



**JOHNSON FELLOWS**  
CHARTERED SURVEYORS

**Newhall Street/Charlotte Street**

**Birmingham B3 1SW**

**Service Charge Expenditure Report**

**1<sup>st</sup> January 2020 to 31<sup>st</sup> December 2020**



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





## **Introduction**

The report is 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.

This report has been produced by Johnson Fellows on behalf of the Management Company, Newhall Management Limited.

## **The Property**

The property comprises a secure car park serving six self-contained office buildings on the corner of Newhall Street and Charlotte Street.

The communal areas to which the service charge relates comprise of a vehicle entrance from Charlotte Street, rear car park and associated service areas including a bin store.

The fabric of the office buildings including the roofs and external facades are the responsibility of the owners to maintain.

There are no internal common parts, or communal areas to the front of the buildings.

## **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.

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 aim to give a high-quality management service to provide a well-maintained environment delivering value for money for the service charge expenditure.

The service charge is administered having regard to Service Charges in Commercial Property; RICS professional statement 1<sup>st</sup> edition.

## **Voids & Concessions**

There are none.

## **VAT**

The property is not elected for VAT, so the expenditure is shown inclusive of VAT.

## **Banking**

Due to the general level of service charge funds, they are not held in a discrete bank account. The funds are held within the Johnson Fellows Clients Account which is maintained with Barclays Bank plc. Consequently, the service charge is not credited with any interest, neither are any bank charges allocated to the service charge.



## **Reserve Fund**

It was agreed at the 2014 AGM the Reserve Fund was at an adequate level. During this service charge year, no further payments have been made into this fund. The Reserve Fund Statement is in Appendix C.

## **Service Charge Objectives**

The object of this expenditure report is to provide clear explanation of the service charge expenditure incurred 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 service charge.

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 aim at a high-quality management service to deliver value for money in providing a well-maintained environment.

The service charge is administered having regard to Service Charges in Commercial Property; RICS Code of Practice.

## **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.

### **Assistant Property Manager:**

Narinder Sira  
Johnson Fellows, Charter House, 163 Newhall Street, Birmingham, B3 1SW  
Direct Dial: 0121 234 0463  
Mobile: 07745 539 094  
Email: narinder.sira@johnsonfellows.co.uk

Narinder Sira assists with the management of the building, including the administration and collection of the service charge.

### **Management Surveyor:**

George Brittain  
Johnson Fellows, Charter House, 163 Newhall Street, Birmingham, B3 1SW  
Direct Dial: 0121 234 0454  
Mobile: 07884 352576  
Email: 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

Rebecca Glover is the client accountant responsible for this property.

**Service Charge Apportionment**

The service charge expenditure is allocated to a single schedule.

All expenditure relates to the external common parts and for services which benefit all tenants.

The service charge apportionment percentages are based on the shareholdings in the Management Company of the long leasehold owners of the individual units.

An apportionment schedule for the property is attached at Appendix A.

**Expenditure Commentary**

***SCHEDULE 1***

***All figures are shown inclusive of VAT***

- **Cleaning** **£1,870**

The contract cost for the cleaning of the car park.

- **Pest Control** **£360**

Contracted cost for replenishing of bait boxes around the car park.

- **Refuse Collection** **£7,178**

Contract for collection of two refuse bins.

- **Car Park Maintenance** **£4,961**

This expenditure includes the gritting of the car park, repairs to potholes and brick paving, clearing excess refuse and investigating a break to the power supply serving the gates.

- **Drain Maintenance** **£420**

The annual flush of the surface water drains.

- **Landscaping** **£260**

Contracted cost for maintenance of the landscaped areas around the car park.



- **External Maintenance** £750

Repair of the external lighting.

- **Entrance Gate Maintenance** £324

The annual service of the access gates.

- **Health & Safety** £720

The annual health and safety audit.

- **Reserve Fund** £0

There was no contribution to the reserve funds, neither was any money drawn down.

- **Insurance** £417

This was the premium for public liability in respect of the common parts of the property.

- **Accountancy Fees** £1,050

The fee for JW Hinks Chartered Accountants to complete the Management Company's year-end accounts.

- **Management Fee** £2,658

The management fee for the administration of the service charge and day to day management of the property.

**Total**

**Schedule 1** £20,968

The expenditure came in above budget, so a shortfall will be charged to the leaseholder.

