



**JOHNSON FELLOWS**  
CHARTERED SURVEYORS

42/48 Clayhanger Lane,

Brownhills,

Walsall,

West Midlands, WS8 7DT

**Service Charge Expenditure Report**

**29<sup>th</sup> September 2019 to**

**28<sup>th</sup> September 2020**



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## **Introduction**

This report is intended to provide details of the expenditure for the service charge year.

A service charge is necessary due to there being communal structures, services and areas.

## **The Property**

The property comprises of two single-storey buildings. The larger building is exclusively occupied by Midcounties Coop and trades as a convenience store. The other building is in multiple occupation, comprising three shop units. In between the two buildings is a shared gated service yard and to the front is a car park. A section of car park to the side of the larger building has been fenced off.

The common parts serving the whole property include the car park, service yard, soft landscaped areas and the boundary walls/fences. The communal systems include the external lighting and pump for the foul drains. The main structure and the external elements of the smaller building is communal to just those tenants who occupy one of the three units.

## **Voids and Concessions**

The service charge for any void lettable units or attributable to any service charge concessions is the responsibility of the Landlord.

## **VAT**

The Landlord has elected the property for VAT.

The service charge has VAT charged at the standard rate.

## **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.

## **Reserve Fund**

A reserve fund has not been established.

## **Service Charge Objectives**

The object of this report is to provide clear explanation of the service charge on a not for profit/not for loss basis. It is also to promote clarity and transparency and to allow the leaseholders to budget accurately for the service charge.

We encourage leaseholders to provide comments on the format and/or the information contained in this report which would assist in the report being improved for the benefit of all concerned. We would also welcome constructive feedback on the communal services provided at the property.



As Managing Agents, Johnson Fellows aim to provide a high-quality management service in order to provide a well-maintained environment, and delivering value for money for the service charge expenditure.

The service charge is administered having regard to the RICS professional statement, Service Charges in Commercial Property, 1<sup>st</sup> Edition.

### **Management Team**

#### **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.

#### **Management Surveyor:**

Neil Wetherell

Johnson Fellows, Charter House, 163 Newhall Street, Birmingham, B3 1SW

Direct Dial: 0121 234 0406

Mobile: 07836 313 914

Email: [neil.wetherell@johnsonfellows.co.uk](mailto:neil.wetherell@johnsonfellows.co.uk)

Neil Wetherell is responsible for the overall management of the property.

#### **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.

### **Service Charge Apportionment**

Not all common parts of the property serve all occupiers, for this reason we have adopted a number of service charge schedules.

The car park, service yard, lighting and foul drain pump serve all units and the expenditure is apportioned between all occupiers and these included in Schedule 1.

The external and structural common parts of the building in multiple occupation benefits only the occupiers of the building. These costs are allocated to Schedule 2.



All tenant's apportionment percentages for each schedule are noted within the Service Charge Apportionment detailed in Appendix A.

## **Commentary**

### ***SCHEDULE 1 – General***

***All figures are shown net of VAT***

- **Cleaning** **£2,869**

The contract cost for the twice weekly clean of the car park by Abbey Cleaning. The contract was retendered during the service charge year and awarded to a local contractor, Garden & Cleaning Services at a cost of £186.34 per month.

- **Drain Maintenance** **£1,603**

The contract for the maintenance of the foul drainage pump was re-tendered for a second time in recent years and awarded to Specialist Pumping Services who carried out a six-monthly service visit in June 2020.

There was also an invoice paid for the previous service visit in 2019 which was not included in the service charge accounts for 2018/2019.

- **Electrical Repairs** **£415**

The car park lighting was repaired and the timer for the external lighting was adjusted. Training has been provided to the manager of the Coop store in-order to try to avoid such costs in future.

- **Landscape - External** **£440**

There were two visits to site to attend to the landscaped areas, one for cutting back high-level shrubs and trees to the frontage to Clayhanger Lane and a second visit for a general tidy of all the landscaped areas.

