



China House

401 Edgware Road

Cricklewood

London NW2 6GY

Service Charge Budget Report

1st October 2022 –

30th September 2023



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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, W Wing Yip & Brothers Property and Investments Ltd. It is intended to provide details of the planned expenditure for the service charge period 1st October 2022 to 30th September 2023.

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

The property is located on A5 Edgware Road within the north-west London area of Cricklewood. It is approximately 500m from J1 of the M1 Motorway and the North Circular Road. The City of London is approximately 5 miles to the south.

China House is a purpose built office building arranged over 4 levels. It has brick facades under a pitched tiled roof. There is dedicated car parking to the front and side of the property. It forms part of the wider Wing Yip site, which includes the Superstore, Business Centre, warehousing and underground car park.

The multi occupied property consists of cellular office suits on lower ground, ground, first and second floors. A dedicated ground floor communal entrance leads to two passenger lifts. There are communal kitchen and WC facilities.

The primary services provided for the property consist of cleaning of the communal parts, communal utility consumption, lift maintenance, waste management, site security and external landscaping and maintenance.

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 budget report is to provide a clear explanation for the recovery 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 tenants to budget accurately for the forthcoming period.

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, 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 for each schedule is detailed within the Service Charge Apportionment Schedule attached at Appendix A.

Three separate schedules have been adopted. Schedule 1 provides costs for China House, Schedule 2 the wider estate costs and Schedule 3 relates to the heating system for the lower ground and ground floor.

Schedule One All occupiers

Schedule Two All occupiers

Schedule Three Lower ground and ground floor occupiers only

The apportionment percentages are calculated based on net internal floor areas.



Management Team

Management Surveyor:

Ian Starbuck
Johnson Fellows, Charter House, 163 Newhall Street, Birmingham, B3 1SW
Direct Dial: 0121 234 0462
Mobile: 07887 745 635
Email: ian.starbuck@johnsonfellows.co.uk

Ian Starbuck is responsible for the overall management of the property.

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.

Site Manager:

Clive Manyeza
Johnson Fellows, Charter House, 163 Newhall Street, Birmingham, B3 1SW
Mobile: 07711 396 763

Clive Manyeza is on site one day per week and is responsible for landscaping, minor items of repair and maintenance and tenant liaison for urgent matters.

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.



Budget Commentary

All figures are shown net of VAT

SCHEDULE 1 - Business Centre Costs - All Occupiers

- **Internal Cleaning** **£12,700.00**

The cost heading is for the cleaning contract for the communal areas of China House. The contractor attends 2.5 hours per day, Monday to Friday. The budget has been maintained at the same level.

- **Pest Control** **£650.00**

The budget heading is for the pest control contract for the Business Centre with Rentokil. It has been increased marginally in line with the rise in contract costs.

- **Waste Management** **£3,750.00**

The cost heading is for the communal refuse disposal contract for China House. It has been increased marginally in line with the rise in contract costs.

- **Toilet Requisites** **£1,500.00**

The budget covers toilet consumables, cleaning items and feminine hygiene bins. It has been increased for the new year in line with the rise in cost of supplies.

- **Window Cleaning** **£5,280.00**

The budget covers the cost of the window cleaning contract for China House. This is based on the current contract rates of a low level monthly clean at £280 and a high level quarterly clean at £480. The contract will be re-tendered to ensure best value.

- **External Landscaping** **£0.00**

The grounds maintenance and landscaping works are dealt with in house by the Site Manager. They are not charged separately.

- **External Repairs & Maintenance** **£500.00**

No major works are proposed. The budgeted cost is for any ad-hoc reactive maintenance that may be required, together with materials and reflects the work that the Site Manager picks up. It has been maintained at the same level.

- **Internal Repairs & Maintenance** **£3,000.00**

The budget has been increased for the new year in line with last year's expenditure. It contains a contingency sum for any unforeseen repairs and maintenance to the communal areas, whilst reflecting the work that the Site Manager picks up. It also includes a provision for the replacement of the kitchen work tops.



- **Electricity** **£15,000.00**

The cost heading relates to the electricity consumption within the common areas of the property. The budget has been increased for the new year in line with increased contract costs.

- **Gas** **£6,500.00**

The budget relates to the gas consumption for the heating of the communal areas of the property. It has been increased marginally in line with last years expenditure. However, the supply will remain under the existing contract for the service charge year meaning that excessive increases are avoided.

