Monarch Drive & Martley Road

Henwick Park

Worcester

WR2 6EU

Service Charge Expenditure Report

24th June 2023 to 23rd June 2024

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Introduction

This report has been produced by Johnson Fellows on behalf of the Landlord, Robin N Johnson. It is intended to provide details of the expenditure incurred during the service charge year 24th June 2023 to 23rd June 2024.

The service charge is administered having regard to RICS Professional Statement; Service Charges in Commercial Property; 1st Edition.

The Property

The property is located at the junction of Monarch Drive and Martley Road. It is situated approximately 2 miles to the west of Worcester City Centre. The premises consist of a parade of ground floor retail units, with residential flats above. There is a customer car park to the front of the property and a private service road providing vehicular access to the rear. Communal staircases lead to a walkway terrace, which provides access to the residential flats.

The new units of 28a, 28b & 38a Martley Road are held under a separate company name of Litein Estates. The service charge will continue to be operated on behalf of Robin N Johnson as the owner of all remaining units and the communal areas. Any costs associated with the physical structures of units 28a, 28b & 38a will be excluded from the service charge.

Service Charge Objectives

The objective of this report is to provide a clear explanation for the recovery of the service charge expenditure on a not for profit/not for loss basis. It is also to promote clarity and transparency.

Should any occupier have comments on the format, or the information contained in this report which would assist in the report being improved for the benefit of all concerned, these comments would be welcomed. We would also welcome constructive feedback on the communal services provided at the property.

Voids and Concessions

Where any void units exist, the responsibility for the payment of the service charge rests with the Landlord. The Landlord is also responsible for the payment of the service charge in respect of the residential flats that are let on an Assured Shorthold Tenancy basis.

VAT

The property is not elected for VAT. Therefore, all expenditure stated within the report is gross of VAT.

Banking

Due to the general level of service charge funds, we do not maintain a discrete bank account for the service charge at this property. The funds are held within the Johnson Fellows Client Account, which is maintained by Barclays Bank plc. As a consequence, the service charge is not credited with any interest, nor are any bank charges allocated to the service charge.

Interest charged on the late payment of service charge by tenants is to be credited to the service charge.

There is no sinking fund or reserve fund.

Service Charge Apportionment

Two separate service charge schedules are adopted, following the construction of the units 28a, 28b & 38a Martley Road that are held under a separate company name. Whilst all units contribute towards the external communal areas, the physical structure of the new units will be excluded from the service charge. Any costs relating to these units will be dealt with separately between the owner and the relevant tenant.

Schedule 1: All Units

Schedule 2: All Units excluding 28a, 28b & 38a Martley Road

The apportionments are based on the gross internal floor area for each unit. Costs that are shared between the schedules such as the Management Fee are apportioned 85%/15% based on the level of other expenditure within the schedule.

An Apportionment Schedule is attached at Appendix A.

Management Team

Facilities Manager:

Chris Monteith
Johnson Fellows, Charter House, 163 Newhall Street, Birmingham, B3 1SW
Mobile: 07786 072 755

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
Mobile: 07919 949297
Email: angela.lindop@johnsonfellows.co.uk

Angela Lindop 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.

Expenditure Commentary

SCHEDULE 1

All figures are shown gross of VAT

- **Management Fee** **£3,435.68**

This figure represents the costs incurred for the preparation and management of the service charge budget and the general management of the communal areas of the property for the 12-month period. This is a fixed fee increased annually in line with the Retail Price Index (RPI) It is split between both schedules on an 85%/15% basis.

- **Audit Fees** **£255.00**

The cost is for the service charge expenditure for the year to be certified by an independent accountant. The total cost of £255.00 is shared across both schedules on an 85%/15% basis.

- **Facilities Management Fee** **£652.80**

The actual cost of Facilities Management, the running of the contracts and compliance. This is a fixed fee split between both schedules on an 89%/15% basis.

- **Health & Safety** **£918.00**

The actual cost of any required health and safety reports or reviews that are required during the service charge year. A general health and safety and fire risk assessment were carried out in this service charge year.

- **Electrical Supply** **£304.60**

The expenditure relates to the cost of actual electricity consumption to the communal areas. This cost was under budget in this service charge year.

- **Cleaning** **£5,460.00**

The expenditure relates to the contract for the cleaning and maintaining of the communal areas. The expenditure was marginally under budget in this service charge year.

- **Landscaping** **£874.80**

The actual expenditure of the general upkeep of the landscaped communal areas of the property, including weeding and the cutting back of plant material in the growing season. This cost was on budget for the service charge year.

- **Gritting** **£1,156.18**

The actual cost of reactive winter gritting contract during the winter months. The expenditure was marginally above budget due to the weather conditions and the number of winter visits required.

- **External Maintenance** **£0**

The cost heading allowed for reactive repairs to the external communal areas. There was no expenditure incurred in this service charge year.

- **Electrical Repair** **£0**

The budget provides for reactive electrical repairs. There was no expenditure incurred during this service charge year.

Total

Schedule 1 £13,057.06

SCHEDULE 2

All figures are shown gross of VAT

- **Management Fee** **£606.28**

The figure represents the costs incurred for the preparation and management of the service charge budget and the general management of the communal areas of the property for the 12-month period. The fixed fee is split between both schedules on an 85%/15% basis.