- **Repairs – External** **£1,038**

The works completed were repairs to two bollards, a manhole cover and the installation of a fence to the front landscape area.

- **Gritting** **£1,296**

The cost of gritting the common areas to mitigate the slip hazard for customers during cold weather.

- **Electric Supply** **£250**

A contribution for the electric supply to the communal lighting which is provided from the Midcounties trading store electricity supply.



- **Statutory Compliance** **£500**

The annual health and safety audit of the common parts of the property was undertaken.

- **Audit Fee** **£350**

The RICS service charge practice statement provides for the service charge accounts to be certified annually. This is the cost for an independent accountant to certify the service charge accounts.

- **Management Fee** **£1028**

This is the fee to manage the property and administer the service charge which is indexed linked annually to RPI. The whole fee has been allocated to Schedule 1 as there was no service charge expenditure in Schedule 2.

- **Facilities Management** **£424**

This is the contribution to the facilities managers costs. They administer the maintenance contracts and organise the repair and maintenance of the common parts. It is a fixed contribution indexed linked annually to RPI.

**Total**

- Schedule 1** **£10,213**

The expenditure was 13% (£2,187) below budget with savings against several budget headings, most significant of which was Drain Maintenance.

Please note the expenditure is net of VAT at 20%.



**SCHEDULE 2 – Building**

**All figures are shown net of VAT**

- **Building Repair** **£0**

No reactive repairs were required to the external parts of the building.

- **Management Fee** **£0**

No Management Fee was allocated to this schedule as no costs were incurred in this schedule.

**Total**

**Schedule 2** **£0**

Please note the expenditure is net of VAT at 20%.

.....  
Management Surveyor

.....  
Facilities Manager

14<sup>th</sup> January 2021

14<sup>th</sup> January 2021



**Appendix A**

**42/48 Clayhanger Lane, Brownhills, Walsall, WS8 7DT (02132)**

**Service Charge Apportionment**

**29th September 2019 to 28th September 2020**

<b>Unit</b>	<b>Schedule</b>	<b>Percentage</b>
42 Clayhanger Lane	1	9.00%
44 Clayhanger Lane	1	9.00%
46 Clayhanger Lane	1	9.00%
D3-427 42/48 Clayhanger Lane	1	73.00%
<b>1 Total</b>		<b>100.00%</b>
42 Clayhanger Lane	2	33.34%
44 Clayhanger Lane	2	33.33%
46 Clayhanger Lane	2	33.33%
<b>2 Total</b>		<b>100.00%</b>
<b>Grand Total</b>		



## Appendix B

42/48 Clayhanger Lane, Brownhills, Walsall, WS8 7DT (02132)

### Service Charge Variance

29th September 2019 to 28th September 2020

The property is VAT registered. Figures for Schedule 1 shown net of VAT.

Service Charge Item	Schedule	Actual 2018/2019	Budget 2019/2020	Actual 2019/2020	Budget v Actual Variance %	Budget v Actual Variance £
Cleaning	1	£ 3,784	£ 3,500	£ 2,869	-18%	-£ 631
Drain Maintenance	1	£ 5,925	£ 2,900	£ 1,603	-45%	-£ 1,297
Electrical Repairs	1	£ 100	£ 1,000	£ 415	-59%	-£ 585
Landscape - External	1	£ 280	£ 560	£ 440	-21%	-£ 120
Repairs - External	1	£ 380	£ 638	£ 1,038	63%	£ 400
Gritting	1	£ 1,488	£ 750	£ 1,296	73%	£ 546
Electricity Supply	1	£ 250	£ 250	£ 250	0%	£ -
Statutory Compliance	1	£ 500	£ 500	£ 500	0%	£ -
Audit Fees	1	£ 350	£ 350	£ 350	0%	£ -
Management Fees	1	£ 1,000	£ 822	£ 1,028	25%	£ 206
Facilities Management	1	£ 413	£ 424	£ 424	0%	£ -
<b>1 Total</b>		<b>£ 14,469</b>	<b>£ 11,694</b>	<b>£ 10,213</b>	<b>-13%</b>	<b>-£ 1,482</b>
Building Repair	2	£ -	£ 500	£ -	-100%	-£ 500
Decoration - External	1	£ -	£ -	£ -	N/A	£ -
Management Fees	2	£ -	£ 206	£ -	-100%	-£ 206
<b>2 Total</b>		<b>£ -</b>	<b>£ 706</b>	<b>£ -</b>	<b>-100%</b>	<b>-£ 706</b>
<b>Grand Total</b>		<b>£ 14,469</b>	<b>£ 12,400</b>	<b>£ 10,213</b>	<b>-18%</b>	<b>-£ 2,187</b>

