



China House

401 Edgware Road

Cricklewood

London NW2 6GY

Service Charge Budget Report

1<sup>st</sup> October 2019 –

30<sup>th</sup> September 2020



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## **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 planned expenditure for the service charge period 1<sup>st</sup> October 2019 to 30<sup>th</sup> September 2020.

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 A5 Edgware Road within the north-west London area of Cricklewood. It is approximately 500m from J1 of the M1 Motorway and the North Circular Road. The City of London is approximately 5 miles to the south.

China House is a purpose built office building arranged over 4 levels. It has brick facades under a pitched tiled roof. There is dedicated car parking to the front and side of the property. It forms part of the wider Wing Yip site, which includes the Superstore, Business Centre, warehousing and underground car park.

The multi occupied property consists of cellular office suits on lower ground, ground, first and second floors. A dedicated ground floor communal entrance leads to two passenger lifts. There are communal kitchen and WC facilities.

The primary services provided for the property consist of cleaning of the communal parts, communal utility consumption, lift maintenance, waste management, site security and external landscaping 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 budget report is to provide a clear explanation for the recovery of the 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 to budget accurately for the forthcoming period.

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 for each schedule is detailed within the Service Charge Apportionment Schedule attached at Appendix A.

Three separate schedules have been adopted. Schedule 1 provides costs for China House, Schedule 2 the wider estate costs and Schedule 3 relates to the heating system for the lower ground and ground floor.

Schedule One            All occupiers

Schedule Two           All occupiers

Schedule Three        Lower ground and ground floor occupiers 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](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.



## **Budget Commentary**

*All figures are shown net of VAT*

### **SCHEDULE 1 - Business Centre Costs - All Occupiers**

- **Internal Cleaning** **£14,000.00**

The cost heading is for the cleaning contract for the communal areas of China House. The contractor attends 2.5 hours per day, Monday to Friday. The budget has been increased for the current year to also allow for an annual deep clean.

- **Toilet Requisites** **£1,000.00**

The cost heading has been added for the new year. The budget covers toilet consumables and cleaning items.

- **Pest Control** **£625.00**

The budget heading is for the pest control contract for the Business Centre with Rentokil. It has been reduced for the current year.

- **Waste Management** **£3,500.00**

The cost heading is for the communal refuse disposal contract for China House. It has been maintained at the same level.

- **Window Cleaning** **£1,700.00**

The budget covers the cost of the window cleaning contract for China House based on quarterly visits. The budget has been significantly reduced following the contract retender.

- **External Landscaping** **£0.00**

The grounds maintenance and landscaping costs have been taken in house and will now be completed by the Johnson Fellows Site Manager.

- **External Repairs & Maintenance** **£1,000.00**

No major works are proposed. The budgeted cost is for any ad-hoc reactive maintenance that may be required. The budget has been reduced to reflect the work that the Site Manager will also be able to pick up.

- **Internal Repairs & Maintenance** **£1,000.00**

The estimated expenditure is a contingency sum for any unforeseen repairs and maintenance to the communal areas. This has been reduced to reflect the work that the Site Manager will also be able to complete.



- **Electricity** **£8,000.00**

The cost heading relates to the electricity consumption within the common areas of the Business Centre. The budget has been maintained at the same level, although we will aim to reduce the expenditure following the contract review.

- **Gas** **£5,000.00**

The budget relates to the gas consumption for the heating of the communal areas of the Business Centre. The budget has been maintained at the same level, although we will aim to reduce the expenditure following the contract review.

- **Water Charges** **£4,000.00**

The estimated expenditure relates to the water rates for the common areas of the Business Centre. The budget has been maintained at the same level.

- **Lift Maintenance Contract** **£2,180.00**

The cost heading is for the annual maintenance contract for the passenger lifts within the Business Centre. The contract consists of 10 visits per annum. It has been reduced following a re-tender.

- **Lift Repairs** **£2,500.00**

The cost heading allows a contingency sum for any unforeseen repairs that are required to the lift during the year. It has been reduced for the new year.

