



28 Royal Parade and 29 New George
Street

Plymouth

Devon

Service Charge Reconciliation Report

29th September 2020 to 28th
September 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, Tesco Stores Ltd. It is intended to provide details of the expenditure for the service charge period 29th September 2020 to 28th September 2021.

This reconciliation covers the period when the country was affected by COVID pandemic. As a result, several of the usually regular maintenance services were scaled back and only essential works and maintenance were carried out to the premises.

Enclosed within this report is a copy of the Service Charge Variation Schedule and Service Charge Apportionment Schedule.

The service charge is administered having regard to RICS Practice Standards; Service Charges in Commercial Property; 1st Edition, Code of Practice.

The Property

The property is located between Royal Parade and New George Street within the central retail area of the port city of Plymouth. The A38 Devon Expressway is approximately 2 miles to the north.

The property is a 1960's concrete framed structure with clad elevations and a flat roof. It is arranged over basement to third floors. Formerly part of the adjacent Debenhams department store, the building is now shared between TK Maxx and Tesco.

The building is essentially split vertically, with the TK Maxx unit being accessed from Royal Parade and the Tesco unit from New George Street. There is a service yard to the rear that is also shared with the neighbouring buildings.

The communal services include the maintenance of the external roof and structure, the internal fire escape stairwells, pest control, drain maintenance, fire safety and communal area electrical consumption and compliance.

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 budget report is to provide a clear explanation for recovery of the service charge expenditure on a not for profit/not for loss basis. It is also to promote clarity and transparency and to allow the tenants to budget accurately for the forthcoming period.

Should either 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. There are currently no voids.

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. Therefore, 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

There is no reserve fund.



Service Charge Apportionment

The expenditure is contained under a single schedule that both occupiers contribute towards.

The apportionment for this schedule is calculated having regard to the total gross internal floor area demised to each occupier.

An Apportionment Schedule is attached at Appendix A.



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

Chris Monteith is responsible for the repair and maintenance of the property and statutory compliance.

Management Surveyor:

Maria Lazenbury
Johnson Fellows, Charter House, 163 Newhall Street, Birmingham, B3 1SW
Direct Dial: 0121 234 0462
Mobile: 07887 745 635
Email: Maria.Lazenbury@johnsonfellows.co.uk

Maria Lazenbury 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

All figures are shown net of VAT

- **Electrical Maintenance** **£530.00**

This cost was for planned maintenance undertaken in respect of the stairwell lighting.

- **Roof Maintenance** **£1,150.00**

For works relating to gutter/downpipe cleaning and maintenance at roof level.

- **External Repairs** **£165.00**

This cost was to investigate water damage within basement area.

- **Health & Safety** **£575.00**

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For the testing and of lighting protection system for the building.

- **Drain Maintenance** **£2507.30**

Costs incurred in respect for drainage callout and associated maintenance works required.

- **Audit Fee** **£500.00**

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 heading represents the accountant's fee.

- **Management Fee** **£4,762.20**

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 Code of Practice recommends that this be a fixed fee, subject to annual indexation.

- **Facilities Management** **£2,116.20**

The figure represents the costs incurred to organise and supervise the various contracts in place, dealing with items of maintenance and ensuring compliance. The fee will be subject to annual indexation.

Total **£12,305.70**



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Facilities Manager

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Associate Partner



Appendix A

28 Royal Parade & 29 New George Street, Plymouth

Service Charge Apportionment Schedule

TK Maxx	Area Sq Ft	Percentage
Basement	7,004	
Ground Floor	8,165	
First Floor	16,309	
Second Floor	8,861	
Third Floor	4,993	
Total	45,332	61.00%

Tesco		
Basement	9,005	
Ground Floor	10,483	
First Floor	N/A	
Second Floor	7,589	
Third Floor	1,987	
Total	29,064	39.00%

Grand Total	74,396	100.00%
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Appendix B

28 Royal Parade & 29 New George Street, Plymouth

Service Charge Budget Schedule

28th September 2020 to 27th September 2021

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

Service Charge Item	Budget 2021	Actual 2021	Vairance (%)	Variance (£)
Cleaning	£ 1,000.00	£ -	-100.0%	-£ 1,000.00
Pest Control	£ 1,000.00	£ -	-100.0%	-£ 1,000.00
Drain Maintenance	£ 1,000.00	£ 2,507.30	150.7%	£ 1,507.30
Electrical Maintenance	£ 4,000.00	£ 530.00	-86.8%	-£ 3,470.00
Roof Maintenance	£ 11,000.00	£ 1,150.00	-89.5%	-£ 9,850.00
External Maintenance	£ 5,000.00	£ 165.00	-96.7%	-£ 4,835.00
Electrical Consumption	£ 1,000.00	£ -	-100.0%	-£ 1,000.00
Planned Preventative Maintenance	£ -	£ -	#DIV/0!	£ -
Fire Safety	£ 1,000.00	£ -	-100.0%	-£ 1,000.00
Health & Safety	£ 1,500.00	£ 575.00	-61.7%	-£ 925.00
Audit Fee	£ 500.00	£ 500.00	0.0%	£ -
Management Fee	£ 4,762.20	£ 4,762.20	0.0%	£ -
Facilities Management Fee	£ 2,116.20	£ 2,116.20	0.0%	£ -
	£ 33,878.40	£ 12,305.70	-63.7%	-£ 21,572.70

**TESCO STORES LTD
28 ROYAL PARADE & 29 NEW GEORGE STREET
PLYMOUTH**

SERVICE COSTS AUDIT STATEMENT

PERIOD ENDED 28TH SEPTEMBER 2021

Haines Watts

**28 Royal Parade & 29 New George Street
Plymouth
Certificate of Service Costs for the period ended 28th September 2021**

	2021	2020
Cleaning	-	490.00
Pest Control	-	540.00
Drain Maintenance	2,507.30	585.00
Roof Maintenance	1,150.00	14,262.00
External Maintenance	165.00	216.00
Mechanical and Electrical Maintenance	530.00	6,828.98
Fire Prevention	-	750.00
Health and Safety	575.00	300.00
Audit Fees	500.00	500.00
Management Fees	4,762.20	4,629.01
Facilities Management	2,116.20	2,057.00
Total expenditure	<u>12,305.70</u>	<u>31,157.99</u>

No reserve fund held.

Independent Accountant's Review Report

To the Manager, 28 Royal Parade & 29 New George Street, Plymouth.

We have reviewed the statement of service charge expenditure for the above property for the period ended 28 September 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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