



Wing Yip Business Centre

Oldham Road

Manchester

M4 5HU

Service Charge Expenditure Report

1st October 2018 –

30th September 2019



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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 incurred for the service charge period 1st October 2018 to 30th September 2019.

The budget for the year was set by the previous managing agent, Lambert Smith Hampton. It was inherited by Johnson Fellows on our appointment on 1st May 2019.

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 A62 Oldham Road, approximately 500m to the north east of Manchester City Centre. Oldham Road is one of the main arterial routes into Manchester. Links to the Motorway network are via J22 of the M60, 2 miles to the east.

The Business Centre adjoins the Wing Yip Superstore and forms an integral part of the same site along with a multi-storey car park. Access to the site is via Cassidy Close.

The Business Centre itself is a four storey brick building under a pitched tiled roof. It consists of multiple business units and a restaurant arranged over the 1st, 2nd and 3rd Floors. It has a dedicated entrance lobby leading to a passenger lift and central staircase. Access to the car park is provided at each level.

The primary services provided for the property consist of internal and external cleaning of the communal parts, utility consumption, lift maintenance, site security and maintenance.

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 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.

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

There is no reserve fund.



Service Charge Apportionment

The apportionment is detailed within the Service Charge Apportionment Schedule attached at Appendix A.

The budget contains a single schedule that all occupiers contribute towards.

The apportionment percentages are calculated based on gross internal floor areas with a weighting applied to the larger units. These were inherited from the previous managing agent.

A full independent re-measure was completed in advance of budget being set for the following service charge year.



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
Johnson Fellows, Charter House, 163 Newhall Street, Birmingham, B3 1SW
Mobile: 07860 207 355
Email: ashley.clayton@johnsonfellows.co.uk

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

- **Internal Cleaning** **£9,913.49**

The expenditure relates to the cleaning contract for the communal areas of the Business Centre including the WC's. The contractor attends 2 hours per day. Expenditure was below the budgeted figure.

- **Pest Control** **£1,318.42**

The expenditure heading covers the pest control contract for the Business Centre with Rentokil. Expenditure was over the budgeted cost.

- **Window Cleaning** **£1,390.81**

The cost covers the window cleaning contract for the Business Centre based on quarterly visits. Expenditure was under budget.

- **Drain Maintenance** **£1,320.00**

The budget allowed for the annual drainage flush through at the estate. Expenditure was above budget due to the need to complete additional drainage works during the year.

- **External Landscaping** **£1,339.50**

The budget allowed for the monthly upkeep of the grounds including litter picking. On our appointment on 1st May 2019, Johnson Fellows took the decision to appoint a Site Manager to pick up these services. The expenditure relates to the costs incurred during the start of the year under the previous regime.

- **External Repairs & Maintenance** **£3,668.36**

The budget allowed for any repairs and maintenance to exterior of the building and common parts. In total, expenditure was above the budgeted figure. The main items included the replacement of a damaged hopper within the car park and the replacement external fire doors.

- **Internal Repairs & Maintenance** **£4,607.89**

The cost heading provided a contingency sum for any unforeseen repairs and maintenance to the communal areas. In total, expenditure was above the budgeted figure. The main items included internal fire door repairs and various toilet repairs.

- **Electricity** **£32,693.23**

The expenditure relates to the electricity consumption for the common areas of the estate. Total expenditure was above the budgeted figure.



- **Gas** **£2,927.32**

The expenditure relates to the gas consumption for the heating of the Business Centre. Total expenditure was under the budgeted figure.

- **Water Charges** **£721.29**

The cost heading relates to the water rates for the Business Centre. The expenditure was under budget.

- **Telephone** **£197.33**

The expenditure is the contribution towards the telephone services utilised by the site security guards.

- **Lift Maintenance Contract** **£1,713.75**

The expenditure is the annual maintenance contract for the passenger lift within the Business Centre. The contract consists of 6 visits per annum.

- **Lift Repairs** **£3,235.00**

The budget did not provide a separate heading for repairs. However, they have been separated out for the purposes of the expenditure. The costs incurred relate to various essential repairs and call outs during the year. Overall, the combined contract and repair costs were above budget.

- **Lift Inspections & Consultancy** **£0.00**

The budget prepared by LSH allowed for the periodic inspection of the lift by an independent consultant. This was not deemed necessary by Johnson Fellows so the costs were not incurred.

- **Life Safety System** **£0.00**

The budget separately itemised the annual testing of the lightning protection system. This now included within the M&E Maintenance contract.

- **M&E Maintenance Contract** **£11,311.46**

The expenditure relates to the contract cost for the weekly testing of the fire alarm, lightning protection, emergency lighting and boiler service. The expenditure was above budget, largely due to the inclusion of the cost of the annual legionella assessment, associated repairs and cleaning & chlorination works under this heading, rather than Health & Safety.

