



JOHNSON FELLOWS
CHARTERED SURVEYORS

Market Hall Street/Church Street

Cannock

Staffordshire

WS11 1EB

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, Cabot Investments Limited. It is intended to provide details of the expenditure incurred during the service charge year 1st April 2021 to 31st March 2022.

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 1st 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

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.



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 63% Schedule 1, 7% Schedule 2 and 30% 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** **£16,118.75**

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 was in line with the budget figure.

- **Refuse** **£19,829.26**

The expenditure relates to the daily collection of the tenant's waste and recycling at site. The costs came in below budget.

- **Internal Building Repair** **£320.00**

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

- **Lift Maintenance** **£1,928.15**

The heading relates to the annual maintenance contract for the two goods lifts. The total cost came in above budget due to the inclusion of the lift engineering insurance.

- **Lift Repairs** **£0.00**

The expenditure heading covers essential repair works that are required to the lifts. No expenditure was incurred during the year.

- **Audit Fees** **£252.00**

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** **£8,445.35**

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 £13,405.32, which is now shared across the three schedules. Expenditure is in line with budget.



- **Facilities Management** **£928.16**

The cost for the Facilities Manager to organise and supervise the service charge contracts and maintenance works. The total Facilities Management charge is £1,473.29, which is now shared across the three schedules. Expenditure is in line with budget.

Total

Schedule 1 **£47.821.67**



SCHEDULE 2 – Phase 3 Church Street

All figures are shown net of VAT

- **Cleaning** **£5,372.89**

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 was in line with the budget figure.

- **Audit Fees** **£28.00**

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** **£938.37**

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 £13,405.32, which is now shared across the three schedules. Expenditure is in line with budget.

- **Facilities Management** **£103.12**

The cost for the Facilities Manager to organise and supervise the service charge contracts and maintenance works. The total Facilities Management charge is £1,473.29, which is now shared across the three schedules. Expenditure is in line with budget.

Total

Schedule 2 **£6,442.38**



SCHEDULE 4 – All Phases

All figures are shown net of VAT

- **External Building Repair** **£11,192.00**

The budget provided for external repairs to the car park deck and building fabric. It also allowed for the third instalment of the reimbursement to the landlord following their forward funding of essential barrier repairs. The second instalment of the reimbursement was not included in the previous year's expenditure. As a consequence, this year's expenditure includes double. When combined with essential roof repairs, the expenditure was over budget.

- **Drain Maintenance** **£1,620.00**

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** **£118.25**

The budget allowed for any unforeseen electrical repairs. The expenditure relates to the replacement of an emergency light fitting. It was under budget.

- **Electricity Supply** **£166.29**

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** **£502.30**

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** **£9,652.14**

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** **£1,392.60**

The cost heading was for the completion of the annual health and safety audit, although this was not completed. The expenditure actually relates the gritting of the car park during the winter months. This was not included within the budget.

- **Audit Fees** **£120.00**

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** **£4,021.60**

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 £13,405.32, which is now shared across the three schedules. Expenditure is in line with budget.

• **Facilities Management** **£441.96**

The cost for the Facilities Manager to organise and supervise the service charge contracts and maintenance works. The total Facilities Management charge is £1,473.29, which is now shared across the three schedules. Expenditure is in line with budget.

Total

Schedule 4 **£29,227.14**

.....
Management Surveyor

Dated:

30th January 2023

.....
Facilities Manager

Dated:

30th January 2023



Appendix A

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

Service Charge Apportionment Schedule

1st April 2021 to 31st March 2022

Address	Floor Areas			G.I.A. Source	% Adopted				Source of Adoption
	Ground Floor	First Floor	Second Floor		Sch 1 - Phases 1&2 Market Hall Street	Sch 2 - Phase 3 Church Street	Sch 3 - Phase 4 Church St Lift	Sch 4 - All Phases	
PHASE 3									
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%
			TOTAL						
			2898.22						
PHASES 1&2									
Unit 1A	0.00	113.26	0.00	113.26 Plans	6.60%	0.00%	0.00%	2.52%	Floor Area
Unit 1B & G/d 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
			TOTAL		100.00%	100.00%	100.00%	100.00%	
			1715.27						
			MASTER TOTAL						
			4613.485						



