



JOHNSON FELLOWS
CHARTERED SURVEYORS

Maple Industrial Estate

Hyde Road

Manchester

M12 5AQ

Service Charge Expenditure Report

1st January 2020 –

30th September 2020



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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 January 2020 to 30th September 2020. The service charge was initially run for a period of 9 months in order to bring the year end in line with the Landlord's financial year end.

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

Maple Industrial Estate is located on the A57 Hyde Road, approximately 1 mile east of Manchester City Centre. Vehicle access into the estate is provided from Bennett Street. Direct access to the motorway network is via J24 of the M60, 3 miles to the east.

Maple Industrial Estate is a former tram depot. It provides a mixture of warehousing and industrial units within its main building. The majority of units are accessed from a central covered mall. The units are largely single storey, although some mezzanine levels have been installed. There is a two storey block to the front of the main building that would originally have been the depot offices. In addition, the railway arches to the north of the estate provide several storage and business units. The physical structures of the railway arches remain under the ownership of Network Rail.

All of the buildings on the estate are of brick construction under industrial style pitched tiled roofs.

The primary services provided for the property consist of cleaning and landscaping of the communal parts, building repairs and site security.

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

Two separate schedules have been adopted. Schedule 1 covers the costs for the external areas of the estate. Schedule 2 covers the costs for the main building and the mall.

Schedule One All occupiers

Schedule Two Non-Arch occupiers

Where services are shared across both schedules, they are split based on the remaining expenditure within each schedule. The current split is 90% Schedule 1 and 10% 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

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:

Ashley Clayton
Mobile: 07860 207 355

Ashley Clayton 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.



Expenditure Commentary

All figures are shown net of VAT

The expenditure figures provided are for the 9 month service charge period

Certain fixed costs will not be apportioned

SCHEDULE 1 – External Costs - All Occupiers

- **Cleaning** **£3,808.17**

The cost heading is for the cleaning of the communal toilet facilities. This is based on a contract of two visits per week, a one off deep clean, consumables and a contingency sum for any additional works. Expenditure came in marginally above budget.

- **Pest Control** **£1,155.90**

The expenditure relates to the pest control contract for the estate. Expenditure came in above budget following the implementation of a routine contract.

- **Drain Maintenance** **£0.00**

The budget allowed for the flush out of the communal drainage system at the estate, plus any other works. No expenditure was incurred.

- **External Landscaping** **£3,010.00**

The budget is for the weed treatment and cutting back of vegetation at the estate. Works are completed by the Johnson Fellows Site Manager in order to keep costs down. Expenditure was above budget, largely due to the need to address several instances of fly tipping at the estate.

- **Plumbing Repairs** **£120.00**

The cost heading is for any plumbing repairs required to the toilet facilities. A minor repair was completed, but expenditure was under budget.

- **External Repairs & Maintenance** **£1,977.82**

The budgeted allowed for the commencement of pothole repairs. These works were not completed during the year, meaning an overall underspend. The expenditure relates to various minor repairs around the estate.

- **Electricity** **£0.00**

The cost heading relates to the estimated electricity consumption for the external lighting, CCTV and guard hut. No expenditure was incurred during the year whilst an investigation into the supply was being completed.



- **Water Charges** **£0.00**

The budget allowed for the water consumption within the communal toilets. No expenditure was incurred during the year whilst investigation into the supply was being completed.

- **Fire Prevention** **£11,272.00**

Following completion of the Fire Risk Assessment, essential works were required to upgrade the landlord's fire alarm panel. In addition, a link was provided to the security hut as recommended. The costs were unbudgeted and have been split between Schedules 1 & 2. As the fire alarm serves the main building, the costs should have been placed in Schedule 2 in their entirety. This will be corrected during the following year.

- **Health & Safety** **£600.60**

The budget allowed for the completion of health & safety, fire risk and flood risk assessments for the external areas. The expenditure relates to the flood risk assessment. A fire risk assessment was also completed, but the cost is included under Fire Prevention. The costs are shared with both schedules and are under budget.

