



Wing Yip Business Centre

Oldham Road

Manchester

M4 5HU

Service Charge Expenditure Report

1<sup>st</sup> October 2021 –

30<sup>th</sup> September 2022



## **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 2021 to 30<sup>th</sup> 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; 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**

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 £3,501.64. 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 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** **£15,828.24**

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 over budget due to an increase in the contract costs.

- **Pest Control** **£1,251.53**

The budget heading allowed for the pest control contract for the Business Centre with Rentokil. Addition expenditure was incurred due to the completion of a pigeon cull, but overall the expenditure was under budget.

- **Window Cleaning** **£2,322.85**

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** **£9,206.12**

The budget allowed for the annual drainage flush through at the estate. Unfortunately we also incurred significant expense in dealing with drainage blockages and repairs during the year. The expenditure was therefore above budget.

- **External Landscaping** **£125.00**

The grounds maintenance and landscaping costs are dealt with in house by the Site Manager. However additional costs are incurred for non-contract works and materials. The expenditure relates to the purchase of weed treatment materials.

- **External Repairs & Maintenance** **£3,398.50**

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. It also allowed for the commencement of the re-coating and re-lining of the car park. The car park works were not completed. The expenditure was therefore under budget.

- **Internal Repairs & Maintenance** **£3,116.00**

The cost heading provided a contingency sum for any unforeseen repairs and maintenance to the internal communal areas. Various works were completed, mainly within the communal toilets, including the replacement of vinyl. Overall, the expenditure was over the budget figure.



- **Electricity** **£21,560.68**

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 marginally above the budget figure.

- **Gas** **£3,666.20**

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

- **Water Charges** **£1,254.31**

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

- **Lift Maintenance Contract** **£1,021.10**

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** **£4,712.95**

The budget allowed a contingency sum for any unforeseen lift repairs. Various repairs were completed, most notably the renewal of the lift hydraulics. The total expenditure came in over budget.

- **M&E Maintenance Contract** **£7,254.22**

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** **£4,699.87**

The budget provided a contingency for repairs to the Landlord's M&E equipment. Various items were completed to the fire alarm and boiler, but overall the expenditure was under budget.

- **Security Equipment** **£1,311.50**

The budget allowed for the annual CCTV maintenance contract and for the installation of additional equipment within the guard hut. Expenditure was under budget.

- **Health & Safety** **£675.00**

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



- **Staff Costs** **£2,316.00**

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. This service was replaced midway through the service charge year, after it was decided that a more frequent cleaning contract would offer better value for the site. The expenditure under this heading was therefore under budget.

- **Security Guarding** **£131,655.39**

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

- **Audit Fee** **£850.00**

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 below the budget figure.

- **Professional Fee** **£5,295.00**

Whilst not included within the budget, the expenditure relates to the preparation of a Planned Preventative Maintenance Report for the property by a Building Surveyor. This is recognised as good estate management. It will identify any unforeseen maintenance requirements, avoid significant unexpected expenditure and allow accurate budgeting with costs being spread.

- **Management Fee** **£8,823.00**

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** **£4,320.00**

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** **£234,663.46**



**Expenditure Approval**

.....  
Facilities Manager

.....  
Partner

Dated 22<sup>nd</sup> March 2023

Dated 22<sup>nd</sup> March 2023



## Appendix A

### Wing Yip Business Centre, Manchester

### Service Charge Apportionment Schedule

### 1st October 2021 - 30th September 2022

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 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
Internal Cleaning	1	£ 13,000.00	£ 15,828.24
Pest Control	1	£ 2,500.00	£ 1,251.53
Window Cleaning	1	£ 1,500.00	£ 2,322.85
Drain Maintenance	1	£ 2,500.00	£ 9,206.12
External Landscaping	1	£ -	£ 125.00
External Repairs & Maintenance	1	£ 9,750.00	£ 3,398.50
Internal Repairs & Maintenance	1	£ 2,000.00	£ 3,116.00
Electricity	1	£ 20,000.00	£ 21,560.68
Gas	1	£ 5,000.00	£ 3,666.20
Water Charges	1	£ 2,000.00	£ 1,254.31
Lift Maintenance Contract	1	£ 680.00	£ 1,021.10
Lift Repairs	1	£ 1,500.00	£ 4,712.95
M&E Maintenance Contract	1	£ 6,500.00	£ 7,254.22
M&E Repairs	1	£ 6,000.00	£ 4,699.87
Security Systems	1	£ 2,500.00	£ 1,311.50
Health & Safety	1	£ 2,000.00	£ 675.00
Staff Costs	1	£ 5,233.00	£ 2,316.00
Security Guarding	1	£ 114,000.00	£ 131,655.39
Audit Fee	1	£ 900.00	£ 850.00
Professional Fee	1	£ -	£ 5,295.00
Management Fee	1	£ 8,823.00	£ 8,823.00
Facilities Management	1	£ 4,320.00	£ 4,320.00
<b>1 Total</b>		<b>£ 210,706.00</b>	<b>£ 234,663.46</b>

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**WING YIP & BROTHERS PROPERTY AND INVESTMENTS LTD**  
**BUSINESS CENTRE , OLDHAM ROAD, MANCHESTER**  
**STATEMENT OF SERVICE CHARGE EXPENDITURE**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2022**

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**bennett whitehouse**  
CHARTERED ACCOUNTANTS

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**WING YIP & BROTHERS PROPERTY AND INVESTMENTS LTD**  
**BUSINESS CENTRE , OLDHAM ROAD, MANCHESTER**  
**STATEMENT OF SERVICE CHARGE EXPENDITURE**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2022**

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<b>Contents</b>	<b>Page No.</b>
Independent Accountants' Report	<b>1 to 2</b>
Service Charge Expenditure Account - Schedule 1	<b>3</b>
Notes to the Statement Of Service Charge Expenditure	<b>4 to 6</b>

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## **INDEPENDENT ACCOUNTANTS' REPORT TO THE LANDLORD OF BUSINESS CENTRE , OLDHAM ROAD, MANCHESTER**

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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 4 to 6. 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.

