



Wing Yip Business Centre

Thimble Mill Lane

Birmingham

B7 5HD

Service Charge Expenditure Report

1st October 2021 –

30th September 2022



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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, W Wing Yip & Brothers Property and Investments Ltd. It is intended to provide details of the expenditure for the service charge period 1st October 2021 to 30th September 2022.

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 RICS Professional Statement; Service Charges in Commercial Property; 1st Edition.

The Property

The property is located on the B4132 Thimble Mill Lane within the Nechells district of central Birmingham. It is approximately 2 miles to the north-east of Birmingham City Centre. Direct access is provided to the A38 Aston Expressway with J6 of the M6 Motorway approximately 1 mile to the north.

The Business Centre is a purpose built two storey brick building under a pitched tiled roof. It forms part of the wider Wing Yip Birmingham estate, which includes the Wing Yip Superstore, warehousing, Headquarters and associated surface car parking.

The Business Centre consists of ground floor retail style units with office/business units to the first floor. Occupiers include a mix of restaurant, retail and professional services.

The primary services provided for the property consist of the cleaning and landscaping of the communal parts, building maintenance, waste management and site security.

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 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.

VAT

The property is elected for VAT, consequently the expenditure stated within this report is net of VAT.



Voids and Concessions

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

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 inherited from the previous regime. However, there is currently no ongoing collection within the service charge budget. The balance held at the service charge year end was £16,677.15. Funds are held in a discrete bank account in order to obtain interest. The account is maintained with Barclays Bank plc, Kidderminster branch.

The funds will be used for future major items of expenditure.



Service Charge Apportionment

The Service Charge Apportionment Schedule is attached at Appendix A.

Three separate schedules have been adopted. Schedule 1 provides costs for the Business Centre, Schedule 2 the refuse costs excluding the restaurant and Schedule 3 relates to the internal shared corridor for Units 2A, 3A & 3D.

Schedule One	All occupiers
Schedule Two	All occupiers except restaurant
Schedule Three	Units 2A, 3A & 3D only

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



Management Team

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.

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.

Site Manager:

Ashley Clayton
Mobile: 07860 207 355

Ashley Clayton is on site one day per week and is responsible for landscaping, minor items of repair and maintenance and tenant liaison for urgent matters.

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.



Expenditure Commentary

All figures are shown net of VAT

SCHEDULE 1 - Business Centre Costs - All Occupiers

- **Estate Cleaning (Drainage) £90.00**

The budget allowed for the cleaning of the estate drains. The full estate clean was not completed. The expenditure relates to the management of a blockage. It is shown as an accrual due to a delay in the receipt of the invoice. Overall, expenditure was under budget.

- **Pest Control £581.16**

The cost heading is for the pest control contract for the Business Centre with Rentokil. Expenditure came in fractionally over budget.

- **External Landscaping £1,929.96**

The cost heading is the Business Centre's contribution towards the grounds maintenance and landscaping of the site as a whole. Expenditure was over budget.

- **External Repairs & Maintenance £7,741.90**

The budget allowed a contingency for any ad-hoc works required to the exterior of the building that would not be covered by the site manager. It also allowed for the completion of further anticipated roof repairs. The majority of the expenditure did indeed relate to roof repairs, although overall it was under budget.

- **Electricity £1,275.45**

The cost heading relates to the electricity consumption for the common areas of the Business Centre. The expenditure was under budget.

- **M&E Maintenance Contract £2,817.57**

The expenditure heading covers the contribution towards the M&E contract and includes the testing of the external lighting, lightning conductor testing, ladders checks and life safe system. Expenditure was marginally over the budgeted figure.

- **M&E Repairs £808.00**

The budget heading provided a contingency for repairs to the Landlord's M&E equipment. The expenditure incurred largely consists of replacement lights to the car park and canopy. Expenditure was over budget.

- **Health & Safety £675.00**

The expenditure covers the completion of the annual health & safety and fire risk assessments. Expenditure was marginally above the budget figure.



- **Staff Costs** **£4,244.97**

The expenditure heading relates to the costs of the Site Manager. The Site Manager is at the property one day per week and is responsible for litter picking, minor items of repair and maintenance and tenant liaison for urgent matters. Overall, we believe that this results in cost savings over the previous regime, whilst also improving the service. The expenditure is in line with the budget.

