



JOHNSON FELLOWS
CHARTERED SURVEYORS

Battle Hospital

Oxford Road

Reading

RG30 1AP

Service Charge Expenditure Report

29th September 2022 to

28th September 2023



Contents

Introduction

The Property

Service Charge Objectives

VAT

Voids and Concessions

Banking

Reserve Fund

Service Charge Apportionment

Management Team

Expenditure Commentary

Appendices

- A. Service Charge Apportionment Schedule
- B. Service Charge Variance Schedule

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 29th September 2022 to 28th September 2023.

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

The service charge is administered having regard to RICS Professional Statement; Service Charges in Commercial Property; 1st Edition.

The Property

The property is located off the A329 Oxford Road, which forms one of the main arterial routes into Reading from the west. The town centre is approximately 1 mile to the east and Reading West railway station lies less than ½ a mile to the east. Junction 4 of the M4 Motorway is approximately 3½ miles to the south.

The property is of steel framed construction with brick and clad elevations under a pitched roof. The main block, Cholsey House, is two storey with retail units to the ground floor and a mix of commercial and residential apartments to the first floor. Adjoining Cholsey House is the entrance to Winterbrook House, which provides housing association apartments above the Tesco Extra store.

An archway through Cholsey House gives access to a secure gated car park to the rear. The car park is shared between the residential occupiers and the commercial offices on the first floor of Cholsey House.

A secondary open car park is located to the front of the property for the benefit of the customers of the commercial units.

The communal services provided at the property consist of the cleaning and landscaping to both car parks, the external upkeep and maintenance of Cholsey House & Winterbrook House and the fire alarm to the first floor of Cholsey House. Tesco is directly responsible for their store and the areas immediately surrounding it.

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 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.



VAT

The property is elected for VAT.

The VAT on the service charge expenditure attributable to the residential elements of the property cannot be recovered, so the gross expenditure is applied. The VAT on the commercial expenditure can be recovered, consequently the net costs plus VAT are applied, enabling the commercial leaseholders to recover the VAT charged to them.

Voids and Concessions

Where any void units exist, the responsibility for the service charge rests with the Landlord.

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 Apportionment

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

Schedule One:	Rear Car Park – Residential (Gross)
Schedule Two:	Cholsey House Building – Commercial (Net)
Schedule Three:	Cholsey House Building – Residential (Gross)
Schedule Four:	Upper Floor Cholsey House – Commercial (Net)
Schedule Five:	Upper Floor Cholsey House – Residential (Gross)
Schedule Six:	Winterbrook House Building – Residential (Gross)
Schedule Seven:	Front Car Park – Commercial (Net)
Schedule Eight:	Rear Car Park – Commercial (Net)

There are eight separate schedules set up for the service charge year. The different schedules reflect the split of the shared costs between the commercial and residential elements. The rationale behind our splitting the shared costs for the residential and commercial leaseholders is purely due to VAT. Residential properties are not able to recover VAT, therefore the expenditure detailed is inclusive of VAT (Gross). The commercial leaseholders are able to recover VAT, therefore the expenditure for the commercial element is net of VAT.

The two residential elements and the first floor offices of Cholsey House contribute towards Schedules One and Eight. The apportionment is based on the number of car spaces allocated and the costs are split between the two schedules on a commercial/residential (net/gross) basis. Schedules Two and Three are contributed towards by all occupiers of Cholsey House. The costs are apportioned based on floor area and are split between the two schedules on a commercial/residential (net/gross) basis. Schedules four and five are for the first floor commercial and residential accommodation of Cholsey House. These are again apportioned based on floor area and split between the two schedules on a commercial/residential (net/gross) basis. Schedule Six is solely contributed towards by Southern Housing and on a gross basis. Schedule Seven, which is for the benefit of the commercial occupiers of Cholsey House, is also apportioned based on floor area and is net of VAT.

Costs that are shared between several schedules for items such as Management and Auditors Fees have been apportioned between the schedules based approximately on the total expenditure within each schedule.



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
Direct Dial: 0121 234 0462
Mobile: 07510 373 185
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.



Expenditure Commentary

SCHEDULE 1 (Residential 90.90% Gross) & SCHEDULE 8 (Commercial 9.10% Net) – REAR CAR PARK

	Schedule 1	Schedule 8
• Pest Control	£248.96	£24.58

The heading reflects the cost of the pest control contract for the rear car park. Expenditure was under budget.

