



China House

401 Edgware Road

Cricklewood

London NW2 6GY

Service Charge Expenditure 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 expenditure incurred during 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 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, 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 at the service charge year end was £7,291.81. 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:

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.

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.

Site Manager:

Clive Manyeza
Mobile: 07711 396 763

Clive is on site one day per week and is responsible for litter picking, 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

SCHEDULE 1 – China House Costs - All Occupiers

- **Internal Cleaning** **£13,298.28**

The expenditure relates to the cleaning contract for the communal areas of China House. The contractor attends 2.5 hours per day, Monday to Friday. Overall, the expenditure came in above the budget due to an increase in contract costs and materials.

- **Toilet Requisites** **£2,622.81**

The cost heading covers toilet consumables, cleaning materials and the contract for the feminine hygiene units. Expenditure was above budget for the year.

- **Pest Control** **£681.42**

The expenditure heading is for the pest control contract with Rentokil. Expenditure was marginally above budget.

- **Waste Management** **£4,685.32**

The expenditure is for the communal refuse disposal contract for China House. It was over budget for the year, largely due to the need to complete additional clearances and the removal of dumped items.

- **Drainage** **£1,039.00**

The budget did not provide for any drainage works. However, two call outs were required during the year due to blockages.

- **Window Cleaning** **£3,680.00**

The heading covers the cost of the window cleaning contract for China House. Expenditure was under budget for the year due to a couple of missed visits.

- **External Landscaping** **£0.00**

The grounds maintenance/landscaping costs have been taken in house and are now dealt with by the Site Manager. No separate costs were incurred.

- **External Repairs & Maintenance** **£370.00**

The budget provided a contingency for any unforeseen external repairs required. Expenditure was under budget and relates to a leak to the meter room and the replacement of a lock to the gate.



- **Internal Repairs & Maintenance** **£5,873.29**

The budget made provision for any internal repairs required and included the replacement of the kitchen work tops. These works were completed in addition to various repairs within the toilets. The expenditure was over budget for the year.

- **Electricity** **£21,469.73**

The expenditure heading relates to the electricity consumption within the common areas. The expenditure was over budget due to an increase in utility costs.

- **Gas** **£6,018.91**

The heading relates to the gas consumption for the heating of China House. The expenditure was slightly under the budgeted figure.

- **Water Charges** **£3,067.19**

The expenditure relates to the water charges for China House. The expenditure was below the budgeted cost.

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

The cost heading is for the annual maintenance contract for the passenger lifts within China House. Expenditure was in line with the budget figure.

- **Lift Repairs** **£1,847.86**

The budget allowed for any unforeseen repairs that were required to the lifts during the year. Expenditure was under budget.

- **M&E Maintenance Contract** **£8,768.13**

The expenditure heading covers the contract cost for the weekly testing of the fire alarm, fire alarm service, lightning protection, emergency lighting and boiler service. Overall, the expenditure was marginally above budget.

- **M&E Repairs** **£8,724.36**

The budget heading provided a contingency for repairs to the Landlord's M&E equipment. Various unforeseen works were completed during the year, but the main item was the replacement of one of the boilers. Expenditure was above budget.

- **Security Equipment** **£325.00**

The budget allowed for the cost of the annual CCTV maintenance contract. The expenditure for the year was under budget.

- **Health & Safety** **£0.00**

The budget provided for the completion of the Landlord's health & safety and fire risk assessments. The assessments were not completed during the service charge year.



- **Staff Costs** **£5,455.20**

The expenditure represents the Site Managers costs for China House. He 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. Overall, we believe that this results in cost savings, whilst also improving the service. Expenditure was above budget due to an increase in contract costs. The contract is being reviewed.

- **Help Desk** **£500.00**

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. The expenditure is in line with the budget figure.

- **Audit Fee** **£650.00**

The expenditure represents the cost for having the year end accounts certified by an independent accountant as recommended by the RICS Service Charge Professional Statement. The cost was below the budget figure.

- **Management Fee** **£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 fee is in line with the budget.

