



Farrell Close

Castle Street

Cirencester

GL7 1HW

Service Charge Expenditure Report

**29th September 2020 to 28th
September 2021**



Contents

Introduction
The Property
Voids and Concessions
VAT
Banking
Service Charge Objectives
Management Team
Service Charge Apportionment
Expenditure Commentary

Appendices

- A. Service Charge Apportionment Schedule
- B. Service Charge Variance Schedule
- C. Service Costs Audit Statement

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 2020 - 2021 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 unit 4/5 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

- **Management Fee** **£5,224.00**

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.

- **Audit Fee** **£250.00**

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.

- **Facilities Management Fee** **£859.00**

This figure represents the cost incurred for the employment of a facilities manager.

- **Health & Safety** **£819.12**

Annual cost of having periodic health and safety reports undertaken for the site.

- **Cleaning** **£9,384.60**

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

- **Drain Maintenance** **£495.00**

The annual flush out of the communal drainage system.

- **Repairs & Maintenance - External** **£5,170.00**

Cost for various repairs to the common parts including, gutter & downpipe cleans, low level redecoration, installation of bike racks, repair areas around manholes that had become dangerous and other works following health and safety report. Various roofing repairs were undertaken to a number of units.

- **Footpath Maintenance** **£100.50**

Cost of gritting the communal footpaths, removing trip hazards and relaying paths.

- **Electrical Repairs** **£635.00**

Cost related to the investigation and repair of external canopy lighting.

- **Reserve Fund** **£4,000.00**

Total

Schedule 1

£26,937.22



A handwritten signature in blue ink, consisting of a stylized, cursive 'J' followed by a long horizontal stroke.

.....
Management Surveyor

Dated

A handwritten signature in black ink, appearing to be 'C. Lantieri' in a cursive script.

.....
Facilities Manager

Dated



Appendix A

Cirencester: Farrell Close S/C (01232)

Service Charge Unit Percentages

Reconciliation Period = 29/09/2020-28/09/2021

Unit	Tenant	Days	Schedule 1 %
0002	Butler Sherborn LLP (Holdover)	150.00	1.6438
0002	Butler Sherborn LLP (Renewal)	215.00	2.3562
0004	Christella Ltd (Original)	365.00	4.5900
0007	Tesco Stores Ltd - (Service Charge Account) (Original)	365.00	56.4600
0005	Dessous Chics Ltd (Original)	51.00	0.1900
0005	Dessous Chics Ltd (Renewal)	314.00	1.1700
0003	Elite Beds & Mattresses Direct Ltd (Original)	365.00	3.3200
0006	Steppes Travel Ltd (Original)	50.00	0.3493
0001	Royal Society for the prevention of cruelty to animals Cotswolds, Gloucester 7 District Branch (Original)	120.00	9.1134
0001	Vacant	245.00	18.6066
0006	Vacant	315.00	2.2007
	Total		100.0000



Appendix B

Cirencester:Farrell Close S/C (01232)
Service Charge Budget Comparison

Reconciliation Period = 29/09/2020-28/09/2021

*Amounts in gbp

Code	Description	Actual (09/2021)	Budget (09/2021)	Variance	%
1	Schedule 1				
5100-0101	Management Fee	5,224.00	5,224.00	0.00	0.0000
5100-0203	S/C Audit Fees	250.00	250.00	0.00	0.0000
5100-0309	Facilities Manager	859.00	859.00	0.00	0.0000
5100-0402	Health & Safety	819.12	500.00	319.12	63.8240
5200-0501	Electricity	0.00	500.00	-500.00	-100.0000
5300-1001	Internal Cleaning	9,384.60	14,000.00	-4,615.40	-32.9671
5300-1009	External Landscaping	0.00	500.00	-500.00	-100.0000
5300-1016	Drainage	495.00	1,000.00	-505.00	-50.5000
5400-1502	External Repairs and maintenance	5,170.00	8,000.00	-2,830.00	-35.3750
5400-1526	Footpath Maintenance	100.50	2,000.00	-1,899.50	-94.9750
5400-1535	Electrical Repair	635.00	1,000.00	-365.00	-36.5000
5700-2202	Reserve fund	4,000.00	4,000.00	0.00	0.0000
	Schedule Total	26,937.22	37,833.00	-10,895.78	-28.7997



Appendix C

**TESCO STORES LTD
FARRELL CLOSE/CASTLE STREET
CIRENCESTER**

SERVICE COSTS AUDIT STATEMENT

YEAR ENDED 28TH SEPTEMBER 2021



**Farrell Close/Castle Street
Cirencester
Certificate of Service Costs for the year ended 28th September 2021**

	2021	2020
Cleaning	9,384.60	10,868.70
Electrical Repairs	635.00	-
Drain Maintenance	495.00	1,170.00
Footpath Maintenance	100.50	2,330.00
Repairs - External	5,170.00	13,920.00
Electricity Supply	-	500.00
Health & Safety	819.12	807.44
Reserve Fund	4,000.00	4,000.00
Audit Fees	250.00	275.00
Management Fees	5,224.00	5,141.00
Facilities Management	859.00	845.00
Total expenditure	<u>26,937.22</u>	<u>39,857.14</u>

Reserve Fund B/Fwd

Fund Balance at 29.09.20	4,000.00
Paid in During Year	4,000.00
Paid Out During Year	-
Fund Balance at 28.09.21	<u>8,000.00</u>

Independent Accountant's Review Report

To the Manager, Farrell Close, Cirencester.

We have reviewed the statement of service charge expenditure for the above property for the year ended 28 September 2021. 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