



Wing Yip Business Centre

Oldham Road

Manchester

M4 5HU

Service Charge Expenditure Report

1<sup>st</sup> October 2020 –

30<sup>th</sup> September 2021



## **Contents**

Introduction

The Property

Service Charge Objectives

VAT

Voids and Concessions

Banking

Reserve Fund

Service Charge Apportionment

Management Team

Expenditure Commentary

Expenditure Approval

## **Appendices**

- A. Service Charge Apportionment Schedule
- B. Service Charge Variance Schedule

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 1<sup>st</sup> October 2020 to 30<sup>th</sup> September 2021.

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; 1<sup>st</sup> 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 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> 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. However, a weighting is applied to the contribution made by the Cash and Carry Store due to its significantly larger floor area. Similarly, following professional advice, a weighting is provided to the restaurant premises due to the intensity of use.

A full independent measured survey was completed in advance of the service charge year in order to verify the 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](mailto: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](mailto: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](mailto: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](mailto: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** **£11,376.03**

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 under the budgeted figure. Savings were made during the pandemic.

- **Pest Control** **£3,732.00**

The budget heading allowed for the pest control contract for the Business Centre with Rentokil. However, addition expenditure was incurred following the completion of a pigeon cull and the installation of pigeon spikes. The expenditure was therefore above budget.

- **Window Cleaning** **£1,873.20**

The expenditure covers the window cleaning contract for the Business Centre based on monthly visits. Expenditure was over budget due to an increase in contract costs.

- **Drain Maintenance** **£2,475.00**

The budget allowed for the annual drainage flush through at the estate. Expenditure was in line with the budget cost.

- **External Landscaping** **£990.00**

The grounds maintenance and landscaping costs are dealt with in house by the Site Manager. However additional costs are incurred for not contract works. The expenditure relates to the jet washing of the car park to remove pigeon waste.

- **External Repairs & Maintenance** **£1,492.38**

The budget allowed a contingency for any repairs and maintenance to exterior of the building and common parts, over and above any works that the site manager is able to complete. The main expenditure relates to repairs to the roof and rainwater goods following leaks. The expenditure was under budget.

- **Internal Repairs & Maintenance** **£1,935.06**

The cost heading provided a contingency sum for any unforeseen repairs and maintenance to the communal areas. Various works were completed mainly within the communal toilets. Overall, the expenditure was marginally under the budget figure.



- **Electricity** **£30,112.45**

The expenditure relates to the electricity consumption for the common areas of the estate. The consumption relating to the tenanted areas is recharged separately following the monitoring of sub meter readings. Overall the expenditure was above the budget figure.

- **Gas** **£2,022.06**

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

- **Water Charges** **£601.65**

The cost heading relates to the water rates for the Business Centre. The expenditure was below the budgeted figure.

- **Lift Maintenance Contract** **£987.94**

The budget allowed for the annual maintenance contract for the passenger lift within the Business Centre. The expenditure has come in above budget due to the inclusion of the BT alarm line costs under this heading.

- **Lift Repairs** **£1,354.50**

The budget allowed a contingency sum for any unforeseen lift repairs. Various repairs were completed with the total expenditure coming in under budget.

- **M&E Maintenance Contract** **£7,532.35**

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 due to the increase in contract costs and the inclusion of the annual clock maintenance.

- **M&E Repairs** **£6,028.73**

The budget provided a contingency for repairs to the Landlord's M&E equipment. The expenditure was in line with the budgeted figure. The main items were remedial works to the lightning protection system, emergency lighting, water tank and fire alarm.

- **Security Equipment** **£950.00**

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

- **Health & Safety** **£665.00**

The expenditure relates to the completion of the annual health & safety and fire risk assessment. It was under the budgeted figure.



- **Staff Costs** **£4,832.00**

The expenditure represents the costs for the Site Manager. He was 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 believe that this results in cost savings over the previous regime, whilst also improving the service. The expenditure was under the budgeted figure.

- **Security Guarding** **£117,809.57**

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

- **Audit Fee** **£1,254.00**

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 above the budget figure.

- **Management Fee** **£8,495.00**

This figure represents the costs incurred for the management of the property, administration of the service charge and completing periodic inspections. The fee was in line with the budget.

- **Facilities Management** **£4,159.00**

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 in line with the budget.

**Total**

**Schedule 1** **£210,677.92**

**Expenditure Approval**

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Facilities Manager

Partner

Dated 24<sup>th</sup> May 2022

Dated 24<sup>th</sup> May 2022



## Appendix A

### Wing Yip Business Centre, Manchester

### Service Charge Apportionment Schedule

### 1st October 2020 - 30th September 2021

Unit	Schedule	Area Sq Ft	Weighted Area Sq Ft	Weighted %
Cash & Carry Store	1	47,681	19,230	48.22%
Units 2A & 2D	1	1,958	1,973	4.95%
Units 3 & 3A	1	11,222	14,925	37.43%
Unit 3B	1	490	490	1.23%
Unit 3C	1	746	746	1.87%
Unit 3D	1	670	670	1.68%
Unit 3E	1	645	645	1.62%
Unit 3F	1	1,198	1,198	3.00%
<b>1 Total</b>		<b>64,610</b>	<b>39,877.00</b>	<b>100.00%</b>

Floor areas measured on a GIA basis

Weighted area for Cash & Carry based on 100% for first 10,000 sq ft, 50% for second 10,000 sq ft, 25% for third 10,000 sq ft, 12.5% for fourth 10,000 sq ft and 6.25% for fifth 10,000 sq ft

Weighted area for restaurant increased by one third due to intensity of use following professional advice



