



137 Newhall Street

Birmingham

B3 1SW

Service Charge Expenditure Report

1st April 2022 to 31st March 2023



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Introduction

This report has been produced by Johnson Fellows on behalf of 137 Newhall Street (Management) Ltd. It is intended to provide details of the expenditure for the service charge period 1st April 2023 – 31st March 2023

The Property

The property is 137 Newhall Street, a multi-occupied office development refurbished in the late 1980's comprising twelve units over four floors providing a total of 21,166 sq ft of accommodation. The units are owned by individual long leaseholders, some of which are sublet.

The common parts include the main structure and external elements of the building, external car park with entrance gates and boundary walls. The internal communal areas include reception, stairs, corridors and passenger lift.

All occupiers have 24-hour access to the property.

Service Charge Objectives

The object of this report is to provide an 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.

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. We would also welcome constructive feedback on the communal services provided at the property.

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

Voids and Concessions

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

VAT

The Landlord has elected the property for VAT.

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 is implemented. This is to provide for future costs for maintaining the property.

Service Charge Apportionment

The apportionment basis has regard to the net internal floor areas. Each long leaseholder pays an amount calculated as a percentage of the floor space they are demised in relation to the total demised floor area of the property.

A Service Charge Apportionment is attached at Appendix A.

Management Team

Facilities Manager:

Chris Monteith
Johnson Fellows, Charter House, 163 Newhall Street, Birmingham, B3 1SW
Direct Dial: 0121 234 0409
Email: chris.monteith@johnsonfellows.co.uk

Chris Monteith is responsible for the repair and maintenance of the property and statutory compliance.

Management Surveyor:

Angela Lindop
Johnson Fellows, Charter House, 163 Newhall Street, Birmingham, B3 1SW
Direct Dial: 07919 949297
Angela.lindop@johnsonfellows.co.uk

Angela Lindop is responsible for the overall management of the property.



Commentary

All figures are shown net of VAT

- **Management Fee** **£4,000**

The agreed fee for managing the property and administration of the service charge. This is a fixed fee subject to annual review in line with the Retail Price Index.

- **S/C Audit Fee** **£2,671**

The actual expenditure for independent accountants' certification of the annual service charge accounts having regards to the RICS Service Charge Code of Practice by J W Hinks Accountants, and also the preparation and filing of both the confirmation and financial statements at Companies House by Trevor Jones Accountants.

- **Building Manager** **£23,516**

The expenditure related to the annual employment costs of the building manager/commissionaire for the property.

- **Facilities Management** **£3,000**

The agreed fee for organising and supervising the service charge contracts and managing regulation compliance. This is a fixed fee subject to annual review in line with the Retail Price Index.

- **Landlords Risk Assessments, Audits & Reviews** **£575**

The actual expenditure to carry out an up-to-date Fire Strategy document for the property.

- **Signage** **£227**

The actual cost to update the tenant directory board in reception.

- **Electricity** **£12,885**

The actual cost for the electricity used within the communal areas. This cost was over budget based on consumption and the energy contract.

- **Water and Sewage Charges** **£55**

The water supply to central plant, common parts and retained areas, excluding direct consumption by the occupiers.

- **Security Guarding** **£1,415**

The cost of securing the building during periods of annual leave for the Building Manager and the external key holding contract for out of hour responses to the fire alarm alerts.



Security Systems **£1,195**

The annual service of the security systems including the CCTV. This heading also accounts for the broadband contract to the property and the telephone lines required for the building and fire panel.

- **Internal Cleaning** **£8,098**

The expenditure related to the cleaning and consumables required for the common areas carried out by Premier Support Services. This cost increased due to contractor price increases.

- **Window Cleaning** **£960**

The expenditure incurred for cleaning of the external windows on a monthly basis.

- **Pest Control** **£320**

The actual expenditure related to servicing the bait boxes to prevent rodent activity.

- **Snow Clearance / Gritting** **£0**

There were no costs associated with this heading as the Building Manager completed the task with existing supplies of grit.

- **Refuse Collection** **£7,612**

The annual cost incurred of the removal of the occupier's general waste and mixed recycling from the premises by Biffa Waste Services. The cost was over budget due increases in the contract prices.

- **Drainage** **£825**

This cost provision is for the annual flush of the external drainage point and Aco drain.