NOTE



**Appendix C**

**MIDCOUNTIES CO-OPERATIVE LIMITED  
42/48 CLAYHANGER LANE  
BROWNHILLS, WALSALL**

**SERVICE COSTS AUDIT STATEMENT**

**YEAR ENDED 28TH SEPTEMBER 2020**





42/48 Clayhanger Lane  
Brownhills, Walsall

Certificate of Service Costs for the year ended 28th September 2020

	2020	2019
Cleaning	2,868.63	3,783.55
Drain Maintenance	1,603.00	5,924.50
Electrical Repair	415.00	100.00
Landscape - External	440.00	280.00
Repairs - External	1,037.91	380.00
Gritting	1,296.00	1,488.00
Electricity Supply	250.00	250.00
Statutory Compliance	500.00	500.00
Audit Fees	350.00	350.00
Management Fees	1,028.00	1,000.00
Facilities Management	424.00	413.00
<b>Total expenditure</b>	<b><u>10,212.54</u></b>	<b><u>14,469.05</u></b>

No reserve fund held.

**Independent Accountant's Review Report**

To the Manager, 42/48 Clayhanger Lane, Brownhills, Walsall.

We have reviewed the statement of service charge expenditure for the above property for the year ended 28 September 2020. The statement of service charge expenditure has been prepared by the Manager in accordance with guidance issued by the RICS in the Code of Practice, Services Charges in Commercial Property, Third edition.

**Manager's Responsibility for the Statement of service charge expenditure**

The Manager is responsible for the preparation of the statement of service charge expenditure and for such internal control as the Manager determines is necessary to enable the preparation of statements that are free from material misstatement, whether due to fraud or error.

**Reporting Accountant's 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 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 the RICS. ISRE 4000 (Revised) also requires us to comply with relevant ethical requirements.

A review of a statement of service charge expenditure in accordance with ISRE 2400 (Revised) is a limited assurance engagement. The reporting accountant performs procedures, primarily consisting of making inquiries of management and others responsible for the services that comprise the service charge on this property, as appropriate, and applying analytical procedures, and evaluates the evidence obtained. The procedures do not include review of the allocation or apportionment of service charge expenditure to occupiers.

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.

**Conclusion**

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

**Basis of Accounting, and Restriction on Distribution and Use**

Our report is made in accordance with the terms of our engagement and is intended solely for the Manager to issue to current occupiers. 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 the Manager 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 the Manager in connection with the report or this engagement.

Haines Watts  
Sterling House  
97 Lichfield Street  
Tamworth  
Staffordshire  
B79 7QF



MIDCOUNTIES CO-OPERATIVE LIMITED  
42/48 CLAYHANGER LANE      BROWNHILLS, WALSALL  
Proof of Certificates totalling costs per  
Cost Schedule

Service Charge Certificates Raised

	7,455.15
	919.13
	919.13
	919.13
Total raised	<u>10,212.54</u>
Total costs per schedule	<u>10,212.54</u>
Difference	<u>-</u>