



JOHNSON FELLOWS  
CHARTERED SURVEYORS

58-64 Park Way

Ruislip Manor

HA4 8NR

Service Charge Budget Report

29<sup>th</sup> September 2020 to 28<sup>th</sup>

September 2021



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## **Introduction**

This report has been produced by Johnson Fellows on behalf of the Landlord, Tesco Stores Limited. It is intended to provide details of the planned expenditure for the forthcoming service charge year.

## **The Property**

The property (defined as 'the Block' in various lease documents) comprises of two ground floor retail units, three maisonettes, one second floor residential flat and one first floor unit used as a dental surgery. The property does not include the Tesco customer car park at the rear. The service charge is to operate for the Block.

Whilst the Block forms part of a parade extending to Windmill Hill and there are mutual rights of access for the occupiers over the balcony areas, it is believed that there is no obligation for the owners/occupiers of the Block to contribute to maintenance expenditure of other parts of the parade and vice versa.

The parts of the Block covered by the service charge include rain water goods, drains and the communal areas for the first and second floor occupiers which include the front and rear balconies and the front and side stairs. The service charge specifically does not cover any areas which are demised to any leaseholder.

Not ALL leaseholders are responsible for contributing to ALL service charge expenditure for the Block. For this reason, service charge schedules have been used, details of which are set out on pages 5 & 6.

## **Voids and Concessions**

The responsibility for service charge in respect of void accommodation or any concessions rests with the Landlord.

## **VAT**

The Landlord has elected the property for VAT.

The service charge payable by the commercial lessees including the dental surgery have VAT charged at the standard rate. The service charge payable by the leaseholders of the first and second floor residential parts are charged inclusive of VAT, as the landlord is unable to recover VAT on this part of the service charge expenditure.



## **Banking**

Due to the level of service charge funds, they are not maintained within a discrete bank account. The funds are held within the Johnson Fellows client 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.

## **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 tenants and long 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 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 Tesco Stores Ltd and their address for the service of notices is Highwoods (2<sup>nd</sup> Floor), 2 Falcon Way, Shire Park, Welwyn Garden City, Herts, AL7 1GA.

Please refer to the enclosed details in Appendix C of 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 long 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](mailto: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](mailto: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](mailto:rebecca.glover@johnsonfellows.co.uk)

Rebecca Glover is the client accountant responsible for this property.



## **Service Charge Apportionment**

The service charge operates for the whole Block, as defined in the lease documents. The apportionment percentages for each lessee are noted within the Service Charge Apportionment Report, as detailed in Appendix A.

### **Ground Floor Expenditure**

The ground floor occupiers are liable for 100% of the costs for the repair and maintenance of the ground floor building (excluding the structure and foundations) and the rear extension. They are also responsible for 50% of the cost attributable to the rain water goods and drains which serve the Block.

The split of the service charge budget between the ground floor leaseholders has regard to the Net Internal Area (NIA) of their accommodation.

All expenditure to which the ground floor occupiers contribute towards is contained in Schedule One.

### **First and Second Floor Expenditure**

The first and second floor leaseholders are liable to pay 100% of the cost to repair and maintain the communal parts of the Block above ground floor level and the communal stairs from the ground floor. The exception is the budget for the rain water goods and drains which serve the Block, towards which they contribute 50% of the costs. There is also a liability to contribute towards any repairs to the structure and foundations.

There should be just one schedule which operates for the upper floors, but due to the VAT status of the first floor Dental Surgery being different to the residential parts, the budget for the first and second floor expenditure has been split into two schedules. Of the first and second floor budget 20% is allocated to Schedule Two which is wholly attributed to the Dental Surgery. The 80% balance of the budget is allocated to Schedule Three for the residential units.

It should be noted that the first and second floor leaseholders are directly responsible for the repair and maintenance of the main elements of the first and second floor building demised to them individually, including the roof. This is also the case for the stairwell accessing flat 58b.

The budget towards which each leaseholder pays will be the correct amount having regards to the service charge percentage prescribed in their lease. However as a result of the split between Schedules Two and Three, it does mean that the percentage figure detailed in the Service Charge Apportionment Report will be different to those stated in the lease documents.



## Block Expenditure

Where expenditure is incurred for the whole block and is not directly attributable to either the ground floor or the first/second floors, (excluding rain water goods and drains), the expenditure will be split between the schedules by one of two alternative methods.

The first will be by utilising Net Internal Area, a common method of service charge apportionment. The split is as follows:

Ground Floor	5,491 sf	68%
First & Second Floors	2,500 sf	32%

The first and second floor expenditure is then split 20%:80% to Schedules Two and Three respectively.