- **Electrical Maintenance** **£11,439**

The cost of mechanical and electrical contract provided by Phosters and general M&E works. This cost was over budget as some of the lighting was upgraded and additional remedial works from the 5 yearly EICR report were also carried out.

- **Fire prevention and Detection.** **£993**

The expenditure related to firefighting equipment including the fire panel, extinguishers, reactive call outs and maintenance of the fire alarm signal.



- **Lift Maintenance Contract** **£497**

The costs associated with the service and maintenance contract of the passenger lift.

- **External Repairs & Maintenance** **£590**

The costs associated with removal of weeds and to clean the guttering.

- **Building Repair** **£5,654**

The costs associated with general building repair including items that were required including the roof, entrance door, internal downpipes and damp.

- **Building Insurance** **£8,083**

The annual premium cost for insuring the building.

- **Engineering Insurance** **£478**

The annual premium for the engineering insurance and safety inspections.

- **Reserve Fund** **£2,000**

The contribution amount that has been paid into the reserve fund for the service charge year.

Total

£97,088

A Lindop

[Signature]

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Management Surveyor

.....
Facilities Manager



Appendix A

137 Newhall Street Birmingham (p0000015)

Service Charge Unit Percentages

Recovery Group = sc

Reconciliation Period = 01/04/2022-31/03/2023

*Amounts in gbp

Unit	Tenant	Days	Schedule 1
UNIT_01	Mr AC & Mrs LN Tomkins	365.00	4.5800
UNIT_02	Fenice Media Limited	365.00	8.6900
UNIT_03	Fenice Media Limited	365.00	10.4700
UNIT_04	Phoenix Wealth Trustee Services Ltd	365.00	6.3300
UNIT_05	Phoenix Wealth Trustee Services Ltd	365.00	6.3300
UNIT_06	The Wilkes & Williams Group Individual SIPPS	365.00	11.8900
UNIT_07	RE Investments Ltd	365.00	5.3900
UNIT_08	Phoenix Wealth Trustee Services Ltd	365.00	6.9900
UNIT_09	The Trustees of the PP SSAS	365.00	10.9800
UNIT_10	Elias Topping	365.00	5.4800
UNIT_11	Citysites (Birmingham) Ltd	365.00	10.2600
UNIT_12	Citysites (Birmingham) Ltd	365.00	12.6100
	Total		100.0000



Appendix B

137 Newhall Street Birmingham (p0000015)					
Service Charge Budget Comparison					
Recovery Group = sc					
Reconciliation Period = 01/04/2022-31/03/2023					
*Amounts in gbp					
Code	Description	Actual (03/2023)	Budget (03/2023)	Variance (£)	%
1	Schedule 1				
5100-0101	Management Fee	4,000.00	4,000.00	0.00	0.0000
5100-0203	S/C Audit Fees	2,671.00	2,450.00	221.00	9.0204
5100-0308	Building Manager	23,516.00	25,326.00	-1,810.00	-7.1468
5100-0309	Facilities Manager	3,000.00	3,000.00	0.00	0.0000
5100-0401	Landlords risk assessments, audits & reviews	575.00	1,000.00	-425.00	-42.5000
5100-0408	Signage	227.00	500.00	-273.00	-54.6000
5200-0501	Electricity	12,885.00	9,500.00	3,385.00	35.6316
5200-0801	Water and sewage charges	55.00	50.00	5.00	10.0000
5300-0901	Security guarding	1,415.00	2,900.00	-1,485.00	-51.2069
5300-0902	Security systems	1,195.00	100.00	1,095.00	1,095.0000
5300-1001	Internal Cleaning	8,098.00	6,900.00	1,198.00	17.3623
5300-1003	Window cleaning	960.00	750.00	210.00	28.0000
5300-1007	Pest control	320.00	1,000.00	-680.00	-68.0000
5300-1010	Snow clearance / Gritting	0.00	250.00	-250.00	-100.0000
5300-1014	Refuse collection	7,612.00	5,300.00	2,312.00	43.6226
5300-1016	Drainage	825.00	1,000.00	-175.00	-17.5000
5400-1207	Electrical Maintenance	11,439.00	5,300.00	6,139.00	115.8302
5400-1211	Fire prevention/detection	993.00	1,200.00	-207.00	-17.2500
5400-1301	Lift maintenance contract	497.00	4,000.00	-3,503.00	-87.5750
5400-1502	External Repairs and maintenance	590.00	1,000.00	-410.00	-41.0000
5400-1530	Building Repair	5,654.00	5,000.00	654.00	13.0800
5600-1901	Building Insurance	8,083.00	10,100.00	-2,017.00	-19.9703
5600-1902	Engineering Insurance	478.00	0.00	478.00	0.0000
5700-2202	Reserve fund	2,000.00	2,000.00	0.00	0.0000
	Schedule Total	97,088.00	92,626.00	4,462.00	4.8172
Adjustments	Actual Budget YE 2023		92,626.00		
	Budget Demanded YE 2023		91,395.00		
	End of Year Budget Income Shortfall			1231.00	
	Budget overspend			4,462.00	
	Total Balancing Charge			5693.00	

