



JOHNSON FELLOWS
CHARTERED SURVEYORS

Dragon Retail Park

507 Newport Road

Cardiff

CF23 9AD

Service Charge Expenditure Report

1st October 2023 –

30th September 2024



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 Budget 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 Commercial Ltd. It is intended to provide details of the expenditure for the service charge period 1st October 2023 to 30th September 2024.

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

Dragon Retail Park is a newly constructed out of town retail park with associated car parking. At the commencement of the service charge year there were three units. However, a fourth unit was completed towards the end of the year.

The property is located on the A4161 Newport Road, one of the principal arterial routes into Cardiff City Centre, which lies approximately 2 miles to the south west. Direct access to the M4 motorway is 5 miles to the north east via the A48. This in turn links to the city of Newport approximately 10 miles away.

There are two customer vehicle access points into the site, directly from Newport Road and Ipswich Road. A further service entry is provided from Ipswich Road to the rear of Units 1 & 2.

The primary services provided at the site are cleaning, landscaping and external repairs of the communal parts.

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, or the lease provisions do not permit the full recovery, 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 expenditure is now arranged over two schedules. Schedule 1 covers the services for the main communal areas of the estate and customer car park. All occupiers contribute towards this. Schedule 2 has been added for the expenditure relating to the service road to the rear of Units 1 and 2. Only the occupiers of Units 1 & 2 contribute towards this.

Under the terms of the individual lease, the tenants are responsible for the maintenance and upkeep of the exterior and structure of their units.

The apportionment split is based on the gross internal floor area of the individual units against the estate as a whole. Costs that are shared across both schedules are split based on the remaining expenditure within each schedule. The current split is 87% Schedule 1 and 13% Schedule 2.



Management Team

Management Surveyor:

Tina Hothi
Johnson Fellows, Charter House, 163 Newhall Street, Birmingham, B3 1SW
Mobile: 07594 089 316
Email: tina.hothi@johnsonfellows.co.uk

Tina Hothi is responsible for the overall management of the property.

Facilities Manager:

Daniel Blakeman
Johnson Fellows, Charter House, 163 Newhall Street, Birmingham, B3 1SW
Mobile: 07786 072 755
Email: Daniel.blakeman@johnsonfellows.co.uk

Daniel Blakeman is responsible for the repair and maintenance of the property and statutory compliance.

Service Charge Accountant:

Keisha Gregory
Client Accounts
Johnson Fellows, Charter House, 163 Newhall Street, Birmingham, B3 1SW
Direct Dial: 0121 234 0405
Email: keisha.gregory@johnsonfellows.co.uk

Keisha Gregory is the client accountant responsible for this property.



Expenditure Commentary

All figures are shown net of VAT

SCHEDULE 1 - All Occupiers

- **Cleaning** **£0.00**

The cost heading provided for the annual pressure washing of the estate. The works were not completed during this service charge year.

- **Pest Control** **£1,155.00**

The budget heading allowed for a pest control contract for the communal areas of the estate. The expenditure was over budget due to the need to complete a more intensive program. The cost is shared with Schedule 2.

- **Drain Maintenance** **£4,211.50**

The expenditure relates to the annual flush out of the communal drainage system at the estate, together with the service of the drain interceptor. Due to additional works to the drainage system, the total expenditure was over budget.

- **Electrical Repair** **£0.00**

The budgeted allowed for any re-lamping and repairs to the communal lighting. However, no expenditure occurred within this service charge year.

- **Landscaping** **£5,689.20**

The expenditure covers the contract to maintain the soft landscaped areas, weed control and litter pick around the estate. Overall, the expenditure was under budget. It is shared with Schedule 2.

- **External Repairs** **£2,250.00**

The cost heading is for the repairs undertaken to the car park and common areas. However, the overall expenditure came in slightly over budget.

- **Gritting** **£1,172.11**

The expenditure relates to the gritting of the estate during the winter months. It was under budget.

- **Electrical Supply** **£2,863.15**

The expenditure covers the electrical consumption for the external lighting within the communal areas of the estate. It was under budget.



- **Health & Safety** **£1,757.00**

The expenditure relates to the completion of a health & safety audit and fire risk assessment for the external common areas of the estate. The cost is shared with Schedule 2. Expenditure was over budget.

- **Security** **£720.00**

This is a new cost heading which wasn't included in the budget, however, expenditure has occurred for the service charge period for the inspection and maintenance of the powered separators.