- **M&E Repairs** **£6,020.32**

The budget provided a contingency for repairs to the Landlord's M&E equipment. The main items of expenditure included repairs to the car park lighting and fire alarm repairs. Expenditure was above the budgeted figure.



- **Security Equipment** **£1,190.44**

The expenditure relates to the annual CCTV maintenance contract. It was under budget.

- **Health & Safety** **£1,860.18**

The expenditure relates to the completion of the annual health & safety and fire risk assessments. Expenditure was under budget, although the proposed annual legionella was included in an invoice coded to M&E Maintenance instead.

- **Staff Costs** **£2,180.42**

The cost heading was not contained within the original LSH budget. Johnson Fellows introduced the services of a Site Manager in May 2019. The expenditure represents his costs for the remainder of the year. The Site Manager is at the property one day per week and is responsible for landscaping, minor items of repair and maintenance and tenant liaison for urgent matters. Overall, we anticipate that this will result in cost savings over the previous regime, whilst also improving the service.

- **Security Guarding** **£106,449.75**

The expenditure relates to the 24/7 site security guarding. It was fractionally above the budgeted cost.

- **Audit Fee** **£976.00**

The expenditure is for the year end accounts to be certified by an independent accountant as recommended by the RICS Service Charge Professional Statement. Costs were marginally above budget.

- **Management Fee** **£8,103.17**

This figure represents the costs incurred for the management of the property, administration of the service charge and completing periodic inspections. The fee was inherited from LSH. The actual cost is marginally below the budget.

- **Professional Fees** **£416.00**

During the previous management regime, the budget allowed for the operation of a help desk. Johnson Fellows removed this service on their appointment. The expenditure relates to the costs incurred up until the change in managing agent.

- **Facilities Management** **£4,000.00**

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 fee was inherited from LSH and is in line with the budget.



- **Service Charge Credit** **-£16,850.39**

Whilst there is currently no reserve fund, surplus service charge monies were inherited. These have been credited to the service charge account to offset against this year's expenditure.

Total

Schedule 1 **£190,703.74**

Expenditure Approval

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Facilities Manager

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Partner

Dated 22nd January 2021

Dated 22nd January 2021



Appendix A

Wing Yip Business Centre, Manchester

Service Charge Apportionment Schedule

1st October 2018 - 30th September 2019

Unit	Schedule	Apportionment %
Cash & Carry Store	1	45.00%
Unit 1	1	5.36%
Units 2A & 2D	1	4.71%
Units 3 & 3A	1	36.00%
Unit 3B	1	1.18%
Unit 3C	1	1.77%
Unit 3D	1	1.68%
Unit 3E	1	1.71%
Unit 3F	1	2.59%
	1 Total	100.00%



Appendix B

Wing Yip Business Centre, Manchester

Service Charge Variance Schedule

1st October 2018 - 30th September 2019

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

Service Charge Item	Schedule	Budget 2018-19	Expenditure 2018-19
Internal Cleaning	1	£ 11,000.00	£ 9,913.49
Pest Control	1	£ 1,000.00	£ 1,318.42
Window Cleaning	1	£ 2,500.00	£ 1,390.81
Estate Cleaning (Drainage)	1	£ 500.00	£ 1,320.00
External Landscaping	1	£ 2,000.00	£ 1,339.50
External Repairs & Maintenance	1	£ 3,000.00	£ 3,668.36
Internal Repairs & Maintenance	1	£ 3,000.00	£ 4,607.89
Electricity	1	£ 27,000.00	£ 32,693.23
Gas	1	£ 3,150.00	£ 2,927.32
Water Charges	1	£ 1,400.00	£ 721.29
Office Costs	1	£ 600.00	£ 197.33
Lift Maintenance Contract	1	£ 3,500.00	£ 1,713.75
Lift Repairs	1	£ -	£ 3,235.00
Lift Inspection	1	£ 175.00	£ -
M&E Maintenance Contract	1	£ 6,000.00	£ 11,311.46
M&E Repairs	1	£ 5,000.00	£ 6,020.32
Life Safety Systems	1	£ 150.00	£ -
Security Systems	1	£ 2,000.00	£ 1,190.44
Health & Safety	1	£ 2,600.00	£ 1,860.18
Staff Costs	1	£ -	£ 2,180.42
Security Guarding	1	£ 105,000.00	£ 106,449.75
Audit Fee	1	£ 900.00	£ 976.00
Management Fee	1	£ 8,170.00	£ 8,103.17
Professional Fee	1	£ 500.00	£ 416.00
Facilities Management	1	£ 4,000.00	£ 4,000.00
Credit	1	£ -	-£ 16,850.39
1 Total		£ 193,145.00	£ 190,703.74