



**Market Hall Street/Church Street**

**Cannock**

**Staffordshire**

**WS11 1EB**

**Service Charge Expenditure Report**

**1<sup>st</sup> April 2020 to 31<sup>st</sup> March 2021**



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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, Cabot Investments Limited. It is intended to provide details of the expenditure incurred during the service charge year 1<sup>st</sup> April 2020 to 31<sup>st</sup> March 2021.

## **The Property**

The subject property is located within Cannock town centre. It comprises two storey retail and ancillary accommodation fronting Market Hall Street and three storey retail and ancillary accommodation fronting Church Street. There is a car parking area/service deck at second floor level, which is accessed via Church Street.

Internal common areas include stairs from the second floor service deck, the first floor corridor, stairs from the first floor corridor, the ground floor corridor and the goods lifts within Phases 1&2 (Market Hall Street).

## **Voids and Concessions**

Where any void units exist, the responsibility for the service charge rests with the Landlord.

## **VAT**

The Landlord has elected the property for VAT, consequently the expenditure figures stated within this report are net of VAT.

## **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.

There is no sinking fund or reserve fund.

## **Service Charge Objectives**

The objective of Johnson Fellows as Managing Agents 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.

The service charge is administered having regard to Service Charges in Commercial Property; RICS Professional Statement 1<sup>st</sup> Edition.



## **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](mailto: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](mailto: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](mailto:rebecca.glover@johnsonfellows.co.uk)

Rebecca Glover is the client accountant responsible for this property.



## **Service Charge Apportionment**

The principle for the apportionment of the service charge expenditure is to enable the sharing of costs of the common services between the occupiers who benefit from the services. Where services only benefit a few occupiers, these are apportioned to separate schedules to which only the occupiers who benefit contribute towards.

The four service charge schedules adopted are:

Schedule 1 – Phases 1 & 2 Market Hall Street

Schedule 2 – Phase 3 Church Street

Schedule 3 – Phase 4 Church Street Lift (No longer used)

Schedule 4 – All Phases

Having regard to the nature of the property, the most appropriate method for calculating the apportionment percentages is on a fair and reasonable basis having regard to floor area. Certain leases contain fixed percentages for recharge, but the fair and reasonable percentage has been adopted, which in all cases are at a level slightly below the fixed percentage stated in the relevant lease documents.

The fees that are shared across all three active schedules are based on the remaining costs within each schedule. This is to reflect the level of services for each schedule. The split for the current year is 67% Schedule 1, 6% Schedule 2 and 27% Schedule 4.

Schedule 3 is no longer used. The lift and internal stairwell was demised to the occupier of 3 Church Street.

An Apportionment Schedule for the property is attached at Appendix A.



## Expenditure Commentary

### **SCHEDULE 1 - Phases 1 and 2 Market Hall Street**

**All figures are shown net of VAT**

- **Cleaning** **£13,100.52**

The expenditure is for the onsite caretaker who carries out the cleaning of the communal areas. Schedule 2 picks up a 50% share of external costs only. The remaining 50% of the external costs, together with the full cost for the cleaning of the internal corridors is allocated to Schedule 1. The expenditure came in below budget largely due to reduced services during the pandemic.

- **Refuse** **£17,315.87**

The expenditure relates to the daily collection of the tenant's waste and recycling at site. The costs came in below budget due to a reduction in the service during the pandemic.

- **Internal Building Repair** **£2,165.47**

The budget provided a contingency for any unforeseen items of repair and maintenance. Some minor works and re-painting were completed. Expenditure was under budget.

- **Lift Maintenance** **£480.00**

The heading relates to the annual maintenance contract for the two goods lifts. The total cost came in on budget.

- **Lift Repairs** **£1,377.60**

The expenditure relates to various essential works completed during the service charge year as identified on the insurance survey, together with certain ad hoc repairs. The total costs were below budget.

- **Audit Fees** **£268.00**

The RICS Service Charge Professional Statement recommends that service charges are to be independently certified on an annual basis. This cost covers the fee raised by the accountants for certifying the year end service charge accounts. The total fee of £400 has been shared across the three service charge schedules and is in line with budget.

