



China House

401 Edgware Road

Cricklewood

London NW2 6GY

Service Charge Budget Report

1st October 2024 –

30th September 2025



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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 2024 to 30th September 2025.

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

A Reserve Fund has been inherited from the previous regime. However, there is currently no ongoing collection within the service charge budget. The balance held is £7,340.88. Funds are held in a discrete bank account in order to obtain interest. The account is maintained with Barclays Bank plc, Kidderminster branch.

The funds will be used for future major items of expenditure.



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:

Daniel Blakeman
Johnson Fellows, Charter House, 163 Newhall Street, Birmingham, B3 1SW
Direct Dial: 0121 234 0409
Mobile: 07786 072 755
Email: daniel.blakeman@johnsonfellows.co.uk

Daniel Blakeman is responsible for the repair and maintenance of the property and statutory compliance. He will join JF on 4th September 2024.

Help Desk Manager:

Charlie Scott
Johnson Fellows, Charter House, 163 Newhall Street, Birmingham, B3 1SW
Direct Dial: 0121 234 0409
Mobile: 07763 564705
Email: helpdesk@JohnsonFellows.co.uk

Charlie Scott is the Help Desk Manager and is responsible for dealing with urgent reactive maintenance and repair.

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** **£15,000.00**

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 increased in line with the contract costs.

- **Pest Control** **£720.00**

The budget heading is for the pest control contract for the Business Centre with Rentokil. It has been maintained at the same level.

- **Waste Management** **£5,500.00**

The cost heading is for the communal refuse disposal contract for China House. It has been increased in line with the rise in contract costs. An additional contingency has also been added for fly tipping removal.

- **Toilet Requisites** **£1,800.00**

The budget covers toilet consumables, cleaning items and feminine hygiene bins. It has been maintained at the same level.

- **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 costs have been maintained at the same level.

- **External Landscaping** **£3,100.00**

In a change to the service charge budget structure for the new year, landscaping contract costs have been added. Previously this role was completed by the Site Manager. It is now considered better value to have a dedicated litter picking and weeding contract. This has been placed with Empire Support Services Ltd. The Site Manager costs have been removed from the budget.

- **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. It has been maintained at the same level.



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

The budget contains a contingency sum for any unforeseen repairs and maintenance to the communal areas. It has been maintained at the same level.

- **Signage** **£500.00**

This cost heading provides a contingency for the tenant sign board in the reception area to be updated as required.

- **Electricity** **£17,000.00**

The cost heading relates to the electricity consumption within the common areas of the property. The budget has been increased based on last year's expenditure.

- **Gas** **£7,500.00**

The budget relates to the gas consumption for the heating of the communal areas of the property. The budget has been increased based on last year's expenditure.

- **Water Charges** **£6,500.00**

The estimated expenditure relates to the water rates for the common areas of the property. The budget has been increased based on last year's expenditure.

- **Lift Maintenance Contract** **£2,275.00**

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 increased in line with the contract costs.

- **Lift Repairs** **£2,000.00**

The cost heading allows a contingency sum for any unforeseen repairs that are required to the lift during the year. It has been maintained at the same level.

- **M&E Maintenance Contract** **£9,500.00**

The cost heading covers the contract cost for the weekly testing of the fire alarm, fire alarm maintenance, fire extinguisher checks, lightning protection, emergency lighting and boiler service. It has been increased in line with the contract costs. The budget also now allows for the servicing of the drainage pumps.

- **M&E Repairs** **£4,000.00**

The budget heading provides a contingency for repairs to the Landlord's M&E equipment. It has been increased having regard to last year's expenditure.



- **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** **£750.00**

The budget covers the costs of completing the annual health & safety and fire risk assessments. It has been maintained at the same level.

- **Staff Costs** **£0.00**

The cost heading was for a Site Manager to be at the property one day per week to complete landscaping and minor items of repair and maintenance. The regime has been changed for the new year. The Site Managers costs have been removed and a specific landscaping/litter picking contract has been put in place. Items of repair and maintenance will be dealt with on an ad-hoc basis. It is felt that this will represent better value.

- **Help Desk** **£514.00**

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. The budget has been increased in line with the Retail Price Index, which has risen by 2.90% over the past 12 months.

- **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** **£9,181.00**

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 a 2.90% increase in the past 12 months.

- **Facilities Management** **£5,216.00**

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 a 2.90% increase in the past 12 months.

Total

Schedule 1 **£101,036.00**



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 at the same level.

- **Security Guarding** **£18,000.00**

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

- **Gritting** **£500.00**

The cost heading is China House's contribution towards the gritting of the wider estate. It has been maintained at the same level.

Total

Schedule 2 **£21,000.00**

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.