.....  
Management Surveyor

Dated 25<sup>th</sup> December 2021



**Appendix A**

**Newhall Street/Charlotte Street, Birmingham B3 1SW (01446)**

**Service Charge Apportionment Schedule**

**1st January 2020 to 31st December 2020**

<b>Unit</b>	<b>Percentage</b>
Unit A	10.20%
Unit B	14.70%
Unit C	14.70%
Unit D	12.80%
Unit E	26.20%
Unit F	21.40%
<b>Total</b>	<b>100.00%</b>

**NOTE**

The service charge apportionment percentages are based on the shareholdings in the Management Company of the long leasehold owners of the individual units



## Appendix B

**Newhall Street/Charlotte Street, Birmingham B3 1SW (01446)**

### **Service Charge Variance**

**1st January 2020 to 31st December 2020**

The property is not VAT registered. Figures for Schedule 1 shown inclusive of VAT.

<b>Service Charge Item</b>	<b>Schedule</b>	<b>Budget 2020</b>	<b>Expenditure 2020</b>	<b>Budget v Budget Variance %</b>	<b>Budget v Budget Variance £</b>
Cleaning	1	£ 1,800	£ 1,870	3.89%	£70
Pest Control	1	£ 400	£ 360	-10.00%	<b>-£40</b>
Refuse Collection	1	£ 6,500	£ 7,178	10.43%	£678
Car Park Maintenance	1	£ 500	£ 4,961	0.00%	£4,461
Drain Maintenance	1	£ 400	£ 420	5.00%	£20
Landscaping	1	£ 600	£ 260	-56.67%	<b>-£340</b>
External Maintenance	1	£ 1,000	£ 750	-25.00%	<b>-£250</b>
Entrance Gate Maintenance	1	£ 2,000	£ 324	-83.80%	<b>-£1,676</b>
Health & Safety	1	£ 600	£ 720	20.00%	£120
Reserve Fund	1	£ -	£ -	0.00%	£0
Insurance	1	£ 600	£ 417	-30.50%	<b>-£183</b>
Accountancy Fees	1	£ 1,200	£ 1,050	-12.50%	<b>-£150</b>
Management Fees	1	£ 2,658	£ 2,658	0.00%	£0
		<b>£ 18,258</b>	<b>£ 20,968</b>	<b>14.84%</b>	<b>£2,710</b>



**Appendix C**

**Newhall Street/Charlotte Street, Birmingham B3 1SW (01446)**

**Service Charge Reserve Fund**

**1st January 2020 to 31st December 2020**

		<b>Amount</b>
Balance b/f	£	20,687.00
Transfer to/from Reserve Fund	£	-
Interest	£	16.00
<b>Total c/f</b>	<b>£</b>	<b>20,703.00</b>



**Appendix D**

SERVICE CHARGE STATEMENT OF ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2020

FOR

NEWHALL MANAGEMENT LIMITED

CHARTER HOUSE 163 - 169 NEWHALL STREET

**jwHinks**  
CHARTERED ACCOUNTANTS  
19 Highfield Road  
Edgbaston  
Birmingham  
B15 3BH



NEWHALL MANAGEMENT LIMITED  
CHARTER HOUSE 163 - 169 NEWHALL STREET

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FOR THE YEAR ENDED 31 DECEMBER 2020.

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NEWHALL MANAGEMENT LIMITED  
CHARTER HOUSE 163 - 169 NEWHALL STREET

CLIENT APPROVAL CERTIFICATE  
FOR THE YEAR ENDED 31 DECEMBER 2020

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This report has been produced for Johnson Fellows on behalf of Newhall Management Limited, the landlord of Charter House, 163 - 169 Newhall Street and relates to the reconciled service charge for the year ended 31 December 2020. This report has been produced having regard to the best practice guidelines for service charges in commercial property that have been published through the collaboration of a number of professional bodies representing a diversity of interests throughout the property industry.

I hereby certify that, according to the information available to me, the attached statement of service charge expenditure report and accompanying information on pages 3 to 5 records the true cost to the landlord of providing the service to the property for the year ended 31 December 2020, in accordance with the terms of the lease and, where practicable, the current edition of the RICS Professional Statement, Service Charges in Commercial Property.

Signed 

For and on behalf of Johnson Fellows

Date: 22 November 2021



NEWHALL MANAGEMENT LIMITED  
CHARTER HOUSE 163 - 169 NEWHALL STREET

**INDEPENDENT ACCOUNTANTS' REVIEW REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2020**

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We have reviewed the statement of service charge expenditure for the above property and notes for the year ended 31 December 2020, set out on pages 3 to 5. The statement of service charge expenditure has been prepared by the Manager in accordance with guidance issued by the current edition of the RICS Professional Statement, Service Charges in Commercial Property.