- **Staff Costs** **£2,815.46**

The cost heading is the Site Manager's costs in respect of the Estate. The Site Manager is at the property one day per week and is responsible for landscaping, minor items of repair and maintenance and tenant liaison for urgent matters. The costs are shared between both schedules. Expenditure was on budget.

- **Security** **£74,259.92**

The cost heading covers the security guarding for the estate for which there is 24 hours a day, 365 days a year coverage. The budget also provides for the update, maintenance and installation of additional cameras for the CCTV system. The expenditure was slightly under budget due to a delay in the CCTV installation.

- **Gritting** **£0.00**

The budget allowed for gritting of the estate road during the winter months. No expenditure was incurred.

- **Audit Fee** **£450.00**

The expenditure allowed 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 between both schedules and is on budget.

- **Management Fee** **£5,737.50**

This expenditure represents the costs 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 between both schedules and is on budget.



- **Facilities Management** **£2,700.00**

The expenditure 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 RICS Service Charge Professional Statement recommends that this be a fixed fee, subject to annual review or indexation. The cost is shared between both schedules and is on budget.

Total

Schedule 1 **£107,907.37**

SCHEDULE 2 – Main Building – Non-Arch occupiers

- **Cleaning** **£0.00**

The budget allowed for the quarterly sweep of all internal areas of the mall. No expenditure was incurred. Any requirements were picked up by the Site Manager.

- **Building Repairs** **£4,840.60**

The expenditure incurred includes repairs to the roof, an accrual for future roof works and the upgrade of the lighting to the communal toilets. Overall, it was under budget.

- **Fire Prevention** **£2,339.79**

Following completion of the Fire Risk Assessment, essential works were required to upgrade the landlord's fire alarm panel. In addition, a link was provided to the security hut as recommended. The costs were unbudgeted and have been split between Schedules 1 & 2. As the fire alarm serves the main building, the costs should have been placed in Schedule 2 in their entirety. This will be corrected during the following year.

- **Sprinklers** **£0.00**

The budget allowed for the annual maintenance contract and associated essential repairs for the communal sprinkler system. No expenditure was incurred during the year whilst the system was assessed.

- **Electricity** **£0.00**

The budget allowed for the communal electricity consumption within the mall area. No expenditure was incurred during the year whilst an investigation into the supply was being completed.

- **Health & Safety** **£114.40**

The budget allowed for the completion of health & safety, fire risk and flood risk assessments for the external areas. The expenditure relates to the flood risk assessment. A fire risk assessment was also completed, but the cost is included under Fire Prevention. The costs are shared with both schedules and are under budget.



- **Staff Costs** **£312.78**

The cost heading is the Site Manager's costs in respect of the Estate. The Site Manager is at the property one day per week and is responsible for landscaping, minor items of repair and maintenance and tenant liaison for urgent matters. The costs are shared between both schedules. Expenditure was on budget.

- **Audit Fee** **£50.00**

The expenditure allowed 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 between both schedules and is on budget.

- **Management Fee** **£637.50**

This expenditure represents the costs 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 between both schedules and is on budget.

- **Facilities Management** **£300.00**

The expenditure 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 RICS Service Charge Professional Statement recommends that this be a fixed fee, subject to annual review or indexation. The cost is shared between both schedules and is on budget.