Total

Schedule 3 **£2,000.00**



Budget Approval

Paul Starbuck

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Partner

Dated 1st September 2024



Appendix A

China House, 401 Edgware Road, Cricklewood

Service Charge Unit Percentages

Recovery Group = sc

Reconciliation Period = 01/10/2024-30/09/2025

| Ref | Unit | Area Sq Ft | Schedule 1 | Schedule 2 | Schedule 3 |
|------------|--------------------------------------|-------------------|-------------------|-------------------|-------------------|
| 0001 | Unit 1 Lower Gnd Floor | 1,229 | 7.17% | 7.17% | 13.72% |
| 0002 | Units 2&3 Lower Gnd Floor | 2,100 | 12.26% | 12.26% | 23.45% |
| 0003 | Unit 4 Lower Gnd Floor | 1,000 | 5.84% | 5.84% | 11.17% |
| 0004 | Unit 2A Ground Floor | 2,516 | 14.69% | 14.69% | 28.09% |
| 0005 | Unit 2B Ground Floor | 2,111 | 12.32% | 12.32% | 23.57% |
| 0006 | Unit 101 First Floor | 840 | 4.90% | 4.90% | 0.00% |
| 0007 | Unit 102 First Floor | 742 | 4.33% | 4.33% | 0.00% |
| 0008 | Unit 103 First Floor | 720 | 4.20% | 4.20% | 0.00% |
| 0009 | Unit 105 First Floor | 592 | 3.46% | 3.46% | 0.00% |
| 0010 | Unit 106 First Floor | 710 | 4.14% | 4.14% | 0.00% |
| 0011 | Unit 107 First Floor | 527 | 3.08% | 3.08% | 0.00% |
| 0012 | Unit 201 Second Floor | 710 | 4.14% | 4.14% | 0.00% |
| 0013 | Unit 202 Second Floor | 742 | 4.33% | 4.33% | 0.00% |
| 0014 | Unit 203 Second Floor | 732 | 4.27% | 4.27% | 0.00% |
| 0015 | Unit 205 Second Floor | 602 | 3.51% | 3.51% | 0.00% |
| 0016 | Unit 206 Second Floor | 721 | 4.21% | 4.21% | 0.00% |
| 0017 | Unit 207 Second Floor | 538 | 3.14% | 3.14% | 0.00% |
| | Total | 17,132 | 100.00% | 100.00% | 100.00% |



Appendix B

China House, 401 Edgware Road, Cricklewood
Service Charge Budget Comparison

Recovery Group = sc

Reconciliation Period = 01/10/2024-30/09/2025

*Amounts in gbp

| Code | Description | Budget Yr End 2024 | Budget Yr End 2025 | Variance |
|-----------|--|--------------------|--------------------|------------------|
| 1 | Schedule 1 | | | |
| 5100-0101 | Management Fee | 8,923.00 | 9,181.00 | 258.00 |
| 5100-0203 | S/C Audit Fees | 700.00 | 700.00 | 0.00 |
| 5100-0302 | Help Desk | 500.00 | 514.00 | 14.00 |
| 5100-0308 | Building Manager | 4,039.00 | 0.00 | -4,039.00 |
| 5100-0309 | Facilities Manager | 5,069.00 | 5,216.00 | 147.00 |
| 5100-0401 | Landlords risk assessments, audits & reviews | 750.00 | 750.00 | 0.00 |
| 5100-0408 | Signage | 1,000.00 | 500.00 | -500.00 |
| 5200-0501 | Electricity | 15,000.00 | 17,000.00 | 2,000.00 |
| 5200-0601 | Gas | 6,500.00 | 7,500.00 | 1,000.00 |
| 5200-0801 | Water and Sewage Charges | 4,000.00 | 6,500.00 | 2,500.00 |
| 5300-0902 | Security Systems | 500.00 | 500.00 | 0.00 |
| 5300-1001 | Internal Cleaning | 13,925.00 | 15,000.00 | 1,075.00 |
| 5300-1003 | Window Cleaning | 5,280.00 | 5,280.00 | 0.00 |
| 5300-1004 | Hygiene Services/Toiletries | 1,800.00 | 1,800.00 | 0.00 |
| 5300-1007 | Pest Control | 720.00 | 720.00 | 0.00 |
| 5300-1009 | External Landscaping | 0.00 | 3,100.00 | 3,100.00 |
| 5300-1014 | Refuse Collection | 4,200.00 | 5,500.00 | 1,300.00 |
| 5400-1201 | M&E Maintenance Contract | 8,000.00 | 9,500.00 | 1,500.00 |
| 5400-1202 | M&E Repairs | 3,000.00 | 4,000.00 | 1,000.00 |
| 5400-1301 | Lift Maintenance Contract | 2,180.00 | 2,275.00 | 95.00 |
| 5400-1302 | Lift Repairs | 2,000.00 | 2,000.00 | 0.00 |
| 5400-1501 | Internal Repairs and Maintenance | 3,000.00 | 3,000.00 | 0.00 |
| 5400-1502 | External Repairs and Maintenance | 500.00 | 500.00 | 0.00 |
| | Schedule Total | 91,586.00 | 101,036.00 | 9,450.00 |
| 2 | Schedule 2 | | | |
| 5200-0501 | Electricity | 2,000.00 | 2,000.00 | 0.00 |
| 5300-0901 | Security Guarding | 16,700.00 | 18,000.00 | 1,300.00 |
| 5300-1010 | Snow clearance / Gritting | 500.00 | 500.00 | 0.00 |
| 5400-1502 | External Repairs and Maintenance | 500.00 | 500.00 | 0.00 |
| | Schedule Total | 19,700.00 | 21,000.00 | 1,300.00 |
| 3 | Schedule 3 | | | |
| 5400-1202 | M&E Repairs | 2,000.00 | 2,000.00 | 0.00 |
| | Schedule Total | 2,000.00 | 2,000.00 | 0.00 |
| | | | | |
| | Total | 113,286.00 | 124,036.00 | 10,750.00 |