- **Water Charges** **£4,000.00**

The estimated expenditure relates to the water rates for the common areas of the property. The budget has been increased in line with last year's consumption and expenditure.

- **Lift Maintenance Contract** **£2,180.00**

The cost heading is for the annual maintenance contract for the passenger lifts within the property. The contract consists of 10 visits per annum. The budget has been maintained at the same level.

- **Lift Repairs** **£4,000.00**

The cost heading allows a contingency sum for any unforeseen repairs that are required to the lift during the year. It has been increased due to the need to install an emergency phone line and emergency lighting.

- **M&E Maintenance Contract** **£8,000.00**

The cost heading covers the contract cost for the weekly testing of the fire alarm, lightning protection, emergency lighting and boiler service. It has been maintained at the same level. The contract will be retendered in November 2022.

- **M&E Repairs** **£3,000.00**

The budget heading provides a contingency for repairs to the Landlord's M&E equipment. It has been reduced for the new year following the replacement of the boilers.

- **Security Equipment** **£500.00**

The budget heading covers the cost of the annual CCTV maintenance contract. It has been maintained at the same level.

- **Health & Safety** **£2,750.00**

The budget covers the costs of completing the annual health & safety and fire risk assessments. It has been increased to allow for essential fireproofing works as identified in the last fire risk assessment.



- **Staff Costs** **£4,039.00**

The cost heading represents the Site Manager's costs in respect of the property. The Site Manager attends one day per week and is responsible for landscaping, minor items of repair and maintenance and tenant liaison for urgent matters. Overall, we believe that this results in cost savings whilst also improving the service. The budget has been increased in line with the contract costs.

- **Help Desk** **£500.00**

This is a new cost heading for the service charge year. A 24 hour/7 day a week Help Desk has been set up to allow all occupiers to speak with a dedicated operative and report urgent items of repair and maintenance. This will ensure that matters can be handled promptly without delay. Further correspondence including the telephone number and email address will be circulated in advance of the commencement of the service charge year.

- **Audit Fees** **£700.00**

The cost heading allows for the year end accounts to be certified by an independent accountant as recommended by the RICS Service Charge Professional Statement. The budget has been maintained at the same level.

- **Management Fees** **£8,060.00**

This figure represents the costs incurred 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 Retail Price Index has shown an 11.84% increase in the past 12 months. However, JF has agreed to cap their fee increase at 6.00% as a gesture towards the tenants. We do reserve the right to adjust our fee in future years when inflation falls again.

- **Facilities Management** **£4,579.00**

The figure represents the costs incurred to organise and supervise the various contracts in place, deal with items of maintenance, ensuring compliance and complete regular site inspections. The fee is fixed subject to annual indexation. The Retail Price Index has shown an 11.84% increase in the past 12 months. However, JF has agreed to cap their fee increase at 6.00% as gesture towards the tenants. We do reserve the right to adjust our fee in future years when inflation falls again.

Total

Schedule 1 **£91,188.00**



SCHEDULE 2 - Estate Costs - All Occupiers

- **External Repairs & Maintenance** **£500.00**

The budget figure is the Business Centre's contribution towards any wider communal maintenance at the site. In this instance it relates to the annual drainage cleaning. It has been maintained at the same level.

- **Electricity** **£2,000.00**

The budget heading is the contribution towards the external communal electricity consumption. It has been maintained increased in line with the anticipated rise in contract costs.

- **Security Guarding** **£15,000.00**

The budget figure is China House's contribution towards the 24/7 site security guarding. It has been increased based on last years expenditure and the rise in the national minimum wage.

Total

Schedule 2 **£17,500.00**

SCHEDULE 3 - Heating – Lower Ground & Ground Floor Occupiers Only

- **Mechanical & Electrical Repairs** **£2,000.00**

The cost heading allows for the maintenance of the heating system and servicing of the air conditioning that the occupiers of the lower ground and ground floor suites benefit from. It has been maintained at the same level. The contract will be retendered in November 2022.