Total

Schedule 2 **£8,595.07**



Expenditure Approval

.....
Facilities Manager

.....
Partner

Dated 14th May 2021

Dated 14th May 2021



Appendix A

Maple Industrial Estate, Manchester

Service Charge Apportionment Schedule

1st January 2020 - 30th September 2020

Unit	Schedule	Area Sq Ft	Percentage
Unit 1	1	15,247	6.56%
Unit 2	1	1,865	0.80%
Unit 3, 4B, 18A & 18B	1	36,603	15.74%
Unit 4	1	3,819	1.64%
Unit 4A	1	1,328	0.57%
Unit 5	1	6,933	2.98%
Unit 6, 10 & 19A	1	41,274	17.75%
Unit 7 & 8	1	13,136	5.65%
Unit 9	1	14,100	6.06%
Unit 11 & 19	1	5,683	2.44%
Unit 12	1	7,839	3.37%
Unit 13	1	20,524	8.82%
Unit 14A	1	1,244	0.53%
Unit 14B	1	498	0.21%
Unit 14C	1	849	0.37%
Unit 14D	1	156	0.07%
Unit 15	1	8,449	3.63%
Unit 16	1	1,742	0.75%
Unit 17	1	1,385	0.60%
Unit 19B	1	1,321	0.57%
Unit 19C	1	1,321	0.57%
Arch 1	1	2,726	1.17%
Arch 2	1	2,711	1.17%
Arch 3	1	2,824	1.21%
Arch 4	1	2,731	1.17%
Arch 5	1	2,743	1.18%
Arch 6	1	2,831	1.22%
Arch 7	1	2,796	1.20%
Arch 8	1	2,775	1.19%
Arch 9	1	2,826	1.22%
Arch 10	1	2,791	1.20%
Arch 11	1	2,796	1.20%
Arch 12	1	2,772	1.19%
Arch 13	1	2,765	1.19%
Arch 14	1	2,785	1.20%
Arch 15	1	2,777	1.19%
Arch 16	1	2,804	1.21%
Arch 17	1	2,806	1.21%
Advertising Hoarding	1	-	
1 Total		232,575	100.00%
Unit 1	2	15,247	8.23%
Unit 2	2	1,865	1.01%
Unit 3, 4B, 18A & 18B	2	36,603	19.75%
Unit 4	2	3,819	2.06%
Unit 4A	2	1,328	0.72%
Unit 5	2	6,933	3.74%
Unit 6, 10 & 19A	2	41,274	22.27%
Unit 7 & 8	2	13,136	7.09%
Unit 9	2	14,100	7.61%
Unit 11 & 19	2	5,683	3.07%
Unit 12	2	7,839	4.23%
Unit 13	2	20,524	11.08%
Unit 14A	2	1,244	0.67%
Unit 14B	2	498	0.27%
Unit 14C	2	849	0.46%
Unit 14D	2	156	0.08%
Unit 15	2	8,449	4.56%
Unit 16	2	1,742	0.94%
Unit 17	2	1,385	0.75%
Unit 19B	2	1,321	0.71%
Unit 19C	2	1,321	0.71%
2 Total		185,316	100.00%