• External Maintenance	£1,485.00	£150.00
-------------------------------	------------------	----------------

The budget provided for any repairs required to the car park and drainage works. Expenditure was below budget.

• Cleaning & Landscaping	£3,805.50	£317.52
-------------------------------------	------------------	----------------

The cost heading was for the landscaping and litter pick contract, together with a sum for ad-hoc landscaping repairs and weed treatment. The total expenditure was over budget.

• Gritting	£1,653.38	£137.93
-------------------	------------------	----------------

The budget provided for the gritting of the car park during the winter months. Expenditure was over budget.

• Utilities	£0.00	£0.00
--------------------	--------------	--------------

The cost heading was for the electricity consumption within the rear car park for the lighting and automatic gates. The supply continues to be linked to the Tesco electricity meter meaning that no expenditure was incurred.

• M & E Maintenance	£653.39	£54.51
--------------------------------	----------------	---------------

The expenditure heading is for the maintenance contract for the electronic car park gates. Costs were under budget.

• M & E Repairs	£2,857.88	£238.43
----------------------------	------------------	----------------

The budget allowed for unforeseen repairs to the car park gate and for other electrical maintenance within the car park. Repairs were completed, but the expenditure was under budget.

• Health & Safety	£0.00	£0.00
------------------------------	--------------	--------------

The budget provided for the completion of a Health & Safety Audit for the site. It was not carried out during this service charge year.

• Site Staff Costs	£1,202.99	£100.36
---------------------------	------------------	----------------



The figure represents the costs incurred for periodic site inspections, to organise and supervise the various contracts in place, deal with items of maintenance and ensure compliance.

- **Audit Fee** **£288.63** **£24.58**

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 £750.00. This has been split between all schedules. Expenditure was in line with the budget.

- **Management Fee** **£2,165.06** **£180.62**

This figure represents the costs incurred for the management of the property and the administration of the service charge. The RICS Service Charge Code of Practice recommends that this be a fixed fee, subject to annual review or indexation.

Totals **£15,634.36**



**SCHEDULE 2 (Commercial 64.24% Net) & SCHEDULE 3 (Residential 35.76% Gross)
– CHOLSEY HOUSE BUILDING**

	Schedule 2	Schedule 3
• Cleaning	£650.00	£0.00

The cost heading provided for the annual cleaning of the gutters. Schedule 2 was under budget, however, no expenditure has occurred within this service charge period for Schedule 3.

• Building Repair	£0.00	£0.00
--------------------------	--------------	--------------

The budget provided a contingency sum for any unexpected external repairs that may need to be carried out to the structure. There was no expenditure for this period.

• Health & Safety	£0.00	£0.00
------------------------------	--------------	--------------

The budget provided for the completion of a Health & Safety Audit for the site. It was not carried out during this service charge year.

• Site Staff Costs	£163.47	£109.18
---------------------------	----------------	----------------

The figure represents the costs incurred for periodic site inspections, to organise and supervise the various contracts in place, deal with items of maintenance and ensure compliance.

• Audit Fee	£39.22	£26.20
--------------------	---------------	---------------

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 £750.00. This has been split between all schedules. Expenditure was in line with the budget.

• Management Fee	£294.19	£196.52
-------------------------	----------------	----------------

This figure represents the costs incurred for the management of the property and the administration of the service charge. The RICS Service Charge Code of Practice recommends that this be a fixed fee, subject to annual review or indexation.

Totals		£1,478.78
---------------	--	------------------



**SCHEDULE 4 (Commercial 26.86% Net) & SCHEDULE 5 (Residential 73.14% Gross)
– UPPER FLOOR CHOLSEY HOUSE**

	Schedule 4	Schedule 5
• Fire Prevention	£546.44	£1,785.58

The expenditure heading provided for the maintenance contract and weekly testing of the fire alarm linked between the first floor commercial unit and the residential flats. Expenditure was over budget.

• Site Staff Costs	£37.28	£121.80
---------------------------	---------------	----------------

The figure represents the costs incurred for periodic site inspections, to organise and supervise the various contracts in place, deal with items of maintenance and ensure compliance. The total fixed fee of £3,126.00 is split between all schedules. Expenditure was in line with the budget.

• Audit Fee	£8.94	£29.23
--------------------	--------------	---------------

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 £750.00. This has been split between all schedules. Expenditure was in line with the budget.

