



JOHNSON FELLOWS
CHARTERED SURVEYORS

42/48 Clayhanger Lane,

Brownhills,

Walsall,

West Midlands, WS8 7DT

Service Charge Expenditure Report

29th September 2020 to

28th September 2021



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Introduction

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

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

The Property

The property comprises of two single-storey buildings. The larger building is exclusively occupied by Midcounties Coop and trades as a convenience store. The other building is in multiple occupation, comprising three shop units. In between the two buildings is a shared gated service yard and to the front is a car park. A section of car park to the side of the larger building has been fenced off.

The common parts serving the whole property include the car park, service yard, soft landscaped areas and the boundary walls/fences. The communal systems include the external lighting and pump for the foul drains. The main structure and the external elements of the smaller building is communal to just those tenants who occupy one of the three units.

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 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.

Reserve Fund

A reserve fund has not been established.

Service Charge Objectives

The object of this report is to provide clear explanation of the service charge 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 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 the RICS professional statement, Service Charges in Commercial Property, 1st Edition.

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:

Neil Wetherell
Johnson Fellows, Charter House, 163 Newhall Street, Birmingham, B3 1SW
Direct Dial: 0121 234 0406
Mobile: 07836 313 914
Email: neil.wetherell@johnsonfellows.co.uk

Neil Wetherell is responsible for the overall management of the property.

Service Charge Apportionment

Not all common parts of the property serve all occupiers, for this reason we have adopted a number of service charge schedules.

The car park, service yard, lighting and foul drain pump serve all units and the expenditure is apportioned between all occupiers and these included in Schedule 1.

The external and structural common parts of the building in multiple occupation benefits only the occupiers of the building. These costs are allocated to Schedule 2.

All tenant's apportionment percentages for each schedule are noted within the Service Charge Apportionment detailed in Appendix A.

Commentary

SCHEDULE 1 – General

All figures are shown net of VAT

- **Management Fee** **£831**



This figure represents 80% of the fee to manage the property and administer the service charge detailed in Schedule 1 which is indexed linked annually to RPI.

- **S/C Audit Fees** **£350**

The service charge code provides for the service charge accounts to be certified on an annual basis. This cost covers the fee raised by the accountants for certifying the year end service charge accounts.

- **Facilities Manager** **£429**

The figure represents the facilities managers fee to administer the maintenance contracts and organise the repair and maintenance of the common parts. It is a fixed fee indexed linked annually to RPI.

- **Landlords risk assessments, audits & reviews** **£500**

The cost for the annual health and safety audit of the common parts of the property.

- **Electricity** **£253**

The electricity to the external communal lighting is supplied from the Co-op store. A fixed annual contribution linked to RPI is paid to the Co-op.

- **External Cleaning** **£2,126**

The external cleaning is undertaken three times a week. The areas cleaned are the litter bins, car park and landscaped areas. The contract is with Toms Cleaning and Garden Services, a local contractor nominated by one of the tenants.

- **External Landscape** **£1,300**

The cost of the annual pruning of trees and shrubs.

- **Snow clearance / Gritting** **£1,500**

We have accrued £1,500 towards the cost of gritting, as we are still to receive the contractors' invoices.

- **Drainage** **£1,700**

The contract for the annual maintenance of the drainage pump. There was also a one off cost for a tanker to attend to clear surplus foul waste.

- **External Repairs and Maintenance** **£600**

An accrual has been made for £600 toward know repair costs during the year ending September 2022.

- **Electrical Repairs** **£1,668**

New LED light fittings have been installed.



Total

Schedule 1 **£11,257**

Please note this budget is net of VAT at 20%.

SCHEDULE 2 – Building

All figures are shown net of VAT

- **Management Fee** **£208**

This figure represents 20% of the fee to manage the property and administer the service charge detailed in Schedule 2 which is indexed linked annually to RPI.

- **Building Repair** **£0**

No repairs were required during the year.