- **Security** **£37,294.83**

The expenditure figure is the Business Centre's contribution towards the 24/7 site security guarding. It came in above budget.

- **Audit Fee** **£650.00**

The cost heading allows for the year end accounts to be certified by an independent accountant as recommended by the RICS Service Charge Professional Statement. The expenditure was under budget.

- **Management Fee** **£7,991.00**

The expenditure is the costs incurred for the management of the property, administration of the service charge and completing periodic inspections. The RICS Service Charge Professional Statement recommends that this be a fixed fee, subject to annual review or indexation. The fee was in line with the budget.

- **Facilities Management** **£3,781.00**

The figure represents the costs incurred to organise and supervise the various contracts in place, deal with items of maintenance, ensuring compliance and complete regular site inspections. The expenditure is in line with the budget.

Total

Schedule 1 **£69,880.84**



SCHEDULE 2 – Refuse - All occupiers except food operators

- **Waste Management** **£3,184.82**

The expenditure relates to the refuse collection contract for the Business Centre occupiers, with the exception of the restaurant operator, who maintains their own contract. Expenditure was above budget.

Total

Schedule 2 **£3,184.82**

SCHEDULE 3 – Shared Corridor - Units 2A, 3A & 3D

- **M&E Maintenance Contract** **£1,028.57**

The expenditure covers the contract cost for the testing of the fire alarm, emergency lighting checks, distribution boards and main electrical intake. It was under budget.

- **M&E Repairs** **£0.00**

The budget heading provided a contingency for repairs to the Landlord's M&E equipment. No expenditure was incurred.

Total

Schedule 3 **£1,028.57**

Expenditure Approval

.....
Facilities Manager

.....
Partner

Dated 9th March 2023

Dated 9th March 2023



Appendix A

Wing Yip Business Centre, Birmingham

Service Charge Apportionment Schedule

1st October 2021 - 30th September 2022

Unit	Schedule	Area Sq Ft	Percentage
Unit 1 Gnd Fl	1	476	2.12%
Unit 2 Gnd Fl	1	649	2.89%
Unit 3 Gnd Fl	1	611	2.72%
Unit 3C Gnd Fl	1	934	4.16%
Unit 5 Gnd Fl	1	964	4.30%
Unit 6 Gnd Fl	1	815	3.63%
Unit 7 Gnd Fl	1	815	3.63%
Unit 8 Gnd Fl	1	1,013	4.51%
Unit 9 Gnd Fl	1	1,232	5.49%
Unit 10 Gnd Fl	1	724	3.23%
Unit 11 Gnd Fl	1	679	3.03%
Unit 12 Gnd Fl	1	856	3.81%
Unit 13 Gnd Fl & 13A 1st Fl	1	1,352	6.02%
Unit 15 Gnd Fl & 15A 1st Fl	1	2,484	11.07%
Unit 2A 1st Fl	1	1,355	6.04%
Unit 3A & 3D 1st Fl	1	1,433	6.38%
Unit 5A 1st Fl	1	743	3.31%
Unit 6A 1st Fl	1	684	3.05%
Unit 7A & 8A 1st Fl	1	1,551	6.91%
Unit 9A 1st Fl	1	873	3.89%
Unit 10A 1st Fl	1	756	3.37%
Unit 11A 1st Fl	1	718	3.20%
Unit 12A 1st Fl	1	727	3.24%
1 Total		22,444	100.00%
Unit 1 Gnd Fl	2	476	2.24%
Unit 2 Gnd Fl	2	649	3.06%
Unit 3 Gnd Fl	2	611	2.88%
Unit 3C Gnd Fl	2	934	4.40%
Unit 5 Gnd Fl	2	964	4.54%
Unit 6 Gnd Fl	2	815	3.84%
Unit 7 Gnd Fl	2	815	3.84%
Unit 8 Gnd Fl	2	1,013	4.78%
Unit 10 Gnd Fl	2	724	3.41%
Unit 11 Gnd Fl	2	679	3.20%
Unit 12 Gnd Fl	2	856	4.04%
Unit 13 Gnd Fl & 13A 1st Fl	2	1,352	6.37%
Unit 15 Gnd Fl & 15A 1st Fl	2	2,484	11.71%
Unit 2A 1st Fl	2	1,355	6.39%
Unit 3A & 3D 1st Fl	2	1,433	6.76%
Unit 5A 1st Fl	2	743	3.50%
Unit 6A 1st Fl	2	684	3.22%
Unit 7A & 8A 1st Fl	2	1,551	7.31%
Unit 9A 1st Fl	2	873	4.12%
Unit 10A 1st Fl	2	756	3.56%
Unit 11A 1st Fl	2	718	3.38%
Unit 12A 1st Fl	2	727	3.43%
2 Total		21,212	100.00%
Unit 2A 1st Fl	3	1,355	48.60%
Unit 3A & 3D 1st Fl	3	1,433	51.40%
3 Total		2,788	100.00%