- **Signage** **£0.00**

The cost heading allowed for alterations to the common estate signage through the service charge period. No expenditure was incurred.

- **Audit Fee** **£326.00**

The expenditure is for the year end accounts to be certified by an independent accountant as recommended by the RICS Service Charge Professional Statement. The cost is shared with Schedule 2. It is in line with the budget.

- **Management Fee** **£3,349.00**

The figure represents the cost 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 cost is shared with Schedule 2. It is in line with the budget.

- **Facilities Management** **£3,907.00**

The figure represents the cost to organise and supervise the various contracts, deal with items of maintenance, ensure compliance and complete regular site inspections. The RICS Service Charge Professional Statement recommends that this be a fixed fee, subject to annual review or indexation. The cost is shared with Schedule 2. It is in line with the budget.

- **Help Desk** **£326.00**

The expenditure is for the implementation and management of a help desk.

Total

Schedule 1 **£27,725.96**



SCHEDULE 2 – Rear Service Road

- **Pest Control** **£0.00**

The budget heading allowed for a pest control contract for the communal areas of the estate. No expenditure was incurred during this period. The cost is shared with Schedule 1.

- **Landscaping** **£0.00**

The expenditure covers the contract to maintain the soft landscaped areas, weed control and litter pick around the estate. No expenditure has occurred during this service charge period. It is shared with Schedule 1.

- **External Repairs** **£0.00**

The cost heading allowed a contingency for any repairs required within the common areas. No expenditure was required.

- **Health & Safety** **£0.00**

The expenditure relates to the completion of a health & safety audit and fire risk assessment for the external common areas of the estate. No expenditure was incurred. The cost is shared with Schedule 1.

- **Audit Fee** **£24.00**

The expenditure is for the year end accounts to be certified by an independent accountant as recommended by the RICS Service Charge Professional Statement. The cost is shared with Schedule 1. It is in line with the budget.

- **Management Fee** **£231.00**

The figure represents the cost 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 cost is shared with Schedule 1. It is in line with the budget.

- **Facilities Management** **£294.00**

The figure represents the cost to organise and supervise the various contracts, deal with items of maintenance, ensure compliance and complete regular site inspections. The RICS Service Charge Professional Statement recommends that this be a fixed fee, subject to annual review or indexation. The cost is shared with Schedule 1. It is in line with the budget.

- **Help Desk** **£24.00**

The expenditure is for the implementation and management of a help desk.

Total

Schedule 2 **£573.00**



Expenditure Approval

A handwritten signature in black ink, appearing to be 'D. L.' followed by a long horizontal stroke.

A handwritten signature in black ink, appearing to be 'A. G.' followed by a long horizontal stroke.

.....
Facilities Manager

Dated 12/02/2024

.....
Associate Partner

Dated 12/02/2024



Appendix A

Dragon Retail Park, 507 Newport Road, Cardiff, CF23 9AD

Service Charge Apportionment

Service Charge Year 1st October 2023 to 30th September 2024

| Schedule 1 | | | | |
|-------------------|----------------------|-----------------|-----------------------|-------------------|
| Unit | Occupier | Schedule | Area (sq. ft.) | Percentage |
| Unit 1 | Wickes | 1 | 20,021 | 63.67% |
| Unit 2 | Original Style Tiles | 1 | 5,087 | 16.18% |
| Unit 3 | Metro Bank | 1 | 4,447 | 14.14% |
| Unit 4 | Campana Ltd | 1 | 1,892 | 6.02% |
| Schedule 2 | | 1 Total | 31,447 | 100.00% |
| Unit 1 | Wickes | 2 | 20,021 | 79.74% |
| Unit 2 | Original Style Tiles | 2 | 5,087 | 20.26% |
| | | 2 Total | 25,108 | 100.00% |



Appendix B

Dragon Retail Park, 507 Newport Road, Cardiff, CF23 9AD

Service Charge year End

Service Charge Year End 1st October 2023 to 30th September 2024

The property is VAT registered. Figures shown net of VAT.