Appendix B

Market Hall Street/Church Street, Cannock

Service Charge Variance Schedule

1st April 2021 to 31st March 2022

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

	Budget	Expenditure	Variance (£)	Variance (%)
Schedule 1 - Phases 1& 2				
Cleaning	£ 16,119.00	£ 16,118.75	-£ 0.25	0.00%
Refuse	£ 25,000.00	£ 19,829.26	-£ 5,170.74	-20.68%
Internal Building Repair	£ 3,000.00	£ 320.00	-£ 2,680.00	-89.33%
Lift Maintenance	£ 480.00	£ 1,928.15	£ 1,448.15	301.70%
Lift Repairs	£ 5,000.00	£ -	-£ 5,000.00	-100.00%
Audit Fees	£ 252.00	£ 252.00	£ -	0.00%
Management Fee	£ 8,445.35	£ 8,445.35	£ -	0.00%
Facilities Management	£ 928.17	£ 928.16	-£ 0.01	0.00%
Total	£ 59,224.52	£ 47,821.67	-£ 11,402.85	-19.25%
Schedule 2 - Phase 3				
Cleaning	£ 5,373.00	£ 5,372.89	-£ 0.11	0.00%
Audit Fees	£ 28.00	£ 28.00	£ -	
Management Fee	£ 938.37	£ 938.37	£ -	
Facilities Management	£ 103.13	£ 103.12	-£ 0.01	
Total	£ 6,442.50	£ 6,442.38	-£ 0.12	0.00%
Schedule 4 - All Phase				
External Building Repair	£ 7,000.00	£ 11,192.00	£ 4,192.00	59.89%
Drain Maintenance	£ 750.00	£ 1,620.00	£ 870.00	116.00%
Electrical Repairs	£ 200.00	£ 118.25	-£ 81.75	-40.88%
Electricity Supply	£ 5,000.00	£ 166.29	-£ 4,833.71	-96.67%
Telephone	£ 600.00	£ 502.30	-£ 97.70	-16.28%
Fire Prevention	£ 9,500.00	£ 9,652.14	£ 152.14	1.60%
Health & Safety	£ 500.00	£ 1,392.60	£ 892.60	178.52%
Audit Fees	£ 120.00	£ 120.00	£ -	0.00%
Management Fees	£ 4,021.60	£ 4,021.60	£ -	0.00%
Facilities Management	£ 441.99	£ 441.96	£ -	0.00%
Total	£ 28,133.59	£ 29,227.14	£ 1,093.58	3.89%
Grand Total	£ 93,800.61	£ 83,491.19	-£ 10,309.42	-10.99%

CABOT INVESTMENTS LIMITED

**MARKET HALL PRECINCT
MARKET HALL STREET
CANNOCK**

SERVICE COSTS AUDIT STATEMENT

YEAR ENDED 31 MARCH 2022

Haines Watts

**Market Hall Precinct
Market Hall Street
Cannock**

	2022	2021
Phase 1 & 2		
Cleaning	16,118.75	13,100.52
Refuse	19,829.26	17,315.87
Building repair	320.00	2,165.47
Lift maintenance	1,928.15	480.00
Lift repair	-	1,377.60
Audit fees	252.00	268.00
Management fees	8,445.35	8,859.31
Facilities management	928.16	973.67
	<u>47,821.67</u>	<u>44,540.44</u>
Phase 3		
Cleaning	5,372.89	4,366.78
Audit fees	28.00	24.00
Management fees	938.37	793.37
Facilities management	103.12	87.19
	<u>6,442.38</u>	<u>5,271.34</u>
All phases		
Building repair	11,192.00	1,540.00
Drain maintenance	1,620.00	1,300.00
Electrical repair	118.25	-
Electricity supply	166.29	126.76
Telephone	502.30	517.14
Fire prevention	9,652.14	7,187.88
Interest	-	(362.33)
Health & safety	1,392.60	575.00
Audit fees	120.00	108.00
Management fees	4,021.60	3,570.16
Facilities management	441.96	392.38
	<u>29,227.14</u>	<u>14,954.99</u>
Total expenditure	<u><u>83,491.19</u></u>	<u><u>64,766.77</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 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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