



Sayer House

Oxgate Lane

Cricklewood

London NW2 7JN

Service Charge Expenditure Report

1st October 2021 –

30th September 2022



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Johnson Fellows. Charter House, Newhall Street, Birmingham, B3 1SW





Introduction

This report has been produced by Johnson Fellows on behalf of the Landlord, W Wing Yip & Brothers Property and Investments Ltd. It is intended to provide details of the expenditure incurred during the service charge period 1st October 2021 to 30th September 2022.

Enclosed within this report is a copy of the Service Charge Apportionment Schedule and Service Charge Variance 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 Oxgate Lane 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.

At its frontage, Sayer House is a two storey brick built office building under a pitched roof. To the rear the property provides single storey business units under pitched roofs. A dedicated car park forms part of the property, which is accessed via Horseshoe Close. The site abuts the wider Wing Yip trading estate.

In addition, the occupiers of Sayer House benefit from the shared use of a car park at the end of Horseshoe Close. This is part owned by Wing Yip.

In total Sayer House provides 6 separate business units. There are no internal communal parts, with each unit having a dedicated entrance. The primary services provided for the property consist of external landscaping and external building maintenance, with a contribution towards the upkeep of the shared car park.

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 £4,434.94. 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 is detailed within the Service Charge Apportionment Schedule attached at Appendix A.

The budget contains a single schedule that all occupiers contribute towards.

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.

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 - All Occupiers

- **External Landscaping** **£650.00**

Whilst the routine grounds maintenance costs have been taken in house by the Site Manager, a budget was provided for any works over and above the contract costs. The costs incurred relate to waste removal following instances of fly tipping. The expenditure was under budget.

- **External Repairs & Maintenance** **£5,293.89**

The budget provided a contingency for any external building and car park maintenance works required. The main costs incurred relate to essential roof repairs. Expenditure was above budget.

- **Electricity** **£322.35**

The cost heading relates to the landlord's communal electricity consumption for Sayer House. Expenditure was under budget fee.

- **Health & Safety** **£595.00**

The budget provided for the completion of the Landlord's Health & Safety Audit and Fire Risk Assessment. Expenditure was marginally over budget.

- **Security Systems** **£1,624.00**

The budget allowed for the installation of a CCTV system for the communal areas, with the hope that this will prevent future fly tipping issues. The works were not completed during this year, but an accrual was made as a contribution towards the installation in the new service charge year. The expenditure was under the original budget figure.

- **Staff Costs** **£3,673.84**

The expenditure heading relates to the employment of the Site Manager. The Site Manager is at the property one day per week and is responsible for litter picking, 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. The costs were marginally over budget due to the rise in contract costs.

- **Audit Fee** **£450.00**

The cost heading allows for the year end accounts to be certified by an independent accountant as recommended by the RICS Service Charge Professional Statement. The cost was marginally below budget.



- **Management Fee** **£2,722.00**

This figure represents the costs incurred 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 expenditure was slightly under budget due to the application of an historic credit.

- **Facilities Management** **£3,239.00**

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 expenditure was on budget.

Total

Schedule 1 **£18,570.08**

Expenditure Approval

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Facilities Manager

Partner

Dated 9th March 2023

Dated 9th March 2023



Appendix A

Sayer House, Cricklewood

Service Charge Apportionment Schedule

1st October 2021 - 30th September 2022

Unit	Schedule	Area Sq Ft	Percentage
Unit 1	1	5,862	27.70%
Unit 2	1	3,813	18.02%
Unit 3	1	2,886	13.64%
Unit 4	1	1,147	5.42%
Unit 4A	1	3,547	16.76%
Unit 5	1	3,906	18.46%
1 Total		21,161	100.00%



Appendix B

Sayer House, Cricklewood

Service Charge Variance Schedule

1st October 2021 - 30th September 2022

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

Service Charge Item	Schedule	Budget 2021-22	Expenditure 2021-22
External Landscaping	1	£ 1,000.00	£ 650.00
External Repairs & Maintenance	1	£ 2,500.00	£ 5,293.89
Electricity	1	£ 750.00	£ 322.35
Health & Safety	1	£ 500.00	£ 595.00
Security Systems	1	£ 2,500.00	£ 1,624.00
Staff Wages	1	£ 3,413.00	£ 3,673.84
Audit Fee	1	£ 500.00	£ 450.00
Management Fee	1	£ 2,722.00	£ 2,722.00
Facilities Management	1	£ 3,239.00	£ 3,239.00
1 Total		£ 17,124.00	£ 18,570.08

