



**JOHNSON FELLOWS**  
CHARTERED SURVEYORS

**Dragon Retail Park**

**507 Newport Road**

**Cardiff**

**CF23 9AD**

**Service Charge Expenditure Report**

**1<sup>st</sup> October 2021 –**

**30<sup>th</sup> September 2022**



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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 1<sup>st</sup> October 2021 to 30<sup>th</sup> 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; 1<sup>st</sup> 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 apportionment is detailed within the Service Charge Apportionment Schedule attached at Appendix A.

The expenditure is now arranged over two schedules. Schedule 1 covers the services for the main communal areas of the estate and customer car park. All occupiers contribute towards this. Schedule 2 has been added for the expenditure relating to the service road to the rear of Units 1 and 2. Only the occupiers of Units 1 & 2 contribute towards this.

Under the terms of the individual lease, the tenants are responsible for the maintenance and upkeep of the exterior and structure of their units.

The apportionment split is based on the gross internal floor area of the individual units against the estate as a whole. Costs that are shared across both schedules are split based on the remaining expenditure within each schedule. The current split is 87% Schedule 1 and 13% Schedule 2.



## **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](mailto: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](mailto: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](mailto:rebecca.glover@johnsonfellows.co.uk)

Rebecca Glover is the client accountant responsible for this property.



## Expenditure Commentary

*All figures are shown net of VAT*

### **SCHEDULE 1 - All Occupiers**

- **Cleaning** **£0.00**

The cost heading provided for the annual pressure washing of the estate. The works were not completed during this service charge year.

- **Pest Control** **£1,773.43**

The budget heading allowed for a pest control contract for the communal areas of the estate. The expenditure was over budget due to the need to complete a more intensive program. The cost is shared with Schedule 2.

- **Drain Maintenance** **£1,465.00**

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** **£310.00**

The budgeted allowed for any re-lamping and repairs to the communal lighting. The expenditure was under budget.

- **Landscaping** **£3,736.69**

The expenditure covers the contract to maintain the soft landscaped areas, weed control and litter pick around the estate. Overall, the expenditure was under budget. It is shared with Schedule 2.

- **External Repairs** **£0.00**

The cost heading allowed a contingency for any repairs required within the car park and common areas. No expenditure was required.

- **Gritting** **£1,172.11**

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

- **Electrical Supply** **£2,797.68**

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



- **Health & Safety** **£517.65**

The expenditure relates to the completion of a health & safety audit and fire risk assessment for the external common areas of the estate. The cost is shared with Schedule 2. Expenditure was under budget.

- **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** **£305.00**

The expenditure is for the year end accounts to be certified by an independent accountant as recommended by the RICS Service Charge Professional Statement. The cost is shared with Schedule 2. It is in line with the budget.

- **Management Fee** **£2,711.00**

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. The cost is shared with Schedule 2. It is in line with the budget.

- **Facilities Management** **£3,162.00**

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. The cost is shared with Schedule 2. It is in line with the budget.

**Total**

**Schedule 1** **£17,950.56**



## **SCHEDULE 2 – Rear Service Road**

- **Pest Control** **£265.00**

The budget heading allowed for a pest control contract for the communal areas of the estate. The expenditure was over budget due to the need to complete a more intensive program. The cost is shared with Schedule 1.

- **Landscaping** **£558.35**

The expenditure covers the contract to maintain the soft landscaped areas, weed control and litter pick around the estate. Overall, the expenditure was under budget. It is shared with Schedule 1.

- **External Repairs** **£0.00**

The cost heading allowed a contingency for any repairs required within the common areas. No expenditure was required.

- **Health & Safety** **£77.35**

The expenditure relates to the completion of a health & safety audit and fire risk assessment for the external common areas of the estate. The cost is shared with Schedule 1. Expenditure was under budget.

- **Audit Fee** **£45.00**

The expenditure is for the year end accounts to be certified by an independent accountant as recommended by the RICS Service Charge Professional Statement. The cost is shared with Schedule 1. It is in line with the budget.

- **Management Fee** **£405.00**

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. The cost is shared with Schedule 1. It is in line with the budget.