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

The budget heading allowed for the periodic inspection of the lift by an independent consultant. This is no longer deemed necessary so the cost has been removed.

- **Life Safety System** **£0.00**

The heading allowed for the annual testing of the lightning protection system. The is now included within the M&E Maintenance contract.

- **M&E Maintenance Contract** **£7,000.00**

The cost heading covers the contract cost for the weekly testing of the fire alarm, lightning protection, emergency lighting and boiler service.



- **M&E Repairs** **£2,500.00**

The budget heading provides a contingency for repairs to the Landlord's M&E equipment. It has been maintained at the same level.

- **Security Equipment** **£3,000.00**

The budget heading covers the cost of the annual CCTV maintenance contract. It has been maintained at the same level.

- **Health & Safety** **£1,500.00**

The budget covers the costs of completing the annual legionella, health and safety and fire risk assessments. The total budget has been reduced following a re-tender.

- **Staff Costs** **£3,413.00**

The cost heading has been added to the budget for the new year. It represents the Site Manager's costs in respect of the Business Centre. 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.

- **Audit Fee** **£700.00**

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 budget has been maintained at the same level.

- **Management Fee** **£7,243.00**

This figure represents 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 budget has been increased in line with the Retail Price Index that has shown a 2.88% increase in the past 12 months.

- **Facilities Management** **£4,115.00**

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 budget has been increased in line with the Retail Price Index that has shown a 2.88% increase in the past 12 months.

- **Help Desk** **£0.00**

The budget heading covered the help desk for the previous managing agent. The costs have been removed. Johnson Fellows will field calls directly.

**Total**

**Schedule 1** **£73,976.00**



### ***SCHEDULE 2 - Estate Costs - All Occupiers***

- **External Repairs & Maintenance** **£500.00**

The budget figure is the Business Centre's contribution towards any wider communal maintenance at the site. In this instance it relates to the annual drainage cleaning. It has been maintained at the same level.

- **Electricity** **£1,500.00**

The budget heading is the contribution towards the external communal electricity consumption. It has been maintained at the same level.

- **Office Costs** **£200.00**

The cost heading is a contribution towards the telephone services utilised by the site security guards.

- **Security Guarding** **£13,000.00**

The budget figure is the Business Centre's contribution towards the 24/7 site security guarding.

#### **Total**

**Schedule 2** **£15,200.00**

### ***SCHEDULE 3 - Heating – Lower Ground & Ground Floor Occupiers Only***

- **Mechanical & Electrical Repairs** **£3,000.00**

The cost heading allows for the maintenance of the heating system that the occupiers of the lower ground and ground floor suites benefit from.