- **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 in line with the budget.

Total

Schedule 1 **£103,895.50**

SCHEDULE 2 - Estate Costs - All Occupiers

- **External Repairs & Maintenance** **£0.00**

The budget provided a contingency sum towards any wider communal maintenance at the site. No such expenditure was recharged.

- **Electricity** **£1,793.40**

The cost heading is the contribution towards the external communal electricity consumption. Expenditure was under budget.

- **Security Guarding** **£18,246.62**

The expenditure is the contribution towards the 24/7 site security guarding. It was above the budgeted figure due to a rise in contract costs.



Total

Schedule 2 £20,040.02

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

- **Mechanical & Electrical Repairs** £0.00

The budget provided a contingency for any maintenance required to the heating system that the occupiers of the lower ground and ground floor suites benefit from. A repair was required, but expenditure was under budget.

Total

Schedule 3 £0.00

Expenditure Approval

.....
Facilities Manager

.....
Partner

Dated 6th March 2024

Dated 6th March 2024



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 2022-23	Expenditure 2022-23
Internal Cleaning	1	12,700.00	13,298.28
Toilet Requisites	1	1,500.00	2,622.81
Pest Control	1	650.00	681.42
Waste Management	1	3,750.00	4,685.32
Drainage	1	-	1,039.00
Window Cleaning	1	5,280.00	3,680.00
External Landscaping	1	-	-
External Repairs & Maintenance	1	500.00	370.00
Internal Repairs & Maintenance	1	3,000.00	5,873.29
Electricity	1	15,000.00	21,469.73
Gas	1	6,500.00	6,018.91
Water Charges	1	4,000.00	3,067.19
Lift Maintenance Contract	1	2,180.00	2,180.00
Lift Repairs	1	4,000.00	1,847.86
M&E Maintenance Contract	1	8,000.00	8,768.13
M&E Repairs	1	3,000.00	8,724.36
Security Systems (CCTV)	1	500.00	325.00
Health & Safety	1	2,750.00	-
Staff Costs	1	4,039.00	5,455.20
Help Desk	1	500.00	500.00
Audit Fee	1	700.00	650.00
Management Fee	1	8,060.00	8,060.00
Facilities Management	1	4,579.00	4,579.00
1 Total		£ 91,188.00	£ 103,895.50
External Repairs & Maintenance	2	£ 500.00	£ -
Electricity	2	£ 2,000.00	£ 1,793.40
Security Guarding	2	£ 15,000.00	£ 18,246.62
2 Total		£ 17,500.00	£ 20,040.02
M&E Repairs (Heating)	3	£ 2,000.00	£ -
3 Total		£ 2,000.00	£ -
TOTAL		£ 110,688.00	£ 123,935.02



Appendix C

WING YIP & BROTHERS PROPERTY AND INVESTMENTS LTD
CHINA HOUSE, 401 EDGWARE ROAD, CRICKLEWOOD
STATEMENT OF SERVICE CHARGE EXPENDITURE
FOR THE YEAR ENDED 30 SEPTEMBER 2023





WING YIP & BROTHERS PROPERTY AND INVESTMENTS LTD
CHINA HOUSE, 401 EDGWARE ROAD, CRICKLEWOOD
STATEMENT OF SERVICE CHARGE EXPENDITURE
FOR THE YEAR ENDED 30 SEPTEMBER 2023

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**INDEPENDENT ACCOUNTANTS' REPORT TO THE LANDLORD OF
CHINA HOUSE, 401 EDGWARE ROAD, CRICKLEWOOD**

We have reviewed the accompanying statement of service charge expenditure for China House for the year ended 30 September 2023 and a summary of significant accounting policies and notes to the service charge expenditure report set out on page 7 to 8. The statement of service charge expenditure has been prepared by Johnson Fellows LLP in accordance with guidance issued by the RICS to supplement the RICS code of Practice, Service Charges in Commercial Property (the code).

Managing Agent's responsibility for the statement of service charge expenditure

Johnson Fellows LLP are responsible for the preparation of the statement of service charge expenditure and for such internal controls as they determine are necessary to determine the preparation of statements that are free from material misstatement, whether due to fraud or error.

