



**JOHNSON FELLOWS**  
CHARTERED SURVEYORS

**Hagley Road Retail Park**

**343/353 Hagley Road West**

**Quinton**

**Birmingham**

**B32 2AL**

**Service Charge Expenditure Report**

**1<sup>st</sup> January 2017 to**

**31<sup>st</sup> December 2017**



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## **Introduction**

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

Johnson Fellows LLP are appointed as managing agents of Hagley Road Retail Park by Central England Co-Operative Society Ltd. The service charge operates for the upkeep of the communal structures, services and areas.

## **Property**

The property comprises of five retail units with communal car parking/servicing and two vehicle access points to/from Hagley Road West.

## **Voids and Concessions**

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

## **VAT**

The Landlord has elected the property for VAT.

The service charge payable 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. Consequently, the service charge is not credited with any interest, neither are any bank charges allocated to the service charge.

Interest charged to tenants for late payment of service charge is credited to the service charge.

## **Reserve Fund**

There is no reserve fund.





## **Service Charge Objectives**

The object of this 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.

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 welcome constructive feedback on the communal services provided at the property.

As Managing Agents, Johnson Fellows aim to deliver 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](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**

The service charge operates for the whole property as defined in the lease documents. The apportionment percentages for each lessee are noted within the Service Charge Apportionment Schedule, as detailed in Appendix A.

The calculation of the apportionment percentages is based upon the area of each unit.



## Expenditure Commentary

*All figures are shown net of VAT*

- **Cleaning** **£745**

This expenditure included a clean of the front elevation of the building and the removal of rubbish on two occasions. Reflecting the inherited landscaping contract, general cleaning of the Park is shown under the Landscaping – External expenditure heading below. This will be changed on future reports.

- **Pest Control** **£360**

The contract cost for the hire of bait stations and the periodic visits to site to maintain them.

- **Drain Maintenance** **£4,381**

A full service was undertaken to the rainwater goods, the surface water drains and the oil interceptor.

- **Electrical Repairs** **£285**

Minor repairs and testing were undertaken.

- **Landscaping - External** **£7,785**

The contract cost for maintaining the landscaped areas which includes litter picking and cleaning of the site. Additional costs were incurred for gritting during the exceptional cold weather.

- **Repairs – External** **£345**

Some minor repairs were required.

- **Electrical Supply** **£1,161**

The contract costs for the communal electrical supply for the lights and CCTV system.

- **Telephone** **£0**

The line rental and broadband contract costs for the CCTV system is included in the Security Equipment expenditure.

- **Security Equipment** **£1,525**

The annual costs of maintaining and monitoring the CCTV system, re-active call outs, phone line rental and broadband contract costs.





- **Statutory Compliance** **£0**

No audit was undertaken during the year.

- **Audit Fee** **£350**

The fee of the accountants for certifying the year end service charge accounts.

- **Management Fee** **£2,500**

This figure represents the fee to manage the property and administer the service charge.

- **Facilities Management** **£750**

This figure represents the facilities manager's costs to administer and periodically re-tender the supply contracts. It is a contribution to employment costs indexed linked annually to RPI.

**Total** **£20,186**

The expenditure was less than the budget, consequently there will be a credit year-end balance.

.....  
Facilities Manager

.....  
Partner

5th July 2018  
.....

5th July 2018  
.....