#### **Total**

**Schedule 3** **£3,000.00**



**Budget Approval**

.....  
Facilities Manager

.....  
Partner

Dated 31<sup>st</sup> August 2019

Dated 31<sup>st</sup> August 2019



## Appendix A

### China House, Cricklewood

### Service Charge Apportionment Schedule

### 1st October 2019 - 30th September 2020

Unit	Schedule	Area Sq Ft	Percentage
Unit 1 Lower Gnd Floor	1	1,229	7.17%
Units 2&3 Lower Gnd Floor	1	2,100	12.26%
Unit 4 Lower Gnd Floor	1	1,000	5.84%
Unit 2A Ground Floor	1	2,516	14.69%
Unit 2B Ground Floor	1	2,111	12.32%
Unit 101 First Floor	1	840	4.90%
Unit 102 First Floor	1	742	4.33%
Unit 103 First Floor	1	720	4.20%
Unit 105 First Floor	1	592	3.46%
Unit 106 First Floor	1	710	4.14%
Unit 107 First Floor	1	527	3.08%
Unit 201 Second Floor	1	710	4.14%
Unit 202 Second Floor	1	742	4.33%
Unit 203 Second Floor	1	732	4.27%
Unit 205 Second Floor	1	602	3.51%
Unit 206 Second Floor	1	721	4.21%
Unit 207 Second Floor	1	538	3.14%
<b>1 Total</b>		<b>17,132</b>	<b>100.00%</b>
Unit 1 Lower Gnd Floor	2	1,229	7.17%
Units 2&3 Lower Gnd Floor	2	2,100	12.26%
Unit 4 Lower Gnd Floor	2	1,000	5.84%
Unit 2A Ground Floor	2	2,516	14.69%
Unit 2B Ground Floor	2	2,111	12.32%
Unit 101 First Floor	2	840	4.90%
Unit 102 First Floor	2	742	4.33%
Unit 103 First Floor	2	720	4.20%
Unit 105 First Floor	2	592	3.46%
Unit 106 First Floor	2	710	4.14%
Unit 107 First Floor	2	527	3.08%
Unit 201 Second Floor	2	710	4.14%
Unit 202 Second Floor	2	742	4.33%
Unit 203 Second Floor	2	732	4.27%
Unit 205 Second Floor	2	602	3.51%
Unit 206 Second Floor	2	721	4.21%
Unit 207 Second Floor	2	538	3.14%
<b>2 Total</b>		<b>17,132</b>	<b>100.00%</b>
Unit 1 Lower Gnd Floor	3	1,229	13.72%
Units 2&3 Lower Gnd Floor	3	2,100	23.45%
Unit 4 Lower Gnd Floor	3	1,000	11.17%
Unit 2A Ground Floor	3	2,516	28.09%
Unit 2B Ground Floor	3	2,111	23.57%
<b>3 Total</b>		<b>8,956</b>	<b>100.00%</b>



## Appendix B

### China House, Cricklewood

### Service Charge Variance Schedule

### 1st October 2019 - 30th September 2020

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

Service Charge Item	Schedule	Budget 2018-19	Budget 2019-20
Internal Cleaning	1	£ 10,500.00	£ 14,000.00
Toilet Requisites	1	£ -	£ 1,000.00
Pest Control	1	£ 700.00	£ 625.00
Waste Management	1	£ 3,500.00	£ 3,500.00
Window Cleaning	1	£ 3,000.00	£ 1,700.00
External Landscaping	1	£ 2,750.00	£ -
External Repairs & Maintenance	1	£ 1,500.00	£ 1,000.00
Internal Repairs & Maintenance	1	£ 3,000.00	£ 1,000.00
Electricity	1	£ 8,000.00	£ 8,000.00
Gas	1	£ 5,000.00	£ 5,000.00
Water Charges	1	£ 4,000.00	£ 4,000.00
Lift Maintenance Contract	1	£ 4,600.00	£ 2,180.00
Lift Repairs	1	£ 3,500.00	£ 2,500.00
Lift Inspection & Consultancy	1	£ 350.00	£ -
Life Safe Systems	1	£ 90.00	£ -
M&E Maintenance Contract	1	£ 7,000.00	£ 7,000.00
M&E Repairs	1	£ 2,500.00	£ 2,500.00
Health & Safety	1	£ 2,280.00	£ 1,500.00
Security Systems (CCTV)	1	£ 3,000.00	£ 3,000.00
Staff Costs	1	£ -	£ 3,413.00
Audit Fee	1	£ 700.00	£ 700.00
Management Fee	1	£ 7,040.00	£ 7,243.00
Facilities Management	1	£ 4,000.00	£ 4,115.00
Help Desk	1	£ 500.00	£ -
<b>1 Total</b>		<b>£ 77,510.00</b>	<b>£ 73,976.00</b>
External Repairs & Maintenance	2	£ 500.00	£ 500.00
Electricity	2	£ 1,500.00	£ 1,500.00
Office Costs	2	£ 200.00	£ 200.00
Security Guarding	2	£ 13,000.00	£ 13,000.00
<b>2 Total</b>		<b>£ 15,200.00</b>	<b>£ 15,200.00</b>
M&E Repairs (Heating)	3	£ 3,000.00	£ 3,000.00
<b>3 Total</b>		<b>£ 3,000.00</b>	<b>£ 3,000.00</b>
<b>TOTAL</b>		<b>£ 95,710.00</b>	<b>£ 92,176.00</b>