



Borough Court

Grammar School Lane

Halesowen

West Midlands

B63 3SW

Service Charge Expenditure

1st January 2023 to

31st December 2023



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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 for the service charge period 1st January 2023 to 31st December 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 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. Therefore, 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 was introduced in 2016. The Reserve Fund is held in a discrete bank account to obtain interest on the retained funds.



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 expenditure incurred to promote clarity and transparency.



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:

Maria Lazenbury
Johnson Fellows, Charter House, 163 Newhall Street, Birmingham, B3 1SW
Direct Dial: 0121 234 0576
Mobile: 07884 352576
Email: maria.lazenbury@johnsonfellows.co.uk

Maria Lazenbury 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.

The apportionment percentages are calculated based on net internal floor areas of the individual units.



Budget Commentary

SCHEDULE 1 – All Courtyard Occupiers

All figures are shown net of VAT

- **External Cleaning** **£1260.00**

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. Expenditure is slightly under budget for this period.

- **Landscaping** **£795.00**

The cost heading provides for the annual pruning of the beech trees to the front of the estate. This is undertaken in late autumn and includes the provision of access equipment and the removal of debris. The cost also includes 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 and has been maintained at the same level. Expenditure this year is as budgeted.

- **Refuse** **£2,567.47**

The cost heading provides for the weekly waste collection contract for the tenant's refuse and recycling. The contract is held by Commercial Waste Recycling. Incorporated within the budget is a contribution for Landfill Tax. Expenditure this year is marginally over budget.

- **Building Repairs** **£3,290.00**

This heading reflects the cost of any repairs and maintenance works in respect of the structure and roofs of the buildings together with the car park surface. Expenditure incurred this year has been slightly less than budgeted.

- **Water Charges** **£1000.00**

The cost heading provides for the water charges levied at the estate by South Staffordshire Water Plc for clean water and Waterplus for waste water. Expenditure is less than budgeted as a credit has been received following a reconciliation exercise in respect of the meter readings. An accrual was made to provide for any sums that maybe due to Waterplus for surface water charges for this period. Subsequent investigations have confirmed that the tenants are responsible for payment directly to Waterplus for surface water as this is assessed on each unit's rateable value. As a result, any credit balance for this expenditure heading will be accounted for within the 2024 yearend accounts.

- **Gritting** **£1001.26**

The budget allows for the anticipated costs incurred in gritting the car park/external estate areas during the winter months. The budget for this year was maintained at the same level as last year, however expenditure has exceeded the budget. This is due to the unforeseen weather conditions experienced during the winter months. The gritting provision for this site is operated under a national contract for the provision of gritting across our managed sites. The current contractor is Outco Limited attend site when temperature reach zero degree having regard to daily MET office reports. .



- **Statutory Compliance** **£0.00**

This cost heading was for the provision of an updated Health and Safety Audit. No expenditure has been incurred within this service charge year. An independent health and safety report was completed in March 2024 and therefore the associated expenditure will be included within the service charge year end December 2024.

- **Reserve Fund** **£1,000.00**

A Reserve Fund has been set up to accrue funds for the eventual resurfacing of the car park. The balance of the reserve fund as of the 31.12.2023 is £8007.14. In consultation with tenants this reserve fund may be utilised against interim car parking repairs required in 2024 if deemed appropriate and in the interest of good estate management. .

- **Audit Fee** **£350.00**

The RICS Service Charge Code of Practice states that service charge accounts are to be independently certified on an annual basis. This cost covers the fee raised by the accountants for certifying the year end service charge accounts. This expenditure is as per the budget for this year.

- **Management Fee** **£2,020.00**

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. The fee is increased annually in the Retail Price Index. This expenditure is as per the budget for this year.

- **Facilities Management** **£1,010.00**

The budget cost is for the Facilities Manager to organise and supervise the service charge contracts, maintenance works and ensure legislative compliance. The fee is increased annually in line with the Retail Price Index. This expenditure is as per the budget for this year.

Total

Schedule 1 **£14,293.73**

R. Scott

M.D.

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Facilities Manager

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Associate Partner

Dated 17.06.2024



Appendix A

Borough Court, Grammar School Lane, Halesowen

Service Charge Apportionment Schedule

1st January 2023 to 31st December 2023

Unit	Schedule	Area Sq Ft	Apportionment
1	1	2,797	21.62%
2	1	2,650	20.48%
3	1	2,195	16.97%
4	1	1,000	7.73%
5	1	809	6.25%
6	1	1,046	8.08%
7	1	955	7.38%
8&9	1	1,486	11.49%
Total		12,938	100.00%



Appendix B

Borough Court, Grammar School Lane, Halesowen

Service Charge Year End Variance Schedule

1st January 2023 to 31st December 2023

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

Service Charge Item	Schedule	Budget 2023	Actual 2023	Budget v Actual Variance £
External Cleaning	1	£ 1,400.00	£ 1,260.00	-£ 140.00
Landscaping	1	£ 800.00	£ 795.00	-£ 5.00
Refuse	1	£ 2,550.00	£ 2,567.47	£ 17.47
Building Repair	1	£ 3,500.00	£ 3,290.00	-£ 210.00
Water Charges	1	£ 1,300.00	£ 1,000.00	-£ 300.00
Gritting	1	£ 500.00	£ 1,001.26	£ 501.26
Statutory Compliance	1	£ 500.00	£ -	-£ 500.00
Reserve Fund	1	£ 1,000.00	£ 1,000.00	£ -
Audi Fee	1	£ 350.00	£ 350.00	£ -
Management Fee	1	£ 2,020.00	£ 2,020.00	£ -
Facilities Management	1	£ 1,010.00	£ 1,010.00	£ -
Total		£ 14,930.00	£ 14,293.73	-£ 636.27

PR TRINITY INVESTMENTS LIMITED
BOROUGH COURT
GRAMMAR SCHOOL LANE, HALESOWEN

SERVICE COSTS STATEMENT

INDEPENDENT REVIEW

YEAR ENDED 31ST DECEMBER 2023

Haines Watts

Borough Court
Grammar School Lane, Halesowen
Certificate of Service Costs for the Year Ended 31st December 2023

	2023	2022
Cleaning	1,260.00	1,260.00
Refuse	2,567.47	2,286.32
Building Repair	3,290.00	6,156.40
Landscape - External	795.00	730.00
Gritting	1,001.26	1,022.33
Water Charges	1,000.00	980.41
Reserve funds	1,000.00	1,000.00
Audit Fees	350.00	350.00
Management Fees	2,020.00	1,793.00
Facilities Management	1,010.00	897.00
Total Expenditure	<u><u>14,293.73</u></u>	<u><u>16,475.46</u></u>
 Reserve fund:		
Balance @ 01.01.23	7,007.14	
 Paid in during the year	1,000.00	
 Interest in the year	0.00	
 Balance @ 31.12.23	<u><u>8,007.14</u></u>	

Independent Accountant's Review Report

To the Manager, Borough Court

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



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