• Management Fee	£67.09	£219.24
-------------------------	---------------	----------------

This figure represents the costs incurred for the management of the property and the administration of the service charge. The total fixed fee of £5,626.00 is split between all schedules. The RICS Service Charge Code of Practice recommends that this be a fixed fee, subject to annual review or indexation.

Totals		£2,815.60
---------------	--	------------------



SCHEDULE 6 (Residential 100.00% Gross) – WINTERBROOK HOUSE BUILDING

- **Window Cleaning** **£552.00**

The expenditure relates to the quarterly window cleaning. It was under budget.

- **External Maintenance** **£0.00**

The budget provided a contingency sum for any unexpected external repairs that may need to be carried out to the structure. The expenditure relates to roof and gutter cleaning works. No expenditure was incurred during this period.

- **Access Equipment** **£0.00**

The expenditure relates to the annual maintenance of the mansafe system in respect of the window cleaning, although no expenditure has occurred within this service charge period.

- **Site Staff Costs** **£1,290.04**

The figure represents the costs incurred for periodic site inspections, to organise and supervise the various contracts in place, deal with items of maintenance and ensure compliance.

- **Insurance** **£4,832.39**

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

- **Audit Fee** **£309.51**

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 £750.00. This has been split between all schedules. Expenditure was in line with the budget.

- **Fire Prevention** **£0.00**

The cost heading provides for the maintenance contract and weekly testing of the fire alarm and no expenditure was incurred for this period.

- **Building Repair** **£16,965.10**

The cost heading provides for the maintenance contract and weekly testing of the fire alarm and no expenditure was incurred for this period.

- **Management Fee** **£2,321.73**

This figure represents the costs incurred for the management of the property and the administration of the service charge. The RICS Service Charge Code of Practice recommends that this be a fixed fee, subject to annual review or indexation.

Total **£26,270.77**



SCHEDULE 7 (Commercial 100% Net) – FRONT CAR PARK

- **Car Park Maintenance** **£0.00**

The budget provided for repairs to the car park surface. No expenditure was incurred during this period.

- **Cleaning & Landscaping** **£0.00**

The budget allowed for the landscaping contract, litter pick contract and a contingency sum for ad-hoc landscaping repairs and weed treatment. No expenditure was incurred during this period.

- **Health & Safety** **£0.00**

The budget provided for the completion of a Health & Safety Audit for the site. It was not carried out during this service charge year.

- **Site Staff Costs** **£554.87**

The figure represents the costs incurred for periodic site inspections, to organise and supervise the various contracts in place, deal with items of maintenance and ensure compliance.

- **Audit Fee** **£133.13**

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 £750.00. This has been split between all schedules. Expenditure was in line with the budget.

- **Management Fee** **£998.62**

This figure represents the costs incurred for the management of the property and the administration of the service charge. The RICS Service Charge Code of Practice recommends that this be a fixed fee, subject to annual review or indexation.

Total **£1,686.62**



R. Scott

[Handwritten signature]

.....
Facilities Manager

.....
Associate Partner

Dated: 11th June 2024

Dated: 11th June 2024



Appendix A

Battle Hospital, Oxford Road, Reading									
Service Charge Apportionment Schedule									
29th September 2022 to 28th September 2023									
Unit	Floor Area Sq f	Schedule 1	Schedule 2	Schedule 3	Schedule 4	Schedule 5	Schedule 6	Schedule 7	Schedule 8
1 Cholsey House	1820	0.00	0.15	0.00	0	0	0.00	0.15	0.00
2 Cholsey House	1710	£ -	£ 0.14	£ -	0	0	£ -	£ 0.14	£ -
3 Cholsey House	1506	£ -	£ 0.13	£ -	0	0	£ -	£ 0.13	£ -
4 Cholsey House	680	£ -	£ 0.06	£ -	0	0	£ -	£ 0.06	£ -
5 Cholsey House	743	£ -	£ 0.06	£ -	0	0	£ -	£ 0.06	£ -
6 Cholsey House	1545	£ -	£ 0.13	£ -	0	0	£ -	£ 0.13	£ -
7 Cholsey House	1442	£ -	£ 0.12	£ -	0	0	£ -	£ 0.12	£ -
8 Cholsey House	2428	£ -	£ 0.20	£ -	1	0	£ -	£ 0.20	£ 1.00
Cholsey House Reside	6611	£ 0.33	£ -	£ 1.00	0	1	£ -	£ -	£ -
Winterbrook House	-	£ 0.68	£ -	£ -	0	0	£ 1.00	£ -	£ -
	18485	£ 1.00	£ 1.00	£ 1.00	1	1	£ 1.00	£ 1.00	£ 1.00



Battle Hospital, Oxford Road, Reading

Service Charge Variance Schedule

29th September 2022 to 28th September 2023

The property is VAT registered.

