



Borough Court

Grammar School Lane

Halesowen

West Midlands

B63 3SW

Service Charge Expenditure Report

**1st January 2019 to 31st December
2019**



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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, PR Trinity Investments Ltd. It is intended to provide details of the expenditure incurred during the service charge period 1st January 2019 to 31st December 2019.

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

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

The Property

The property is located on Grammar School Lane, which adjoins Old Hawne Lane. The property is a short distance from the A458 Stourbridge Road and the main Halesowen town centre.

Borough Court is a courtyard style development providing a mixture of single and two storey buildings of varying ages. There are a variety of uses including offices, light industrial and a gymnasium. In addition to the courtyard buildings, there is an adjacent plot of land used for display purposes.

The communal areas of the estate include the car park and rear walkways. Under the terms of the individual leases, the maintenance of the roof and building structure is also provided for under the service charge provisions.

Voids and Concessions

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

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

A Reserve Fund has been set up in order to accrue funds for the resurfacing of the car park. 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.



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.



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:

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

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

Rebecca Glover is the client accountant responsible for this property.



Service Charge Apportionment

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

The service charge expenditure is contained under a single schedule that all courtyard occupiers contribute towards, reflecting the benefit of the services provided. The occupier of the adjacent land does not contribute towards the service charge, due to the self-contained nature of the site.

The apportionment percentages are calculated based on net internal floor areas.



Expenditure Commentary

SCHEDULE 1 – All Courtyard Occupiers

All figures are shown net of VAT

- **External Cleaning** **£1,730.00**

The heading reflects the cost of the contract for litter picking, sweeping, weed control and the removal of any fly tipping across the main car park and the rear fire escape routes. The contract provides for two visits per month (24 per annum). The contract is held by Holder Site Management Ltd. The expenditure came in above budget. This was largely due to the inclusion of a gutter clean across the site.

- **Refuse** **£2,129.82**

The expenditure is for the weekly waste collection contract. The contract is held by Commercial Waste Recycling and the costs came in below budget.

- **Building Repairs** **£2,825.00**

The cost heading covers any repairs and maintenance in respect of the structure of the buildings and the car park. The main item was the completion of roof repairs. The expenditure came in marginally above budget.

- **Landscaping** **£150.00**

The budget allowed for the annual pruning of the 9 beech trees to the front of the estate and the annual clearance of the fire escape route to the rear of units 7, 8 & 9. The contract is held by Holder Site Management Ltd. The accrual of funds from the previous service charge year has resulted in the total expenditure coming in below budget.

- **Water Charges** **£919.36**

The cost heading provides for the water charges levied at the estate by South Staffordshire Water Plc. The expenditure was above budget.

- **Gritting** **£1,238.00**

The cost is for the gritting the car park and rear fire escape route during the winter months. It came in above budget.

- **Statutory Compliance** **£0.00**

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

- **Reserve Fund** **£1,000.00**

A reserve fund was set up for the service charge year in order to build funds for the eventual resurfacing of the car park. This year's contribution was in line with the budget.



- **Audit Fee** **£350.00**

The expenditure covers the cost for an independent accountant to certify the service charge expenditure, which is regarded as best practice. The expenditure is in line with the budget.

- **Management Fee** **£1,611.00**

The figure represents the costs incurred for the management of the property and the 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 fee level was in line with the budget.

- **Facilities Management** **£806.00**

The expenditure is for the Facilities Manager to organise the maintenance contracts and supervise the works. The fee level was in line with the budget.

Total

Schedule 1 **£12,759.18**

.....
Facilities Manager

Dated 24th August 2020

.....
Partner

Dated 24th August 2020



Appendix A

Borough Court, Grammar School Lane, Halesowen

Service Charge Apportionment Schedule

1st January 2019 to 31st December 2019

Unit	Schedule	Area Sq Ft	Apportionment %
1	1	2,797	18.98%
2	1	2,650	21.17%
3	1	2,195	17.54%
4	1	1,000	7.99%
5	1	809	6.46%
6	1	1,046	8.36%
7	1	955	7.63%
8&9	1	1,486	11.87%
Total		12,938	100.00%



Appendix B

Borough Court, Grammar School Lane, Halesowen

Service Charge Variance Schedule

1st January 2019 to 31st December 2019

The property is VAT registered. Figures for Schedule 1 shown net of VAT.

Service Charge Item	Schedule	Budget 2019	Expenditure 2019	Budget v Expenditure £
External Cleaning	1	£ 1,400.00	£ 1,730.00	£ 330.00
Refuse	1	£ 2,500.00	£ 2,129.82	-£ 370.18
Building Repair	1	£ 2,500.00	£ 2,825.00	£ 325.00
Landscaping	1	£ 800.00	£ 150.00	-£ 650.00
Water Charges	1	£ 500.00	£ 919.36	£ 419.36
Gritting	1	£ 1,000.00	£ 1,238.00	£ 238.00
Statutory Compliance	1	£ 500.00	£ -	-£ 500.00
Reserve Fund	1	£ 1,000.00	£ 1,000.00	£ -
Audit Fees	1	£ 350.00	£ 350.00	£ -
Management Fee	1	£ 1,611.00	£ 1,611.00	£ -
Facilities Management	1	£ 806.00	£ 806.00	£ -
Total		£ 12,967.00	£ 12,759.18	-£ 207.82

PR TRINITY INVESTMENTS LIMITED
BOROUGH COURT
GRAMMAR SCHOOL LANE, HALESOWEN

SERVICE COSTS AUDIT STATEMENT

YEAR ENDED 31 DECEMBER 2019



Borough Court
Grammar School Lane, Halesowen
Certificate of Service Costs for the Year Ended 31 December 2019

	2019	2018
Cleaning	1,730.00	1,767.00
Refuse	2,129.82	2,323.44
Building Repair	2,825.00	3,612.00
Landscape - External	150.00	730.00
Gritting	1,238.00	-
Water Charges	919.36	1,331.19
Reserve funds	1,000.00	1,000.00
Audit Fees	350.00	350.00
Management Fees	1,611.00	1,560.00
Facilities Management	806.00	780.00
Total Expenditure	<u>12,759.18</u>	<u>13,453.63</u>
Reserve fund:		
Balance @ 01.01.19	-	
Paid in during the year	1,000.00	
Balance @ 31.12.19	<u>1,000.00</u>	

Independent Accountant's Review Report

To the Manager, Unit 1 Borough Court

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



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Staffordshire
B79 7QF

PR Trinity Investments Limited

BOROUGH COURT

Proof of Certificates totalling costs per

Cost Schedule

GRAMMAR SCHOOL LANE, HALESOWEN

Service Charge Certificates Raised

	2,758.56
	1,431.83
	1,181.27
	2,165.25
	986.30
	93.94
	703.51
	1,030.93
	941.62
	1,466.04
Total raised	<u>12,759.25</u>
Total costs per schedule	<u>12,759.18</u>
Difference (rounding)	<u>0.07</u>