



JOHNSON FELLOWS
CHARTERED SURVEYORS

10-15 Broad Street

Banbury

Oxfordshire

OX16 5BN

Service Charge Expenditure Report

29th September 2019 to

28th September 2020



Contents

Introduction
The Property
Voids and Concessions
VAT
Banking
Reserve Fund
Service Charge Objectives
Management Team
Service Charge Apportionment
Commentary

Appendices

- A. Service Charge Apportionment
- B. Service Charge Variance
- C. Service Charge Audit Statement



Introduction

This report has been produced by Johnson Fellows on behalf of the Landlord, Right Investments Limited.

It is intended to provide details of the expenditure for the service charge year.

A service charge is necessary due to there being communal structures, areas and services.

The Property

The property is within Banbury town centre. It comprises of two retail units and second floor residential flats fronting Broad Street. The flats are accessed from Christchurch Court to the rear where there is a car park area and service access to the shop units.

The service charge funds the maintenance of the external communal areas including the service yard and car park together with the external and structural parts of the building. The internal common areas along with the fire escape stair wells exclusively serve the residential tenants.

Voids and Concessions

The service charge for any void lettable units or attributable to any service charge concessions is the responsibility of the Landlord.

VAT

The Landlord has elected the property for VAT. The service charge payable by the commercial lessees has VAT charged at the standard rate.

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 late payment of service charge by tenants is to be credited to the service charge.

Reserve Fund

There is no sinking fund or reserve fund.

Service Charge Objectives

The object of this report is to provide clear explanation 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 leaseholders to budget accurately for the year.

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





We encourage leaseholders to provide comments on the format and/or the information contained in this report which would assist in the report being improved for the benefit of all concerned. We would also welcome constructive feedback on the communal services provided at the property.

As Managing Agents, Johnson Fellows aims to provide a high quality management service in order to provide a well maintained environment and delivering value for money for the service charge expenditure.

The service charge is administered having regard to Service Charges in Commercial Property; RICS 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

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

George Brittain is responsible for the overall management of the property.

Service Charge Apportionment

The service charge operates for the whole property as defined in the lease documents. The apportionment percentages for each unit are detailed in the Service Charge Apportionment Appendix A.

The landlord pays the contribution for the residential flats.

Due to the combined commercial and residential accommodation, service charge schedules have been adopted.

Schedule 1 – 100% Gross Residential - Expenditure exclusively for the residential units and includes the internal shared areas and fire escapes.

Schedule 2 – Commercial Nett 68.23% - This schedule includes all commercial tenants and covers the structure of the property and external common areas. The costs for this schedule are calculate as 68.23% of the total costs.

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Schedule 3 – RESI (GROSS) 31.77% - This schedule is the contribution paid for the flats towards the expenditure on the structure of the property and external common areas. The costs for this schedule are calculate as 31.77% of the total costs.

Commentary

SCHEDULE 1 100% GROSS RESIDENTIAL

- **Management Fee** **£720.16**

A proportion of the fee to manage the property and administer the service charge.

- **S/C Audit Fees** **£240.00**

A proportion of the fee for the service charge to be certified by external accountants.

- **Facilities Manager** **£1,190.58**

A proportion of the facilities managers costs to administer the maintenance contracts, compliance and the repair and maintenance of the common parts and services.

- **Health & Safety** **£0.00**

No expenditure was incurred.

- **Electricity** **£0.00**

The electricity supply is being investigated.

- **Security systems** **£375.13**

Maintenance of the CCTV system.

- **Door Entry System** **£0.00**

No expenditure was incurred.

- **Internal Cleaning** **£0.00**

No service charge expenditure was incurred.

- **Window cleaning** **£100.00**

External cleaning of the windows to the flats.

- **M&E Maintenance contract** **£0.00**

No expenditure was incurred.

- **Fire prevention/detection** **£234.00**

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Maintenance of the fire alarm and reactive call outs.

- **Internal Repairs and maintenance** £485.00

Minor repairs were completed to the internal common parts serving the flats.

- **External Repairs and maintenance** £0.00

No expenditure was incurred.

- **Decoration Internal** £648.00

Internal decoration of the communal areas.

- **Schedule Total** £3,992.87

SCHEDULE 2 COMMERCIAL Nett 68.23%

- **Management Fee** £1,403.88

A proportion of the fee to manage the property and administer the service charge.

- **S/C Audit Fees** £136.46

A proportion of the fee for the service charge to be certified by external accountants.