- **Management Fee** **£8,859.31**

This figure represents the costs incurred for the management of the property and administration of the service charge, including periodic inspections. The RICS Service Charge Professional Statement recommends that this be a fixed fee, subject to annual review or indexation. The total Management Fee is £13,222.85, which is now shared across the three schedules. Expenditure is in line with budget.



- **Facilities Management** **£973.67**

The cost for the Facilities Manager to organise and supervise the service charge contracts and maintenance works. The total Facilities Management charge is £1,453.24, which is now shared across the three schedules. Expenditure is in line with budget.

**Total**

**Schedule 1** **£44,540.44**



## **SCHEDULE 2 – Phase 3 Church Street**

**All figures are shown net of VAT**

- **Cleaning** **£4,366.78**

The expenditure is for the onsite caretaker who carries out the cleaning of the communal areas. Schedule 2 picks up a 50% share of external costs only. The remaining 50% of the external costs, together with the full cost for the cleaning of the internal corridors is allocated to Schedule 1. The expenditure came in below budget largely due to reduced services during the pandemic.

- **Audit Fees** **£24.00**

The RICS Service Charge Professional Statement recommends that service charges are to be independently certified on an annual basis. This cost covers the fee raised by the accountants for certifying the year end service charge accounts. The total fee of £400 has been shared across the three service charge schedules and is in line with budget.

- **Management Fee** **£793.37**

This figure represents the costs incurred for the management of the property and administration of the service charge, including periodic inspections. The RICS Service Charge Professional Statement recommends that this be a fixed fee, subject to annual review or indexation. The total Management Fee is £13,222.85, which is now shared across the three schedules. Expenditure is in line with budget.

- **Facilities Management** **£87.19**

The cost for the Facilities Manager to organise and supervise the service charge contracts and maintenance works. The total Facilities Management charge is £1,453.24, which is now shared across the three schedules. Expenditure is in line with budget.

### **Total**

- Schedule 2** **£5,271.34**



## **SCHEDULE 4 – All Phases**

**All figures are shown net of VAT**

- **External Building Repair** **£1,540.00**

The budget provided for external repairs to the car park deck and building fabric. It also allowed for the second instalment of the reimbursement to the landlord following their forward funding of essential barrier repairs. The reimbursement to the landlord was not included so will be carried forward by 12 months. The expenditure largely relates to the completion of roof repairs. Overall, it was under budget.

- **Drain Maintenance** **£1,300.00**

The budget allowed for the annual flush through of the drains. The expenditure also included essential drainage works. The expenditure was over budget.

- **Electrical Repairs** **£0.00**

No electrical repairs were completed during the service charge year.

- **Electricity Supply** **£126.76**

The expenditure relates to the cost of the electricity supply to the common areas. Expenditure was under budget due to reduced consumption and credits carried forward.

- **Telephone** **£517.14**

The expenditure is for the phone line at the Centre that is used for alarm monitoring and for the caretaker to liaise with the Managing Agents and contractors. The expenditure came in below budget.

- **Fire Prevention** **£7,187.88**

The expenditure relates to the annual cost for weekly fire alarm testing, emergency light testing, fire alarm drills, testing of the fire extinguishers, dry riser testing and sprinkler maintenance. Overall, the expenditure was marginally over budget.

- **Health and Safety** **£575.00**

The cost heading was for the completion of the annual health and safety audit. Expenditure was marginally over the budget.

- **Audit Fees** **£108.00**

The RICS Service Charge Professional Statement recommends that service charges are to be independently certified on an annual basis. This cost covers the fee raised by the accountants for certifying the year end service charge accounts. The total fee of £400 has been shared across the three service charge schedules and is in line with budget.



• **Management Fee** **£3,570.16**

This figure represents the costs incurred for the management of the property and administration of the service charge, including periodic inspections. The RICS Service Charge Professional Statement recommends that this be a fixed fee, subject to annual review or indexation. The total Management Fee is £13,222.85, which is now shared across the three schedules. Expenditure is in line with budget.

