



**JOHNSON FELLOWS**  
CHARTERED SURVEYORS

**China House**

**401 Edgware Road**

**Cricklewood**

**London NW2 6GY**

**Service Charge Expenditure Report**

**1<sup>st</sup> October 2018 –**

**30<sup>th</sup> September 2019**



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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 1<sup>st</sup> October 2018 to 30<sup>th</sup> September 2019.

The budget for the year was set by the previous managing agent, Lambert Smith Hampton. It was inherited by Johnson Fellows on our appointment on 1<sup>st</sup> May 2019.

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**

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**

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.

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](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.



## **Budget Commentary**

*All figures are shown net of VAT*

### **SCHEDULE 1 - Business Centre Costs - All Occupiers**

- **Internal Cleaning** **£11,850.50**

The expenditure relates to the cleaning contract for the communal areas of China House, together with consumables. The contractor attends 2.5 hours per day, Monday to Friday. Overall, the expenditure came in above the budget cost.

- **Pest Control** **£643.07**

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

- **Waste Management** **£3,722.44**

The expenditure is for the communal refuse disposal contract for China House. It was marginally above the budgeted cost for the year.

- **Window Cleaning** **£2,035.00**

The heading covers the cost of the window cleaning contract for China House. Expenditure was under the budgeted figure as not all proposed visits were completed. Johnson Fellows retendered the contract on their appointment.

- **External Landscaping** **£0.00**

The budget allowed for a contingency for landscaping and grounds maintenance. On our appointment we brought those services in house, to be dealt with by the Site Manager. Further details are below. No expenditure was incurred.

- **External Repairs & Maintenance** **£254.70**

The budget provided a contingency for any unforeseen external repairs required. No major works were completed. The cost relates to a barrier repair. The expenditure was under budget.

- **Internal Repairs & Maintenance** **£1,402.43**

The budget made provision for any internal repairs required. The expenditure was under the budgeted figure and relates to repairs within the toilets and to internal glazing works.

- **Electricity** **£11,513.24**

The expenditure heading relates to the electricity consumption within the common areas. The expenditure was over budget following a reconciliation of the consumption with British Gas.



- **Gas** **£7,100.02**

The heading relates to the gas consumption for the heating of China House. The expenditure was above the budgeted cost for the year.

- **Water Charges** **£4,493.57**

The expenditure relates to the water charges for China House. Overall expenditure was slightly above the budgeted cost.

- **Lift Maintenance Contract** **£2,397.62**

The cost heading is for the annual maintenance contract for the passenger lifts within China House. Expenditure was under budget.

- **Lift Repairs** **£3,190.00**

The budget allowed for any unforeseen repairs that were required to the lifts during the year. The main repairs completed related to the replacement of the auto diallers and new batteries. Expenditure was under budget.

- **Lift Inspections & Consultancy** **£0.00**

The budget allowed for the periodic inspection of the lift by an independent consultant. This was not deemed necessary so the costs were removed.

- **Life Safety System** **£0.00**

The budget allowed for the annual testing of the lightning protection system. This expense is now included within the M&E Maintenance contract.

- **M&E Maintenance Contract** **£7,857.03**

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

- **M&E Repairs** **£4,556.60**

The budget heading provided a contingency for repairs to the Landlord's M&E equipment. Various works were completed during the year including repairs to the fire alarm, boiler, intercom and hand dryers. One larger item that was incorrectly coded to this schedule was the repair to the car park height restriction barrier. This should have been placed under the External Repairs heading. The expenditure was over budget.

- **Security Equipment** **£538.74**

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



- **Staff Costs** **£1,422.08**

The cost heading was not contained within the original LSH budget. Johnson Fellows introduced the services of a Site Manager in May 2019. The expenditure represents his costs for the remainder of the year. 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. Overall we anticipate that this will result in cost savings over the previous regime, whilst also improving the service.

- **Insurance** **£474.16**

Not included within the LSH budget, the expenditure relates to the cost of the insurers lift engineer inspection.

- **Health & Safety** **£0.00**

The budget provided for the completion of the Landlord's health & safety and fire risk assessments. Due to the changeover of managing agent, the assessments were not completed within the service charge year.

