



**China House**

**401 Edgware Road**

**Cricklewood**

**London NW2 6GY**

**Service Charge Expenditure Report**

**1<sup>st</sup> October 2019 –**

**30<sup>th</sup> 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 & 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 2019 to 30<sup>th</sup> September 2020.

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.

### **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](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 – China House Costs - All Occupiers**

- **Internal Cleaning** **£10,948.45**

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 below the budget cost. Where possible, savings were made during the Covid-19 pandemic.

- **Toilet Requisites** **£699.89**

The cost heading covers toilet consumables and cleaning materials. Expenditure was under budget for the year.

- **Pest Control** **£624.00**

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

- **Waste Management** **£3,363.48**

The expenditure is for the communal refuse disposal contract for China House. It was marginally under budget for the year.

- **Window Cleaning** **£3,400.00**

The heading covers the cost of the window cleaning contract for China House. Expenditure was over budget for the year. The budget figure provided did not account for quarterly high level clean.

- **External Landscaping** **£244.90**

The grounds maintenance/landscaping costs have been taken in house and are now dealt with by the Site Manager. No budget was therefore provided. The costs incurred relate to additional litter removal charges.

- **External Repairs & Maintenance** **£1,047.11**

The budget provided a contingency for any unforeseen external repairs required. The main costs incurred related to roof works following the report of leaks. The expenditure was marginally over budget.

- **Internal Repairs & Maintenance** **£3,735.65**

The budget made provision for any internal repairs required. The expenditure was over budget for the year. Numerous repairs were required and completed, primarily within the toilets. They included tap, hand drier, lock, and toilet works.



- **Electricity** **£9,922.03**

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** **£5,085.74**

The heading relates to the gas consumption for the heating of China House. The expenditure was in line with the budget figure.

- **Water Charges** **£2,009.52**

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

- **Lift Maintenance Contract** **£2,682.62**

The cost heading is for the annual maintenance contract for the passenger lifts within China House. Expenditure was over budget as the budget figure did not allow for the insurance engineer inspection that was completed.

- **Lift Repairs** **£417.00**

The budget allowed for any unforeseen repairs that were required to the lifts during the year. Only minor works were required, resulting in an underspend against the budget figure.

- **M&E Maintenance Contract** **£11,813.91**

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. This was partly due to increased contract costs, but also the inclusion of an electrical fixed wire test, fire alarm service and replacement fire extinguishers.

- **M&E Repairs** **£12,796.27**

The budget heading provided a contingency for repairs to the Landlord's M&E equipment. Various unforeseen works were completed during the year which resulted in a large overspend against the budget figure. The main items included numerous boiler repairs including replacement parts, the replacement of several light fittings and repairs to the lightning protection system for the building.

- **Security Equipment** **£300.00**

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



- **Health & Safety** **£595.00**

The budget provided for the completion of the Landlord's health & safety, fire risk and legionella risk assessments. The expenditure was under budget and relates to a combined fire risk and health & safety audit.

- **Staff Costs** **£3,413.01**

The expenditure represents the Site Managers costs for Chine 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 over the previous regime, whilst also improving the service. Expenditure was in line with budget.

- **Reserve Fund** **-£18.18**

The above credit relates to a small surplus of funds that has been brought forward from the previous management regime.

- **Audit Fee** **£700.00**

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 in line with the budget.

- **Management Fee** **£7,243.00**

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** **£4,115.00**

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** **£85,138.40**



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

- **External Repairs & Maintenance** **-£799.66**

The budget provided a contingency sum towards any wider communal maintenance at the site. The expenditure is shown as a credit, due to an adjustment in the China House proportion of a previous recharge relating to the completion of fixed wire test for the entire estate. No other costs were incurred.

- **Electricity** **£0.00**

The cost heading is the contribution towards the external communal electricity consumption. No recharge was made during the year.

- **Office Costs** **£492.01**

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

- **Security Guarding** **£13,761.11**

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

### **Total**

**Schedule 2** **£13,453.46**

## **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 expenditure was incurred.

### **Total**

**Schedule 3** **£0.00**



**Expenditure Approval**

.....  
Facilities Manager

.....  
Partner

Dated 17<sup>th</sup> June 2021

Dated 17<sup>th</sup> June 2021



## Appendix A

### China House, Cricklewood

### Service Charge Apportionment Schedule

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

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 2019-20	Expenditure 2019-20
Internal Cleaning	1	14,000.00	10,948.45
Toilet Requisites	1	1,000.00	699.89
Pest Control	1	625.00	624.00
Waste Management	1	3,500.00	3,363.48
Window Cleaning	1	1,700.00	3,400.00
External Landscaping	1	-	244.90
External Repairs & Maintenance	1	1,000.00	1,047.11
Internal Repairs & Maintenance	1	1,000.00	3,735.65
Electricity	1	8,000.00	9,922.03
Gas	1	5,000.00	5,085.74
Water Charges	1	4,000.00	2,009.52
Lift Maintenance Contract	1	2,180.00	2,682.62
Lift Repairs	1	2,500.00	417.00
M&E Maintenance Contract	1	7,000.00	11,813.91
M&E Repairs	1	2,500.00	12,796.27
Health & Safety	1	1,500.00	595.00
Security Systems (CCTV)	1	3,000.00	300.00
Staff Costs	1	3,413.00	3,413.01
Reserve Fund	1	-	18.18
Audit Fee	1	700.00	700.00
Management Fee	1	7,243.00	7,243.00
Facilities Management	1	4,115.00	4,115.00
<b>1 Total</b>		<b>£ 73,976.00</b>	<b>£ 85,138.40</b>
External Repairs & Maintenance	2	£ 500.00	-£ 799.66
Electricity	2	£ 1,500.00	£ -
Office Costs	2	£ 200.00	£ 492.01
Security Guarding	2	£ 13,000.00	£ 13,761.11
<b>2 Total</b>		<b>£ 15,200.00</b>	<b>£ 13,453.46</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>£ 98,591.86</b>