Service Charge Item	Schedule	Budget 2022/2023	Actual YE 2023	Variance
Pest Control	1	£ 818.10	£ 294.50	£ 523.60
Car Park Maintenance	1	£ 3,272.40	£ 1,485.00	£ 1,787.40
Landscaping	1	£ 3,163.32	£ 3,805.50	-£ 642.18
Snow Clearance & Gritting	1	£ 954.45	£ 1,653.38	-£ 698.93
Utilities	1	£ 763.56	£ -	£ 763.56
M&E Maintenance	1	£ 763.56	£ 653.39	£ 110.17
M&E Repairs	1	£ 3,272.40	£ 2,857.88	£ 414.52
Health & Safety	1	£ 790.56	£ -	£ 790.56
Staff Site Costs	1	£ 1,202.99	£ 1,202.99	£ -
Audit Fee	1	£ 288.63	£ 288.63	£ -
Management Fee	1	£ 2,165.07	£ 2,165.06	£ 0.01
1 Total		£ 17,455.04	£ 14,406.33	£ 3,048.71
Cleaning	2	£ 803.00	£ 650.00	£ 153.00
Building Repair	2	£ 963.60	£ -	£ 963.60
Health & Safety	2	£ 106.80	£ -	£ 106.80
Staff Site Costs	2	£ 163.47	£ 163.47	£ -
Audit Fee	2	£ 39.22	£ 39.22	£ -
Management Fee	2	£ 294.19	£ 294.19	£ -
2 Total		£ 2,370.28	£ 1,146.88	£ 1,223.40
Cleaning	3	£ 536.40	£ -	£ 536.40
Building Repair	3	£ 643.68	£ -	£ 643.68
Health & Safety	3	£ 71.34	£ -	£ 71.34
Staff Site Costs	3	£ 109.19	£ 109.18	£ 0.01
Audit Fee	3	£ 26.20	£ 26.20	£ -
Management Fee	3	£ 196.52	£ 196.52	£ -
3 Total		£ 1,583.33	£ 331.90	£ 1,251.43
Fire Prevention	4	£ 402.90	£ 546.44	-£ 143.54
Staff Site Costs	4	£ 37.28	£ 37.28	£ -
Audit Fee	4	£ 8.94	£ 8.94	£ -
Management Fee	4	£ 67.09	£ 67.09	£ -
4 Total		£ 516.21	£ 659.75	-£ 143.54
Fire Prevention	5	£ 1,316.52	£ 1,785.58	-£ 469.06
Staff Site Costs	5	£ 121.81	£ 121.80	£ 0.01
Audit Fee	5	£ 29.23	£ 29.23	£ -
Management Fee	5	£ 219.24	£ 219.24	£ -
5 Total		£ 1,686.80	£ 2,155.85	-£ 469.05
Window Cleaning	6	£ 1,200.00	£ 552.00	£ 648.00
External Maintenance	6	£ 6,000.00	£ -	£ 6,000.00
Access Equipment	6	£ 750.00	£ -	£ 750.00
Staff Site Costs	6	£ 1,290.04	£ 1,290.04	£ -
Building Repair	6	£ -	£ 16,965.10	-£ 16,965.10
Insurance	6	£ 6,000.00	£ 4,832.39	£ 1,167.61
Audit Fee	6	£ 309.51	£ 309.51	£ -
Management Fee	6	£ 2,321.74	£ 2,321.73	£ 0.01
6 Total		£ 17,871.29	£ 26,270.77	-£ 8,399.48
Cleaning & Landscaping	7	£ 3,000.00	£ -	£ 3,000.00
Car Park Maintenance	7	£ 3,000.00	£ -	£ 3,000.00
Health & Safety	7	£ 362.75	£ -	£ 362.75
Staff Site Costs	7	£ 554.87	£ 554.87	£ -
Audit Fee	7	£ 133.13	£ 133.13	£ -
Management Fee	7	£ 998.62	£ 998.62	£ -
7 Total		£ 8,049.37	£ 1,686.62	£ 6,362.75
Pest Control	8	£ 68.25	£ 24.58	£ 43.67
Car Park Maintenance	8	£ 273.00	£ 150.00	£ 123.00
Landscaping	8	£ 263.90	£ 317.52	-£ 53.62
Snow Clearance & Gritting	8	£ 79.63	£ 137.93	-£ 58.30
Utilities	8	£ 63.70	£ -	£ 63.70
M&E Maintenance	8	£ 63.70	£ 54.51	£ 9.19
M&E Repairs	8	£ 273.00	£ 238.43	£ 34.57
Health & Safety	8	£ 65.95	£ -	£ 65.95
Staff Site Costs	8	£ 100.36	£ 100.36	£ -
Audit Fee	8	£ 24.08	£ 24.08	£ -
Management Fee	8	£ 180.62	£ 180.62	£ -
8 Total		£ 1,456.19	£ 1,228.03	£ 228.16