Appendix C

SERVICE CHARGE STATEMENT OF ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2023

FOR

137 NEWHALL STREET (MANAGEMENT) LIMITED

137 NEWHALL STREET

jwHinks
CHARTERED ACCOUNTANTS

19 Highfield Road

Edgbaston

Birmingham

B15 3BH

137 NEWHALL STREET (MANAGEMENT) LIMITED
137 NEWHALL STREET

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FOR THE YEAR ENDED 31 MARCH 2023

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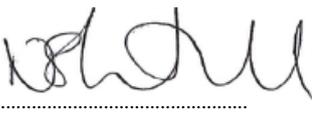
137 NEWHALL STREET (MANAGEMENT) LIMITED
137 NEWHALL STREET

CLIENT APPROVAL CERTIFICATE
FOR THE YEAR ENDED 31 MARCH 2023

This report has been produced for Johnson Fellows on behalf of 137 Newhall Street (Management) Limited, the landlord of 137 Newhall Street, and relates to the reconciled service charge for the year ended 31 March 2023. This report has been produced having regards 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.

The report is intended to provide further explanation as to actual service charge costs incurred against the budget issued to tenants.

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 7 records the true cost to the landlord of providing the service to the property for the year ended 31 March 2023, in accordance with the terms of the lease and, where practicable, the current edition of RICS Professional Statement, Service Charges in Commercial Property.


Signed

Neil Wetherell
Position: Partner

For and on behalf of Johnson Fellows

Date 11 April 2024

**INDEPENDENT ACCOUNTANTS' REVIEW REPORT
FOR THE YEAR ENDED 31 MARCH 2023**

We have reviewed the statement of service charge expenditure for the above property and notes for the year ended 31 March 2023, set out on pages 3 to 7. The statement of service charge expenditure has been prepared by the Manager in accordance with guidance issued by the current edition of 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 account 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 occupiers.

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.

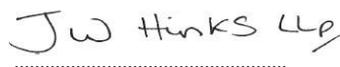
Conclusion

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.


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Date: 18 April 2024

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

137 NEWHALL STREET (MANAGEMENT) LIMITED
137 NEWHALL STREET

INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2023

	2023		BUDGET	2022	
	£	£	£	£	£
INCOME					
Service charges	91,395			87,700	
		91,395			87,700
ADMINISTRATION					
Management fees	4,000		4,000	7,525	
Service charge accounting fees	2,671		2,450	2,538	
Building manager	23,516		25,326	22,471	
Facilities manager	3,000		3,000	750	
Landlords risk assessment	575		1,000	-	
UTILITIES					
Electricity	12,885		9,500	6,270	
Water and sewerage charges	55		50	49	
SOFT SERVICES					
Security guarding	1,415		2,900	750	
Security systems	1,195		100	423	
Cleaning	8,098		6,900	7,416	
Window cleaning	960		750	1,040	
Waste management	7,612		5,300	6,558	
Pest control	320		1,000	341	
Gritting	-		250	-	
Signage	227		500	403	
HARD SERVICES					
Car parking M & E maintenance and repairs	-			190	
Electrical maintenance	11,439		5,300	60	
Lift maintenance and repairs	497		4,000	5,808	
External repairs	590		1,000	-	
Building repairs	5,654		5,000	285	
Fire prevention	993		1,200	1,239	
Drains and gutters	825		1,000	187	
INCOME					
Interest	-		-	(1)	
Other income	-		-	(4,000)	
INSURANCE					
Engineering insurance	478		-	513	
Building insurance	8,083		10,100	8,767	
RESERVE FUND					
Reserve fund	2,000		2,000	18,086	
		97,088	92,626		87,668
Surplus/(deficit) for the year		(5,693)			32