Report of the Accountants on  
the Service Charge Expenditure  
of Johnson Fellows as Agents for  
*W Wing Yip & Brothers Property & Investments Limited*  
Year ended 30 September 2020  
China House, 401 Edgware Road, Cricklewood, London.

# Accountants Report On Service Charge Expenditure Statement

## **Report to the Tenants of China House**

We have examined the service charge statement of account (see appendix 1) in respect of China House, 401 Edgware Road, Cricklewood, London for the year ended 30 September 2020 together with the books and records maintained by Johnson Fellows ("the managing agent").

Under the terms of this engagement, we were not required to, and did not, form any opinion as to either the reasonableness of the costs included within the service charge statement or the standard of the services or works provided.

## **Respective responsibilities of the managing agent and accountant**

The managing agent has undertaken responsibility for the preparation of the service charge statement on behalf of the tenants. It is our responsibility to form an independent opinion, based on our examination, on the service charge account and to report our opinion exclusively to the managing agent.

## **Basis of opinion**

Our work included examination of evidence relevant to the amounts included in the statement and their disclosure.

We planned and performed our examination so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the service charge statement is a fair summary of

## **Basis of opinion (continued)**

the costs relating to China House, 401 Edgware Road, Cricklewood, London and is sufficiently supported by accounts, receipts and other documents which have been made available to us. In view of the purpose for which this service charge statement has been prepared, however, we did not evaluate the overall adequacy of the presentation of the information which would have been required if we were to express an audit opinion under International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board.

## **Opinion**

In our opinion the service charge statement presents a fair summary of the expenditure for the year ended 30 September 2020 is sufficiently supported by accounts, receipts and other documents.



**MHA MacIntyre Hudson**  
**Chartered Accountants**

**Date: 30 April 2021**

SUMMARY EXPENDITURE REPORT									
FOR THE YEAR ENDED 30 SEPTEMBER 2020									
CHINA HOUSE, 401 EDGWARE ROAD, CRICKLEWOOD, LONDON									
COST CATEGORY	EXPENSE TOTAL		SCHEDULE 1		SCHEDULE 2		BUDGET		VARIANCE TO BUDGET
	£	£	£	£	£	£	£	£	£
<b>MANAGEMENT</b>									
Reserve fund	-	18	-	18	0	0			
Management fees	7,243	7,243	7,243	7,243	0	0	7,040	-203	
Accounting fees	700	700	700	700	0	0	700	0	
Health, safety and environmental	1,219	1,219	1,219	1,219	0	0	2,980	1,761	
Site management resources	7,528	7,528	7,528	7,528	0	0	4,500	-3,028	
<b>Subtotal</b>	<b>16,672</b>	<b>16,672</b>	<b>16,672</b>	<b>16,672</b>	<b>0</b>	<b>0</b>	<b>15,220</b>	<b>-1,452</b>	
<b>UTILITIES</b>									
Electricity	9,922	9,922	9,922	9,922	0	0	9,500	-422	
Gas	5,086	5,086	5,086	5,086	0	0	5,000	-86	
Water	2,010	2,010	2,010	2,010	0	0	4,000	1,990	
Telephone	492	492	492	492	492	492	200	-292	
<b>Subtotal</b>	<b>17,509</b>	<b>17,017</b>	<b>17,017</b>	<b>17,017</b>	<b>492</b>	<b>492</b>	<b>18,700</b>	<b>1,191</b>	
<b>SOFT SERVICES</b>									
Security	14,061	300	300	300	13,761	13,761	16,000	1,939	
Cleaning and environmental	18,657	18,657	18,657	18,657	0	0	19,750	1,093	
<b>Subtotal</b>	<b>32,718</b>	<b>18,957</b>	<b>18,957</b>	<b>18,957</b>	<b>13,761</b>	<b>13,761</b>	<b>35,750</b>	<b>3,032</b>	
<b>HARD SERVICES</b>									
Mechanical and electrical services	24,610	24,610	24,610	24,610	0	0	12,500	-12,110	
Lifts and escalators	3,100	3,100	3,100	3,100	0	0	8,540	5,440	
Fabric repairs and maintenance	3,983	4,783	4,783	4,783	-800	-800	5,000	1,017	
<b>Subtotal</b>	<b>31,693</b>	<b>32,493</b>	<b>32,493</b>	<b>32,493</b>	<b>-800</b>	<b>-800</b>	<b>26,040</b>	<b>-5,653</b>	
<b>Grand Total</b>	<b>98,592</b>	<b>85,138</b>	<b>85,138</b>	<b>85,138</b>	<b>13,453</b>	<b>13,453</b>	<b>95,710</b>	<b>-2,882</b>	