Total

Schedule 2 **£208**

GRAND TOTAL **£11,465**

Please note the expenditure is net of VAT at 20%.

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Management Surveyor

.....
Facilities Manager



Appendix A

42/48 Clayhanger Ln Brownhills (02132)

Service Charge Unit Percentages

Recovery Group = sc

Reconciliation Period = 29/09/2020-28/09/2021

*Amounts in gbp

Unit	Tenant	Days	Schedule 1	Schedule 2
0003	Mr WK Lee (Holdover)	365.00	9.0000	33.3400
0004	Midcounties Co-operative Limited (H337.00		8.3096	30.7732
0002	Mr C Georgiou & Mrs H Georgiou (Ho365.00		9.0000	33.3300
0001	The Midcounties Co-operative Limite365.00		73.0000	0.0000
0004	Vacant	28.00	0.6904	2.5568
	Total		100.0000	100.0000



Appendix B

42/48 Clayhanger Ln Brownhills (02132)

Service Charge Budget Comparison

Recovery Group = sc

Reconciliation Period = 29/09/2020-28/09/2021

*Amounts in gbp

Code	Description	Actual (09/2021)	Budget (09/2021)	Variance	%
1	Schedule 1				
5100-0101	Management Fee	831.00	831.00	0.00	0.0000
5100-0203	S/C Audit Fees	350.00	350.00	0.00	0.0000
5100-0309	Facilities Manager	429.00	429.00	0.00	0.0000
5100-0401	Landlords risk assessments, audits &	500.00	500.00	0.00	0.0000
5200-0501	Electricity	253.00	253.00	0.00	0.0000
5300-1002	External Cleaning	2,126.23	2,100.00	26.23	1.2490
5300-1009	External Landscaping	1,300.00	0.00	1,300.00	
5300-1010	Snow clearance / Gritting	1,500.00	1,500.00	0.00	0.0000
5300-1016	Drainage	1,700.00	1,700.00	0.00	0.0000
5400-1502	External Repairs and maintenance	600.00	600.00	0.00	0.0000
5400-1535	Electrical Repair	1,667.70	2,500.00	-832.30	-33.2920
	Schedule Total	11,256.93	10,763.00	493.93	4.5891
2	Schedule 2				
5100-0101	Management Fee	208.00	208.00	0.00	0.0000
5400-1530	Building Repair	0.00	500.00	-500.00	-100.0000
	Schedule Total	208.00	708.00	-500.00	-70.6215
	Total	11,464.93	11,471.00	-6.07	-0.0529



Appendix C

**MIDCOUNTIES CO-OPERATIVE LIMITED
42/48 CLAYHANGER LANE
BROWNHILLS, WALSALL**

SERVICE COSTS AUDIT STATEMENT

YEAR ENDED 28TH SEPTEMBER 2021





42/48 Clayhanger Lane
Brownhills, Walsall
Certificate of Service Costs for the year ended 28th September 2021

	2021	2020
Schedule 1		
Cleaning	2,126.23	2,868.63
Drain Maintenance	1,700.00	1,603.00
Electrical Repair	1,667.70	415.00
Landscape - External	1,300.00	440.00
Repairs - External	600.00	1,037.91
Gritting	1,500.00	1,296.00
Electricity Supply	253.00	250.00
Statutory Compliance	500.00	500.00
Audit Fees	350.00	350.00
Management Fees	831.00	1,028.00
Facilities Management	429.00	424.00
	<u>11,256.93</u>	<u>10,212.54</u>
Schedule 2		
Management Fees	208.00	-
	<u>208.00</u>	<u>-</u>
Total expenditure	<u>11,464.93</u>	<u>10,212.54</u>

No reserve fund held.

Independent Accountant's Review Report

To the Manager, 42/48 Clayhanger Lane, Brownhills, Walsall.

We have reviewed the statement of service charge expenditure for the above property for the year 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.

Haines Watts

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