BALANCING STATEMENT AS AT 31 MARCH 2023

	2023	2022
	£	£
ASSETS		
Service charges owed by tenants	10,162	10,063
Deficit for the year	5,693	-
Other debtors	4,109	-
Prepayments	8,102	5,867
Cash at bank	149,916	159,458
	<u>177,982</u>	<u>175,388</u>
LIABILITIES		
Service charge in advance	23,156	21,925
Trade creditors	-	1,884
Surplus for the year	-	32
VAT balance	1,110	2,351
Accruals	9,028	6,508
	<u>33,294</u>	<u>32,700</u>
NET ASSETS	<u><u>144,688</u></u>	<u><u>142,688</u></u>
Represented By:		
Reserve Fund		
Balance at 31 March 2022	142,688	124,591
Interest	-	11
Reserve fund transfer for the year	2,000	18,086
Balance at 31 March 2023	<u><u>144,688</u></u>	<u><u>142,688</u></u>

APPORTIONMENT SUMMARY
FOR THE YEAR ENDED 31 MARCH 2023

Unit	Expenditure for the year £	Amounts invoiced on account £	Balance due from/(to) tenants £
1	4,447	4,186	261
2	8,437	7,943	494
3	10,165	9,569	596
4	6,146	5,786	360
5	6,146	5,786	360
6	11,544	10,867	677
7	5,233	4,925	308
8	6,786	6,389	397
9	10,660	10,034	626
10	5,320	5,009	311
11	9,961	9,376	585
12	12,243	11,525	718
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	97,088	91,395	5,693
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NOTES TO THE SERVICE CHARGE STATEMENT OF ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2023

1. ACCOUNTING POLICIES

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

2. VAT

The landlord has elected to waive the exemption from VAT. Therefore, all service charge expenditure is shown exclusive of VAT. VAT will be charged at the appropriate rate on all service charge payments demanded/invoiced by the landlord.

3. CASH AT BANK

The balance is held in a Managing Agent designated Client Account with Barclays Bank Plc.

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
£	£	£
4,000	4,000	-

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.

	£
Service charge accounting fees	2,525
Electricity	1,756
Staff costs	201
Cleaning	3,945
Lift maintenance and repairs	466
Fire prevention	67
Building insurance	19
Security guarding	38
Interest on late payment	11
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	9,028
	<hr/> <hr/>

7. PREPAYMENTS AND SECURITY DEPOSITS

These are expenses for goods and services invoices during this accounting period that relates to a future accounting period (full or part year) or for a deposit that will be repaid when contract has ended. Therefore, the amounts below have been adjusted and will appear in the next accounting period as applicable.

	£
Water and sewerage charges	95
Waste management	2,011
Security guarding	350
Fire prevention	459
Pest control	170
Building insurance	4,695
Engineering insurance	228
Security systems	94
	<hr/>
	8,102
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NOTES TO THE SERVICE CHARGE STATEMENT OF ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2023

8. 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.

9. CONTRACTS

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

Contractor	Services	Annual contract Value	Start date	Length of contract
Phosters	Facilities management	£5,298	August 15	Ongoing
Phosters	Lift maintenance	£500	August 15	Ongoing
Betapest	Pest control	£360	December 20	12 months
Biffa	Trade waste services	£6,300	December 18	Ongoing
Premier Support Services	Cleaning	£7,263	January 16	Ongoing
Arrow Cleaning	Window cleaning	£960	August 15	Ongoing
Justice Fire and Security	Fire alarm maintenance	£459	March 16	12 months
Password Security	Security systems maintenance	£250	November 19	12 months
Engie Power Limited	Electricity			
British Telecom	Phone services			
Kings Security Systems	Annual keyholding			



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is available at the above address

Registered to carry on audit work

in the UK and Ireland

and regulated for a range of

investment business activities

by the Institute of Chartered

Accountants in England and Wales