



JOHNSON FELLOWS
CHARTERED SURVEYORS

10-15 Broad Street

Banbury

Oxfordshire

OX16 5BN

Service Charge Expenditure Report

29th September 2020 to

28th September 2021



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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, Right Investments Limited. It is intended to provide details of the expenditure for the service charge year September 2020 – September 2021.

The Property

The property is within Banbury town centre adjacent NCP Car Park Banbury Cherwell Centre and comprises of two retail units and second floor residential flats fronting Christchurch Court. It includes the carpark to the rear of the retail units.

The external communal areas which are to be maintained through the service charge are the car park to the rear of the property together with external and structural parts of the buildings. The internal common areas along with the fire escape stair wells exclusively serve the residential tenants.

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 will have VAT charged at the standard rate.

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 late payment of service charge by tenants is to be credited to the service charge.

There is no sinking fund or reserve fund.



Service Charge Objectives

The object of this budget report is to provide clear explanation of the planned 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 for the forthcoming year.

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 Code of Practice.



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:

Maria Lazenbury
Johnson Fellows, Charter House, 163 Newhall Street, Birmingham, B3 1SW
Direct Dial: 0121 234 0454
Mobile: 07884 352 576
Email: maria.lazenbury@JohnsonFellows.co.uk

Maria 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 provisions are set out in each tenants lease. These consistently provide for each tenant to pay a due proportion of the service charge which is attributable to each tenant's premises.

The landlord will pay the contribution for the residential flats as it is intended these will be let on AST's

The apportionment percentages will be reviewed periodically should circumstances change.

Schedule 1 – This schedule purely serves the residential units and includes the internal shared areas and fire escapes.

Schedule 2 – This schedule includes all commercial tenants and covers the structure of the property and external common areas. The costs for this schedule are calculate as 68.23% of the total costs with the remainder being paid by the landlord (residential flats)

Schedule 3 – This schedule is paid for by the landlord and covers the structure of the property and external common areas. The costs for this schedule are calculate as 31.77% of the total costs with the remainder being paid by the commercial tenants

Schedules 2 & 3 are split and apportioned due to the need to handle VAT differently for residential and commercial tenants.

The service charge percentage apportionments are detailed in Appendix A.



Budget Commentary

Schedule 1 Residential

All figures are shown inc of VAT

- **Cleaning** **£0.00**

Cost of cleaning of the internal residential common areas. No invoices received from Martin & Co during covid period we anticipate receiving these in the following period.

- **Window cleaning** **£0.00**

Cost of ground floor entrance window clean. Services cut back during covid for cost savings.

- **Internal Repairs** **£0.00**

No internal repairs required during this period.

- **Access System** **£0.00**

The cost of maintaining the door entry system. No repairs required during this period.

- **Security Equipment** **£180.31**

Annual cost for the CCTV equipment maintained, service and required repairs.

- **Fire Prevention** **£990.30**

Annual cost for maintaining to the dry riser, weekly fire alarm testing, maintenance, repairs.

- **Audit Fee** **£240.00**

The cost for the service charge accounts to be independently certified on an annual basis as required by The RICS Service Charge Code of Practice.

- **Management Fee** **£723.62**

This figure represents the cost incurred for the management of the property and administration of the service charge, including periodic inspection. The RICS Service Charge Code of Practice recommends that this be a fixed fee, subject to annual retail price indexation.

- **Facilities Management Fee** **£775.31**

The cost of the Facilities Manager, for procurement and contract management, risk management, health and safety and meeting statutory legislations. The fee has been adjusted by RPI.

Total
Schedule 1 **£4,202.66**



Schedule 2 Common areas and structure (commercial)

All figures are shown net of VAT

- **Security Equipment** **£100.43**

Annual cost for the CCTV equipment maintained, service and required repairs.

- **External Cleaning** **£180.13**

Cost for removal of fly tipping.

- **Car Park Maintenance** **£208.11**

Cost for monthly clean and litter pick of the car park.

- **External Maintenance** **£2,085.01**

Cost for pest control and drainage unblocking services.

- **Roof Repairs** **£4,025.57**

Cost for roof repairs & access equipment for the year.