Appendix B

Wing Yip Business Centre, Birmingham

Service Charge Variance Schedule

1st October 2021 - 30th September 2022

The property is VAT registered. Figures for all schedules are shown net of VAT.

Service Charge Item	Schedule	Budget 2021-22	Expenditure 2021-22
Estate Cleaning (Drainage)	1	£ 800.00	£ 90.00
Pest Control	1	£ 570.00	£ 581.16
External Landscaping	1	£ 1,600.00	£ 1,929.96
External Repairs & Maintenance	1	£ 15,000.00	£ 7,741.90
Electricity	1	£ 2,000.00	£ 1,275.45
M&E Maintenance Contract	1	£ 2,750.00	£ 2,817.57
M&E Repairs	1	£ 500.00	£ 808.00
Health & Safety	1	£ 625.00	£ 675.00
Staff Costs	1	£ 4,245.00	£ 4,244.97
Security Guarding	1	£ 34,500.00	£ 37,294.83
Audit Fee	1	£ 900.00	£ 650.00
Management Fee	1	£ 7,991.00	£ 7,991.00
Facilities Management	1	£ 3,781.00	£ 3,781.00
1 Total		£ 75,262.00	£ 69,880.84
Waste Management	2	£ 2,500.00	£ 3,184.82
2 Total		£ 2,500.00	£ 3,184.82
M&E Maintenance Contract	3	£ 1,100.00	£ 1,028.57
M&E Repairs	3	£ 500.00	£ -
3 Total		£ 1,600.00	£ 1,028.57
TOTAL		£ 79,362.00	£ 74,094.23

WING YIP & BROTHERS PROPERTY AND INVESTMENTS LTD
BUSINESS CENTRE, THIMBLE MILL LANE
STATEMENT OF SERVICE CHARGE EXPENDITURE
FOR THE YEAR ENDED 30 SEPTEMBER 2022



bennett whitehouse
CHARTERED ACCOUNTANTS

WING YIP & BROTHERS PROPERTY AND INVESTMENTS LTD
BUSINESS CENTRE, THIMBLE MILL LANE
STATEMENT OF SERVICE CHARGE EXPENDITURE
FOR THE YEAR ENDED 30 SEPTEMBER 2022

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INDEPENDENT ACCOUNTANTS' REPORT TO THE LANDLORD OF BUSINESS CENTRE, THIMBLE MILL LANE

We have reviewed the accompanying statement of service charge expenditure for Business Centre for the year ended 30 September 2022 and a summary of significant accounting policies and notes to the service charge expenditure report set out on page 7 to 8. The statement of service charge expenditure has been prepared by Johnson Fellows LLP, in their capacity as managing agents, in accordance with guidance issued by the RICS to supplement the RICS code of Practice, Service Charges in Commercial Property (the code).

Managing Agent's responsibility for the statement of service charge expenditure

Johnson Fellows LLP are responsible for the preparation of the statement of service charge expenditure and for such internal controls as they determine are necessary to determine the preparation of statements that are free from material misstatement, whether due to fraud or error.

Reporting Accountants' 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 the 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 RICS. ISRE 2400 (Revised) also requires us to comply with relevant ethical requirements.

