



JOHNSON FELLOWS
CHARTERED SURVEYORS

Farrell Close

Castle Street

Cirencester

GL7 1HW

Service Charge Expenditure Report

**29th September 2015 to 28th
September 2016**



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





Introduction

This report has been produced by Johnson Fellows on behalf of the Landlord, Tesco Stores Limited. It is intended to provide details of the expenditure incurred during the 2015-16 service charge year.

The Property

The property is within Cirencester town centre adjacent to Brewery Court Public Car Park and comprises of three retail units and first floor offices fronting Castle Street, two retail units fronting Farrell Close together with a large supermarket. It includes the pedestrian area of Farrell Close together with external service areas. The property does not include Brewery Court Car Park which is maintained by the local Council.

The external communal areas which are maintained through the service charge are the pedestrian areas of Farrell Close, loading bays to the rear of Store Twenty One and Tesco Metro units, external passageway leading to the rear of 43/49 Castle Street together with external and structural parts of the buildings. There are no internal common areas. All tenants have access to the external common areas.

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 payable by the commercial lessees will have 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.

Interest charged on late payment of service charge by tenants is to be credited to the service charge.

There is no sinking fund or reserve fund.



Service Charge Objectives

The object of this expenditure report is to provide clear explanation 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 leaseholders to budget accurately for the forthcoming year.

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 Service Charges in Commercial Property; RICS Code of Practice.



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

Chris Monteith is responsible for the repair and maintenance of the property and statutory compliance.

Management Surveyor:

George Brittain

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

Direct Dial: 0121 234 0454

Mobile: 07884 352 576

Email: george.brittain@johnsonfellows.co.uk

George Brittain 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

Rebecca Glover is the client accountant responsible for this property.



Service Charge Apportionment

The service charge provisions are set out in each tenants lease. These consistently provide for each tenant to pay a due proportion of the service charge which is attributable to each tenant's premises. The due proportion is based on the weighted net internal area of each property relative to the total net internal area of all units. If such apportionment is inappropriate, the Landlord has reasonable discretion to adopt such other due proportion as is fair and reasonable. This may include attributing the whole expenditure to a particular unit.

The weighting which has been applied is as follows:-

The first 500 sq metres	@	100%
The next 500 sq metres	@	80%
The next 1,000 sq metres	@	60%
The next 1,000 sq metres	@	50%
The next 1,000 sq metres	@	40%
Excess over 4,000 sq metres	@	30%

No weighting has been applied to basement and upper floors.

The apportionment percentages will be reviewed periodically should circumstances change.

The service charge percentage apportionments are detailed in Appendix A.



Expenditure Commentary

SCHEDULE 1

All figures are shown net of VAT

- **Cleaning** **£14,765.94**

This cost represents the cost of daily cleaning by TSS. The expenditure is slightly under budget.

- **Building Repairs** **£4,436.40**

Adhoc repairs including roofing, gutter works and car park maintenance.

- **Signage** **£0.00**

There was no expenditure under this heading in this service charge period.

- **Drain Maintenance** **£1,324.17**

The annual flush out of the communal drainage system, and call outs for flooding.

- **Footpath Maintenance** **£0.00**

There was no expenditure under this heading in this service charge period.

- **Interest** **-£167.67**

Interest charged on late payment of service charge by tenants is to be credited to the service charge.

- **Electrical Supply** **£150.00**

This is a notional payment to Tesco for the electricity supplied via their electricity meter for the Metro store for the communal lighting to the common parts.

- **Audit Fee** **£275.00**

The cost for the service charge accounts to be independently certified on an annual basis as required by The RICS Service Charge Code of Practice. This figure is slightly above the budget, but represents a standard market charge for this scale of property.



- **Management Fee** **£4,596.02**

This figure represents the cost incurred for the management of the property and administration of the service charge, including periodic inspection. The RICS Service Charge Code of Practice recommends that this be a fixed fee, subject to annual review or indexation. The figure is as per the budget.

- **Facilities Management Fee** **£748.00**

Calculated at 3% of the SC budget and matching the budgeted figure.

Total

Schedule 1 **£26,127.86**

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Management Surveyor

Dated
31st January 2017

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Facilities Manager

Dated
31st January 2017



Appendix A

Farrell Close, Cirencester GL7 1HW

Service Charge Apportionment Schedule

29th September 2015 to 28th September 2016

Unit	Weighted Floor Area (m²)	Percentage
1 Farrell Close	164.81	4.59%
3 Farrell Close	119.23	3.32%
4-5 Farrell Close	995.24	27.72%
Supermarket Farrell Close	2,027.20	56.46%
43-45 Castle Street	143.47	4.00%
1st Floor, 45 Castle Street	91.60	2.55%
49 Castle Street	48.70	1.36%
Total	3,590.25	100.00%



Appendix B

Farrell Close, Cirencester GL7 1HW

Service Charge Variance Schedule

29th September 2015 to 28th September 2016

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

Service Charge Item	Schedule	Actual 2014/2015	Budget 2015/2016	Actual 2015/2016	Budget v Actual Variance %	Budget v Actual Variance £
Cleaning	1	£ 15,829.94	£ 15,500.00	14,765.94	-5%	-734.06
Building Repair	1	£ 345.00	£ 3,500.00	4,436.40	27%	936.40
Drain Maintenance	1	£ -	£ 650.00	1,324.17	104%	674.17
Electrical Repairs	1	£ -	£ 350.00	0.00	-100%	-350.00
Footpath Maintenance	1	£ 13.33	£ 150.00	0.00	-100%	-150.00
Interest	1	£ -	£ -	-167.67	N/A	-167.67
Landscaping	1	£ -	£ -	0.00	0%	0.00
Electrical Supply	1	£ 300.00	£ -	150.00	100%	150.00
Signage	1	£ 440.00	£ -	0.00	N/A	0.00
Audit Fees	1	£ 275.00	£ 250.00	275.00	10%	25.00
Management Fees	1	£ 4,549.99	£ 4,596.00	4,596.02	0%	0.02
Facilities Management	1	£ 748.00	£ 748.00	748.00	0%	0.00
Total		£ 22,501.26	£ 25,744.00	26,127.86	1%	383.86



Appendix C

TESCO STORES LTD

**FARRELL CLOSE/CASTLE STREET
CIRENCESTER**

SERVICE COSTS AUDIT STATEMENT

YEAR ENDED 28TH SEPTEMBER 2016





**Farrell Close/Castle Street
Cirencester
Certificate of Service Costs for the year ended 28th September 2016**

	2016	2015
Cleaning	14,765.94	15,829.94
Building repair	4,436.40	345.00
Signage	-	440.00
Drain maintenance	1,324.17	-
Footpath maintenance	-	13.33
Interest	(167.67)	-
Electricity supply	150.00	300.00
Audit fees	275.00	275.00
Management fees	4,596.02	4,549.99
Facilities Management	748.00	748.00
Total expenditure	<u>26,127.86</u>	<u>22,501.26</u>

No reserve fund is held on this property

In our opinion the above is a fair summary of the costs incurred by or on behalf of Tesco Stores Ltd in connection with the matters for which the service charge is payable and is sufficiently supported by accounts, receipts and other documents which have been produced to us.

Haines Watts

Haines Watts Chartered Accountants