- **Audit Fee** **£770.00**

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 is marginally above budget.

- **Management Fee** **£7,040.00**

This figure represents the costs incurred for the management of the property, administration of the service charge and completing periodic inspections. The fee was inherited from LSH and is in line with the budget.

- **Professional Fees** **£416.00**

During the previous management regime, the budget allowed for the operation of a help desk. Johnson Fellows removed this service on their appointment. The expenditure relates to the costs incurred up until the change in managing agent.

- **Facilities Management** **£4,000.00**

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 was inherited from LSH and is in line with the budget.

**Total**

**Schedule 1** **£75,677.20**



### **SCHEDULE 2 - Estate Costs - All Occupiers**

- **External Repairs & Maintenance** £2,396.34

The budget provided a contingency sum towards any wider communal maintenance at the site. The main item of expenditure was the erection of hoardings in order to screen the neighbouring site. Costs were shared with Wing Yip. In addition, car park repairs were completed. The expenditure was above budget.

- **Electricity** £2,976.57

The expenditure represents the contribution towards the external communal electricity consumption. It was above budget.

- **Office Costs** £110.41

The cost heading is the contribution towards the telephone services utilised by the site security guards. The expenditure was under budget.

- **Security Guarding** £14,042.24

The expenditure is the contribution towards the 24/7 site security guarding. It was above the budgeted figure.

#### **Total**

**Schedule 2** £19,525.56

### **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. No repairs were required.

#### **Total**

**Schedule 3** £0.00



**Expenditure Approval**

.....  
Facilities Manager

.....  
Partner

Dated 18<sup>th</sup> January 2021

Dated 18<sup>th</sup> January 2021



**Appendix A**

**China House, Cricklewood**

**Service Charge Apportionment Schedule**

**1st October 2018 - 30th September 2019**

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%
<b>1 Total</b>		<b>17,132</b>	<b>100.00%</b>
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%
<b>2 Total</b>		<b>17,132</b>	<b>100.00%</b>
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%
<b>3 Total</b>		<b>8,956</b>	<b>100.00%</b>



## Appendix B

### China House, Cricklewood

### Service Charge Variance Schedule

### 1st October 2019 - 30th September 2020

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

Service Charge Item	Schedule	Budget 2018-19	Expenditure 2018-19
Internal Cleaning	1	10,500.00	11,850.50
Pest Control	1	700.00	643.07
Waste Management	1	3,500.00	3,722.44
Window Cleaning	1	3,000.00	2,035.00
External Landscaping	1	2,750.00	-
External Repairs & Maintenance	1	1,500.00	254.70
Internal Repairs & Maintenance	1	3,000.00	1,402.43
Electricity	1	8,000.00	11,513.24
Gas	1	5,000.00	7,100.02
Water Charges	1	4,000.00	4,493.57
Lift Maintenance Contract	1	4,600.00	2,397.62
Lift Repairs	1	3,500.00	3,190.00
Lift Inspection	1	350.00	-
Life Safety System	1	90.00	-
M&E Maintenance Contract	1	7,000.00	7,857.03
M&E Repairs	1	2,500.00	4,556.60
Security Systems (CCTV)	1	3,000.00	538.74
Health & Safety	1	2,280.00	-
Staff Costs	1	-	1,422.08
Insurance	1	-	474.16
Audit Fee	1	700.00	770.00
Management Fee	1	7,040.00	7,040.00
Professional Fee (Help Desk)	1	500.00	416.00
Facilities Management	1	4,000.00	4,000.00
<b>1 Total</b>		<b>£ 77,510.00</b>	<b>£ 75,677.20</b>
External Repairs & Maintenance	2	£ 500.00	£ 2,396.34
Electricity	2	£ 1,500.00	£ 2,976.57
Office Costs	2	£ 200.00	£ 110.41
Security Guarding	2	£ 13,000.00	£ 14,042.24
<b>2 Total</b>		<b>£ 15,200.00</b>	<b>£ 19,525.56</b>
M&E Repairs (Heating)	3	£ 3,000.00	-
<b>3 Total</b>		<b>£ 3,000.00</b>	<b>-</b>
<b>TOTAL</b>		<b>£ 95,710.00</b>	<b>£ 95,202.76</b>