Reporting Accountants' 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 the 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 RICS. ISRE 2400 (Revised) also requires us to comply with relevant ethical requirements.

A review of statement of service charge expenditure in accordance with ISRE 2400 (Revised) is a limited assurance assignment. 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. As the reporting accountant we have performed the following procedures:

- checked whether entries in the accounting records are supported by invoices, receipts, other documentation or evidence
- made enquiries of management and others responsible for the services that comprise the service charge on this property
- applied analytical procedures.

The procedures do not include a review of the allocation or apportionment of service charge expenditure to occupiers.



**INDEPENDENT ACCOUNTANTS' REPORT TO THE LANDLORD OF
CHINA HOUSE, 401 EDGWARE ROAD, CRICKLEWOOD**

Conclusion

Our report is made in accordance with the terms of our engagement and is intended solely for Johnson Fellows LLP for issue to current occupiers and the landlord. 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 Johnson Fellows LLP 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 Johnson Fellows LLP in connection with the report of this engagement.

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that cause 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.

On the basis of information and explanations provided to us by Johnson Fellows LLP, in our opinion, the expenditure incurred and to be incurred by the Lessor for the year ended 30 September 2023 was £123,935.52 exclusive of VAT.

BENNETT WHITEHOUSE SERVICE CHARGE LIMITED
Chartered Accountants
11 Centre Court
Vine Lane
Halesowen
West Midlands
B63 3EB

8 February 2024



WING YIP & BROTHERS PROPERTY AND INVESTMENTS LTD
CHINA HOUSE, 401 EDGWARE ROAD, CRICKLEWOOD
SERVICE CHARGE EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2023

Total All Schedules	Actual 2023 £	Budget 2023 £	Budget Variance £	Prior Period £	Prior Variance £
Schedule 1	103,895.50	91,188.00	12,707.50	88,797.03	15,098.47
Schedule 2	20,040.02	17,500.00	2,540.02	19,079.90	960.12
Schedule 3	-	2,000.00	(2,000.00)	584.17	(584.17)
TOTAL ALL SCHEDULES	123,935.52	110,688.00	13,247.52	108,461.10	15,474.42

For breakdown of all schedules see pages 4 to 6

WING YIP & BROTHERS PROPERTY AND INVESTMENTS LTD
 CHINA HOUSE, 401 EDGWARE ROAD, CRICKLEWOOD
 SERVICE CHARGE EXPENDITURE ACCOUNT
 FOR THE YEAR ENDED 30 SEPTEMBER 2023

Schedule 1 - China House	Actual 2023 £	Budget 2023 £	Budget Variance £	Prior Period £	Prior Variance £
MANAGEMENT					
Management fees					
Management fees	8,060.00	8,060.00	-	7,604.00	456.00
Accounting fees					
Accountancy fees	650.00	700.00	(50.00)	650.00	-
Site management resources					
Helpdesk fees	500.00	500.00	-	-	500.00
Facilities management	4,579.00	4,579.00	-	4,320.00	259.00
Building manager	5,455.20	4,039.00	1,416.20	3,673.84	1,781.36
Health,safety and environmental					
Health and safety	-	2,750.00	(2,750.00)	956.25	(956.25)
UTILITIES					
Electricity					
Electricity	21,469.73	15,000.00	6,469.73	9,969.90	11,499.83
Gas					
Gas	6,018.91	6,500.00	(481.09)	6,171.89	(152.98)
Water					
Water and sewerage charges	3,067.19	4,000.00	(932.81)	4,196.95	(1,129.76)
SOFT SERVICES					
Security					
Security systems	325.00	500.00	(175.00)	1,300.00	(975.00)
Cleaning and environmental					
Cleaning	13,298.28	12,700.00	598.28	13,611.13	(312.85)
Window cleaning	3,680.00	5,280.00	(1,600.00)	3,400.00	280.00
Toilet requisites	2,622.81	1,500.00	1,122.81	1,169.57	1,453.24
Waste management	4,685.32	3,750.00	935.32	3,793.55	891.77
Pest control	681.42	650.00	31.42	636.48	44.94
HARD SERVICES					
Mechanical and electrical services (M&E)					
M&E maintenance contract	8,768.13	8,000.00	768.13	10,445.07	(1,676.94)
M&E repairs	8,724.36	3,000.00	5,724.36	5,476.42	3,247.94
Lift and escalators					
Lift maintenance contract	2,180.00	2,180.00	-	2,180.00	-
Lift repairs and maintenance	1,847.86	4,000.00	(2,152.14)	586.38	1,261.48
Fabric repairs and maintenance					
Internal repairs and maintenance	5,873.29	3,000.00	2,873.29	5,667.00	206.29
External repairs and maintenance	370.00	500.00	(130.00)	2,988.60	(2,618.60)
Drainage repairs and maintenance	1,039.00	-	1,039.00	-	1,039.00
SCHEDULE 1 - CHINA HOUSE TOTAL	103,895.50	91,188.00	12,707.50	88,797.03	15,098.47