• **Facilities Management** **£392.38**

The cost for the Facilities Manager to organise and supervise the service charge contracts and maintenance works. The total Facilities Management charge is £1,453.24, which is now shared across the three schedules. Expenditure is in line with budget.

• **Interest** **-£362.33**

The credit detailed relates to interest charged on late payments as provided for under the terms of the occupational leases. It is allocated to the service charge.

**Total**

**Schedule 4** **£14,954.99**

.....  
Management Surveyor

Dated:

9<sup>th</sup> September 2022

.....  
Facilities Manager

Dated:

9<sup>th</sup> September 2022



## Appendix A

Market Hall Street/Church Street, Cannock, Staffordshire WS11 1EB

Service Charge Apportionment Schedule

1st April 2020 to 31st March 2021

| Address                      | Floor Areas  |             |                     | G.I.A. Source   | % Adopted                                |                                  |                                   |                    | Source of Adoption |
|------------------------------|--------------|-------------|---------------------|-----------------|--|----------------------------------|-----------------------------------|--------------------|--------------------|
|                              | Ground Floor | First Floor | Second Floor        |                 | Sch 1 - Phases 1&2<br>Market Hall Street | Sch 2 - Phase 3<br>Church Street | Sch 3 - Phase 4<br>Church St Lift | Sch 4 - All Phases |                    |
| <b>PHASE 3</b>               |              |             |                     |                 |  |                                  |                                   |                    |                    |
| 3, Pt 9 & Flat 23 Church St  | 0.00         | 0.00        | 357.15              | 357.15 Plans    | 0.00%                                    | 12.32%                           | 67.36%                            | 7.74%              | Floor Area         |
| 7 Church Street              | 197.14       | 88.72       | 93.06               | 378.92 Plans    | 0.00%                                    | 13.07%                           | 0.00%                             | 8.21%              | Floor Area         |
| 9 Church Street              | 95.39        | 173.08      | 0.00                | 268.47 Plans    | 0.00%                                    | 9.26%                            | 32.64%                            | 5.82%              | Floor Area         |
| 1 Church Street              | 894.97       | 882.36      | 116.35              | 1893.68 Plans   | 0.00%                                    | 65.35%                           | 0.00%                             | 41.05%             | Lease states 72%   |
|                              |              |             | <b>TOTAL</b>        | <b>2898.22</b>  |  |                                  |                                   |                    |                    |
| <b>PHASES 1&amp;2</b>        |              |             |                     |                 |  |                                  |                                   |                    |                    |
| Unit 1A                      | 0.00         | 113.26      | 0.00                | 113.26 Plans    | 6.60%                                    | 0.00%                            | 0.00%                             | 2.52%              | Floor Area         |
| Unit 1B & Grid 1A            | 176.51       | 58.34       | 0.00                | 234.85 Plans    | 13.69%                                   | 0.00%                            | 0.00%                             | 5.03%              | Floor Area         |
| 2 Market Hall Street         | 75.69        | 102.50      | 0.00                | 178.19 Plans    | 10.39%                                   | 0.00%                            | 0.00%                             | 3.86%              | Floor Area         |
| 4 Market Hall Street         | 58.56        | 50.88       | 0.00                | 109.44 Plans    | 6.38%                                    | 0.00%                            | 0.00%                             | 2.37%              | Floor Area         |
| 6 Market Hall Street         | 74.99        | 86.20       | 0.00                | 161.19 Plans    | 9.40%                                    | 0.00%                            | 0.00%                             | 3.50%              | Floor Area         |
| 8 Market Hall Street         | 58.52        | 56.28       | 0.00                | 114.80 Plans    | 6.69%                                    | 0.00%                            | 0.00%                             | 2.49%              | Floor Area         |
| 10 Market Hall Street        | 57.41        | 57.95       | 0.00                | 115.36 Plans    | 6.73%                                    | 0.00%                            | 0.00%                             | 2.50%              | Floor Area         |
| 12 Market Hall Street        | 62.31        | 56.36       | 0.00                | 118.67 Plans    | 6.92%                                    | 0.00%                            | 0.00%                             | 2.57%              | Floor Area         |
| 14 Market Hall Street        | 149.63       | 128.63      | 0.00                | 278.26 Plans    | 16.22%                                   | 0.00%                            | 0.00%                             | 6.03%              | Floor Area         |
| 16a Market Hall Street       | 84.45        | 0.00        | 0.00                | 84.45 Plans     | 4.92%                                    | 0.00%                            | 0.00%                             | 1.83%              | Floor Area         |
| 16b Market Hall Street       | 58.25        | 0.00        | 0.00                | 58.25 Plans     | 3.40%                                    | 0.00%                            | 0.00%                             | 1.26%              | Floor Area         |
| 1st Fl 16 Market Hall Street | 0.00         | 148.55      | 0.00                | 148.55 Plans    | 8.66%                                    | 0.00%                            | 0.00%                             | 3.22%              | Floor Area         |
|                              |              |             | <b>TOTAL</b>        | <b>1715.27</b>  | <b>100.00%</b>                           | <b>100.00%</b>                   | <b>100.00%</b>                    | <b>100.00%</b>     |                    |
|                              |              |             | <b>MASTER TOTAL</b> | <b>4613.485</b> |  |                                  |                                   |                    |                    |