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**INDEPENDENT ACCOUNTANTS' REPORT TO THE LANDLORD OF  
BUSINESS CENTRE , OLDHAM ROAD, MANCHESTER**

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**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 £234,663.46 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 , OLDHAM ROAD, MANCHESTER  
SERVICE CHARGE EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Actual 2022 £	Budget 2022 £	Budget Variance £	Prior Period £	Prior Variance £
<b>MANAGEMENT</b>					
<b>Management fees</b>					
Management Fee	8,823.00	8,823.00	-	8,495.00	328.00
<b>Accounting fees</b>					
Service charge accountancy fee	850.00	900.00	(50.00)	1,254.00	(404.00)
<b>Site management resources</b>					
Building Manager	2,316.00	5,233.00	(2,917.00)	4,832.00	(2,516.00)
Facilities Manager	4,320.00	4,320.00	-	4,159.00	161.00
<b>Health,safety and environmental</b>					
Health & Safety	675.00	2,000.00	(1,325.00)	665.00	10.00
<b>Legal and professional fees</b>					
Professional Fees	5,295.00	-	5,295.00	-	5,295.00
<b>UTILITIES</b>					
<b>Electricity</b>					
Electricity	21,560.68	20,000.00	1,560.68	30,112.45	(8,551.77)
<b>Gas</b>					
Gas	3,666.20	5,000.00	(1,333.80)	2,022.06	1,644.14
<b>Water</b>					
Water & Sewerage Charges	1,254.31	2,000.00	(745.69)	601.65	652.66
<b>SOFT SERVICES</b>					
<b>Security</b>					
Security Guarding	131,655.39	114,000.00	17,655.39	117,809.57	13,845.82
Security Systems	1,311.50	2,500.00	(1,188.50)	950.00	361.50
<b>Cleaning and environmental</b>					
Internal Cleaning	15,828.24	13,000.00	2,828.24	11,376.03	4,452.21
Window Cleaning	2,322.85	1,500.00	822.85	1,873.20	449.65
Pest Control	1,251.53	2,500.00	(1,248.47)	3,732.00	(2,480.47)
External Landscaping	125.00	-	125.00	990.00	(865.00)
<b>HARD SERVICES</b>					
<b>Mechanical and electrical services (M&amp;E)</b>					
M&E Maintenance Contract	7,254.22	6,500.00	754.22	7,532.35	(278.13)
M&E Repairs	4,699.87	6,000.00	(1,300.13)	6,028.73	(1,328.86)
<b>Lift and escalators</b>					
Lift Maintenance Contract	1,021.10	680.00	341.10	987.94	33.16
Lit Repairs	4,712.95	1,500.00	3,212.95	1,354.50	3,358.45
<b>Fabric repairs and maintenance</b>					
Internal Repairs & Maintenance	3,116.00	2,000.00	1,116.00	1,935.06	1,180.94
External Repairs & Maintenance	3,398.50	9,750.00	(6,351.50)	1,492.38	1,906.12
Drainage	9,206.12	2,500.00	6,706.12	2,475.00	6,731.12
<b>TOTAL</b>	<b>234,663.46</b>	<b>210,706.00</b>	<b>23,957.46</b>	<b>210,677.92</b>	<b>23,985.54</b>

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**WING YIP & BROTHERS PROPERTY AND INVESTMENTS LTD**  
**BUSINESS CENTRE , OLDHAM ROAD, MANCHESTER**  
**NOTES TO THE STATEMENT OF SERVICE CHARGE EXPENDITURE**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2022**

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**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 £8,823.00 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 -

	<b>2022</b>
	<b>£</b>
Management fees	8,823.00

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**WING YIP & BROTHERS PROPERTY AND INVESTMENTS LTD**  
**BUSINESS CENTRE , OLDHAM ROAD, MANCHESTER**  
**NOTES TO THE STATEMENT OF SERVICE CHARGE EXPENDITURE**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2022**

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**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.

<b>Code</b>	<b>£</b>
M&E Maintenance Contract	511.93
Service charge accountancy fee	1,940.00
Gas	26.40
Window cleaning	369.68
	<hr/>
	<b>2,848.01</b>
	<hr/> <hr/>

**6 Prepayments**

The prepayments included in the service charge expenditure relate to invoices received within the year ended 30 September 2022, but the goods and services relate to periods after the year end.

<b>Code</b>	<b>£</b>
Gas	28.48
Water & Sewerage Charges	261.60
Security Systems	237.50
Pest Control	72.11
	<hr/>
	<b>599.69</b>
	<hr/> <hr/>

**7 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.

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**WING YIP & BROTHERS PROPERTY AND INVESTMENTS LTD**  
**BUSINESS CENTRE , OLDHAM ROAD, MANCHESTER**  
**NOTES TO THE STATEMENT OF SERVICE CHARGE EXPENDITURE**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2022**

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**8 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.

	<b>2022</b>
	<b>£</b>
Balance brought forward at 1 October 2021	3,501.19
Interest received	0.45
	<hr/>
Balance carried forward at 30 September 2022	<b>3,501.64</b>
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