WING YIP & BROTHERS PROPERTY AND INVESTMENTS LTD
CHINA HOUSE, 401 EDGWARE ROAD, CRICKLEWOOD
SERVICE CHARGE EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2023

Schedule 2 - Estate Costs	Actual 2023 £	Budget 2023 £	Budget Variance £	Prior Period £	Prior Variance £
UTILITIES					
Electricity					
Electricity	1,793.40	2,000.00	(206.60)	2,318.07	(524.67)
SOFT SERVICES					
Security					
Security guarding	18,246.62	15,000.00	3,246.62	16,761.83	1,484.79
HARD SERVICES					
Fabric repairs and maintenance					
External repairs and maintenance	-	500.00	(500.00)	-	-
SCHEDULE 2 - ESTATE COSTS TOTAL	20,040.02	17,500.00	2,540.02	19,079.90	960.12

WING YIP & BROTHERS PROPERTY AND INVESTMENTS LTD
CHINA HOUSE, 401 EDGWARE ROAD, CRICKLEWOOD
SERVICE CHARGE EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2023

Schedule 3 - Heating System Repair	Actual 2023 £	Budget 2023 £	Budget Variance £	Prior Period £	Prior Variance £
HARD SERVICES					
Mechanical and electrical services (M&E)					
M&E repairs	-	2,000.00	(2,000.00)	584.17	(584.17)
SCHEDULE 3 - HEATING SYSTEM REPAIR TOTAL	-	2,000.00	(2,000.00)	584.17	(584.17)

WING YIP & BROTHERS PROPERTY AND INVESTMENTS LTD
CHINA HOUSE, 401 EDGWARE ROAD, CRICKLEWOOD
NOTES TO THE STATEMENT OF SERVICE CHARGE EXPENDITURE
FOR THE YEAR ENDED 30 SEPTEMBER 2023

1 Accounting policies

The accounts are prepared in accordance with the provisions of the lease and on the accruals basis.

2 Bank account

Service charge money was held at HSBC Bank Plc in a client account under the title CBGA Robson LLP No1 Client Account. This is an interest bearing account. Any interest earned on the funds is credited to the service charge account net of any bank operating costs.

3 VAT

The property is elected for VAT purposes and therefore all service charge expenditure stated is exclusive of VAT.

4 Management fees

Johnson Fellows LLP are appointed to manage the common areas of the property. The management fee charged solely for the management of the service charge for the year ended 30 September 2023 was agreed at a fixed fee of £8,060.00. The management fee is reviewed annually. Asset management and rent collection costs are excluded from the service charge management fee.

Total employment costs of the on site manager and their assistant is included within the service charge expenditure.

Summary of all fees charged by the managing agent -

2023
£

Management fees

8,060.00

5 Accruals

The accruals included in the service charge expenditure relate to goods and services actually incurred within the year ended 30 September 2023, but no invoice had been received at the year end date.

