N/A | £ 96 |
| Building Repair | 5 - Holden Way Phase 1 | £ 3,300 | £ 2,375 | £ 87 | -96.33% | £ -2,288 |
| Decoration - External | 5 - Holden Way Phase 1 | £ - | £ - | £ - | N/A | £ - |
| Reserve Fund | 5 - Holden Way Phase 1 | £ - | £ - | £ - | N/A | £ - |
| Exceptional Expenditure | 5 - Holden Way Phase 1 | £ 2,733 | £ 2,500 | £ - | -100.00% | £ -2,500 |
| Management Fees | 5 - Holden Way Phase 1 | £ 875 | £ 628 | £ - | -100.00% | £ -628 |
| Facilities Management | 5 - Holden Way Phase 1 | £ - | £ - | £ - | N/A | £ - |
| | 5 - Holden Way Phase 1 Total | £ 6,908 | £ 5,503 | £ 87 | -98.41% | £ -5,416 |
| Building Repair | 6 - Holden Way Phase 2 | £ 3,300 | £ 2,375 | £ - | -100.00% | £ -2,375 |
| Decoration - External | 6 - Holden Way Phase 2 | £ - | £ - | £ - | N/A | £ - |
| Reserve Fund | 6 - Holden Way Phase 2 | £ - | £ - | £ - | N/A | £ - |
| Exceptional Expenditure | 6 - Holden Way Phase 2 | £ 2,733 | £ 2,500 | £ - | -100.00% | £ -2,500 |
| Management Fees | 6 - Holden Way Phase 2 | £ 875 | £ 628 | £ - | -100.00% | £ -628 |
| Facilities Management | 6 - Holden Way Phase 2 | £ - | £ - | £ - | N/A | £ - |
| | 6 - Holden Way Phase 2 Total | £ 6,908 | £ 5,503 | £ - | -100.00% | £ -5,503 |
| Cleaning | 7 - All Tenants | £ 7,734 | £ 8,050 | £ 6,204 | -22.93% | £ -1,846 |
| Pest Control | 7 - All Tenants | £ 800 | £ 800 | £ 428 | -46.53% | £ -372 |
| Decoration - External | 7 - All Tenants | £ - | £ - | £ - | N/A | £ - |
| Drain Maintenance | 7 - All Tenants | £ - | £ - | £ 1,886 | N/A | £ 1,886 |
| Electrical Repair | 7 - All Tenants | £ - | £ - | £ 213 | N/A | £ 213 |
| Landscape - External | 7 - All Tenants | £ - | £ 500 | £ - | -100.00% | £ -500 |
| Repairs - External | 7 - All Tenants | £ - | £ - | £ 735 | N/A | £ 735 |
| Gritting | 7 - All Tenants | £ 4,323 | £ 4,635 | £ 4,323 | -6.74% | £ -313 |
| Electrical Supply | 7 - All Tenants | £ - | £ - | £ 1,174 | N/A | £ 1,174 |
| Health & safety | 7 - All Tenants | £ 5,040 | £ 7,725 | £ 917 | -88.13% | £ -6,808 |
| Income | 7 - All Tenants | £ - | £ - | £ 3,745 | N/A | £ 3,745 |
| Interest | 7 - All Tenants | £ - | £ - | £ 90 | N/A | £ 90 |
| Insurance | 8 - All Tenants | £ - | £ - | £ 500 | N/A | £ 500 |
| Audit Fees | 7 - All Tenants | £ 1,500 | £ 1,600 | £ 750 | -53.13% | £ -850 |
| Management Fees | 7 - All Tenants | £ 910 | £ 1,529 | £ 7,287 | 376.61% | £ 5,758 |
| Professional Fees | 7 - All Tenants | £ - | £ - | £ - | N/A | £ - |
| Facilities Management | 7 - All Tenants | £ - | £ - | £ 3,009 | N/A | £ 3,009 |
| | 7 - All Tenants Total | £ 19,507 | £ 24,839 | £ 23,591 | -5.02% | £ -1,248 |
| | Grand Total | £ 77,788 | £ 80,610 | £ 57,330 | -28.88% | £ -23,280 |