The second method will be by reference to the level of expenditure within each service charge schedule, excluding the Block expenditure in question.

The method adopted will be that which is considered to be the fairest having regards to the nature of the expenditure and in all cases the method adopted will be confirmed in the Budget & Expenditure Reports.

SCHEDULE % SPLIT CALCULATION	
	% split
Schedule 1 Ground floor commercial	18.8%
Schedule 2 First floor commercial	18.7%
Schedule 3 Residential lease holders	62.4%
Total excl All Fees	100.0%

## Service Charge Schedules

Ground Floor	Commercial Occupiers (Figures Net of VAT)
First Floor	Dental Surgery (Figures Net of VAT)
First and Second Floor	Residential Leaseholder (Figures Inclusive of VAT)



## **Budget Commentary**

### ***SCHEDULE 1 – Ground Floor Commercial***

***All figures are shown net of VAT***

- **Building Repair** **£2,000.00**

A contingency budget for unplanned repairs and contribution towards rain water goods as per leases. A figure has been included for some roof repairs that have been identified as needing attention in this period.

- **Drain Maintenance** **£500.00**

This includes a bi-annual flush out and a contingency should any unforeseen repairs be required.

- **Statutory Compliance** **£100.00**

This is the cost of a yearly Health and Safety report.

- **Audit Fee** **£88.05**

The Landlord and Tenant Act 1985 and RICS regulations require that service charge accounts are certified on an annual basis. This cost covers the fee raised by the accountants for certifying the year end service charge accounts.

This Budget represents 25.2% of the total net auditors fee, apportioned having regards to the split of expenditure between the schedules, excluding the Auditors Fee, Management Fee and Professional Fees, which are all being apportioned by this method.

- **Management Fee** **£1298.05**

This figure represents the cost incurred to prepare and manage the service charge and the management of the Block over a 12 month period. It is indexed linked annually to RPI.

This Budget represents 25.2% of the total net management fee, apportioned having regards to the split of expenditure between the schedules, excluding the Auditors Fee, Management Fee and Professional Fees, which are all being apportioned by this method.



- **Professional Fees** **£165.91**

This figure represents the cost incurred to coordinate the facilities management of the Block over a 12 month period.

This Budget represents 25.2% of the total net professional fee, apportioned having regards to the split of expenditure between the schedules, excluding the Auditors Fee, Management Fee and Professional Fees, which are all being apportioned by this method.

**Total**

**Schedule 1** **£4,152.01**



## **SCHEDULE 2 – Upper Floors, Dental Surgery**

**All figures are shown net of VAT**

- **Pest Control** **£100.00**

Cost heading for pest control.

- **Cleaning** **£360.00**

Cost to keep the walkways free of rubbish this includes a fortnightly clean.

- **Building Repairs** **£500.00**

This is an 20% share of the contingency cost for unforeseen work and decoration works.

- **Drain Maintenance** **£100.00**

This includes a bi-annual flush out and a contingency should any unforeseen repairs be required.

- **Electrical Maintenance** **£50.00**

No electrical works are planned however we have included a contingency sum should any unforeseen works be required; this number represents a 20% share of the total budget for the upper floors.

- **Electricity Supply** **£40.00**

This budget is for the electrical supply to the communal lighting. The whole cost is allocated to Schedule Two (20%) and Schedule Three (80%).

- **Statutory Compliance** **£60.00**

This is the cost of a yearly Health and Safety report.

- **Insurance** **£163.00**

Tesco insure the whole building through a block policy for their property portfolio. The proportion of the premium attributable to the upper floors is recovered via the service charge.

This premium has been split with 20% allocated to Schedule 2. The premium which will be allocated to this service charge year will cover the 12 months commencing March 2018.



- **Audit Fee** **£60.45**

The Landlord and Tenant Act 1985 and RICS Code require that service charge accounts are certified on an annual basis. This cost covers the fee raised by the accountants for certifying the year end service charge accounts.

This Budget represents 17.3% of the total net accountant's fee, apportioned having regards to the split of expenditure between Schedule One and Two/Three, excluding the Auditors Fee, Management Fee and Professional Fees, which are all being apportioned by this method.

- **Management Fee** **£891.11**

This figure represents the cost incurred to prepare and manage the service charge and the management of the Block over a 12 month period. It is indexed linked annually to RPI.

This Budget represents 17.3% of the total net management fee, apportioned having regards to the split of expenditure between Schedules One and Two/Three, excluding the Auditors Fee, Management Fee and Professional Fees, which are all being apportioned by this method.

