



JOHNSON FELLOWS
CHARTERED SURVEYORS

Dragon Retail Park

507 Newport Road

Cardiff

CF23 9AD

Service Charge Expenditure Report

1st July 2020 –

30th September 2021



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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 Commercial Ltd. It is intended to provide details of the expenditure for the service charge period 1st July 2020 to 30th September 2021. The service charge was initially run for a period of 15 months in order to bring the year end in line with the Landlord's financial year end. The following service charge period will run from 1st October 2021 to 30th September 2022.

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

Dragon Retail Park is a new constructed out of town retail park with associated car parking. At the commencement of the service charge year there were three units. However, a fourth unit was completed towards the end of the year.

The property is located on the A4161 Newport Road, one of the principal arterial routes into Cardiff City Centre, which lies approximately 2 miles to the south west. Direct access to the M4 motorway is 5 miles to the north east via the A48. This in turn links to the city of Newport approximately 10 miles away.

There are two customer vehicle access points into the site, directly from Newport Road and Ipswich Road. A further service entry is provided from Ipswich Road to the rear of Units 1 & 2.

The primary services provided at the site are cleaning, landscaping and external repairs of the communal parts.

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 report is to provide a clear explanation of the service charge expenditure on a not for profit/not for loss basis. It is also to promote clarity and transparency.

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, or the lease provisions do not permit the full recovery, 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 apportionments changed during the service charge year due to the construction of the fourth unit at the estate. This had the affect of reducing the amount attributable to the existing three units. Two Separate Apportionment Schedules are attached at Appendix showing the split before and afterwards.

A single schedule has been adopted for all expenditure considering the nature of the services and the benefits that the occupiers derive.

The apportionment split is based on the gross internal floor area of the individual units against the estate as a whole.



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.

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.



Expenditure Commentary

All figures are shown net of VAT

The expenditure figures provided are for the 15 month service charge period

SCHEDULE 1 - All Occupiers

- **Cleaning** **£0.00**

The cost heading provided for the sweeping and litter picking within the car park. These costs ended up being included within the landscaping contract as detailed below.

- **Pest Control** **£0.00**

The budget heading allowed for a pest control contract for the communal areas of the estate. The contract was not set up during this service charge year.

- **Drain Maintenance** **£1,260.00**

The expenditure relates to the annual flush out of the communal drainage system at the estate, together with the service of the drain interceptor. Expenditure was under budget.

- **Electrical Repair** **£0.00**

The budgeted allowed for any re-lamping and repairs to the communal lighting. No expenditure was incurred.

- **Landscaping** **£5,368.80**

The expenditure covers the contract to maintain the soft landscaped areas and for weed control around the estate. It also included the litter picking and sweeping that was originally allocated as 'cleaning'. Overall, the expenditure was under budget.

- **External Repairs** **£180.00**

The cost heading allowed a contingency for any repairs required within the car park and common areas. Minimal works were completed, with expenditure coming in below budget.

- **Gritting** **£678.59**

The expenditure relates to the gritting of the estate road during the winter months. It was under budget.

- **Electrical Supply** **£2,911.09**

The expenditure covers the electrical consumption for the external lighting within the communal areas of the estate. It was under budget.

- **CCTV Monitoring** **£0.00**

The budget allowed for the anticipated CCTV monitoring contract. However, due to the installation of ANPR cameras, which double as CCTV, this was not required.



- **Statutory Compliance** **£0.00**

The budget allowed for the completion of a health & safety assessment for the external common areas of the estate. However, this was not carried out.

- **Security** **£0.00**

The budget provided for a CCTV maintenance contract. Due to the installation of an ANPR system, this was not required.

- **Signage** **£0.00**

The cost heading allowed for alterations to the common estate signage through the service charge period. No expenditure was incurred.

- **Audit Fee** **£350.00**

The expenditure is for the year end accounts to be certified by an independent accountant as recommended by the RICS Service Charge Professional Statement. It is in line with the budget.

