



JOHNSON FELLOWS
CHARTERED SURVEYORS

**Audley House,
119 Buckingham Road,
Bicester,
Oxfordshire, OX26 3ET**

Service Charge Expenditure Report

1st December 2021 to

31st December 2022



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





Introduction

Johnson Fellows were appointed by The Midcounties Co-operative Limited (MCC) to manage the commercial communal areas and services of Audley House with effect from 1st December 2021.

A service charge is required to maintain the communal structures, services, and areas. The maintenance of the external and structural parts of the building together with the access road is maintained by the superior landlord. MCC are responsible for the maintenance of the commercial common parts.

The service charge expenditure report provides details of the expenditure for the service charge year, including the contribution to the Estate Service Charge arranged by the Superior Landlord. This is the first service charge expenditure report to have been prepared and issued.

The budget was prepared with a service charge year end date of 30th November 2022, and we commenced collection of the service charge from 1st January 2022. So the year-end is consistent with the on-account payments we have extended the service charge to 31st December 2022. This date will be the annual year-end date used for service charge accounting.

The Property

The property comprises of the ground floor of a multi-storey building. The commercial ground floor accommodation comprises four retail units. To the front of the building are communal walkways and a customer car park and to the rear are specific areas for use by the commercial tenants including a bin store and three parking areas.

The areas maintained on behalf of MCC include the front walkways and customer car park and the rear bin store and commercial parking areas.

The structure and external parts of the building together with the upper floor of residential flats, rear car park and soft landscaping are managed separately by the superior landlord.

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. Consequently, the service charge is not credited with any interest, neither are any bank charges allocated to the service charge.



Reserve Fund

Whilst the leases provide for a reserve fund, one has not been established. This option will be kept under review.

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 welcome constructive feedback on the communal services provided at the property.

As Managing Agents, Johnson Fellows seek to provide a high-quality management service to deliver a well-maintained environment with 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:

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:

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

The service charge operates for the whole property as defined in the lease documents. Appendix A, Service Charge Apportionment details the apportionment percentages for each lessee.

Expenditure Commentary

SCHEDULE 1 – General

All figures are net of VAT

- **Management Fee** **£1,625**

This figure represents the fee to manage the common parts and administer the service charge. It is indexed linked to RPI. It relates to the period 1st November 2021 to 31st December 2022.

- **S/Charge Audit Fees** **£350**

This cost is for external accountants to certify the service charge.

- **Estate S/C** **£3,522**

The service charge payable to the superior landlord for the upkeep of the building structure and external parts together with the access road and boundaries. The expenditure relates to the period 25th December 2021 to 24th December 2022 and includes the balance for the year ending 31st March 2021 which was invoiced in November 2022.

- **Facilities Manager** **£541**

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. It relates to the period 1st November 2021 to 31st December 2022.

- **Landlords risk assessments, audits & reviews** **£0**

No health and safety audit of the common parts of the property was undertaken during the year.

- **External Cleaning** **£10,121**

The contract cost for the daily cleaning of the walkways and car park for the period 1st December 2021 to 26th December 2022.

- **Snow Clearance/ Gritting** **£2,397**

The budget for the gritting of the car park and pedestrian walkways.

- **Drainage** **£5,465**



During the year there was a major blockage of the drains serving the commercial premises due to the high fat content of waste from the food takeaway tenants. All tenants have been made aware of the importance of good housekeeping, regular maintenance of grease traps and disposal of waste oil, fats and grease to minimise such problems and the resulting costs.

- **External Repairs & Maintenance** **£0**

No reactive works were required during the year.

Total

Schedule 1 **£24,021**

The expenditure exceeded the budget by 24.9%, principally due to the major works required to unblock the drains.

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

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Management Surveyor

.....
Facilities Manager



Appendix A

Audley House Bicester (p0000014)

Service Charge Unit Percentages

Recovery Group = sc

Reconciliation Period = 01/01/2022-31/12/2022

*Amounts in gbp

Unit	Tenant	Days	Schedule 1
UNIT_1	Kentucky Fried Chicken (Great Britain) Limited (Original)	365.00	17.6300
UNIT_2	Sania Limited (In Administration) (Original)	365.00	12.2400
UNIT_3	Ladbrokes Betting & Gaming Limited (Original)	365.00	11.3700
UNIT_A	Midcounties Co-operative Limited:The (Original)	365.00	58.7600
Total			100.0000



Appendix B

Audley House Bicester (p0000014)

Service Charge Budget Comparison

Recovery Group = sc

Reconciliation Period = 01/01/2022-31/12/2022

*Amounts in gbp

Code	Description	Actual (12/2022)	Budget (12/2022)	Variance	%
1	Schedule 1				
5100-0101	Management Fee	1,625.00	1,514.80	110.20	7.2749
5100-0203	S/C Audit Fees	350.00	350.00	0.00	0.0000
5100-0307	Estate S/C	3,522.08	4,500.00	-977.92	-21.7316
5100-0309	Facilities Manager	541.66	504.93	36.73	7.2743
5100-0401	Landlords risk assessments, audits i	0.00	504.93	-504.93	-100.0000
5300-1002	External Cleaning	10,120.64	9,083.33	1,037.31	11.4199
5300-1010	Snow clearance / Gritting	2,396.97	1,000.00	1,396.97	139.6970
5300-1016	Drainage	5,465.00	762.50	4,702.50	616.7213
5400-1502	External Repairs and maintenance	0.00	1,000.00	-1,000.00	-100.0000
	Schedule Total	24,021.35	19,220.49	4,800.86	24.9778
	Total	24,021.35	19,220.49	4,800.86	24.9778



Appendix C

**MIDCOUNTIES CO-OPERATIVE LIMITED
AUDLEY HOUSE**

BICESTER

SERVICE COSTS STATEMENT

INDEPENDENT REVIEW

YEAR ENDED 31ST DECEMBER 2022

HainesWatts



Audley House
Bicester
Certificate of Service Costs for the year ended 31st December 2022

	2022
Schedule 1	
Cleaning	10,120.64
Gritting	2,396.97
Drainage	5,465.00
Estate Service Charge	3,522.08
Audit Fees	350.00
Management Fees	1,625.00
Facilities Management	541.66
Total expenditure	<u><u>24,021.35</u></u>

Independent Accountant's Review Report

To the Manager, Audley House, Bicester

We have reviewed the statement of service charge expenditure for the above property for the year ended 31 December 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, 1st 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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