- **Facilities Manager** £740.66

A proportion of the facilities managers costs to administer the maintenance contracts, compliance and the repair and maintenance of the common parts and services.

- **Health & Safety** £0.00

No expenditure was incurred.

- **Security systems** £208.84

Maintenance of the CCTV system.

- **External Cleaning** £1,037.10

External cleaning of the car park.

- **Snow clearance / Gritting** £0.00

No expenditure was incurred.

- **External Repairs and maintenance** £1,938.42

Fitting of pigeon netting and minor repairs.



- **Car Park Maintenance** £545.84

Minor maintenance.

- **External Maintenance** £343.88

Clean out blocked gullies.

- **Roof Maintenance** £4,216.61

Repairs to the roof.

- **Schedule Total** £10,571.69

SCHEDULE 3 RESI (GROSS) 31.77%

- **Management Fee** £784.40

A proportion of the fee to manage the property and administer the service charge.

- **S/C Audit Fees** £76.25

A proportion of the fee for the service charge to be certified by external accountants.

- **Facilities Manager** £414.26

A proportion of the facilities managers costs to administer the maintenance contracts, compliance and the repair and maintenance of the common parts and services.

- **Health & Safety** £0.00

No expenditure was incurred.

- **Security systems** £119.29

Maintenance of the CCTV system.

- **External Cleaning** £579.49

External cleaning of the car park.

- **Snow clearance / Gritting** £0.00

No expenditure was incurred.

- **External Repairs and maintenance** £1,083.10

Fitting of pigeon netting and minor repairs.

- **Car Park Maintenance** £254.16

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Minor maintenance.

- **External Maintenance** **£192.15**

Clean out blocked gullies.

- **Roof Maintenance** **£2,077.76**

Repairs to the roof.

- **Schedule Total** **£5,580.86**

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Management Surveyor

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Facilities Manager



Appendix A

Banbury:10-15 Broad Street (02003)

Service Charge Unit Percentages

Recovery Group = sc

Reconciliation Period = 29/09/2019-28/09/2020

*Amounts in gbp

Unit	Tenant	Days	10% GROSS RESIDENTIAL	Commercial Nett 68.23%	RESI (GROSS) 31.77%
0001	British Heart Foundation (Original)	366.00	0.0000	84.1500	0.0000
0002	William Hill Organisation Ltd (Original)	366.00	0.0000	15.8500	0.0000
0003	Residential	366.00	100.0000	0.0000	100.0000
	Total		100.0000	100.0000	100.0000



Appendix B

Banbury:10-15 Broad Street (02003)

