



JOHNSON FELLOWS
CHARTERED SURVEYORS

Kingston Walk

Kingston Centre

Winchester Circle

Milton Keynes

MK10 0BA

Service Charge Expenditure Report

1st April 2021 to 31st March 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, Tesco Stores Ltd. It is intended to provide details of the expenditure incurred during the service charge period 1st April 2021 to 31st March 2022.

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

Kingston Centre is located on the outskirts of Milton Keynes at the junction of the A4146 Tongwell Street and the A421 Standing Way. Junction 14 of the M1 Motorway is approximately 2 miles to the north, with Junction 13 approximately 3 miles to the south east.

Kingston Walk is a covered shopping mall associated with the Tesco Extra superstore. The mall consists of 12 self-contained retail units, together with access into the superstore.

The communal services consist of the cleaning, lighting and maintenance of the internal parts of the mall, together with the external structure and fabric. Tesco is solely responsible for the maintenance of the structure and roof to the Superstore.

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 set up to accrue funds for the replacement of the overdoor heaters and entrance matting. The reserve fund is held in a separate interest earning account.

Service Charge Apportionment

The service charge is set up under a single apportionment schedule to which all occupiers contribute. A Service Charge Apportionment Schedule is attached at Appendix A.

The apportionment percentages are calculated based on the net internal floor areas.



Management Team

Facilities Manager:

Robert Scott
Johnson Fellows, Charter House, 163 Newhall Street, Birmingham, B3 1SW
Direct Dial: 0121 234 0407
Mobile: 07540 732 602
Email: robert.scott@JohnsonFellows.co.uk

Robert Scott is responsible for the repair and maintenance of the property and statutory compliance.

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.

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

SCHEDULE 1 – All Occupiers

All figures are shown net of VAT

- **Cleaning** **£44,530.79**

The cost heading is for the daily internal cleaning contract for the mall. The expenditure came in below budget.

- **Refuse Collection** **£16,066.36**

The expenditure heading covers the annual refuse disposal contract, cardboard collection and the hire of the compactor. Expenditure came in marginally below budget.

- **Window Cleaning** **£0.00**

The expenditure heading allowed for the window cleaning contract within the mall. No expenditure was incurred during the year. Ad-hoc cleaning was picked up within the main cleaning contract.

- **External Repairs** **£2,920.00**

The main items of expenditure included essential roof and paving repairs. The expenditure was under budget.

- **Internal Repairs** **£4,444.40**

The budget provided for the ongoing replacement of the entrance matting, plus a contingency sum for ad-hoc repairs to the internal mall area. The entrance matting was not completed, but there is a reserve fund provision as provided below. Otherwise, various minor repairs were carried out, with total expenditure being under budget.

- **Electrical Supply** **£0.00**

The budget provided for the communal electricity consumption for the mall. However, at the moment this is still being picked up by Tesco.

- **Mechanical & Electrical** **£24,086.00**

The expenditure heading allowed for the service contract for the automatic doors & heaters, the maintenance of the compactor for the refuse and the servicing of the smoke vents. Additional electrical works were required following the completion of a fixed wire test. However, the main unbudgeted expenditure related to the replacement of one of the auto doors. Total expenditure was above budget.

- **Fire Prevention** **£1,955.38**

The budget allowed for the weekly testing and servicing of the fire alarm. The expenditure came in below budget.



- **Health & Safety** **£895.00**

The expenditure relates to the completion of a health and safety assessment for the centre. It was marginally under budget.

- **Security** **£3,128.52**

The expenditure relates to the provision of security for the unlocking and locking up of the mall on Sundays. The costs were marginally over budget.

- **Audit Fee** **£700.00**

The RICS Service Charge Code of Practice states that service charge accounts for commercial properties are to be independently certified on an annual basis. The cost stated covers the accountant's fee. It was on budget.

- **Reserve Fund** **£15,000.00**

Whilst not contained within the budget, a reserve fund was sent up at the end of the last service charge year to facilitate the future replacement of the overdoor heaters and the remainder of the entrance matting. It is anticipated that the reserve fund will be in place for a couple of years only.

