



JOHNSON FELLOWS
CHARTERED SURVEYORS

10-15 Broad Street

Banbury

Oxfordshire

OX16 5BN

Service Charge Expenditure Report

29th September 2021 to

28th September 2022



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Introduction

This report has been produced by Johnson Fellows on behalf of the Landlord, Right Investments Limited. Its purpose is to provide details of the expenditure for the service charge year.

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 communal areas including the service yard and car park together with the external and structural parts of the building. The internal common areas exclusively serve the residential tenants.

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.

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.

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.

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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.

Management Team

Facilities Manager:

Chris Monteith
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

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 combination of commercial and residential accommodation, service charge schedules have been adopted.

Schedule 1 – 100% Gross Residential - Expenditure exclusively for the residential flats, including the entrance, stairwell and corridor.

Schedule 2 – Commercial Nett 68.23% - This schedule is for the contribution by the commercial units towards the expenditure on the structure and external common areas including the fire escape stairs. The costs for this schedule are calculate as 68.23% of the expenditure.

Schedule 3 – RESI (GROSS) 31.77% - This schedule is for the contribution by the residential flats towards the expenditure on the structure and external common areas including the fire escape stairs. The costs for this schedule are calculate as 31.77% of this expenditure.

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Commentary

SCHEDULE 1 100% GROSS RESIDENTIAL

- **Management Fee** **£767**

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

- **S/C Audit Fees** **£240**

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

- **Facilities Manager** **£822**

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**

No expenditure was incurred.

- **Electricity** **£0**

The electricity is not funded though the service charge.

- **Security systems** **£282**

The broadband costs for the CCTV system.

- **Door Entry System** **£0**

No expenditure was incurred.

- **Internal Cleaning** **£0**

No expenditure was incurred.

- **Window cleaning** **£300**

The cleaning of the external residential windows.

- **M&E Maintenance contract** **£284**

Two repairs to the internal electrical sockets and the intercom system.

- **Fire prevention/detection** **£360**

Maintenance of the fire alarm and reactive call outs.

- **Internal Repairs and maintenance** **£192**

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The repair of an internal communal door.

- **Decoration Internal** £0

No expenditure was incurred.

- **Schedule Total** £3,248

SCHEDULE 2 COMMERCIAL Nett 68.23%

- **Management Fee** £1,496

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

- **S/C Audit Fees** £136

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

- **Facilities Manager** £869

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

No expenditure was incurred.

- **Security systems** £182

The broadband costs for the CCTV system.

- **External Cleaning** £0

No expenditure was incurred.

- **External Repairs and maintenance** £0

No expenditure was incurred.

- **Car Park Maintenance** £646

Regular maintenance of the car park.

- **External Maintenance** £957

Clean out blocked drain and rainwater goods and pest control works.

- **Roof Maintenance** £1,561

Repairs to the roof.

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- **Schedule Total** **£5,848**

SCHEDULE 3 RESI (GROSS) 31.77%

- **Management Fee** **£836**

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

- **S/C Audit Fees** **£76**

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

- **Facilities Manager** **£486**

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**

No expenditure was incurred.

- **Security systems** **£103**

The broadband costs for the CCTV system.

- **External Cleaning** **£0**

No expenditure was incurred.

- **External Repairs and maintenance** **£0**

No expenditure was incurred.

- **Car Park Maintenance** **£361**

Regular maintenance works of the car park.

- **External Maintenance** **£535**

Clean out blocked drain and rainwater goods and pest control works.

- **Roof Maintenance** **£979**

Repairs to the roof.

- **Schedule Total** **£3,375**

GRAND TOTAL **£12,471**



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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 = 29/09/2021-28/09/2022

*Amounts in gbp

Unit	Tenant	Days	10% GROSS RESIDENTIAL	Commercial Nett 68.23%	RESI (GROSS) 31.77%
0001	British Heart Foundation (Original)	365.00	0.0000	84.1500	0.0000
0002	Vacant	365.00	0.0000	15.8500	0.0000
0003	Vacant	365.00	100.0000	0.0000	100.0000
	Total		100.0000	100.0000	100.0000

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Appendix B

Banbury:10-15 Broad Street (02003)