Service Charge Budget Comparison

Recovery Group = sc

Reconciliation Period = 29/09/2019-28/09/2020

*Amounts in gbp

Code	Description	Actual (09/2020)	Budget (09/2020)	Variance	%
1	100% GROSS RESIDENTIAL				
5100-0101	Management Fee	720.16	720.14	0.02	0.0028
5100-0203	S/C Audit Fees	240.00	240.00	0.00	0.0000
5100-0309	Facilities Manager	1,190.58	771.58	419.00	54.3042
5100-0402	Health & Safety	0.00	300.00	-300.00	-100.0000
5200-0501	Electricity	0.00	600.00	-600.00	-100.0000
5300-0902	Security systems	375.13	768.00	-392.87	-51.1549
5300-0903	Door Entry System	0.00	300.00	-300.00	-100.0000
5300-1001	Internal Cleaning	0.00	700.00	-700.00	-100.0000
5300-1003	Window cleaning	100.00	300.00	-200.00	-66.6667
5400-1201	M&E Maintenance contract	0.00	600.00	-600.00	-100.0000
5400-1211	Fire prevention/detection	234.00	500.00	-266.00	-53.2000
5400-1501	Internal Repairs and maintenance	485.00	0.00	485.00	
5400-1502	External Repairs and maintenance	0.00	600.00	-600.00	-100.0000
5400-1517	Decoration Internal	648.00	600.00	48.00	8.0000
	Schedule Total	3,992.87	6,999.72	-3,006.85	-42.9567
2	Commercial Nett 68.23%				
5100-0101	Management Fee	1,403.88	1,403.87	0.01	0.0007
5100-0203	S/C Audit Fees	136.46	136.46	0.00	0.0000
5100-0309	Facilities Manager	740.66	525.05	215.61	41.0647
5100-0402	Health & Safety	0.00	272.92	-272.92	-100.0000
5300-0902	Security systems	208.84	0.00	208.84	
5300-1002	External Cleaning	1,037.10	1,364.60	-327.50	-23.9997
5300-1010	Snow clearance / Gritting	0.00	341.15	-341.15	-100.0000
5400-1502	External Repairs and maintenance	1,938.42	682.30	1,256.12	184.1008
5400-1505	Car Park Maintenance	545.84	1,364.60	-818.76	-60.0000
5400-1506	External Maintenance	343.88	1,023.45	-679.57	-66.3999
5400-1531	Roof Maintenance	4,216.61	1,364.60	2,852.01	208.9997
	Schedule Total	10,571.69	8,479.00	2,092.69	24.6809
3	RESI (GROSS) 31.77%				
5100-0101	Management Fee	784.40	784.42	-0.02	-0.0025
5100-0203	S/C Audit Fees	76.25	76.25	0.00	0.0000
5100-0309	Facilities Manager	414.26	293.37	120.89	41.2073
5100-0402	Health & Safety	0.00	152.50	-152.50	-100.0000
5300-0902	Security systems	119.29	0.00	119.29	
5300-1002	External Cleaning	579.49	762.48	-182.99	-23.9993
5300-1010	Snow clearance / Gritting	0.00	190.62	-190.62	-100.0000
5400-1502	External Repairs and maintenance	1,083.10	381.24	701.86	184.0993
5400-1505	Car Park Maintenance	254.16	762.48	-508.32	-66.6667
5400-1506	External Maintenance	192.15	571.86	-379.71	-66.3991
5400-1531	Roof Maintenance	2,077.76	762.48	1,315.28	172.5003
	Schedule Total	5,580.86	4,737.70	843.16	17.7968
	Total	20,145.42	20,216.42	-71.00	-0.3512

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Appendix C

**RIGHT INVESTMENTS LIMITED
10-15 BROAD STREET
BANBURY**

**SERVICE COSTS AUDIT STATEMENT
YEAR ENDED 28TH SEPTEMBER 2020**





10-15 Broad Street
Banbury
Certificate of Service Costs for the year ended 28th September 2020

	2020	2019
100% Gross Residential:		
Decoration	648.00	-
Cleaning	-	384.00
Window Cleaning	100.00	100.00
Repairs - Internal	485.00	2,407.35
Access System	-	140.70
Security Equipment	375.13	842.57
Fire Prevention	234.00	563.40
Health & Safety	-	271.32
Audit Fees	240.00	240.00
Management Fees	720.16	700.00
Facilities Management	<u>1,190.58</u>	<u>562.50</u>
	3,992.87	6,211.84
Commercial Nett (68.23%):		
Car Park Cleaning	-	1,142.86
Car Park Maintenance	545.84	3,940.11
Cleaning - External	1,037.10	-
Repairs - External	1,938.42	1,334.92
Roof Maintenance	4,216.61	1,965.02
External Maintenance	343.88	870.70
Security Equipment	208.84	379.86
Health & Safety	-	184.45
Audit Fees	136.46	136.46
Management Fees	1,403.88	1,364.60
Facilities Management	<u>740.66</u>	<u>511.74</u>
	10,571.69	11,830.72
Residential Gross (31.77%):		
Car Park Cleaning	-	616.33
Car Park Maintenance	254.16	2,136.07
Cleaning - External	579.49	-
Repairs - External	1,065.10	745.90
Roof Maintenance	2,077.76	1,097.97
External Maintenance	192.15	486.51
Security Equipment	119.29	211.27
Health & Safety	-	221.34
Audit Fees	76.25	76.25
Management Fees	784.40	762.48
Facilities Management	<u>414.26</u>	<u>285.91</u>
	5,580.86	6,640.03
Total expenditure	<u>20,145.42</u>	<u>24,682.59</u>

No reserve fund held.

Independent Accountant's Review Report

To the Manager, 10-15 Broad Street, Banbury.

We have reviewed the statement of service charge expenditure for the above property for the year ended 28 September 2020. 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
Sterling House
97 Lichfield Street
Tamworth
Staffordshire
B79 7QF

**RIGHT INVESTMENTS LIMITED
10-15 BROAD STREET
BANBURY**

SERVICE COSTS AUDIT STATEMENT

YEAR ENDED 28TH SEPTEMBER 2020



**10-15 Broad Street
Banbury
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