**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 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 2400 (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 other responsible for the services that comprise the service charge on this property, as appropriate, and applying analytical procedures, and evaluates the evidence obtained. The procedure do not include the review of the allocation or appointment of service charge expenditure to

The procedures performed in a review are sustainably 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**

Without modifying our conclusion, we draw attention to Note 1 to the accounts, which describes the basis of accounting. The statement of service charge expenditure and certificate are prepared by the Manager to show how the service charge costs charged to occupiers are made up. As a result, the Statement of service charge expenditure may not be suitable for another purpose.

Our report is made in accordance with the terms of our engagement and is intended solely for the Manager for issue to current occupiers [and the owner]. 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.

Date: 24 November 2021

J W Hinks LLP  
Chartered Accountants  
19 Highfield Road  
Edgbaston  
Birmingham  
B15 3BH



NEWHALL MANAGEMENT LIMITED  
CHARTER HOUSE 163 - 169 NEWHALL STREET

INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2020

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	2020		2019	
	£	£	£	£
<b>INCOME</b>				
Service charges	18,258		18,795	
		18,258		18,795
<b>MANAGEMENT</b>				
Management fees	2,658		2,595	
Accounting fees	1,050		1,050	
Health and safety	720		600	
<b>SOFT SERVICES</b>				
Cleaning	1,870		1,470	
Refuse	7,178		6,569	
Security	-		30	
<b>HARD SERVICES</b>				
Pest control	360		360	
Gate entrance maintenance	324		279	
Landscaping	260		340	
External repairs	750		38	
Car park maintenance	4,961		911	
Drainage	420		384	
<b>INSURANCE</b>				
Insurance	417		376	
		20,968		15,002
Surplus/(deficit) for the year		(2,710)		3,793



NEWHALL MANAGEMENT LIMITED  
CHARTER HOUSE 163 - 169 NEWHALL STREET

BALANCING STATEMENT AS AT 31 DECEMBER 2020

	2020	2019
	£	£
<b>ASSETS</b>		
Service charges owed by tenants	1,863	-
Other debtors	-	300
Deficit for the year	2,710	-
Cash at bank	26,901	29,807
	<u>31,474</u>	<u>30,107</u>
<b>LIABILITIES</b>		
Trade creditors	4,213	2,472
Surplus for the year	-	3,793
Surplus for 2019	3,793	-
Surplus for 2018	455	455
Accruals	2,310	2,700
	<u>10,771</u>	<u>9,420</u>
<b>NET ASSETS</b>	<u>20,703</u>	<u>20,687</u>
<b>REPRESENTED BY:</b>		
<b>RESERVE FUND</b>		
Balance brought forward	20,687	20,646
Interest received	16	41
Balance carried forward	<u>20,703</u>	<u>20,687</u>



NEWHALL MANAGEMENT LIMITED  
CHARTER HOUSE 163 - 169 NEWHALL STREET

NOTES TO THE SERVICE CHARGE STATEMENT OF ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2020

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1. ACCOUNTING POLICIES

This statement is prepared on an accruals basis under the historical cost convention.

2. VAT

The Landlord has not elected to waive the exemption from VAT and therefore all service charge expenditure is shown inclusive of VAT where applicable.

3. CASH AT BANK

The balance is held in a Managing Agent designated Client Account.

4. RESERVE FUND

The reserve fund has been established to meet the costs of large, non regular repair and maintenance work. The present level of the fund may prove insufficient given the uncertainty as to when such costs may occur.

5. SUMMARY OF ALL FEES CHARGED BY THE MANAGING AGENT

	Total fees	Professional fees	Procurement fees
	£	£	£
Management fees	2,658	2,658	-

6. ACCRUALS

These are expenses for goods and services actually incurred in a period for which no invoice has been received. As the cost relates to the period, it should be charged to the service charge account for that period.

	£
Accountancy	2,100
Cleaning	210
	<hr/>
	2,310
	<hr/>

7. EMPTY UNITS AND CONCESSIONS GRANTED TO TENANTS.

Where appropriate, costs are apportioned on a daily basis and for the avoidance of doubt it is confirmed that the landlord bears an appropriate proportion of the service charge expenditure in respect of voids and vacant premises.

Likewise, if any tenant has any form of concession, whereby their contribution towards the service charge is capped, or is lower than the apportionment due, the landlord pays the difference.

8. CONTRACTS

The suppliers detailed below have a contract in force for the services they provide that covers this (or future) accounting period

Contractor	Services
Biffa Waste Services Limited	Refuse
Midlands Pest Control Limited	Pest control
Tidy Garden Co Limited	Litter picking and soft landscaping maintenance