- **Facilities Management** **£473.00**

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. The cost is shared with Schedule 1. It is in line with the budget.

### **Total**

**Schedule 2** **£1,823.70**



**Expenditure Approval**

.....  
Facilities Manager

.....  
Partner

Dated 24<sup>th</sup> January 2023

Dated 24<sup>th</sup> January 2023



**Appendix A**

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

**Service Charge Apportionment**

**Service Charge Year 1st October 2021 to 30th September 2022**

<b>Unit</b>	<b>Occupier</b>	<b>Schedule</b>	<b>Area (sq. ft.)</b>	<b>Percentage</b>
Unit 1	Wickes	1	20,021	63.67%
Unit 2	Original Style Tiles	1	5,087	16.18%
Unit 3	Metro Bank	1	4,447	14.14%
Unit 4	Taco Bell	1	1,892	6.02%
<b>Total</b>		<b>1</b>	<b>31,447</b>	<b>100.00%</b>
Unit 1	Metro Bank	2	20,021	79.74%
Unit 2	Original Style Tiles	2	5,087	20.26%
<b>Total</b>		<b>2</b>	<b>25,108</b>	<b>100.00%</b>



## Appendix B

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

### **Service Charge Expenditure**

**Service Charge Year 1st October 2021 to 30th September 2022**

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

<b>Service Charge Item</b>	<b>Schedule</b>	<b>Budget</b>		<b>Expenditure</b>
Cleaning	1	£	2,000.00	£ -
Pest Control	1	£	320.00	£ 1,773.43
Drain Maintenance	1	£	2,750.00	£ 1,465.00
Electrical Repair	1	£	500.00	£ 310.00
Landscaping	1	£	6,000.00	£ 3,736.69
Repairs - External	1	£	2,000.00	£ -
Gritting	1	£	1,500.00	£ 1,172.11
Electrical Supply	1	£	5,000.00	£ 2,797.68
Health & Safety	1	£	653.00	£ 517.65
Signage	1	£	500.00	£ -
Audit Fees	1	£	305.00	£ 305.00
Management Fees	1	£	2,711.00	£ 2,711.00
Facilities Management	1	£	3,162.00	£ 3,162.00
<b>Total Schedule 1</b>		<b>£</b>	<b>27,401.00</b>	<b>£ 17,950.56</b>
Pest Control	2	£	100.00	£ 265.00
Landscaping	2	£	1,000.00	£ 558.35
Repairs - External	2	£	2,000.00	£ -
Health & Safety	2	£	97.00	£ 77.35
Audit Fees	2	£	45.00	£ 45.00
Management Fees	2	£	405.00	£ 405.00
Facilities Management	2	£	473.00	£ 473.00
<b>Total Schedule 2</b>		<b>£</b>	<b>4,120.00</b>	<b>£ 1,823.70</b>

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

**SERVICE COSTS AUDIT STATEMENT**

**PERIOD ENDED 30 SEPTEMBER 2022**

**Haines Watts**

**Dragon Retail Park**  
**507 Newport Road, Cardiff**  
**Certificate of Service Costs for the year ended 30 September 2022**

	2022	2021
<b>Schedule 1</b>		
Repairs - External	-	180.00
Landscape - External	3,736.69	5,368.80
Pest Control	1,773.43	-
Gritting	1,172.11	678.59
Electricity Supply	2,797.68	2,911.09
Drainage	1,465.00	1,260.00
Electrical Repair	310.00	-
Health and Safety	517.65	-
Audit and Accountancy Fees	305.00	350.00
Management Fees	2,711.00	3,750.00
Facilities Management	3,162.00	4,375.00
	<u>17,950.56</u>	<u>18,873.48</u>
<b>Schedule 2</b>		
Landscape - External	558.35	-
Pest Control	265.00	-
Health and Safety	77.35	-
Audit Fees	45.00	-
Management Fees	405.00	-
Facilities Management	473.00	-
	<u>1,823.70</u>	<u>-</u>
<b>Total expenditure</b>	<u><u>19,774.26</u></u>	<u><u>18,873.48</u></u>

**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 2022. 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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