| Service Charge Item | Schedule | Budget 2023-24 | Actual 23-24 | Variance |
|-----------------------|----------|--------------------|--------------------|--------------------|
| Cleaning | 1 | £ 930.00 | £ - | -£ 930.00 |
| Pest Control | 1 | £ 930.00 | £ 1,155.00 | £ 225.00 |
| Drain Maintenance | 1 | £ 2,750.00 | £ 4,211.50 | £ 1,461.50 |
| Electrical Repair | 1 | £ - | £ - | £ - |
| Landscaping | 1 | £ 7,254.00 | £ 5,689.20 | -£ 1,564.80 |
| Repairs - External | 1 | £ 2,000.00 | £ 2,250.00 | £ 250.00 |
| Gritting | 1 | £ 1,500.00 | £ 1,172.11 | -£ 327.89 |
| Electrical Supply | 1 | £ 3,000.00 | £ 2,863.15 | -£ 136.85 |
| CCTV Monitoring | 1 | £ - | £ - | £ - |
| Health & Safety | 1 | £ 698.00 | £ 1,757.00 | £ 1,059.00 |
| Security | 1 | £ - | £ 720.00 | £ 720.00 |
| Signage | 1 | £ 500.00 | £ - | -£ 500.00 |
| Help Desk | 1 | £ 326.00 | £ 326.00 | £ - |
| Audit Fees | 1 | £ 326.00 | £ 326.00 | £ - |
| Management Fees | 1 | £ 3,349.00 | £ 3,349.00 | £ - |
| Facilities Management | 1 | £ 3,907.00 | £ 3,907.00 | £ - |
| 1 Total | | £ 27,470.00 | £ 27,725.96 | £ 255.96 |
| Cleaning | 2 | £ 70.00 | £ - | -£ 70.00 |
| Pest Control | 2 | £ 70.00 | £ - | -£ 70.00 |
| Landscaping | 2 | £ 546.00 | £ - | -£ 546.00 |
| External Repairs | 2 | £ 3,000.00 | £ - | -£ 3,000.00 |
| Health & Safety | 2 | £ 207.00 | £ - | -£ 207.00 |
| Help Desk | 2 | £ 24.00 | £ 24.00 | £ - |
| Audit Fees | 2 | £ 24.00 | £ 24.00 | £ - |
| Management Fees | 2 | £ 231.00 | £ 231.00 | £ - |
| Facilities Management | 2 | £ 294.00 | £ 294.00 | £ - |
| 2 Total | | £ 4,466.00 | £ 573.00 | -£ 3,893.00 |
| TOTAL | | £ 31,936.00 | £ 28,298.96 | -£ 3,637.04 |

**W WING YIP COMMERCIAL LIMITED
DRAGON RETAIL PARK
507 NEWPORT ROAD, CARDIFF**

SERVICE COSTS STATEMENT

INDEPENDENT REVIEW

YEAR ENDED 30TH SEPTEMBER 2024

Haines Watts

Dragon Retail Park
507 Newport Road, Cardiff
Certificate of Service Costs for the year ended 30th September 2024

| | 2024 | 2023 |
|----------------------------|-------------------------|-------------------------|
| Schedule 1 | | |
| Repairs - External | 2,250.00 | 5,555.97 |
| Landscape - External | 5,689.20 | 5,689.20 |
| Pest Control | 1,155.00 | 1,050.00 |
| Gritting | 1,172.11 | 1,850.70 |
| Electricity Supply | 2,863.15 | 2,785.13 |
| Security | 720.00 | - |
| Drainage | 4,211.50 | 810.00 |
| Electrical Repair | - | 1,754.69 |
| Health and Safety | 1,757.00 | 871.00 |
| Helpdesk | 326.00 | 326.00 |
| Audit and Accountancy Fees | 326.00 | 326.00 |
| Management Fees | 3,349.00 | 3,072.00 |
| Facilities Management | 3,907.00 | 3,583.00 |
| | <u>27,725.96</u> | <u>27,673.69</u> |
| Schedule 2 | | |
| Helpdesk | 24.00 | 24.00 |
| Audit Fees | 24.00 | 24.00 |
| Management Fees | 231.00 | 231.00 |
| Facilities Management | 294.00 | 270.00 |
| | <u>573.00</u> | <u>549.00</u> |
| Total expenditure | <u><u>28,298.96</u></u> | <u><u>28,222.69</u></u> |

No reserve fund held for this property.

Independent Accountant's Review Report

To the Manager, Dragon Retail Park

We have reviewed the statement of service charge expenditure for the above property for the year ended 30 September 2024. 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, 1st 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.



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