- **Audit Fee** **£136.46**

The cost for the service charge accounts to be independently certified on an annual basis as required by The RICS Service Charge Code of Practice.

- **Management Fee** **£1,410.65**

This figure represents the cost incurred for the management of the property and administration of the service charge, including periodic inspection. The RICS Service Charge Code of Practice recommends that this be a fixed fee, subject to annual retail price indexation.

- **Facilities Management Fee** **£685.60**

The cost of the Facilities Manager, for procurement and contract management, risk management, health and safety and meeting statutory legislations. The fee has been adjusted by RPI.

Total
Schedule 2 **£8,831.96**



Schedule 3 Common areas and structure (residential)

All figures are shown inclusive of VAT

- **Security Equipment** **£57.32**

Annual cost for the CCTV equipment maintained, service and required repairs.

- **External Cleaning** **£100.65**

Cost for removal of fly tipping.

- **Car Park Maintenance** **£116.30**

Cost for monthly clean and litter pick of the car park.

- **External Maintenance** **£1,081.20**

Cost for pest control and drainage unblocking services.

- **Roof Repairs** **£1,874.43**

Cost for roof repairs & access equipment for the year.

- **Audit Fee** **£76.25**

The cost for the service charge accounts to be independently certified on an annual basis as required by The RICS Service Charge Code of Practice.

- **Management Fee** **£788.21**

This figure represents the cost incurred for the management of the property and administration of the service charge, including periodic inspection. The RICS Service Charge Code of Practice recommends that this be a fixed fee, subject to annual retail price indexation.

- **Facilities Management Fee** **£383.08**

The cost of the Facilities Manager, for procurement and contract management, risk management, health and safety and meeting statutory legislations. The fee has been adjusted by RPI.

Total
Schedule 3 **£4,477.44**

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Management Surveyor

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Facilities Manager



Appendix A

Banbury:10-15 Broad Street (02003)

Service Charge Unit Percentages

Recovery Group = sc

Tree = ysi_bf

Reconciliation Period = 29/09/2021-28/09/2022

*Amounts in gbp

Unit	Tenant	Days	0% GROSS RESIDENTIAL	Commercial Nett 68.23%	RESI (GROSS) 31.77%
0001	British Heart Foundation (Original	365.00	0.0000	84.1500	0.0000
0002	Vacant	365.00	0.0000	15.8500	0.0000
0003	Landlord	365.00	100.0000	0.0000	100.0000
	Total		100.0000	100.0000	100.0000



Appendix B

Banbury:10-15 Broad Street (02003)

