



**JOHNSON FELLOWS**  
CHARTERED SURVEYORS

**Permanent House**

**1 Leicester Street**

**Walsall**

**WS1 1PT**

**Service Charge Expenditure Report**

**1<sup>st</sup> January 2015 to**

**31<sup>st</sup> December 2015**



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





## **Introduction**

The service charge expenditure report is intended to provide details of the expenditure incurred for the service charge year.

## **The Property**

The subject property is situated on the corner of Leicester Street and Bridge Street at the heart of Walsall town centre.

The property comprises a self contained ground floor retail unit with basement accommodation and four floors of office accommodation above. The offices have a separate dedicated entrance from Leicester Street.

The common areas to the office accommodation consist of a central staircase and passenger lift. Toilet facilities are provided at each half landing level. The toilets are demised to the tenants and do not form part of the communal areas.

## **Voids and Concessions**

Where void accommodation exists, the Landlord is responsible for the apportioned service charge applicable to the floors. The second floor remained vacant for the duration of the service charge year.

## **Service Charge History**

The individual leases permit for on account service charge payments. However, the arrangement adopted is based on the recharging of the Landlord's outgoings on an apportioned basis rather than the provision of a structured budget. Fixed sums are demanded from the tenants in advance in order to cover the anticipated expenditure for the period ahead. The recovery of the Landlord's costs is on a 'not for profit, not for loss' basis.

## **VAT**

The Landlord has elected the property for VAT; consequently the expenditure is stated 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.



### **Service Charge Objectives**

The service charge expenditure report is aimed at providing a clear explanation of the expenditure incurred and is to promote clarity and transparency. Should any occupier have comments on the format or the information contained in this report that would assist with the report being improved for the benefit of all concerned, these comments would be welcome. We would also welcome constructive feedback on the communal services provided at the property.

The objective of Johnson Fellows as Managing Agents is to provide a high quality management service. In doing so, we aim to provide a well maintained business environment, delivering value for money for the service charge expenditure.

The service charge year end accounts and this report have been prepared having regard to the RICS Practice Standards; Service Charges in Commercial Property, Code of Practice.



## **Management Team**

### 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.

### Management Surveyor:

George Brittain

Johnson Fellows, Charter House, 163 Newhall Street, Birmingham, B3 1SW

Direct Dial: 0121 234 0454

Mobile: 07884 352 576

Email: [george.brittain@johnsonfellows.co.uk](mailto:george.brittain@johnsonfellows.co.uk)

George Brittain 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 Landlord's expenses and outgoings are apportioned on a percentage basis. The percentages have been calculated on a fair and reasonable basis having regard to the floor area occupied.

Two percentage schedules are adopted as summarised below.

### **Schedule 1 – Upper Floor Occupiers**

This schedule covers the items of expenditure that are associated with the common parts of the upper floor office accommodation. The occupier of the ground floor and basement does not contribute towards this schedule. They do not have access to the upper areas and do not benefit from the services provided.

The items within this schedule include the internal cleaning, maintenance, internal window cleaning, lift maintenance and fire alarm maintenance etc.

### **Schedule 2 – All Occupiers**

This schedule covers the costs that are associated with the building as a whole and benefit all occupiers including the tenant of the ground floor and basement accommodation.

The items within this schedule include repairs to the external common parts and structure of the building.

A service charge apportionment schedule is attached at Appendix A.



## **Expenditure Commentary**

### ***SCHEDULE 1 – Upper Floor Occupiers***

***All figures are shown net of VAT***

- **Cleaning** **£2,315.36**

The contract cost for the cleaning of the entrance lobby, stairwell, landing areas and lift.

There was a slight decrease in costs for this service compared against last period.

- **Toilet Requisites** **£211.80**

Whilst labelled as ‘toilet requisites’ the expenditure covered the monthly replacement of the door mat to the entrance lobby.

The charges were increased this year from £16.82 pcm to £17.65 pcm.

- **Window Cleaning** **£520.00**

The expenditure represents the cost of the internal window cleaning contract for the entrance lobby, stairwell and landings. It also included the cost of the external cleaning of the windows that is carried out on an ad-hoc basis.

There has been no change in the cost compared with the previous year.

- **Lift Maintenance** **£581.78**

The annual cost of 4 quarterly visits from OTIS Lifts to service and maintain the passenger lift.

In addition there were some repair works done to the lighting.

- **Fire Prevention** **£492.00**

The cost of the bi-annual fire alarm and emergency lights service for the communal areas. Emergency lights needed replacing this was not budgeted for and therefore caused an overspend.

- **Insurance** **£347.94**

The premium for engineering insurance for the lifts together with the cost of the engineering inspection.

- **Audit Fees** **£250.00**

This figure represents the fee for the annual service charge accounts to be certified by an independent accountant in order to promote transparency and verify accuracy.



- **Management Fees** **£1,860.00**

The fees charged for managing the property and administering the service charge.

