



JOHNSON FELLOWS
CHARTERED SURVEYORS

Brighton Court

**Moseley Road/Brighton Road
Balsall Heath**

Birmingham B12 9AD

Service Charge Expenditure Report

**1st January 2014 to 31st December
2014**



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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, Pall Mall Investments Limited.

The report is intended to provide a detailed breakdown of the actual expenditure for the service charge year 1st January 2014 to 31st December 2014.

The Property

Brighton Court is located within the Balsall Heath area of Birmingham approximately two miles to the south east of the city centre. The premises consist of a parade of ground floor retail units fronting Moseley Road and Brighton Road, with residential accommodation above. There is a service yard to the rear of the development with vehicle access from Brighton Road. The residential accommodation has secure gated entrances at either end of the site, which lead to a terraced area at first floor level.

There are no internal common parts.

Voids and Concessions

Where there are any voids or service charge concessions, these are the responsibility of the Landlord.

The Landlord is also responsible for the service charge contributions in respect of the residential flats that are let on Assured Shorthold Tenancy agreements.

VAT

The Landlord has elected the property for VAT. The expenditure stated is net of VAT.

Banking

Due to the general level of service charge funds, we do not maintain the funds in a discrete bank account. As a consequence the service charge is not credited with any interest, neither are any bank charges allocated to the service charge accounts. The funds are held within the Johnson Fellows Clients Account, which is maintained with Barclays Bank plc, Kidderminster branch.

Reserve Fund

There is a Reserve Fund into which annual payments are made. The Reserve Fund is then used for exceptional expenditure. These funds are retained in a discrete bank account with interest credited to it, against which bank charges are off set. A Reserve Fund statement can be seen in the Auditors statement.



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 3rd Edition and the Service Charge Residential Management Code; RICS Code of Practice.

Residential Service Charge Obligations

In accordance with the Landlord & Tenant Act 1987, Section 48, it is confirmed that the Landlord is Pall Mall Investment Limited and their address for the service of notices is 144 Clapton Common, London E5 9AG.

Please refer to the enclosed details in Appendix D for the relevant legislation of residential long leaseholder's rights and obligations which are relevant to the service charge. Any individual works required where any residential long leaseholders' contribution exceeds £250 plus VAT, we will consult the relevant leaseholders



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:

George Brittain
Johnson Fellows, Charter House, 163 Newhall Street, Birmingham, B3 1SW
Direct Dial: 0121 234 0454
Mobile: 07884 352 576
Email: george.brittain@johnsonfellows.co.uk

George Brittain 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 service charge expenditure is allocated to a single schedule for both commercial and residential occupiers.

All expenditure relates to the external common parts, including external and structural repairs and services of the development as a whole, which benefit all tenants.

The service charge percentages have regard to the percentage apportionments as documented with the individual leases. The percentages total 102.72%. The additional 2.72% is allocated to the reserve fund.

If a unit has been occupied by more than one tenant during the service charge year, the credit or shortfall due will be apportioned according to the period of occupation.

An apportionment schedule for the property is attached at Appendix A.



Expenditure Commentary

Commercial and Residential

All figures are shown net of VAT

- **Cleaning** **£5,925.00**

The expenditure consists of the litter pick and cleaning to the external common parts of the premises, undertaken on the basis of three visits per week. In addition to the fixed contract cost, ad-hoc charges have been incurred when larger items require removal following fly tipping or dumping. The total expenditure has come in on budget.

- **Pest Control** **£590.00**

The expenditure represents the cost for the pest control contract provided to the rear of the development. It includes the setting of bait stations and the regular replenishment of the poison within them. The expenditure is marginally under budget.

- **Building Repairs** **£11,273.00**

The budget set allowed for the anticipated completion of patch repairs to the roof, repairs to the meter cupboards and external decoration. The expenditure came in on budget.

- **Drain Maintenance** **£1,074.00**

The expenditure represents the cost for the periodic jetting through of the drains and gullies around the site on an ad-hoc basis when required. The expenditure came in below budget.

- **Electrical Supply** **£1,929.55**

The expenditure represents the electrical supply for the lighting within the common areas. The consumption was more than anticipated.

- **Reserve Fund** **£2,000.00**

The amount stated is the ongoing annual contribution to the reserve fund for future anticipated expenditure for major works. This is in addition to the 2.72% over recovery of the service charge, which is also allocated to the reserve fund.

- **Audit Fees** **£375.00**

The expenditure represents the cost for an independent accountant to certify the accounts for the service charge year as budgeted. The cost was marginally under budget.

- **Management Fees** **£8,220.00**

Fees were charged in accordance with the set agreement.