## Appendix B

### Market Hall Street/Church Street, Cannock

### Service Charge Variance Schedule

1st April 2020 to 31st March 2021

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

|                                     | Budget             | Expenditure        | Variance (£)        | Variance (%)   |
|-------------------------------------|--------------------|--------------------|---------------------|----------------|
| <b>Schedule 1 - Phases 1&amp; 2</b> |                    |                    |                     |                |
| Cleaning                            | £ 15,064.00        | £ 13,100.52        | -£ 1,963.48         | -13.03%        |
| Refuse                              | £ 25,000.00        | £ 17,315.87        | -£ 7,684.13         | -30.74%        |
| Internal Building Repair            | £ 3,000.00         | £ 2,165.47         | -£ 834.53           | -27.82%        |
| Lift Maintenance                    | £ 480.00           | £ 480.00           | £ -                 | 0.00%          |
| Lift Repairs                        | £ 5,000.00         | £ 1,377.60         | -£ 3,622.40         | -72.45%        |
| Sprinklers                          | £ 2,600.00         | £ -                | -£ 2,600.00         | -100.00%       |
| Audit Fees                          | £ 268.00           | £ 268.00           | £ -                 | 0.00%          |
| Management Fee                      | £ 8,859.31         | £ 8,859.31         | £ -                 | 0.00%          |
| Facilities Management               | £ 973.67           | £ 973.67           | £ -                 | 0.00%          |
| <b>Total</b>                        | <b>£ 61,244.98</b> | <b>£ 44,540.44</b> | <b>-£ 16,704.54</b> | <b>-27.27%</b> |
| <b>Schedule 2 - Phase 3</b>         |                    |                    |                     |                |
| Cleaning                            | £ 5,021.00         | £ 4,366.78         | -£ 654.22           | -13.03%        |
| Audit Fees                          | £ 24.00            | £ 24.00            | £ -                 |                |
| Management Fee                      | £ 793.37           | £ 793.37           | £ -                 |                |
| Facilities Management               | £ 87.19            | £ 87.19            | £ -                 |                |
| <b>Total</b>                        | <b>£ 5,925.56</b>  | <b>£ 5,271.34</b>  | <b>-£ 654.22</b>    | <b>-11.04%</b> |
| <b>Schedule 4 - All Phase</b>       |                    |                    |                     |                |
| External Building Repair            | £ 7,000.00         | £ 1,540.00         | -£ 5,460.00         | -78.00%        |
| Drain Maintenance                   | £ 500.00           | £ 1,300.00         | £ 800.00            | 160.00%        |
| Electrical Repairs                  | £ 200.00           | £ -                | -£ 200.00           | -100.00%       |
| Electricity Supply                  | £ 5,000.00         | £ 126.76           | -£ 4,873.24         | -97.46%        |
| Telephone                           | £ 600.00           | £ 517.14           | -£ 82.86            | -13.81%        |
| Fire Prevention                     | £ 6,900.00         | £ 7,187.88         | £ 287.88            | 4.17%          |
| Health & Safety                     | £ 500.00           | £ 575.00           | £ 75.00             | 15.00%         |
| Audit Fees                          | £ 108.00           | £ 108.00           | £ -                 | 0.00%          |
| Management Fees                     | £ 3,570.17         | £ 3,570.16         | -£ 0.01             | 0.00%          |
| Facilities Management               | £ 392.38           | £ 392.38           | £ -                 | 0.00%          |
| Interest                            | £ -                | -£ 362.33          | £ -                 | N/A            |
| <b>Total</b>                        | <b>£ 24,770.55</b> | <b>£ 14,954.99</b> | <b>-£ 9,453.23</b>  | <b>-38.16%</b> |
| <b>Grand Total</b>                  | <b>£ 91,941.09</b> | <b>£ 64,766.77</b> | <b>-£ 27,174.32</b> | <b>-29.56%</b> |