Sch Code	£
01 Accountancy fees	650.00
01 Water and sewerage charges	1,179.35
02 Electricity	1,242.78
02 Security guarding	1,474.40
	<u>4,546.53</u>



WING YIP & BROTHERS PROPERTY AND INVESTMENTS LTD
CHINA HOUSE, 401 EDGWARE ROAD, CRICKLEWOOD
NOTES TO THE STATEMENT OF SERVICE CHARGE EXPENDITURE
FOR THE YEAR ENDED 30 SEPTEMBER 2023

6 Empty units and concessions granted to tenants

Where appropriate, costs are apportioned on a daily basis and for the avoidance of doubt it is confirmed that the landlord bears an appropriate proportion of the service charge expenditure in respect of voids and vacant premises.

Likewise, if any tenant has any form of concession, whereby their contribution towards the service charge is capped, or is lower than the apportionment due, the landlord pays the difference.

7 Sinking funds

The sinking fund has been set up to cover major costs to be incurred at the property. It is kept within a separate client bank account, with Barclays Bank PLC and is interest bearing.

	2023	2022
	£	£
Balance brought forward at 1 October 2022	7,261.73	7,260.83
Interest received	30.08	0.00
Balance carried forward at 30 September 2023	<u><u>7,291.81</u></u>	<u><u>7,261.73</u></u>

WING YIP & BROTHERS PROPERTY AND INVESTMENTS LTD
CHINA HOUSE, 401 EDGWARE ROAD, CRICKLEWOOD
STATEMENT OF SERVICE CHARGE EXPENDITURE
FOR THE YEAR ENDED 30 SEPTEMBER 2023



bennett whitehouse

CHARTERED ACCOUNTANTS

WING YIP & BROTHERS PROPERTY AND INVESTMENTS LTD
CHINA HOUSE, 401 EDGWARE ROAD, CRICKLEWOOD
STATEMENT OF SERVICE CHARGE EXPENDITURE
FOR THE YEAR ENDED 30 SEPTEMBER 2023

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**INDEPENDENT ACCOUNTANTS' REPORT TO THE LANDLORD OF
CHINA HOUSE, 401 EDGWARE ROAD, CRICKLEWOOD**

We have reviewed the accompanying statement of service charge expenditure for China House for the year ended 30 September 2023 and a summary of significant accounting policies and notes to the service charge expenditure report set out on page 7 to 8. The statement of service charge expenditure has been prepared by Johnson Fellows LLP in accordance with guidance issued by the RICS to supplement the RICS code of Practice, Service Charges in Commercial Property (the code).

Managing Agent's responsibility for the statement of service charge expenditure

Johnson Fellows LLP are responsible for the preparation of the statement of service charge expenditure and for such internal controls as they determine are necessary to determine the preparation of statements that are free from material misstatement, whether due to fraud or error.

Reporting Accountants' 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 the 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 RICS. ISRE 2400 (Revised) also requires us to comply with relevant ethical requirements.

A review of statement of service charge expenditure in accordance with ISRE 2400 (Revised) is a limited assurance assignment. 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. As the reporting accountant we have performed the following procedures:

- checked whether entries in the accounting records are supported by invoices, receipts, other documentation or evidence
- made enquiries of management and others responsible for the services that comprise the service charge on this property
- applied analytical procedures.

The procedures do not include a review of the allocation or apportionment of service charge expenditure to occupiers.

**INDEPENDENT ACCOUNTANTS' REPORT TO THE LANDLORD OF
CHINA HOUSE, 401 EDGWARE ROAD, CRICKLEWOOD**

Conclusion

Our report is made in accordance with the terms of our engagement and is intended solely for Johnson Fellows LLP for issue to current occupiers and the landlord. 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 Johnson Fellows LLP 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 Johnson Fellows LLP in connection with the report of this engagement.

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that cause 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.

On the basis of information and explanations provided to us by Johnson Fellows LLP, in our opinion, the expenditure incurred and to be incurred by the Lessor for the year ended 30 September 2023 was £123,935.52 exclusive of VAT.