WING YIP & BROTHERS PROPERTY AND INVESTMENTS LTD
SAYER HOUSE , OXGATE LANE, CRICKLEWOOD
STATEMENT OF SERVICE CHARGE EXPENDITURE
FOR THE YEAR ENDED 30 SEPTEMBER 2022



bennett whitehouse
CHARTERED ACCOUNTANTS

WING YIP & BROTHERS PROPERTY AND INVESTMENTS LTD
SAYER HOUSE , OXGATE LANE, CRICKLEWOOD
STATEMENT OF SERVICE CHARGE EXPENDITURE
FOR THE YEAR ENDED 30 SEPTEMBER 2022

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**INDEPENDENT ACCOUNTANTS' REPORT TO THE LANDLORD OF
SAYER HOUSE , OXGATE LANE, CRICKLEWOOD**

We have reviewed the accompanying statement of service charge expenditure for Sayer House for the year ended 30 September 2022 and a summary of significant accounting policies and notes to the service charge expenditure report set out on page 4 to 5. The statement of service charge expenditure has been prepared by Johnson Fellows LLP, in their capacity as managing agents, 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
SAYER HOUSE , OXGATE LANE, CRICKLEWOOD**

Conclusion

Our report is made in accordance with the terms of our engagement with Wing Yip & Brothers Property and Investments Ltd and is intended solely for Johnson Fellows LLP, as managing agent, to 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 Wing Yip & Brothers Property and Investments Ltd 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 Wing Yip & Brothers Property and Investments Ltd 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 2022 was £18,570.08 exclusive of VAT.

Bennett Whitehouse Service Charge Limited

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

28 February 2023

WING YIP & BROTHERS PROPERTY AND INVESTMENTS LTD
 SAYER HOUSE , OXGATE LANE, CRICKLEWOOD
 SERVICE CHARGE EXPENDITURE ACCOUNT
 FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Actual 2022 £	Budget 2022 £	Budget Variance £	Prior Period £	Prior Variance £
MANAGEMENT					
Management fees					
Management fees	2,722.00	2,722.00	-	2,321.00	401.00
Accounting fees					
Accountancy fees	450.00	500.00	(50.00)	622.00	(172.00)
Site management resources					
Building Manager	3,673.84	3,413.00	260.84	3,413.04	260.80
Facilities management	3,239.00	3,239.00	-	3,119.00	120.00
Health,safety and environmental					
Health and safety	595.00	500.00	95.00	-	595.00
UTILITIES					
Electricity					
Electricity	322.35	750.00	(427.65)	570.88	(248.53)
SOFT SERVICES					
Security					
Security systems	1,624.00	2,500.00	(876.00)	-	1,624.00
Cleaning and environmental					
External Landscaping	650.00	1,000.00	(350.00)	1,500.00	(850.00)
HARD SERVICES					
Fabric repairs and maintenance					
External repairs and maintenance	5,293.89	2,500.00	2,793.89	2,873.14	2,420.75
TOTAL	18,570.08	17,124.00	1,446.08	14,419.06	4,151.02

WING YIP & BROTHERS PROPERTY AND INVESTMENTS LTD
SAYER HOUSE , OXGATE LANE, CRICKLEWOOD
NOTES TO THE STATEMENT OF SERVICE CHARGE EXPENDITURE
FOR THE YEAR ENDED 30 SEPTEMBER 2022

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 Barclays in a client account under the title Johnson Fellows LLP Client Account. Any interest earned on the funds is retained by Johnson Fellows as per the management agreement

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 2022 was agreed at a fixed fee of £2,722.00 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 -

	2022
	£
Management fees	2,722.00

WING YIP & BROTHERS PROPERTY AND INVESTMENTS LTD
SAYER HOUSE , OXGATE LANE, CRICKLEWOOD
NOTES TO THE STATEMENT OF SERVICE CHARGE EXPENDITURE
FOR THE YEAR ENDED 30 SEPTEMBER 2022

5 Accruals

The accruals included in the service charge expenditure relate to goods and services actually incurred within the year ended 30 September 2022, but no invoice had been received at the year end date.

Code	£
Accountancy fees	1,025.00
Security Systems	1,624.00
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	2,649.00
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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.

	2022
	£
Balance brought forward at 1 October 2021	4,434.39
Interest received	0.55
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Balance carried forward at 30 September 2022	4,434.94
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