- **Electrical Repairs** **£0.00**

The budget provided for any ad-hoc essential repairs to the lighting within the common areas. No expenditure was incurred.

- **Door Access System** **£0.00**

The budget provided a contingency sum for any repair works that may be required to the door entry systems.

There was no expenditure incurred this year.

- **Statutory Compliance** **£0.00**

There was no expenditure incurred this year.

- **Car Park Maintenance** **£575.00**

Drains in car park needed maintenance this was unplanned works

Total **£31,961.55**

Residential

- **Building Repairs** **£60.00**

Total **£60.00**

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Management Surveyor

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Facilities Manager

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Dated 24th February 2017

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Dated 24th February 2017



Appendix A

Brighton Court, Moseley Road/Brighton Road, Balsall Heath, Birmingham B12 9AD

Service Charge Apportionment Schedule

1st January 2014 to 31st December 2014

Unit	Apportionment
542 Moseley Road	5.00%
544 Moseley Road	5.00%
546 Moseley Road	5.00%
548/550 Moseley Road	14.00%
552 Moseley Road	5.00%
554 Moseley Road	5.00%
556 Moseley Road	5.00%
558 Moseley Road	5.00%
560 Moseley Road	5.00%
562-564 Moseley Road	10.00%
180 Brighton Road	5.00%
181 Brighton Road	5.00%
182 Brighton Road	5.00%
183 Brighton Road	5.00%
Flat 5 Brighton Court	1.17%
Flat 8 Brighton Court	1.17%
Flat 14 Brighton Court	1.17%
Flat 16 Brighton Court	1.17%
Flat 17 Brighton Court	1.17%
Landlord's Residential Contribution	12.87%
Total	102.72%



Appendix B

Brighton Court, Moseley Road/Brighton Road, Balsall Heath, Birmingham B12 9AD

Service Charge Variance Schedule

1st January 2014 to 31st December 2014

The property is VAT registered, all figures shown net of VAT

Service Charge Item	Budget 2014	Expenditure 2014	Budget v Expenditure Variance %	Budget v Expenditure Variance £
Cleaning	£ 6,000.00	£ 5,925.00	-1.25%	-£ 75.00
Pest Control	£ 600.00	£ 590.00	-1.67%	-£ 10.00
Building Repair	£ 11,500.00	£ 11,273.00	-1.97%	-£ 227.00
Drain Maintenance	£ 1,300.00	£ 1,074.00	-17.38%	-£ 226.00
Electricity Supply	£ 1,000.00	£ 1,929.55	92.96%	£ 929.55
Reserve Fund	£ 2,000.00	£ 2,000.00	0.00%	£ -
Audit Fees	£ 400.00	£ 375.00	-6.25%	-£ 25.00
Management Fees	£ 8,220.00	£ 8,220.00	0.00%	£ -
Electricity Repairs	£ 500.00	£ -	-100.00%	-£ 500.00
Door Access System	£ 200.00	£ -	-100.00%	-£ 200.00
Car Park Maintenance	£ -	£ 575.00	0.00%	£ 575.00
	£ 31,720.00	£ 31,961.55	0.76%	£ 241.55
Residential - Statutory Compliance	£ 400.00	£ -	-100.00%	-£ 400.00
Residential - Building Repair	0.00	60.00	0.00%	£ 60.00
	400.00	60.00	-85.0%	-340.00



Appendix C

PALL MALL INVESTMENT LTD

**BRIGHTON COURT, MOSELEY ROAD
BALSALL HEATH, BIRMINGHAM**

SERVICE COSTS AUDIT STATEMENT

YEAR ENDED 31ST DECEMBER 2014





Brighton Court, Moseley Road
Balsall Heath, Birmingham
Certificate of Service Costs for the year ended 31st December 2014

	2014	2013
Commercial & Residential		
Cleaning	5,925.00	5,745.00
Pest Control	590.00	590.00
Building Repair	11,273.00	5,034.00
Car Park Maintenance	575.00	0.00
Drain Maintenance	1,074.00	1,581.00
Electricity Supply	1,929.55	667.33
Reserve Fund	2,000.00	2,000.00
Audit Fees	375.00	375.00
Management Fees	8,220.00	8,020.00
	<u>31,961.55</u>	<u>24,012.33</u>
Residential		
Building Repair	60.00	0.00
Total expenditure	<u><u>32,021.55</u></u>	<u><u>24,012.33</u></u>

Agent Held Reserve Fund

Balance brought forward	10,298.07
Interest earned	3.92
2014 contribution	2,000.00
Surplus service charge contribution 2014	869.35
Balance carried forward	<u><u>13,171.34</u></u>

Separate to the Agent Held Reserve Fund is an amount of £33,476 plus interest, we understand is held directly by Pall Mall Investments Limited on behalf of the property. We have not been able to verify this balance as the scope of our work does not give us access to the supporting documents.