- **Audit Fees** **£45.00**

The cost for the service charge expenditure for the year to be certified by an independent accountant as recommended by the RICS. The total cost of £300.00 is shared across both schedules on an 85%/15% basis.

- **Facilities Management Fee** **£115.20**

The actual cost of facilities management for the running of the contracts. The fixed fee is split between both schedules on an 85%/15% basis.

- **Building Repair** **£4,405.30**

The budget allowed a contingency sum for any repairs to the main structure of the original units. The expenditure incurred during the year included repairs to the main roof and balcony, and attendance to reported damp.

Total

Schedule 2 £5,171.78

Expenditure Approval





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Facilities Manager Surveyor

Appendix A

Monarch Drive & Martley Road, Henwick Park, Worcester, WR2 6EU

Service Charge Apportionment Schedule

24th June 2023 to 23rd June 2024

Unit	Schedule	Percentage
20 Martley Rd	1	12.75%
22 Martley Rd	1	9.23%
24-28 Martley Rd	1	21.00%
28a Martley Rd	1	7.78%
28b Martley Rd	1	5.05%
138 Monarch Dr	1	9.14%
140 Monarch Dr	1	9.14%
142 Monarch Dr	1	9.13%
Flat 34	1	3.75%
Flat 36	1	3.75%
Flat 38	1	3.82%
Flat 38a	1	5.46%
	1 Total	**100.00%**
20 Martley Rd	2	15.60%
22 Martley Rd	2	11.30%
24-28 Martley Rd	2	25.70%
138 Monarch Dr	2	11.20%
140 Monarch Dr	2	11.20%
142 Monarch Dr	2	11.10%
Flat 34	2	4.60%
Flat 36	2	4.60%
Flat 38	2	4.70%
	2 Total	**100.00%**

Appendix B

Henwick Park Martley Road Worcester (00557)

Service Charge Budget Comparison

Reconciliation Period = 24/06/2023-23/06/2024

*Amounts in gbp

Code	Description	Actual (06/2024)	Budget (06/2024)	Variance	%
1	**Common Parts**				
5100-0101	Management Fee	3,435.68	3,435.70	-0.02	-0.0006
5100-0203	S/C Audit Fees	255.00	267.00	-12.00	-4.4944
5100-0309	Facilities Manager	652.80	652.80	0.00	0.0000
5100-0402	Health & Safety	918.00	500.00	418.00	83.6000
5200-0501	Electricity	304.60	650.00	-345.40	-53.1385
5300-1001	Internal Cleaning	0.00	0.00	0.00	
5300-1002	External Cleaning	5,460.00	5,500.00	-40.00	-0.7273
5300-1009	External Landscaping	874.80	875.00	-0.20	-0.0229
5300-1010	Snow clearance / Gritting	1,156.18	1,000.00	156.18	15.6180
5400-1502	External Repairs and maintenance	0.00	3,000.00	-3,000.00	-100.0000
5400-1506	External Maintenance	0.00	0.00	0.00	
5400-1530	Building Repair	0.00	0.00	0.00	
5400-1535	Electrical Repair	0.00	2,500.00	-2,500.00	-100.0000
5500-1601	Interest	0.00	0.00	0.00	
	Schedule Total	**13,057.06**	**18,380.50**	**-5,323.44**	**-28.9624**
2	**Building Repairs**				
5100-0101	Management Fee	606.28	606.30	-0.02	-0.0033
5100-0203	S/C Audit Fees	45.00	33.00	12.00	36.3636
5100-0309	Facilities Manager	115.20	115.20	0.00	0.0000
5300-1010	Snow clearance / Gritting	0.00	0.00	0.00	
5400-1530	Building Repair	4,405.30	2,500.00	1,905.30	76.2120
	Schedule Total	**5,171.78**	**3,254.50**	**1,917.28**	**58.9117**
	Total	**18,228.84**	**21,635.00**	**-3,406.16**	**-15.7437**

R N JOHNSON

HENWICK PARK
MARTLEY ROAD, WORCESTER

INDEPENDENT REVIEW

YEAR ENDED 23RD JUNE 2024

Henwick Park
Martley Road, Worcester
Certificate of Service Costs for the year ended 23rd June 2024

	2024	2023
Common Parts		
Cleaning	5,460.00	5,265.00
Electrical repair	-	3,260.08
Landscape	874.80	874.80
Gritting	1,156.18	1,888.53
External Maintenance	-	2,700.06
Electrical supply	304.60	392.87
Audit fees	255.00	255.00
Management fees	3,435.68	3,168.96
Facilities Management	652.80	602.96
Health & Safety	918.00	-
	13,057.06	18,408.26
Building Repairs		
Building Repairs	4,405.30	3,653.16
Audit Fees	45.00	45.00
Management Fees	606.28	391.96
Facilities Management	115.20	73.96
	5,171.78	4,164.08
Total expenditure	**18,228.84**	**22,572.34**

No reserve fund is held for this property

Independent Accountant's Review Report

To the Manager, Henwick Park

We have reviewed the statement of service charge expenditure for the above property for the year ended 23 June 2024. 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.

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