Total

Schedule 3 **£2,000.00**



Budget Approval

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Facilities Manager

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Partner

Dated 1st September 2022

Dated 1st September 2022



Appendix A

China House, Cricklewood

Service Charge Apportionment Schedule

1st October 2022 - 30th September 2023

Unit	Schedule	Area Sq Ft	Percentage
Unit 1 Lower Gnd Floor	1	1,229	7.17%
Units 2&3 Lower Gnd Floor	1	2,100	12.26%
Unit 4 Lower Gnd Floor	1	1,000	5.84%
Unit 2A Ground Floor	1	2,516	14.69%
Unit 2B Ground Floor	1	2,111	12.32%
Unit 101 First Floor	1	840	4.90%
Unit 102 First Floor	1	742	4.33%
Unit 103 First Floor	1	720	4.20%
Unit 105 First Floor	1	592	3.46%
Unit 106 First Floor	1	710	4.14%
Unit 107 First Floor	1	527	3.08%
Unit 201 Second Floor	1	710	4.14%
Unit 202 Second Floor	1	742	4.33%
Unit 203 Second Floor	1	732	4.27%
Unit 205 Second Floor	1	602	3.51%
Unit 206 Second Floor	1	721	4.21%
Unit 207 Second Floor	1	538	3.14%
1 Total		17,132	100.00%
Unit 1 Lower Gnd Floor	2	1,229	7.17%
Units 2&3 Lower Gnd Floor	2	2,100	12.26%
Unit 4 Lower Gnd Floor	2	1,000	5.84%
Unit 2A Ground Floor	2	2,516	14.69%
Unit 2B Ground Floor	2	2,111	12.32%
Unit 101 First Floor	2	840	4.90%
Unit 102 First Floor	2	742	4.33%
Unit 103 First Floor	2	720	4.20%
Unit 105 First Floor	2	592	3.46%
Unit 106 First Floor	2	710	4.14%
Unit 107 First Floor	2	527	3.08%
Unit 201 Second Floor	2	710	4.14%
Unit 202 Second Floor	2	742	4.33%
Unit 203 Second Floor	2	732	4.27%
Unit 205 Second Floor	2	602	3.51%
Unit 206 Second Floor	2	721	4.21%
Unit 207 Second Floor	2	538	3.14%
2 Total		17,132	100.00%
Unit 1 Lower Gnd Floor	3	1,229	13.72%
Units 2&3 Lower Gnd Floor	3	2,100	23.45%
Unit 4 Lower Gnd Floor	3	1,000	11.17%
Unit 2A Ground Floor	3	2,516	28.09%
Unit 2B Ground Floor	3	2,111	23.57%
3 Total		8,956	100.00%



Appendix B

China House, Cricklewood

Service Charge Variance Schedule

1st October 2022 - 30th September 2023

The property is VAT registered. Figures for all schedules are shown net of VAT.

Service Charge Item	Schedule	Budget 2021-22	Budget 2022-23
Internal Cleaning	1	12,700.00	12,700.00
Pest Control	1	625.00	650.00
Waste Management	1	3,500.00	3,750.00
Toilet Requisites	1	1,350.00	1,500.00
Window Cleaning	1	3,400.00	5,280.00
External Landscaping	1	-	-
External Repairs & Maintenance	1	500.00	500.00
Internal Repairs & Maintenance	1	750.00	3,000.00
Electricity	1	10,000.00	15,000.00
Gas	1	6,000.00	6,500.00
Water Charges	1	3,000.00	4,000.00
Lift Maintenance Contract	1	2,180.00	2,180.00
Lift Repairs	1	1,500.00	4,000.00
M&E Maintenance Contract	1	8,000.00	8,000.00
M&E Repairs	1	5,000.00	3,000.00
Security Systems (CCTV)	1	500.00	500.00
Health & Safety	1	1,750.00	2,750.00
Staff Costs	1	3,413.00	4,039.00
Help Desk	1	-	500.00
Audit Fee	1	700.00	700.00
Management Fee	1	7,604.00	8,060.00
Facilities Management	1	4,320.00	4,579.00
1 Total		£ 76,792.00	£ 91,188.00
External Repairs & Maintenance	2	£ 500.00	£ 500.00
Electricity	2	£ 1,500.00	£ 2,000.00
Security Guarding	2	£ 13,000.00	£ 15,000.00
2 Total		£ 15,000.00	£ 17,500.00
M&E Repairs (Heating)	3	£ 2,000.00	£ 2,000.00
3 Total		£ 2,000.00	£ 2,000.00
TOTAL		£ 93,792.00	£ 110,688.00