Dated

Dated



**Appendix A**

**Hagley Road Retail Park, Hagley Road West, Quinton, Birmingham, B32 2AL**

**Service Charge Apportionment Schedule**

**1st January 2017 to 31st December 2017**

<b>Unit</b>	<b>Occupier</b>	<b>Area (sq. ft.)</b>	<b>Percentage</b>
Unit 1	American Golf Discount Centre Ltd	5,053	28.38%
Unit 2	Pets at Home Ltd	4,082	22.91%
Unit 3a	Barnardo's	2,647	14.82%
Unit 3b	Quinton Vets4Pets Ltd	2,018	11.36%
Unit 4	Co-Operative Group Food Ltd	4,025	22.53%
<b>TOTAL</b>		<b>17,825</b>	<b>100%</b>

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





## Appendix B

**Hagley Road Retail Park, Hagley Road West, Quinton, Birmingham, B32 2AL**

### **Service Charge Variance Schedule**

**1st January 2017 to 31st December 2017**

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

<b>Service Charge Item</b>	<b>Actual 2016</b>	<b>Budget 2017</b>	<b>Actual 2017</b>	<b>Actual v Budget Variance %</b>	<b>Actual v Budget Variance £</b>
Cleaning	£ -	£ 5,000	£ 745	-85.10%	-£ 4,255
Pest Control	£ 495	£ 500	£ 360	-28.00%	-£ 140
Drain Maintenance	£ -	£ 1,250	£ 4,381	250.48%	£ 3,131
Electrical Repairs	£ 502	£ 2,000	£ 285	-85.75%	-£ 1,715
Landscape - External	£ 8,007	£ 4,400	£ 7,785	76.93%	£ 3,385
Repairs - External	£ 179	£ 3,500	£ 345	-90.14%	-£ 3,155
Electrical Supply	£ 203	£ 500	£ 1,161	132.10%	£ 661
Telephone	£ 444	£ 240	£ -	-100.00%	-£ 240
Security Equipment	£ 1,573	£ 2,000	£ 1,525	-23.77%	-£ 475
Statutory Compliance	£ -	£ 750	£ -	-100.00%	-£ 750
Audit Fees	£ 350	£ 400	£ 350	-12.50%	-£ 50
Management Fees	£ 2,099	£ 2,500	£ 2,500	0.00%	£ -
Facilities Management	£ 162	£ 750	£ 750	0.00%	£ -
<b>TOTAL</b>	<b>£ 14,014</b>	<b>£ 23,790</b>	<b>£ 20,186</b>	<b>-15.15%</b>	<b>-£ 3,604</b>

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





**Appendix C**

**CENTRAL ENGLAND CO-OPERATIVE SOCIETY LIMITED**

**HAGLEY ROAD RETAIL PARK  
HAGLEY ROAD, WEST QUINTON, BIRMINGHAM**

**SERVICE COSTS AUDIT STATEMENT**

**YEAR ENDED 31ST DECEMBER 2017**





Hagley Road Retail Park,  
West Quinton, Birmingham  
Certificate of Service Costs for the year ended 31st December 2017

	2017	2016
<b>Schedule 1</b>		
Cleaning	745.00	-
Pest control	360.00	495.00
Drain Maintenance	4,381.04	-
Electrical repair	285.00	502.01
Landscape	7,785.04	8,007.24
Repairs - external	345.00	178.75
Electrical supply	1,160.52	202.50
Telephone	-	443.63
Security equipment	1,524.51	1,573.41
Audit fees	350.00	350.00
Management fees	2,500.00	2,099.48
Facilities Management	750.00	162.32
<b>Total expenditure</b>	<b>20,186.11</b>	<b>14,014.34</b>

No reserve fund is held for this property

**Independent Accountant's Review Report**

To the Manager, Hagley Road Retail Park

We have reviewed the statement of service charge expenditure for the above property for the year ended 31 December 2017. 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



CENTRAL ENGLAND CO-OPERATIVE SOCIETY LIMITED  
HAGLEY ROAD RETAIL PARK      HAGLEY ROAD, WEST QUINTON, BIRMINGHAM  
Proof of Certificates totalling costs per  
Cost Schedule

Service Charge Certificates Raised	
	5,728.82
	4,624.66
	2,991.58
	2,293.15
	4,547.95
Total raised	<u>20,186.16</u>
Total costs per schedule	<u>20,186.11</u>
Difference	<u>0.05</u>

(rounding agreed to report print outs)