- **Professional Fees** **£113.90**

This figure represents the cost incurred to coordinate the facilities management of the Block over a 12 month period.

This Budget represents 17.3% of the total net professional fee, apportioned having regards to the split of expenditure between the schedules, excluding the Auditors Fee, Management Fee and Professional Fees, which are all being apportioned by this method.

**Total**

**Schedule 2** **£2,438.45**



### **SCHEDULE 3 – Upper Floors, Residential Units**

**All figures are shown inclusive of VAT**

- **Pest Control** **£480.00**

Following a pest issue in 2015/16 pest control measures have been put in place across the property.

- **Cleaning** **£1,728.00**

Cost to keep the walkways free of rubbish to include fortnightly clean.

- **Building Repairs** **£2,400.00**

This is an 80% share of the contingency cost for unforeseen work and decoration works.

- **Drain Maintenance** **£480.00**

This includes a bi-annual flush out and a contingency should any unforeseen repairs be required.

- **Electrical Maintenance** **£240.00**

No electrical works are planned however we have included a contingency should any unforeseen works be required; this number represents a 80% share of the total budget for the upper floors.

- **Electricity Supply** **£192.00**

This budget is for the electrical supply to the communal lighting. The whole cost is allocated to Schedule Two (20%) and Schedule Three (80%).

- **Statutory Compliance** **£288.00**

This is the cost of a yearly Health and Safety report.

- **Insurance** **£782.40**

Tesco insure the whole building through a block policy for their property portfolio. The proportion of the premium attributable to the upper floors is recovered via the service charge. This premium has been split with 80% allocated to Schedule 3. The premium which will be allocated to this service charge year will cover the 12 months commencing March 2018.



• **Audit Fee** **£241.80**

The Landlord and Tenant Act 1985 and RICS Code require that service charge accounts are certified on an annual basis. This cost covers the fee raised by the accountants for certifying the year end service charge accounts.

This Budget represents 57.6% of the total accountant fee. Apportioned having regards to the split of expenditure between Schedule One and Two/Three, excluding the Auditors Fee, Management Fee and Professional Fees, which are all being apportioned by this method.

• **Management Fee** **£3,564.44**

This figure represents the cost incurred to prepare and manage the service charge and the management of the Block over a 12 month period. It is indexed linked annually to RPI.

This Budget represents 57.6% of the total management fee, apportioned having regards to the split of expenditure between Schedules One and Two/Three, excluding the Auditors Fee, Management Fee and Professional Fees, which are all being apportioned by this method.

• **Professional Fees** **£455.59**

This figure represents the cost incurred to coordinate the facilities management of the Block over a 12 month period.

This Budget represents 57.6% of the total professional fee, apportioned having regards to the split of expenditure between the schedules, excluding the Auditors Fee, Management Fee and Professional Fees, which are all being apportioned by this method.

**Total**

**Schedule 3** **£10,852.22**

.....  
Management Surveyor

.....  
Facilities Manager



**Appendix A**

**58-64 Parkway, Ruislip Manor, Ruislip HA4 8NR**

**Service Charge Apportionment Schedule**

<b>Unit</b>	<b>Tenant</b>	<b>Area (sq m)</b>	<b>Schedule 1 Ground Floor</b>	<b>Schedule 2 First &amp; Second Floors</b>	<b>Schedule 3 First &amp; Second Floors</b>
58-62 Parkway	Tesco Stores	375	76.00%	0.00%	0.00%
64 Parkway	Explore Learning	121	24.00%	0.00%	0.00%
58a & 58b Parkway	Dendoc	52	0.00%	100.00%	25.00%
60a Parkway	Messrs Lewis & Boardman	52	0.00%	0.00%	25.00%
62a Parkway	Messrs Lewis & Boardman	52	0.00%	0.00%	25.00%
64a Parkway	Romy Nayyar & Seema Nayyar	52	0.00%	0.00%	25.00%
		<b>704</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>



## Appendix B

**58-64 Parkway, Ruislip Manor, Ruislip HA4 8NR**

### **Service Charge Variance Schedule**

**29th September 2020 to 28th September 2021**

The property is VAT registered. Figures for Schedules 1&2 shown net of VAT. Schedule 3 figures shown inclusive of VAT.