BENNETT WHITEHOUSE SERVICE CHARGE LIMITED
Chartered Accountants
11 Centre Court
Vine Lane
Halesowen
West Midlands
B63 3EB

8 February 2024

WING YIP & BROTHERS PROPERTY AND INVESTMENTS LTD
CHINA HOUSE, 401 EDGWARE ROAD, CRICKLEWOOD
SERVICE CHARGE EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2023

Total All Schedules	Actual 2023 £	Budget 2023 £	Budget Variance £	Prior Period £	Prior Variance £
Schedule 1	103,895.50	91,188.00	12,707.50	88,797.03	15,098.47
Schedule 2	20,040.02	17,500.00	2,540.02	19,079.90	960.12
Schedule 3	-	2,000.00	(2,000.00)	584.17	(584.17)
TOTAL ALL SCHEDULES	123,935.52	110,688.00	13,247.52	108,461.10	15,474.42

For breakdown of all schedules see pages 4 to 6

WING YIP & BROTHERS PROPERTY AND INVESTMENTS LTD
 CHINA HOUSE, 401 EDGWARE ROAD, CRICKLEWOOD
 SERVICE CHARGE EXPENDITURE ACCOUNT
 FOR THE YEAR ENDED 30 SEPTEMBER 2023

Schedule 1 - China House	Actual 2023 £	Budget 2023 £	Budget Variance £	Prior Period £	Prior Variance £
MANAGEMENT					
Management fees					
Management fees	8,060.00	8,060.00	-	7,604.00	456.00
Accounting fees					
Accountancy fees	650.00	700.00	(50.00)	650.00	-
Site management resources					
Helpdesk fees	500.00	500.00	-	-	500.00
Facilities management	4,579.00	4,579.00	-	4,320.00	259.00
Building manager	5,455.20	4,039.00	1,416.20	3,673.84	1,781.36
Health, safety and environmental					
Health and safety	-	2,750.00	(2,750.00)	956.25	(956.25)
UTILITIES					
Electricity					
Electricity	21,469.73	15,000.00	6,469.73	9,969.90	11,499.83
Gas					
Gas	6,018.91	6,500.00	(481.09)	6,171.89	(152.98)
Water					
Water and sewerage charges	3,067.19	4,000.00	(932.81)	4,196.95	(1,129.76)
SOFT SERVICES					
Security					
Security systems	325.00	500.00	(175.00)	1,300.00	(975.00)
Cleaning and environmental					
Cleaning	13,298.28	12,700.00	598.28	13,611.13	(312.85)
Window cleaning	3,680.00	5,280.00	(1,600.00)	3,400.00	280.00
Toilet requisites	2,622.81	1,500.00	1,122.81	1,169.57	1,453.24
Waste management	4,685.32	3,750.00	935.32	3,793.55	891.77
Pest control	681.42	650.00	31.42	636.48	44.94
HARD SERVICES					
Mechanical and electrical services (M&E)					
M&E maintenance contract	8,768.13	8,000.00	768.13	10,445.07	(1,676.94)
M&E repairs	8,724.36	3,000.00	5,724.36	5,476.42	3,247.94
Lift and escalators					
Lift maintenance contract	2,180.00	2,180.00	-	2,180.00	-
Lift repairs and maintenance	1,847.86	4,000.00	(2,152.14)	586.38	1,261.48
Fabric repairs and maintenance					
Internal repairs and maintenance	5,873.29	3,000.00	2,873.29	5,667.00	206.29
External repairs and maintenance	370.00	500.00	(130.00)	2,988.60	(2,618.60)
Drainage repairs and maintenance	1,039.00	-	1,039.00	-	1,039.00
SCHEDULE 1 - CHINA HOUSE TOTAL	103,895.50	91,188.00	12,707.50	88,797.03	15,098.47

WING YIP & BROTHERS PROPERTY AND INVESTMENTS LTD
CHINA HOUSE, 401 EDGWARE ROAD, CRICKLEWOOD
SERVICE CHARGE EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2023

