JOHNSON FELLOWS
CHARTERED SURVEYORS

290-292 Soho Road

Handsworth

Birmingham

B21 9LZ

Service Charge Year End Report

24th June 2021 - 23rd June 2022

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Introduction

This report has been produced by Johnson Fellows on behalf of the Landlord, Mr R Lal, Mr P Lal and Mr J L Gangotra. It is intended to provide details of the expenditure for the service charge year 24th June 2022 to 23rd June 2023.

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 Practice Standards; Service Charges in Commercial Property; 3rd Edition, Code of Practice.

The Property

The property is located on Soho Road (B4100), approximately two miles to the north of Birmingham City Centre. The premises comprise of a two-storey building with basement, ancillary store and car park/yard to the rear. Access to the rear yard is directly from Soho Road.

The building consists of three retail units to the ground floor, albeit two of these have been knocked through into a larger single unit with office accommodation to the first floor. Access to the first floor is internally from the larger retail unit.

The common parts mainly comprise of the roof, external structure and basement boiler room.

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 the 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 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.

Voids and Concessions

The responsibility for service charge in respect of void accommodation or any concessions rests with the Landlord.

VAT

The Landlord has not elected the property for 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.

Service Charge Apportionment

The service charge apportionment percentages are calculated having regard to the net internal floor area of each occupational unit.

Under the terms of the lease, the basement accommodation and rear store are demised with 290 Soho Road. A 50% weighting has been applied to these two floor areas to reflect the benefit derived from the space, as distinct from the ground floor retail accommodation and first floor offices.

A Service Charge Apportionment schedule is enclosed in 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:

Tina Hothi
Johnson Fellows, Charter House, 163 Newhall Street, Birmingham, B3 1SW
Mobile: 07594 089 316
Email: tina.hothi@johnsonfellows.co.uk

Tina Hothi 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.

<u>Expenditure Commentary</u>

All figures are shown net of VAT
SCHEDULE 1 - All Occupiers

SCHEDULE 1

All figures are shown inclusive of VAT

- **External Building Repair** **£0.00**

The cost heading allows for repairs to common areas, gutter cleaning, roof repairs and any issues picked up in the health and safety report. We have included contingency for unforeseen ad-hoc works.

- **Gas Supply** **£10,176.57**

The cost is for the gas supply for the shared central heating system, based on the consumption.

- **Water Charges** **£3,300.95**

The cost is for the water charges for the building, based on comsumption

- **Health & Safety** **£0.00**

The cost of procuring the annual health and safety report.

- **Central Heating System** **£0.00**

The cost heading is for the maintenance of the boiler.

- **Insurance** **£393.01**

The budget covers the Building Insurance

- **Audit Fee** **£270.00**

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 budget covers the accountant’s fee.

- **Management Fee** **£5,970.00**

This figure represents the fee to manage the property and administer the service charge. It is a fixed fee index linked annually to RPI.

- **Facilities Management Fee** **£2,500.00**

This figure represents the cost incurred to coordinate the facilities management of the site

<u>Total</u> **£22,610.53**

Expenditure Sign off

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Facilities Manager

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Associate Partner

Appendix A

290-292 Soho Road Handsworth (00284)

Service Charge Percentage Apportionment Schedule

Recovery Group = sc

Reconciliation Period = 24/06/2021-23/06/2022

Unit	Floor	Area (sq ft)	Weighted Area (sq ft)	Percentage
290	Ground	2896	2896	37.00%
	Basement	2235	1,118.00	
	Store	456	228.00	
	Total	5587	4,242.00	
290a	Ground	1565	1,565.00	17.18%
	Total	1565	1,565.00	
292	Ground	1206	1,206.00	36.24%
	First	2094	2,094.00	
	Total	3300	3,300.00	
Landlord				9.58%
	Total	**10452**	**9107**	**100.00%**

Appendix B

290-292 Soho Road Handsworth (00284)

Service Charge Budget Comparison

Recovery Group = sc

Budget vs Actuals year end 2022

*Amounts in gbp

Description	Actual (06/2022)	Budget (06/2022)	Variance	%
Schedule 1				
Management Fee	5,970.00	5,970.00	0.00	0.00%
S/C Audit Fees	270.00	270.00	0.00	0.00%
Facilities Manager	2,500.00	2,500.00	0.00	0.00%
Health & Safety	0.00	750.00	750.00	100.00%
Gas	10,176.57	12,000.00	1,823.43	15.20%
Water and sewage charges	3,300.95	1,500.00	-1,800.95	-120.06%
Boiler Maintenance	0.00	1,500.00	1,500.00	100.00%
Building Repair	0.00	2,500.00	2,500.00	100.00%
Building Insurance	393.01	150.00	-243.01	-162.01%
Schedule Total	**22,610.53**	**27,140.00**	**4,529.47**	**33.13%**

R LAL, P LAL & J L GANGOTRA
290/292 SOHO ROAD
HANDSWORTH, BIRMINGHAM

SERVICE COSTS AUDIT STATEMENT

YEAR ENDED 23RD JUNE 2022

HainesWatts

290/292 Soho Road
Handsworth, Birmingham
Certificate of Service Costs for the year ended 23rd June 2022

	2022	2021
Building Repair	-	180.00
Gas Supply	10,176.57	4,237.41
Water Charges	3,300.95	(408.05)
Central Heating Maintenance	-	23,302.26
Insurance	393.01	370.00
Audit Fees	270.00	270.00
Management Fees	5,970.00	5,800.99
Facilities Management	2,500.00	762.00
Total expenditure	**22,610.53**	**34,514.61**

No reserve fund held.

Independent Accountant's Review Report

To the Manager, 290/292 Soho Road, Handsworth, Birmingham.

We have reviewed the statement of service charge expenditure for the above property for the year ended 23rd June 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.

Haines Watts

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