Service Charge Item	Schedule	Budget 2020	Budget 2021	Budget v Budget Variance %	Budget v Budget Variance £
Pest Control	1	£270.00	£0.00	0.00%	-£270.00
Building Repair	1	£500.00	£2,000.00	300.00%	£1,500.00
Drain Maintenance	1	£500.00	£500.00	0.00%	£0.00
Statutory Compliance	1	£100.00	£100.00	0.00%	£0.00
Audit Fees	1	£65.92	£88.05	33.58%	£22.13
Management Fees	1	£971.76	£1,298.05	33.58%	£326.28
Professional Fees	1	£124.20	£165.91	33.58%	£41.70
<b>1 Total</b>		<b>£2,531.89</b>	<b>£4,152.01</b>	<b>63.99%</b>	<b>£1,620.12</b>
Cleaning	2	£250.00	£360.00	44.00%	£110.00
Pest Control	2	£100.00	£100.00	0.00%	£0.00
Building Repair	2	£500.00	£500.00	0.00%	£0.00
Drain Maintenance	2	£100.00	£100.00	0.00%	£0.00
Electrical Maintenance	2	£50.00	£50.00	0.00%	£0.00
Electricity Supply	2	£40.00	£40.00	0.00%	£0.00
Statutory Compliance	2	£60.00	£60.00	0.00%	£0.00
Reserve Fund	2	£0.00	£0.00	0.00%	£0.00
Insurance	2	£163.00	£163.00	0.00%	£0.00
Audit Fees	2	£65.56	£60.45	-7.79%	-£5.11
Management Fees	2	£966.41	£891.11	-7.79%	-£75.30
Professional Fees	2	£123.52	£113.90	-7.79%	-£9.62
<b>2 Total</b>		<b>£2,418.48</b>	<b>£2,438.45</b>	<b>0.83%</b>	<b>£19.97</b>
Cleaning	3	£1,200.00	£1,728.00	44.00%	£528.00
Pest Control	3	£480.00	£480.00	0.00%	£0.00
Building Repair	3	£2,400.00	£2,400.00	0.00%	£0.00
Drain Maintenance	3	£480.00	£480.00	0.00%	£0.00
Electrical Maintenance	3	£240.00	£240.00	0.00%	£0.00
Electricity Supply	3	£192.00	£192.00	0.00%	£0.00
Statutory Compliance	3	£288.00	£288.00	0.00%	£0.00
Reserve Fund	3	£0.00	£0.00	0.00%	£0.00
Insurance	3	£782.40	£782.40	0.00%	£0.00
Audit Fees	3	£262.23	£241.80	-7.79%	-£20.43
Management Fees	3	£3,865.62	£3,564.44	-7.79%	-£301.19
Professional Fees	3	£494.08	£455.59	-7.79%	-£38.50
<b>3 Total</b>		<b>£10,684.33</b>	<b>£10,852.22</b>	<b>1.57%</b>	<b>£167.89</b>



## Appendix C

### **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.

**TESCO STORES LTD  
58-64 PARKWAY  
RUISLIP MANOR, RUISLIP**

**SERVICE COSTS AUDIT STATEMENT**

**YEAR ENDED 28TH SEPTEMBER 2021**



**58-64 Parkway  
Ruislip Manor, Ruislip  
Certificate of Service Costs for the year ended 28th September 2021**

	2021	2020
<b>Ground Floor Commercial Occupiers (Net):</b>		
Drain Maintenance	600.00	-
Building Repair	-	1,625.00
Audit fees	153.97	94.15
Management fees	1,298.05	971.76
Professional Fees	124.20	124.20
	<u>2,176.22</u>	<u>2,815.11</u>
<b>First Floor Dental Surgery (Net):</b>		
Cleaning	523.75	766.10
Pest control	73.44	73.44
Building Repair	960.00	556.87
Drain Maintenance	120.00	122.33
Electricity Supply	-	(41.18)
Audit fees	126.01	93.65
Management fees	891.11	966.40
Professional fees	123.52	123.52
	<u>2,817.83</u>	<u>2,661.13</u>
<b>1st &amp; 2nd Floor Residential (Gross):</b>		
Cleaning	2,469.60	3,026.11
Pest control	352.52	352.52
Building Repair	4,608.00	2,672.93
Drain Maintenance	576.00	587.14
Electricity Supply	-	(316.70)
Audit fees	504.02	374.64
Management fees	3,564.44	3,865.64
Professional fees	494.08	494.08
	<u>12,568.66</u>	<u>11,056.36</u>
<b>Total expenditure</b>	<u><u>17,562.71</u></u>	<u><u>16,532.60</u></u>

**No reserve fund held.**

**Independent Accountant's Review Report**

To the Manager, 58-64 Parkway, Ruislip Manor, Ruislip.

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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