Service Charge Budget Comparison

Recovery Group = sc

Tree = ysi_bf

Reconciliation Period = 29/09/2020-28/09/2021

*Amounts in gbp

Code	Description	Actual (09/2021)	Budget (09/2021)	Variance	%
1	100% GROSS RESIDENTIAL				
5100-0101	Management Fee	723.62	723.62	0.00	0.0000
5100-0203	S/C Audit Fees	240.00	240.00	0.00	0.0000
5100-0309	Facilities Manager	775.31	775.31	0.00	0.0000
5100-0402	Health & Safety	0.00	300.00	-300.00	-100.0000
5200-0501	Electricity	0.00	600.00	-600.00	-100.0000
5300-0902	Security systems	180.31	400.00	-219.69	-54.9225
5300-0903	Door Entry System	0.00	300.00	-300.00	-100.0000
5300-1001	Internal Cleaning	0.00	700.00	-700.00	-100.0000
5300-1003	Window cleaning	0.00	300.00	-300.00	-100.0000
5400-1201	M&E Maintenance contract	1,293.12	600.00	693.12	115.5200
5400-1211	Fire prevention/detection	990.30	500.00	490.30	98.0600
5400-1501	Internal Repairs and maintenance	0.00	600.00	-600.00	-100.0000
5400-1517	Decoration Internal	0.00	600.00	-600.00	-100.0000
	Schedule Total	4,202.66	6,638.93	-2436.27	-36.6967
2	Commercial Nett 68.23%				
5100-0101	Management Fee	1,410.65	1,410.65	0.00	0.0000
5100-0203	S/C Audit Fees	136.46	136.46	0.00	0.0000
5100-0309	Facilities Manager	685.60	685.60	0.00	0.0000
5100-0402	Health & Safety	0.00	272.92	-272.92	-100.0000
5300-0902	Security systems	100.43	272.92	-172.49	-63.2017
5300-1002	External Cleaning	180.13	1,364.60	-1184.47	-86.7998
5300-1010	Snow clearance / Gritting	0.00	341.15	-341.15	-100.0000
5400-1502	External Repairs and maintenance	0.00	682.30	-682.30	-100.0000
5400-1505	Car Park Maintenance	208.11	1,364.60	-1156.49	-84.7494
5400-1506	External Maintenance	2,085.01	1,023.45	1061.56	103.7237
5400-1531	Roof Maintenance	4,025.57	1,364.60	2660.97	195.0000
	Schedule Total	8,831.96	8,919.25	-87.29	-0.9787
3	RESI (GROSS) 31.77%				
5100-0101	Management Fee	788.21	788.21	0.00	0.0000
5100-0203	S/C Audit Fees	76.25	76.25	0.00	0.0000
5100-0309	Facilities Manager	383.08	383.08	0.00	0.0000
5100-0402	Health & Safety	0.00	152.50	-152.50	-100.0000
5300-0902	Security systems	57.32	152.50	-95.18	-62.4131
5300-1002	External Cleaning	100.65	762.48	-661.83	-86.7997
5300-1010	Snow clearance / Gritting	0.00	190.62	-190.62	-100.0000
5400-1502	External Repairs and maintenance	0.00	381.24	-381.24	-100.0000
5400-1505	Car Park Maintenance	116.30	762.48	-646.18	-84.7471
5400-1506	External Maintenance	1,081.20	571.86	509.34	89.0673
5400-1531	Roof Maintenance	1,874.43	762.48	1111.95	145.8333
	Schedule Total	4,477.44	4,983.70	-506.26	-10.1583
	Total	17,512.06	20,541.88	-3029.82	-14.7495



Appendix C





**RIGHT INVESTMENTS LIMITED
10-15 BROAD STREET
BANBURY**

SERVICE COSTS AUDIT STATEMENT

YEAR ENDED 28TH SEPTEMBER 2021

Haines Watts

**10-15 Broad Street
Banbury
Certificate of Service Costs for the year ended 28th September 2021**

	2021	2020
100% Gross Residential:		
Decoration	-	648.00
Window Cleaning	-	100.00
Repairs - Internal	-	485.00
M&E Maintenance Contract	1,293.12	-
Security Equipment	180.31	375.13
Fire Prevention	990.30	234.00
Audit Fees	240.00	240.00
Management Fees	723.62	720.16
Facilities Management	775.31	1,190.58
	<u>4,202.66</u>	<u>3,992.87</u>
Commercial Nett (68.23%):		
Car Park Maintenance	208.11	545.84
Cleaning - External	180.13	1,037.10
Repairs - External	-	1,938.42
Roof Maintenance	4,025.57	4,216.61
External Maintenance	2,085.01	343.88
Security Equipment	100.43	208.84
Audit Fees	136.46	136.46
Management Fees	1,410.65	1,403.88
Facilities Management	685.60	740.66
	<u>8,831.96</u>	<u>10,571.69</u>
Residential Gross (31.77%):		
Car Park Maintenance	116.30	254.16
Cleaning - External	100.65	579.49
Repairs - External	-	1,083.10
Roof Maintenance	1,874.43	2,077.76
External Maintenance	1,081.20	192.15
Security Equipment	57.32	119.29
Audit Fees	76.25	76.25
Management Fees	788.21	784.40
Facilities Management	383.08	414.26
	<u>4,477.44</u>	<u>5,580.86</u>
Total expenditure	<u><u>17,512.06</u></u>	<u><u>20,145.42</u></u>

No reserve fund held.

Independent Accountant's Review Report

To the Manager, 10-15 Broad Street, Banbury.

We have reviewed the statement of service charge expenditure for the above property for the year ended 28 September 2021. 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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