**Total**

**Schedule 1** **£6,578.88**



**SCHEDULE 2 – All Occupiers**

**All figures are shown net of VAT**

There was no expenditure incurred under this schedule during the service charge year.

.....  
Management Surveyor

.....  
Dated

25 October 2016

.....  
Facilities Manager

.....  
Dated

25 October 2016



**Appendix A**

**Permanent House, 1 Leicester Street, Walsall**

**Service Charge Apportionment Schedule**

**1st January 2015 to 31st December 2015**

<b>Unit</b>	<b>Schedule</b>	<b>Area (sq ft)</b>	<b>Percentage</b>
First Floor	1	700	25.00%
Second Floor	1	700	25.00%
Third Floor	1	700	25.00%
Fourth Floor	1	700	25.00%
<b>1 Total</b>		<b>2,800</b>	<b>100.00%</b>
Basement	2	325	8.55%
Ground Floor	2	676	17.77%
First Floor	2	700	18.42%
Second Floor	2	700	18.42%
Third Floor	2	700	18.42%
Fourth Floor	2	700	18.42%
<b>2 Total</b>		<b>3,801</b>	<b>100.00%</b>



**Appendix B**

**Permanent House, 1 Leicester Street, Walsall**

**Service Charge Expenditure Summary**

**1st January 2015 to 31st December 2015**

The property is VAT registered. Figures for Schedule 1 & 2 shown net of VAT.

Service Charge Item	Schedule	Actual 2014	Actual 2015	2014 v 2015 Variance %	2014 v 2015 Variance £
Cleaning	1	£ 2,379.93	£ 2,315.36	-2.71%	-£ 64.57
Toilet Requisites	1	£ 201.84	£ 211.80	4.93%	£ 9.96
Window Cleaning	1	£ 520.00	£ 520.00	0.00%	£ -
Electrical Maintenance	1	£ 794.00	£ -	-100.00%	-£ 794.00
Electricity Supply	1	£ 320.51	£ -	-100.00%	-£ 320.51
Lift Maintenance	1	£ 326.75	£ 581.78	78.05%	£ 255.03
Lift Repair	1	£ 192.00	£ -	-100.00%	-£ 192.00
Fire Prevention	1	£ 174.00	£ 492.00	182.76%	£ 318.00
Insurance	1	£ 422.63	£ 347.94	-17.67%	-£ 74.69
Audit Fee	1	£ 250.00	£ 250.00	0.00%	£ -
Management Fees	1	£ 1,860.00	£ 1,860.00	0.00%	£ -
<b>1 Total</b>		<b>£ 7,441.66</b>	<b>£ 6,578.88</b>	<b>-11.59%</b>	<b>-£ 862.78</b>
Cleaning	2	£ -	£ -	N/A	£ -
Toilet Requisites	2	£ -	£ -	N/A	£ -
Window Cleaning	2	£ -	£ -	N/A	£ -
Electrical Maintenance	2	£ -	£ -	N/A	£ -
Electricity Supply	2	£ -	£ -	N/A	£ -
Lift Maintenance	2	£ -	£ -	N/A	£ -
Lift Repair	2	£ -	£ -	N/A	£ -
Fire Prevention	2	£ -	£ -	N/A	£ -
Insurance	2	£ -	£ -	N/A	£ -
Audit Fee	2	£ -	£ -	N/A	£ -
Management Fees	2	£ -	£ -	N/A	£ -
<b>2 Total</b>		<b>£ -</b>	<b>£ -</b>	<b>0.00%</b>	<b>£ -</b>
<b>Grand Total</b>		<b>£ 7,441.66</b>	<b>£ 6,578.88</b>	<b>-11.59%</b>	<b>-£ 862.78</b>



**Appendix C**

NEWHALL STREET PROPERTIES LLP  
PERMANENT HOUSE, 1 LEICESTER SQUARE,  
WALSALL, WEST MIDLANDS

SERVICE COSTS AUDIT STATEMENT  
YEAR ENDED 31ST DECEMBER 2015





Permanent House, 1 Leicester Square,  
Walsall, West Midlands  
Certificate of Service Costs for the year ended 31st December 2015

	2015	2014
Cleaning	2,315.36	2,379.93
Toilet Requisites	211.80	201.84
Window Cleaning	520.00	520.00
Electrical Maintenance	0.00	794.00
Electricity Supply	0.00	320.51
Lift Maintenance	581.78	326.75
Lift Repair	0.00	192.00
Fire Prevention	492.00	174.00
Insurance	347.94	422.63
Audit Fees	250.00	250.00
Management Fees	1,860.00	1,860.00
	<hr/>	<hr/>
	6,578.88	7,441.66
<b>Total expenditure</b>	<hr/> <hr/>	
	<b>6,578.88</b>	

**No reserve fund is held on this property**

In our opinion the above is a fair summary of the costs incurred by or on behalf of Newhall Street Properties LLP in connection with the matters for which the service charge is payable and is sufficiently supported by accounts, receipts and other documents which have been produced to us.

Haines Watts Chartered Accountants