* Actual 2018 and Budget 2019 reallocated to new schedules and expenditure codes



Appendix C

HAZELTIME LIMITED

**ASTOR HOUSE
SUTTON COLDFIELD**

SERVICE COSTS AUDIT STATEMENT

YEAR ENDED 31 MARCH 2019





**Hazeltime Limited, Astor House
Sutton Coldfield
Certificate of Service Costs for the year ended 31 March 2019**

| | 2019 | 2018 |
|---|-------------------------|-------------------------|
| Astor House Offices (internal) | | |
| Cleaning Astor House Offices | 2,394.24 | 2,414.00 |
| Window Cleaning | 935.14 | 906.00 |
| Landscape | 234.43 | 393.00 |
| Repairs | 276.00 | 5,769.00 |
| Electricity Supply | 826.91 | 718.00 |
| Gas Supply | 1,990.08 | 2,497.00 |
| Mechanical and Electrical Maintenance | 4,797.80 | 4,798.00 |
| Mechanical and Electrical Repairs | 519.15 | 1,171.00 |
| Health and Safety | 684.56 | 524.00 |
| Loan Repayments | 3,500.00 | 3,500.00 |
| Management Fees | - | 1,973.00 |
| | <u>16,158.31</u> | <u>22,321.00</u> |
| Astor House Offices (internal) | | |
| Refuse | 4,382.48 | 4,054.00 |
| Building Repairs | 2,620.00 | 5,487.00 |
| Loan Repayment | 10,000.00 | 10,000.00 |
| Management Fees | - | 2,603.00 |
| | <u>17,002.48</u> | <u>22,144.00</u> |
| All Units | | |
| Cleaning | 6,203.98 | 7,734.00 |
| Pest Control | 427.80 | - |
| Drain Maintenance | 1,886.01 | - |
| Electrical Repair | 213.20 | - |
| Repairs - External | 735.00 | - |
| Gritting | 4,322.50 | 4,323.00 |
| Electrical Supply | 1,174.09 | - |
| Health and Safety | 917.15 | 5,040.00 |
| Income | - 3,744.61 | - |
| Interest | - 89.70 | - |
| Insurance | 500.00 | - |
| Audit Fees | 750.00 | 1,500.00 |
| Management Fees | 7,287.41 | 910.00 |
| Facilities Management | 3,008.68 | - |
| | <u>23,591.51</u> | <u>19,507.00</u> |
| 290 Lichfield Road Commercial | | |
| Building Repair | 297.53 | - |
| Decoration | 97.20 | - |
| | <u>394.73</u> | <u>-</u> |
| Holden Way Phase 1 | | |
| Building Repair | 87.27 | 3,300.00 |
| Exceptional Costs | - | 2,733.00 |
| Management Fees | - | 875.00 |
| | <u>87.27</u> | <u>6,908.00</u> |
| Holden Way Phase 2 | | |
| Building Repair | - | 3,300.00 |
| Exceptional Costs | - | 2,733.00 |
| Management Fees | - | 875.00 |
| | <u>-</u> | <u>6,908.00</u> |
| 290 Lichfield Road Residential Gross | | |
| Building Repair | 50.40 | - |
| Decoration | 45.36 | - |
| | <u>95.76</u> | <u>-</u> |
| Total expenditure | <u><u>57,330.06</u></u> | <u><u>77,788.00</u></u> |

Independent Accountant's Review Report

To the Manager, Hazeltime Ltd.

We have reviewed the statement of service charge expenditure for the above property for the year ended 31 March 2019. 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.

A handwritten signature in black ink that reads "Haines Watts".

Haines Watts
Sterling House
97 Lichfield Street
Tamworth
Staffordshire
B79 7QF