**CABOT INVESTMENTS LIMITED**

**MARKET HALL PRECINCT  
MARKET HALL STREET  
CANNOCK**

**SERVICE COSTS AUDIT STATEMENT**

**YEAR ENDED 31 MARCH 2021**



**Market Hall Precinct  
Market Hall Street  
Cannock**

|                                    | <b>2021</b>             | <b>2020</b>             |
|------------------------------------|-------------------------|-------------------------|
| <b>Phase 1 &amp; 2</b>             |                         |                         |
| Cleaning                           | 13,100.52               | 15,281.88               |
| Refuse                             | 17,315.87               | 28,880.14               |
| Building repair                    | 2,165.47                | -                       |
| Lift maintenance                   | 480.00                  | 480.00                  |
| Lift repair                        | 1,377.60                | 2,944.05                |
| Audit fees                         | 268.00                  | 264.00                  |
| Management fees                    | 8,859.31                | 8,503.44                |
| Facilities management              | 973.67                  | 934.56                  |
|                                    | <u>44,540.44</u>        | <u>57,288.07</u>        |
| <b>Phase 3</b>                     |                         |                         |
| Cleaning                           | 4,366.78                | 5,093.92                |
| Audit fees                         | 24.00                   | 24.00                   |
| Management fees                    | 793.37                  | 773.04                  |
| Facilities management              | 87.19                   | 84.96                   |
|                                    | <u>5,271.34</u>         | <u>5,975.92</u>         |
| <b>All phases</b>                  |                         |                         |
| Building repair                    | 1,540.00                | (65.00)                 |
| Drain maintenance                  | 1,300.00                | 350.00                  |
| Electricity supply                 | 126.76                  | 1,572.84                |
| Telephone                          | 517.14                  | 521.42                  |
| Fire prevention                    | 7,187.88                | 14,673.09               |
| Interest                           | (362.33)                | -                       |
| Health & safety                    | 575.00                  | 525.00                  |
| Audit fees                         | 108.00                  | 112.00                  |
| Management fees                    | 3,570.16                | 3,607.51                |
| Facilities management              | 392.38                  | 396.48                  |
|                                    | <u>14,954.99</u>        | <u>21,693.34</u>        |
| <b>Phase 1 &amp; 2 prepayments</b> |                         |                         |
| Fire prevention                    | -                       | (288.00)                |
| <b>Total expenditure</b>           | <u><u>64,766.77</u></u> | <u><u>84,669.33</u></u> |

**No reserve fund is held for this property.**

## **Independent Accountant's Review Report**

To the Manager, Market Hall Precinct

We have reviewed the statement of service charge expenditure for the above property for the year ended 31 March 2021. 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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