Service Charge Budget Comparison

Recovery Group = sc

Reconciliation Period = 29/09/2021-28/09/2022

*Amounts in gbp

Code	Description	Actual (09/2022)	Budget (09/2022)	Variance	%	Actual (09/2021)
1	100% GROSS RESIDENTIAL					
5100-0101	Management Fee	767.39	767.39	0.00	0.0000	723.62
5100-0203	S/C Audit Fees	240.00	240.00	0.00	0.0000	240.00
5100-0309	Facilities Manager	822.20	822.20	0.00	0.0000	775.31
5100-0402	Health & Safety	0.00	300.00	-300.00	-100.0000	0.00
5200-0501	Electricity	0.00	600.00	-600.00	-100.0000	0.00
5300-0902	Security systems	281.73	400.00	-118.27	-29.5675	180.31
5300-0903	Door Entry System	0.00	300.00	-300.00	-100.0000	0.00
5300-1001	Internal Cleaning	0.00	700.00	-700.00	-100.0000	0.00
5300-1003	Window cleaning	300.00	300.00	0.00	0.0000	0.00
5400-1201	M&E Maintenance contract	284.40	600.00	-315.60	-52.6000	1,293.12
5400-1211	Fire prevention/detection	360.00	500.00	-140.00	-28.0000	990.30
5400-1501	Internal Repairs and maintenance	192.00	600.00	-408.00	-68.0000	0.00
5400-1517	Decoration Internal	0.00	600.00	-600.00	-100.0000	0.00
	Schedule Total	3,247.72	6,729.59	-3,481.87	-51.7397	4,202.66
2	Commercial Nett 68.23%					
5100-0101	Management Fee	1,495.97	1,495.97	0.00	0.0000	1,410.65
5100-0203	S/C Audit Fees	136.46	136.46	0.00	0.0000	136.46
5100-0309	Facilities Manager	869.14	869.14	0.00	0.0000	685.60
5100-0402	Health & Safety	0.00	272.92	-272.92	-100.0000	0.00
5300-0902	Security systems	182.47	272.92	-90.45	-33.1416	100.43
5300-1002	External Cleaning	64.82	1,364.60	-1,299.78	-95.2499	180.13
5400-1502	External Repairs and maintenance	0.00	682.30	-682.30	-100.0000	0.00
5400-1505	Car Park Maintenance	581.36	682.30	-100.94	-14.7941	208.11
5400-1506	External Maintenance	956.59	682.30	274.29	40.2008	2,085.01
5400-1531	Roof Maintenance	1,561.16	1,705.75	-144.59	-8.4766	4,025.57
	Schedule Total	5,847.97	8,164.66	-2,316.69	-28.3746	8,831.96
3	RESI (GROSS) 31.77%					
5100-0101	Management Fee	835.88	835.88	0.00	0.0000	788.21
5100-0203	S/C Audit Fees	76.25	76.25	0.00	0.0000	76.25
5100-0309	Facilities Manager	485.64	485.64	0.00	0.0000	383.08
5100-0402	Health & Safety	0.00	152.50	-152.50	-100.0000	0.00
5300-0902	Security systems	102.77	152.50	-49.73	-32.6098	57.32
5300-1002	External Cleaning	36.22	762.48	-726.26	-95.2497	100.65
5400-1502	External Repairs and maintenance	0.00	381.24	-381.24	-100.0000	0.00
5400-1505	Car Park Maintenance	324.83	381.24	-56.41	-14.7965	116.30
5400-1506	External Maintenance	534.52	381.24	153.28	40.2056	1,081.20
5400-1531	Roof Maintenance	978.84	953.10	25.74	2.7007	1,874.43
	Schedule Total	3,374.95	4,562.07	-1,187.12	-26.0215	4,477.44
	Total	12,470.64	19,456.32	-6,985.68	-35.9044	17,512.06

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Appendix C

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

SERVICE COSTS AUDIT STATEMENT

YEAR ENDED 28TH SEPTEMBER 2022

Haines Watts

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**10-15 Broad Street
Banbury
Certificate of Service Costs for the year ended 28th September 2022**

	2022	2021
100% Gross Residential:		
Decoration	-	-
Window Cleaning	300.00	-
Repairs - Internal	192.00	-
M&E Maintenance Contract	284.40	1,293.12
Security Equipment	281.73	180.31
Fire Prevention	360.00	990.30
Audit Fees	240.00	240.00
Management Fees	767.39	723.67
Facilities Management	822.20	775.31
	<u>3,247.72</u>	<u>4,202.66</u>
Commercial Nett (68.23%):		
Car Park Maintenance	646.18	208.11
Cleaning - External	-	180.13
Roof Maintenance	1,561.16	4,025.57
External Maintenance	956.59	2,085.01
Security Equipment	182.47	100.43
Audit Fees	136.46	136.46
Management Fees	1,495.97	1,410.65
Facilities Management	869.14	685.60
	<u>5,847.97</u>	<u>8,831.96</u>
Residential Gross (31.77%):		
Car Park Maintenance	361.05	116.30
Cleaning - External	-	100.65
Roof Maintenance	978.84	1,874.43
External Maintenance	534.52	1,081.20
Security Equipment	102.77	57.32
Audit Fees	76.25	76.25
Management Fees	835.88	788.21
Facilities Management	485.64	383.08
	<u>3,374.95</u>	<u>4,477.44</u>
Total expenditure	<u><u>12,470.64</u></u>	<u><u>17,512.06</u></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 28th September 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.

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