TESCO STORES LTD

**BATTLE HOSPITAL
OXFORD ROAD, READING**

SERVICE COSTS STATEMENT

INDEPENDENT REVIEW

YEAR ENDED 28TH SEPTEMBER 2023

Haines Watts

TESCO STORES LTD
OXFORD ROAD, READING
Certificate of Service Costs for the year ended 28th September 2023

	2023	2022
Cholsey House (COMM NET 64.24%)		
Building Repair	-	1,830.84
External Cleaning	650.00	-
Staff Wages	163.47	143.04
Interest	-	(7.50)
Audit Fees	39.22	38.54
Management Fees	294.19	257.48
	<u>1,146.88</u>	<u>2,262.40</u>
Front Car Park		
Car Park Maintenance		2,015.00
Landscape - External	3,488.70	2,546.94
Staff Wages	554.87	473.16
Audit Fees	133.13	127.50
Management Fees	998.62	851.68
	<u>5,175.32</u>	<u>6,014.28</u>
Upper Floor Cholsey House (COMM NET 26.86%)		
Fire Prevention	546.44	422.48
Staff Wages	37.28	29.90
Audit Fees	8.94	8.06
Management Fees	67.09	53.84
	<u>659.75</u>	<u>514.28</u>
Rear Car Park (COMM NET 9.1%)		
Pest Control	24.58	23.78
Car Park Maintenance	150.00	87.81
Landscape - External	317.52	231.78
Gritting	137.93	131.35
Mechanical and Electrical Maintenance	54.51	54.51
Mechanical and Electrical Repairs	238.43	198.15
Staff Wages	100.36	81.05
Audit Fees	24.08	21.84
Management Fees	180.62	145.88
	<u>1,228.03</u>	<u>976.15</u>
Rear Car Park (RESI GROSS 90.90%)		
Pest Control	294.50	284.96
Car Park Maintenance	1,485.00	877.19
Landscape - External	3,805.50	2,778.18
Gritting	1,653.38	1,574.60
Mechanical and Electrical Maintenance	653.39	653.39
Mechanical and Electrical Repairs	2,857.88	2,084.33
Staff Wages	1,202.99	971.52
Audit Fees	288.63	261.72
Management Fees	2,165.06	1,748.72
	<u>14,406.33</u>	<u>11,234.61</u>
Cholsey House (RESI GROSS 35.76%)		
Building Repair	-	1,019.16
Staff Wages	109.18	95.55
Audit Fees	26.20	25.75
Management Fees	196.52	171.92
	<u>331.90</u>	<u>1,312.38</u>

Upper Floor Cholsey House (RESI GROSS 73.14%)		
Fire Prevention	1,785.58	1,380.54
Staff Wages	121.80	97.71
Audit Fees	29.23	26.33
Management Fees	219.24	175.88
	<u>2,155.85</u>	<u>1,680.46</u>
Winterbrook House (RESI GROSS)		
Window Cleaning	552.00	1,104.00
Building Repairs	16,965.10	-
Staff Wages	1,290.04	1,302.58
External Repairs and Maintenance	-	2,580.00
Fire Prevention	-	360.00
Building Insurance	4,832.39	10,026.91
Audit Fees	309.51	351.00
Management Fees	2,321.73	2,344.64
	<u>26,270.77</u>	<u>18,069.13</u>
Total expenditure	<u><u>51,374.83</u></u>	<u><u>42,063.69</u></u>

Independent Accountant's Review Report

To the Manager, Battle Hospital, Oxford Road, Reading

We have reviewed the statement of service charge expenditure for the above property for the year ended 28 September 2023. 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.

A handwritten signature in black ink, appearing to read "Haines Watts".

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