Appendix B

Maple Industrial Estate, Manchester

Service Charge Budget Schedule

1st January 2020 - 30th September 2020

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

Service Charge Item	Schedule	Annual Budget 2019-20	Apportioned Budget 2019-20	Expenditure 2019-20
Cleaning	1	£ 5,000.00	£ 3,750.00	£ 3,808.17
Pest Control	1	£ 400.00	£ 300.00	£ 1,155.90
Drain Maintenance	1	£ 1,000.00	£ 750.00	£ -
External Landscaping	1	£ 1,500.00	£ 1,125.00	£ 3,010.00
Plumbing Repairs	1	£ 1,000.00	£ 750.00	£ 120.00
External Repairs & Maintenance	1	£ 10,000.00	£ 7,500.00	£ 1,977.82
Electricity	1	£ 1,500.00	£ 1,125.00	£ -
Water Charges	1	£ 600.00	£ 450.00	£ -
Fire Prevention	1	£ -	£ -	£ 11,272.00
Health & Safety	1	£ 1,250.00	£ 1,250.00	£ 600.60
Staff Costs	1	£ 3,754.00	£ 2,815.50	£ 2,815.46
Security	1	£ 103,000.00	£ 77,250.00	£ 74,259.92
Gritting	1	£ 500.00	£ 375.00	£ -
Audit Fee	1	£ 450.00	£ 450.00	£ 450.00
Management Fee	1	£ 7,650.00	£ 5,737.50	£ 5,737.50
Facilities Management	1	£ 3,600.00	£ 2,700.00	£ 2,700.00
1 Total		£ 141,204.00	£ 106,328.00	£ 107,907.37
Cleaning	2	£ 400.00	£ 300.00	£ -
Building Repairs	2	£ 15,000.00	£ 11,250.00	£ 4,840.60
Sprinklers	2	£ 5,000.00	£ 3,750.00	£ -
Fire Prevention	2	£ 500.00	£ 375.00	£ 2,339.79
Electricity	2	£ 1,800.00	£ 1,350.00	£ -
Health & Safety	2	£ 200.00	£ 200.00	£ 114.40
Staff Costs	2	£ 417.00	£ 312.75	£ 312.78
Audit Fee	2	£ 50.00	£ 50.00	£ 50.00
Management Fee	2	£ 850.00	£ 637.50	£ 637.50
Facilities Management	2	£ 400.00	£ 300.00	£ 300.00
2 Total		£ 24,617.00	£ 18,525.25	£ 8,595.07
TOTAL		£ 165,821.00	£ 124,853.25	£ 116,502.44

Certain costs such as Audit Fee and Health & Safety remain fixed rather than being apportioned

**W WING YIP COMMERCIAL LIMITED
MAPLE INDUSTRIAL ESTATE
BENNET STREET, MANCHESTER**

SERVICE COSTS AUDIT STATEMENT

PERIOD ENDED 30TH SEPTEMBER 2020



**Bennet Street
Manchester
Certificate of Service Costs for the Period Ended 30th September 2020**

	2020
External Costs - All Occupiers	
Cleaning	3,808.17
Pest Control	1,155.90
Landscape - External	3,010.00
Plumbing Maintenance	120.00
Repairs - External	1,977.82
Fire Prevention	11,272.00
Health and Safety	600.60
Staff Wages	2,815.46
Security	74,259.92
Audit Fees	450.00
Management Fees	5,737.50
Facilities Management	2,700.00
	<u>107,907.37</u>
Main Building - Non-arch Occup	
Building Repair	4,840.60
Fire Prevention	2,339.79
Health and Safety	114.40
Staff Wages	312.78
Audit Fees	50.00
Management Fees	637.50
Facilities Management	300.00
	<u>8,595.07</u>
Total expenditure	<u><u>116,502.44</u></u>

No reserve fund held.

Independent Accountant's Review Report

To the Manager, High Street, Bilston.

We have reviewed the statement of service charge expenditure for the above property for the period ended 30 September 2020. 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
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Staffordshire
B79 7QF

W WING YIP COMMERCIAL LIMITED
MAPLE INDUSTRIAL ESTATE **BENNET STREET, MANCHESTER**
Proof of Certificates totalling costs per
Cost Schedule

Service Charge Certificates Raised

7,604.69
419.55
523.60
6.88
676.95
1,084.40
2,452.71
7,193.29
1,218.54
978.00
3,375.00
7,875.00
225.00
101.23
148.57
438.81
82.41
1,009.99
3,491.23
890.10
647.45
309.16
391.09
676.10
230.38
423.87
1,316.47
1,294.89
1,284.12
1,294.89
15,816.28
2,625.00
1,946.74
22,437.81
676.10
1,262.52
1,305.69
1,273.32
1,316.47
1,294.89
1,284.12
1,284.12
1,294.89

	1,284.12
	1,305.69
Total raised	<u>104,072.13</u>
Total costs per schedule	<u>116,502.44</u>
Difference to reconcile	<u>- 12,430.31</u>
Service Charge Capping	- 10,559.70
Recovery Costs	- 1,870.61
Difference	<u>-</u>