



JOHNSON FELLOWS
CHARTERED SURVEYORS

Hagley Road Retail Park

343/353 Hagley Road West

Quinton

Birmingham

B32 2AL

Service Charge Expenditure Report

1st January 2018 to

31st December 2018



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Introduction

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

The service charge is necessary for the upkeep of communal structures, area and services benefiting the occupiers.

As Managing Agents, Johnson Fellows are appointed by Central England Co-Operative Society Ltd to undertake the administration of the service charge and facility management of the contracts, ensuring that they are periodically tendered and provide value for money.

Property

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

The common parts serving the whole property include the main structure and the external elements of the building, the car park and boundary walls/fences.

In addition to the common areas of the building, there are common services including cleaning, landscaping and security.

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

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

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

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** **£3,685**

This expenditure includes the cleaning and litter picking of the external common areas and a clean of the front elevation of the building. There was one occasion where fly tipping had to be removed.

The cleaning and litter picking contract was re-tendered during the year.

- **Pest Control** **£360**

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

- **Drain Maintenance** **£4,423**

A full service was undertaken to the rainwater goods, the surface water drains and the oil interceptor. There were additional visits to clear drainage channels.

- **Electrical Repairs** **£1,060**

Various minor repairs were undertaken.

- **Landscaping - External** **£1,340**

The contract cost for maintaining the landscaped areas. This contract was re-tendered during the year.

- **Repairs – External** **£2,675**

A number of minor repairs were completed.

- **Gritting** **£770**

A new cost heading for the gritting and snow clearance. This contract was tendered during the year.

- **Electrical Supply** **£1,084**

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

- **Telephone** **£709**

The line rental and broadband contract costs for the CCTV system.

- **Security Equipment** **£1,826**



The annual costs of maintaining and monitoring the CCTV system and re-active maintenance call outs.

- **Statutory Compliance** **£1,100**

The cost of the annual health and safety audit and testing of the lightening conductor.

- **Security** **£913**

The costs of periodic and re-active attendance of security guards together with the repair of communal locks.

- **Audit Fee** **£350**

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

- **Management Fee** **£2,601**

The fee to manage the property and administer the service charge.

- **Facilities Management** **£780**

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 **£23,676**

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

.....
Facilities Manager

.....
Partner

5th June 2019

5th June 2019

.....
Dated

.....
Dated



Appendix A

Service Charge Apportionment

1st January 2018 to 31st December 2018

Unit	Occupier	Area (sq. ft.)	Percentage
Unit 1	American Golf Discount Centre Ltd	5,072	28.38%
Unit 2	Pets at Home Ltd	4,094	22.91%
Unit 3a	Barnardo's	2,648	14.82%
Unit 3b	Quinton Vets4Pets Ltd	2,030	11.36%
Unit 4	Co-Operative Group Food Ltd	4,025	22.53%
TOTAL		17,869	100%



Appendix B

Service Charge Variance

1st January 2018 to 31st December 2018

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

Service Charge Item	Actual 2017	Budget 2018	Actual 2018	Actual v Budget Variance %	Actual v Budget Variance £
Cleaning	£ 745	£ 4,000	£ 3,685	-7.88%	-£ 315
Pest Control	£ 360	£ 400	£ 360	-10.00%	-£ 40
Drain Maintenance	£ 4,381	£ 4,000	£ 4,423	10.57%	£ 423
Electrical Repairs	£ 285	£ 1,000	£ 1,060	6.00%	£ 60
Landscape - External	£ 7,785	£ 1,500	£ 1,340	-10.66%	-£ 160
Repairs - External	£ 345	£ 2,000	£ 2,675	33.75%	£ 675
Gritting	£ -	£ 3,000	£ 770	N/A	-£ 2,230
Electrical Supply	£ 1,161	£ 1,000	£ 1,084	8.40%	£ 84
Telephone	£ -	£ 250	£ 709	183.72%	£ 459
Security Equipment	£ 1,525	£ 1,500	£ 1,826	21.73%	£ 326
Statutory Compliance	£ -	£ 750	£ 1,100	46.67%	£ 350
Security	£ -	£ 1,000	£ 913	N/A	-£ 87
Interest	£ -	£ -	£ -	N/A	£ -
Audit Fees	£ 350	£ 350	£ 350	0.00%	£ -
Management Fees	£ 2,500	£ 2,601	£ 2,601	-0.01%	-£ 0
Facilities Management	£ 750	£ 780	£ 780	-0.05%	-£ 0
TOTAL	£ 20,186	£ 24,132	£ 23,676	-1.89%	-£ 456

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 2018



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





Hagley Road Retail Park,
West Quinton, Birmingham
Certificate of Service Costs for the year ended 31st December 2018

	2018	2017
Schedule 1		
Cleaning	3,685.00	745.00
Pest Control	360.00	360.00
Drain Maintenance	4,422.72	4,381.04
Electrical Repair	1,060.00	285.00
Landscape - External	1,340.04	7,785.04
Repairs - External	2,675.00	345.00
Gritting	770.00	-
Electrical Supply	1,083.95	1,160.52
Telephone	709.29	-
Security Equipment	1,826.44	1,524.51
Statutory Compliance	1,100.00	-
Security	913.00	-
Audit Fees	350.00	350.00
Management Fees	2,601.00	2,500.00
Facilities Management	780.00	750.00
Total expenditure	<u>23,676.44</u>	<u>20,186.11</u>

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 2018. 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	
	6,719.38
	5,424.29
	3,508.86
	2,689.66
	5,334.31
Total raised	<u>23,676.50</u>
Total costs per schedule	<u>23,676.44</u>
Difference (rounding)	<u>0.06</u>