- **Management Fee** **£3,750.00**

The figure represents the cost 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. It is in line with the budget.

- **Facilities Management** **£4,375.00**

The figure represents the cost to organise and supervise the various contracts, deal with items of maintenance, ensure compliance and complete regular site inspections. The RICS Service Charge Professional Statement recommends that this be a fixed fee, subject to annual review or indexation. It is in line with the budget.

Total

Schedule 1 **£18,873.48**



Expenditure Approval

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Facilities Manager

.....
Partner

Dated 10th November 2022

Dated 10th November 2022



Appendix A

Dragon Retail Park, 507 Newport Road, Cardiff, CF23 9AD

Service Charge Apportionment

Service Charge Year 1st July 2020 to 30th September 2021

Unit	Occupier	Area (sq. ft.)	Percentage
Unit 1	Wickes	20,021	67.74%
Unit 2	Original Style	5,087	17.21%
Unit 3	Metro Bank	4,447	15.05%
Unit 4	-	-	0%
		29,555	100%

Unit	Occupier	Area (sq. ft.)	Percentage
Unit 1	Wickes	20,021	63.67%
Unit 2	Original Style Tiles	5,087	16.18%
Unit 3	Metro Bank	4,447	14.14%
Unit 4	Taco Bell	1,892	6.02%
		31,447	100.00%



Appendix B

Dragon Retail Park, 507 Newport Road, Cardiff, CF23 9AD

Service Charge Expenditure

Service Charge Year 1st July 2020 to 30th September 2021

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

Service Charge Item	Schedule	Annual Budget	Apportioned Budget	Expenditure
Cleaning	1	£ 5,000.00	£ 6,250.00	£ -
Pest Control	1	£ 420.00	£ 525.00	£ -
Drain Maintenance	1	£ 2,000.00	£ 2,500.00	£ 1,260.00
Electrical Repair	1	£ 500.00	£ 625.00	£ -
Landscape - External	1	£ 5,750.00	£ 7,187.50	£ 5,368.80
Repairs - External	1	£ 2,000.00	£ 2,500.00	£ 180.00
Gritting	1	£ 1,500.00	£ 1,875.00	£ 678.59
Electrical Supply	1	£ 6,000.00	£ 7,500.00	£ 2,911.09
CCTV Monitoring	1	£ 800.00	£ 1,000.00	£ -
Statutory Compliance	1	£ 750.00	£ 750.00	£ -
Security	1	£ 1,600.00	£ 2,000.00	£ -
Signage	1	£ 500.00	£ 625.00	£ -
Audit Fees	1	£ 350.00	£ 350.00	£ 350.00
Management Fees	1	£ 3,000.00	£ 3,750.00	£ 3,750.00
Facilities Management	1	£ 3,500.00	£ 4,375.00	£ 4,375.00
TOTAL		£ 33,670.00	£ 41,812.50	£ 18,873.48

**W WING YIP COMMERCIAL LIMITED
DRAGON RETAIL PARK
507 NEWPORT ROAD, CARDIFF**

SERVICE COSTS AUDIT STATEMENT

PERIOD ENDED 30 SEPTEMBER 2021

Haines Watts

Dragon Retail Park
507 Newport Road, Cardiff
Certificate of Service Costs for the year ended 30 September 2021

2021

Schedule 1

Repairs - External	180.00
Landscape - External	5,368.80
Gritting	678.59
Electricity Supply	2,911.09
Drainage	1,260.00
Audit and Accountancy Fees	350.00
Management Fees	3,750.00
Facilities Management	4,375.00
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	18,873.48

Total expenditure	<hr/> 18,873.48 <hr/>
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No reserve fund held for this property.

Independent Accountant's Review Report

To the Manager, Dragon Retail Park

We have reviewed the statement of service charge expenditure for the above property for the year ended 30 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.



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