A review of statement of service charge expenditure in accordance with ISRE 2400 (Revised) is a limited assurance assignment. 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. As the reporting accountant we have performed the following procedures:

- checked whether entries in the accounting records are supported by invoices, receipts, other documentation or evidence
- made enquiries of management and others responsible for the services that comprise the service charge on this property
- applied analytical procedures.

The procedures do not include a review of the allocation or apportionment of service charge expenditure to occupiers.

**INDEPENDENT ACCOUNTANTS' REPORT TO THE LANDLORD OF
BUSINESS CENTRE, THIMBLE MILL LANE**

Conclusion

Our report is made in accordance with the terms of our engagement with Wing Yip & Brothers Property and Investments Ltd and is intended solely for Johnson Fellows LLP, as managing agent, to issue to current occupiers and the landlord. 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 Wing Yip & Brothers Property and Investments Ltd 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 Wing Yip & Brothers Property and Investments Ltd in connection with the report of this engagement.

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that cause 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.

On the basis of information and explanations provided to us by Johnson Fellows LLP, in our opinion, the expenditure incurred and to be incurred by the Lessor for the year ended 30 September 2022 was £74,094.23 exclusive of VAT.

Bennett Whitehouse Service Charge Limited

BENNETT WHITEHOUSE SERVICE CHARGE LIMITED
Chartered Accountants
11 Centre Court
Vine Lane
Halesowen
West Midlands
B63 3EB

28 February 2023

WING YIP & BROTHERS PROPERTY AND INVESTMENTS LTD
 BUSINESS CENTRE, THIMBLE MILL LANE
 SERVICE CHARGE EXPENDITURE ACCOUNT
 FOR THE YEAR ENDED 30 SEPTEMBER 2022

Total All Schedules		Actual 2022 £	Budget 2022 £	<i>Budget Variance</i> £	Prior Period £	<i>Prior Variance</i> £
Schedule 1	All Occupiers	69,880.84	75,262.00	(5,381.16)	97,608.47	(27,727.63)
Schedule 2	All Occupiers Except Unit 6 & 9	3,184.82	2,500.00	684.82	2,475.63	709.19
Schedule 3	Units 2A, 3A & 3D Only	1,028.57	1,600.00	(571.43)	1,060.19	(31.62)
TOTAL ALL SCHEDULES		74,094.23	79,362.00	(5,267.77)	101,144.29	(27,050.06)

For breakdown of all schedules see pages 4 to 6

WING YIP & BROTHERS PROPERTY AND INVESTMENTS LTD
BUSINESS CENTRE, THIMBLE MILL LANE
SERVICE CHARGE EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2022

Schedule 1 - All Occupiers	Actual 2022 £	Budget 2022 £	Budget Variance £	Prior Period £	Prior Variance £
MANAGEMENT					
Management fees					
Management fees	7,991.00	7,991.00	-	7,694.00	297.00
Accounting fees					
Accountancy fees	650.00	900.00	(250.00)	1,125.00	(475.00)
Site management resources					
Building manager	4,244.97	4,245.00	(0.03)	4,245.00	(0.03)
Facilities management	3,781.00	3,781.00	-	3,640.00	141.00
Health,safety and environmental					
Health and safety	675.00	625.00	50.00	934.85	(259.85)
Legal and professional fees					
Professional fees	-	-	-	6,320.00	(6,320.00)
UTILITIES					
Electricity					
Electricity	1,275.45	2,000.00	(724.55)	1,460.87	(185.42)
SOFT SERVICES					
Security					
Security guarding	37,294.83	34,500.00	2,794.83	59,475.96	(22,181.13)
Cleaning and environmental					
Pest control	581.16	570.00	11.16	569.76	11.40
Landscaping	1,929.96	1,600.00	329.96	1,694.96	235.00
HARD SERVICES					
Mechanical and electrical services (M&E)					
M&E maintenance contract	2,817.57	2,750.00	67.57	2,695.07	122.50
M&E repairs	808.00	500.00	308.00	647.00	161.00
Fabric repairs and maintenance					
External repairs and maintenance	7,741.90	15,000.00	(7,258.10)	6,736.00	1,005.90
Drainage repairs and maintenance	90.00	800.00	(710.00)	370.00	(280.00)
SCHEDULE 1 - ALL OCCUPIERS TOTAL	69,880.84	75,262.00	(5,381.16)	97,608.47	(27,727.63)