- **Management Fee** **£8,872.00**

This figure represents the costs incurred for the management of the property and administration of the service charge. The RICS Service Charge Code of Practice recommends that this be a fixed fee, subject to annual review or indexation. The fee is in line with the budget.

- **Facilities Management** **£13,863.00**

The cost heading is for the Facilities Manager to tender, organise and supervise all contracts, arrange periodic works, monitor performance, complete regular site inspections and ensure compliance. The expenditure is in line with the budget.

- **Landlord Contribution** **-£15,041.67**

It has been agreed that Tesco Stores will contribute 50% of the income received from the Retail Mall Units to the service charge. This is applied as a landlord credit at year end, following the reconciliation of the RMU income.

Total

Schedule 1 **£121,419.78**



Expenditure Approval

R. Scott

Paul Starbuck

.....
Facilities Manager

Dated 22nd May 2023

.....
Partner

Dated 22nd May 2023



Appendix A

Kingston Walk, Milton Keynes

Service Charge Apportionment Schedule

1st April 2021 to 31st March 2022

Unit	Schedule	Area Sq Ft	Percentage
1	1	1,790	15.51%
2	1	736	6.38%
3A	1	348	3.01%
3C & 3D	1	348	3.01%
6	1	741	6.42%
7	1	742	6.43%
8 & 9	1	2,817	24.40%
10	1	687	5.95%
11	1	1,256	10.88%
12	1	825	7.15%
13	1	627	5.43%
14	1	627	5.43%
1 Total		11,544	100.00%



Appendix B

Kingston Walk, Milton Keynes

Service Charge Variance Schedule

1st April 2021 to 31st March 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
Cleaning	1	£ 50,000.00	£ 44,530.79
Refuse Collection	1	£ 16,500.00	£ 16,066.36
Window Cleaning	1	£ 3,000.00	£ -
Building Repairs	1	£ 4,500.00	£ 2,920.00
Internal Repairs	1	£ 10,000.00	£ 4,444.40
Electrical Supply	1	£ 2,500.00	£ -
Mechanical & Electrical	1	£ 18,000.00	£ 24,086.00
Fire Prevention	1	£ 3,500.00	£ 1,955.38
Health & Safety	1	£ 900.00	£ 895.00
Security	1	£ 3,000.00	£ 3,128.52
Audit Fee	1	£ 700.00	£ 700.00
Reserve Fund	1	£ -	£ 15,000.00
Management Fee	1	£ 8,872.00	£ 8,872.00
Facilities Management	1	£ 13,863.00	£ 13,863.00
Landlord Contribution	1	£ -	-£ 15,041.67
1 Total		£ 135,335.00	£ 121,419.78

TESCO STORES LIMITED
KINGSTON WALK, 29 WINCHESTER CIRCLE
MILTON KEYNES

SERVICE COSTS AUDIT STATEMENT

YEAR ENDED 31ST MARCH 2022

Haines Watts

**29 Winchester Circle
Milton Keynes
Certificate of Service Costs for the year ended 31st March 2022**

	2022	2021
Schedule 1		
Cleaning	44,530.79	46,393.71
Refuse	16,066.36	15,566.22
Window Cleaning	-	1,700.00
Repairs - External	2,920.00	8,755.00
Repairs - Internal	4,444.40	13,784.85
Mechanical & Electrical Maintenance	24,086.00	1,228.68
Fire Prevention	1,955.38	250.09
Health & Safety	895.00	895.00
Security	3,128.52	3,128.52
Audit Fees	700.00	700.00
Reserve Fund	15,000.00	15,000.00
Management Fees	8,872.00	8,751.00
Facilities Management	13,863.00	13,674.00
Head Lease Service Charge	(15,041.67)	(10,779.45)
Total expenditure	<u>121,419.78</u>	<u>119,047.62</u>

Reserve fund:

Balance @ 01.04.21	15,000.00
Paid in during the year	15,000.00
Interest in the year	
Balance @ 31.03.22	<u>30,000.00</u>

Independent Accountant's Review Report

To the Manager, 29 Winchester Circle

We have reviewed the statement of service charge expenditure for the above property for the year ended 31 March 2022. 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.



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