Schedule 2 - Estate Costs	Actual 2023 £	Budget 2023 £	Budget Variance £	Prior Period £	Prior Variance £
UTILITIES					
Electricity					
Electricity	1,793.40	2,000.00	(206.60)	2,318.07	(524.67)
SOFT SERVICES					
Security					
Security guarding	18,246.62	15,000.00	3,246.62	16,761.83	1,484.79
HARD SERVICES					
Fabric repairs and maintenance					
External repairs and maintenance	-	500.00	(500.00)	-	-
SCHEDULE 2 - ESTATE COSTS TOTAL	20,040.02	17,500.00	2,540.02	19,079.90	960.12

WING YIP & BROTHERS PROPERTY AND INVESTMENTS LTD
CHINA HOUSE, 401 EDGWARE ROAD, CRICKLEWOOD
SERVICE CHARGE EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2023

Schedule 3 - Heating System Repair	Actual 2023 £	Budget 2023 £	Budget Variance £	Prior Period £	Prior Variance £
HARD SERVICES					
Mechanical and electrical services (M&E)					
M&E repairs	-	2,000.00	(2,000.00)	584.17	(584.17)
SCHEDULE 3 - HEATING SYSTEM REPAIR TOTAL	-	2,000.00	(2,000.00)	584.17	(584.17)

WING YIP & BROTHERS PROPERTY AND INVESTMENTS LTD
CHINA HOUSE, 401 EDGWARE ROAD, CRICKLEWOOD
NOTES TO THE STATEMENT OF SERVICE CHARGE EXPENDITURE
FOR THE YEAR ENDED 30 SEPTEMBER 2023

1 Accounting policies

The accounts are prepared in accordance with the provisions of the lease and on the accruals basis.

2 Bank account

Service charge money was held at HSBC Bank Plc in a client account under the title CBGA Robson LLP No1 Client Account. This is an interest bearing account. Any interest earned on the funds is credited to the service charge account net of any bank operating costs.

3 VAT

The property is elected for VAT purposes and therefore all service charge expenditure stated is exclusive of VAT.

4 Management fees

Johnson Fellows LLP are appointed to manage the common areas of the property. The management fee charged solely for the management of the service charge for the year ended 30 September 2023 was agreed at a fixed fee of £8,060.00. The management fee is reviewed annually. Asset management and rent collection costs are excluded from the service charge management fee.

Total employment costs of the on site manager and their assistant is included within the service charge expenditure.

Summary of all fees charged by the managing agent -

	2023
	£
Management fees	8,060.00

5 Accruals

The accruals included in the service charge expenditure relate to goods and services actually incurred within the year ended 30 September 2023, but no invoice had been received at the year end date.

Sch Code	£
01 Accountancy fees	650.00
01 Water and sewerage charges	1,179.35
02 Electricity	1,242.78
02 Security guarding	1,474.40
	<u>4,546.53</u>
	<u><u>4,546.53</u></u>

WING YIP & BROTHERS PROPERTY AND INVESTMENTS LTD
CHINA HOUSE, 401 EDGWARE ROAD, CRICKLEWOOD
NOTES TO THE STATEMENT OF SERVICE CHARGE EXPENDITURE
FOR THE YEAR ENDED 30 SEPTEMBER 2023

6 Empty units and concessions granted to tenants

Where appropriate, costs are apportioned on a daily basis and for the avoidance of doubt it is confirmed that the landlord bears an appropriate proportion of the service charge expenditure in respect of voids and vacant premises.

Likewise, if any tenant has any form of concession, whereby their contribution towards the service charge is capped, or is lower than the apportionment due, the landlord pays the difference.

7 Sinking funds

The sinking fund has been set up to cover major costs to be incurred at the property. It is kept within a separate client bank account, with Barclays Bank PLC and is interest bearing.

	2023	2022
	£	£
Balance brought forward at 1 October 2022	7,261.73	7,260.83
Interest received	30.08	0.90
Balance carried forward at 30 September 2023	<u><u>7,291.81</u></u>	<u><u>7,261.73</u></u>