## Appendix B

### Wing Yip Business Centre, Manchester

### Service Charge Variance Schedule

### 1st October 2020 - 30th September 2021

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

Service Charge Item	Schedule	Budget 2020-21	Expenditure 2020-21
Internal Cleaning	1	£ 13,000.00	£ 11,376.03
Pest Control	1	£ 850.00	£ 3,732.00
Window Cleaning	1	£ 1,500.00	£ 1,873.20
Drain Maintenance	1	£ 2,500.00	£ 2,475.00
External Landscaping	1	£ -	£ 990.00
External Repairs & Maintenance	1	£ 2,000.00	£ 1,492.38
Internal Repairs & Maintenance	1	£ 2,000.00	£ 1,935.06
Electricity	1	£ 27,000.00	£ 30,112.45
Gas	1	£ 5,000.00	£ 2,022.06
Water Charges	1	£ 2,000.00	£ 601.65
Lift Maintenance Contract	1	£ 680.00	£ 987.94
Lift Repairs	1	£ 1,500.00	£ 1,354.50
M&E Maintenance Contract	1	£ 6,000.00	£ 7,532.35
M&E Repairs	1	£ 6,000.00	£ 6,028.73
Security Systems	1	£ 1,000.00	£ 950.00
Health & Safety	1	£ 1,500.00	£ 665.00
Staff Costs	1	£ 5,233.00	£ 4,832.00
Security Guarding	1	£ 105,000.00	£ 117,809.57
Audit Fee	1	£ 900.00	£ 1,254.00
Management Fee	1	£ 8,495.00	£ 8,495.00
Facilities Management	1	£ 4,159.00	£ 4,159.00
<b>1 Total</b>		<b>£ 196,317.00</b>	<b>£ 210,677.92</b>



Report of the Accountants on  
the Service Charge Expenditure  
of Johnson Fellows as Agents for  
W Wing Yip & Brothers Property & Investments Limited  
Year ended 30 September 2021  
Oldham Road, Ancoats, Manchester.

# Accountants Report On Service Charge Expenditure Statement

## **Report to the Tenants of Oldham Road**

We have examined the service charge statement of account (see appendix 1) in respect of Oldham Road, Ancoats, Manchester for the year ended 30 September 2021 together with the books and records maintained by Johnson Fellows ("the managing agent").

Under the terms of this engagement, we were not required to, and did not, form any opinion as to either the reasonableness of the costs included within the service charge statement or the standard of the services or works provided.

## **Respective responsibilities of the managing agent and accountant**

The managing agent has undertaken responsibility for the preparation of the service charge statement on behalf of the tenants. It is our responsibility to form an independent opinion, based on our examination, on the service charge account and to report our opinion exclusively to the managing agent.

## **Basis of opinion**

Our work included examination of evidence relevant to the amounts included in the statement and their disclosure.

We planned and performed our examination so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the service charge statement is a fair summary of

## **Basis of opinion (continued)**

the costs relating to Oldham Road, Ancoats, Manchester and is sufficiently supported by accounts, receipts and other documents which have been made available to us. In view of the purpose for which this service charge statement has been prepared, however, we did not evaluate the overall adequacy of the presentation of the information which would have been required if we were to express an audit opinion under International Standards on Auditing (UK) issued by the Financial Reporting Council.

## **Opinion**

In our opinion the service charge statement presents a fair summary of the expenditure for the year ended 30 September 2021 is sufficiently supported by accounts, receipts and other documents.



**MHA MacIntyre Hudson**  
**Chartered Accountants**

**Date: 9 May 2022**

SUMMARY EXPENDITURE REPORT  
 FOR THE YEAR ENDED 30 SEPTEMBER 2021  
 OLDHAM ROAD, ANCOATS, MANCHESTER

COST CATEGORY	EXPENSE	SCHEDULE 1	BUDGET	VARIANCE
	TOTAL			TO BUDGET
	£	£	£	£
<b>MANAGEMENT</b>				
Management fees	8,495.00	8,495.00	8,495	-
Accounting fees	1,254.00	1,254.00	900	354
Health, safety and environmental	665.00	665.00	1,500	-835
Site management resources	8,991.00	8,991.00	9,392	-401
Professional fees	0.00	0.00	0	0
<b>Subtotal</b>	<b>19,405.00</b>	<b>19,405.00</b>	<b>20,287</b>	<b>-882</b>
<b>UTILITIES</b>				
Electricity	30,112.00	30,112.00	27,000	3,112
Gas	2,022.00	2,022.00	5,000	-2,978
Water & Sewage	602.00	602.00	2,000	-1,398
<b>Subtotal</b>	<b>32,736.00</b>	<b>32,736.00</b>	<b>34,000</b>	<b>-1,264</b>
<b>SOFT SERVICES</b>				
Security	118,760.00	118,760.00	106,000	12,760
Cleaning and environmental	17,971.00	17,971.00	15,350	2,621
<b>Subtotal</b>	<b>136,731.00</b>	<b>136,731.00</b>	<b>121,350</b>	<b>15,381</b>
<b>HARD SERVICES</b>				
Mechanical and electrical services	7,532.00	7,532.00	6,000	1,532
Fabric repairs and maintenance	11,931.00	11,931.00	12,500	-569
Lifts and Escalators	2,343.00	2,343.00	2,180	163
<b>Subtotal</b>	<b>21,806.00</b>	<b>21,806.00</b>	<b>20,680</b>	<b>1,126</b>
<b>Grand Total</b>	<b>210,678.00</b>	<b>210,678.00</b>	<b>196,317</b>	<b>14,361</b>