In our opinion the above is a fair summary of the costs incurred by or on behalf of Pall Mall Investment Ltd in connection with the matters for which the service charge is payable and, subject to the statement above, is sufficiently supported by accounts, receipts and other documents which have been produced to us.

Haines Watts, Chartered Accountants



Appendix D

The Service Charges (Summary of Rights and Obligations, and Transitional Provision) (England) Regulations 2007

- (1) This summary, which briefly sets out your rights and obligations in relation to variable service charges, must by law accompany a demand for service charges. Unless a summary is sent to you with a demand, you may withhold the service charge. The summary does not give a full interpretation of the law and if you are in any doubt about your rights and obligations you should seek independent advice.
- (2) Your lease sets out your obligations to pay service charges to your landlord in addition to your rent. Service charges are amounts payable for services, repairs, maintenance, improvements, insurance or the landlord's costs of management, to the extent that the costs have been reasonably incurred.
- (3) You have the right to ask a leasehold valuation tribunal to determine whether you are liable to pay service charges for services, repairs, maintenance, improvements, insurance or management. You may make a request before or after you have paid the service charge. If the tribunal determines that the service charge is payable, the tribunal may also determine:
 - a. who should pay the service charge and who it should be paid to;
 - b. the amount;
 - c. the date it should be paid by; and
 - d. how it should be paid.

However, you do not have these rights where:

- e. a matter has been agreed or admitted by you;
 - f. a matter has already been, or is to be, referred to arbitration or has been determined by arbitration and you agreed to go to arbitration after the disagreement about the service charge or costs arose;
 - g. or a matter has been decided by a court.
- (4) If your lease allows your landlord to recover costs incurred or that may be incurred in legal proceedings as service charges, you may ask the court or tribunal, before which those proceedings were brought, to rule that your landlord may not do so.
 - (5) Where you seek a determination from a leasehold valuation tribunal, you will have to pay an application fee and, where the matter proceeds to a hearing, a hearing fee, unless you qualify for a waiver or reduction. The total fees payable will not exceed £500, but making an application may incur additional costs, such as professional fees, which you may also have to pay.
 - (6) A leasehold valuation tribunal has the power to award costs, not exceeding £500, against a party to any proceedings where:
 - a. it dismisses a matter because it is frivolous, vexatious or an abuse of process; or
 - b. it considers a party has acted frivolously, vexatiously, abusively, disruptively or unreasonably.

The Lands Tribunal has similar powers when hearing an appeal against a decision of a leasehold valuation tribunal.

- (7) If your landlord:
 - a. proposes works on a building or any other premises that will cost you or any other tenant more than £250, or



- b. proposes to enter into an agreement for works or services which will last for more than 12 months and will cost you or any other tenant more than £100 in any 12 month accounting period,

Your contribution will be limited to these amounts unless your landlord has properly consulted on the proposed works or agreement or a leasehold valuation tribunal has agreed that consultation is not required.

- (8) You have the right to apply to a leasehold valuation tribunal to ask it to determine whether your lease should be varied on the grounds that it does not make satisfactory provision in respect of the calculation of a service charge payable under the lease.
- (9) You have the right to write to your landlord to request a written summary of the costs which make up the service charges. The summary must:
 - a. cover the last 12 month period used for making up the accounts relating to the service charge ending no later than the date of your request, where the accounts are made up for 12 month periods; or
 - b. cover the 12 month period ending with the date of your request, where the accounts are not made up for 12 month periods
- (10) The summary must be given to you within 1 month of your request or 6 months of the end of the period to which the summary relates whichever is the later.
- (11) You have the right, within 6 months of receiving a written summary of costs, to require the landlord to provide you with reasonable facilities to inspect the accounts, receipts and other documents supporting the summary and for taking copies or extracts from them.
- (12) You have the right to ask an accountant or surveyor to carry out an audit of the financial management of the premises containing your dwelling, to establish the obligations of your landlord and the extent to which the service charges you pay are being used efficiently. It will depend on your circumstances whether you can exercise this right alone or only with the support of others living in the premises. You are strongly advised to seek independent advice before exercising this right.
- (13) Your lease may give your landlord a right of re-entry or forfeiture where you have failed to pay charges which are properly due under the lease. However, to exercise this right, the landlord must meet all the legal requirements and obtain a court order. A court order will only be granted if you have admitted you are liable to pay the amount or it is finally determined by a court, tribunal or by arbitration that the amount is due. The court has a wide discretion in granting such an order and it will take into account all the circumstances of the case.