WING YIP & BROTHERS PROPERTY AND INVESTMENTS LTD
BUSINESS CENTRE, THIMBLE MILL LANE
SERVICE CHARGE EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2022

Schedule 2 - All Occupiers Except Unit 6 & 9	Actual 2022 £	Budget 2022 £	Budget Variance £	Prior Period £	Prior Variance £
SOFT SERVICES					
Cleaning and environmental					
Waste management	3,184.82	2,500.00	684.82	2,475.63	709.19
SCHEDULE 2 - ALL OCCUPIERS EXCEPT UNIT 6 & 9 TOTAL	3,184.82	2,500.00	684.82	2,475.63	709.19

WING YIP & BROTHERS PROPERTY AND INVESTMENTS LTD
BUSINESS CENTRE, THIMBLE MILL LANE
SERVICE CHARGE EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2022

Schedule 3 - Units 2A, 3A & 3D Only	Actual 2022 £	Budget 2022 £	Budget Variance £	Prior Period £	Prior Variance £
HARD SERVICES					
Mechanical and electrical services (M&E)					
M&E maintenance contract	1,028.57	1,100.00	(71.43)	846.19	182.38
M&E repairs	-	500.00	(500.00)	214.00	(214.00)
SCHEDULE 3 - UNITS 2A, 3A & 3D ONLY TOTAL	1,028.57	1,600.00	(571.43)	1,060.19	(31.62)

WING YIP & BROTHERS PROPERTY AND INVESTMENTS LTD
BUSINESS CENTRE, THIMBLE MILL LANE
NOTES TO THE STATEMENT OF SERVICE CHARGE EXPENDITURE
FOR THE YEAR ENDED 30 SEPTEMBER 2022

1 Accounting policies

The accounts are prepared in accordance with the provisions of the lease and on the accruals basis.

2 Bank account

Service charge money was held at Barclays in a client account under the title Johnson Fellows LLP Client Account. Any interest earned on the funds is retained by Johnson Fellows as per the management agreement

3 VAT

The property is elected for VAT purposes and therefore all service charge expenditure stated is exclusive of VAT.

4 Management fees

Johnson Fellows LLP are appointed to manage the common areas of the property. The management fee charged solely for the management of the service charge for the year ended 30 September 2022 was agreed at a fixed fee of £7,991.00 The management fee is reviewed annually. Asset management and rent collection costs are excluded from the service charge management fee.

Total employment costs of the on site manager and their assistant is included within the service charge expenditure.

Summary of all fees charged by the managing agent -

	2022
	£
Management fees	7,991.00

WING YIP & BROTHERS PROPERTY AND INVESTMENTS LTD
BUSINESS CENTRE, THIMBLE MILL LANE
NOTES TO THE STATEMENT OF SERVICE CHARGE EXPENDITURE
FOR THE YEAR ENDED 30 SEPTEMBER 2022

5 Accruals

The accruals included in the service charge expenditure relate to goods and services actually incurred within the year ended 30 September 2022, but no invoice had been received at the year end date.

Sch Code	£
01 Accountancy certification fee	650.00
01 Electricity	170.00
01 Management fee	222.75
01 M&E maintenance contract	399.99
01 Drainage	90.00
	<hr/>
	1,532.74
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6 Empty units and concessions granted to tenants

Where appropriate, costs are apportioned on a daily basis and for the avoidance of doubt it is confirmed that the landlord bears an appropriate proportion of the service charge expenditure in respect of voids and vacant premises.

Likewise, if any tenant has any form of concession, whereby their contribution towards the service charge is capped, or is lower than the apportionment due, the landlord pays the difference.

7 Sinking funds

The sinking fund has been set up to cover major costs to be incurred at the property. It is kept within a separate client bank account, with Barclays Bank PLC and is interest bearing.

	2022
	£
Balance brought forward at 1 October 2021	16,675.05
Interest received	2.10
	<hr/>
Balance carried forward at 30 September 2022	16,677.15
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