



JOHNSON FELLOWS
CHARTERED SURVEYORS

Stockwell Gate

Mansfield

NG18 1LG

Service Charge Expenditure Report

1st May 2016 to 30th April 2017



Contents

Introduction
The Property
Voids and Concessions
VAT
Banking
Reserve Fund
Service Charge Objectives
Management Team
Service Charge Apportionment
Expenditure Commentary

Appendices

- A. Service Charge Apportionment Schedule
- B. Service Charge Variance Schedule
- C. Service Costs Audit Statement

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





Introduction

The service charge expenditure report is intended to provide details of the expenditure incurred for the service charge year ending 30th April 2017.

The Property

The subject property is situated within Mansfield town centre, adjacent to the bus station which has now been converted to a surface car park.

The property comprises of the bus station terminal building and concourse, a multi storey car park on the upper floors and three retail units fronting Stockwell Gate. There is a service yard to the retail units accessed from Walkden Street at the rear of the building.

The multi storey car park and bus station terminal building and concourse are held on a single lease by Mansfield District Council which is self-contained and is not relevant to the normal service charge expenditure. The lease held by Mansfield District Council does however provide for them to pay a fair and proper proportion of the expense of cleaning, lighting, repairing, making, maintaining and rebuilding part or parts of the property or other buildings including all structural walls, fences, gutters, drains, roadways, pavements, entrance ways, stairs and passages, access ways, ramps and service areas used by the Council as tenant in common with other parties.

The main external communal area for the retail units (not communal with Mansfield District Council) is the loading bay/service yard accessed from Walkden Street. All retail units have use of this service yard.

The internal communal areas comprise of the loading area, corridors, stairs and lifts serving the service yard and the rear access to the retail units.

The common parts also include the main structure and external doors and windows together with amenities for common benefit.

Voids and Concessions

For this service charge year, all retail units were let.

Any shortfalls in the recovery of the service charge expenditure as a result of voids or concessions are funded by the Landlord.

VAT

The Landlord has elected the property for VAT; consequently the expenditure is stated net of 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 operates in order to accumulate funds to undertake substantial long term repairs to the property.

These funds are held in a discrete bank account with interest credited to it, however the current interest rate for this bank account is 0% and therefore no interest has been applied this financial year. Any banking costs will be paid from the service charge together with any tax on the interest earned.

The balance of the Reserve Fund is set out in the Service Charge Audit Statement in Appendix C.

Service Charge Objectives

The service charge expenditure report is aimed at providing a clear explanation of the expenditure incurred and is to promote clarity and transparency. Should any occupier have comments on the format or the information contained in this report that would assist with the report being improved for the benefit of all concerned, these comments would be welcome. We would also welcome constructive feedback on the communal services provided at the property.

The objective of Johnson Fellows as Managing Agents is to provide a high quality management service. In doing so, we aim to provide a well maintained business environment, delivering value for money for the service charge expenditure.

The service charge year end accounts and this report have been prepared having regard to the RICS Practice Standards; Service Charges in Commercial Property, Code of Practice.



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:

George Brittain

Johnson Fellows, Charter House, 163 Newhall Street, Birmingham, B3 1SW

Direct Dial: 0121 234 0454

Mobile: 07884 352 576

Email: george.brittain@johnsonfellows.co.uk

George Brittain 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.



Service Charge Apportionment

The service charge provisions are set out in various lease documents.

The due proportion is based primarily on the gross internal area of each lettable retail unit relative to the total internal area of all retail units.

If such apportionment is inappropriate, the Landlord has reasonable discretion to adopt such other due proportion as is fair and reasonable. This may include attributing the whole expenditure to a particular occupier.

The percentages adopted are those having regard to the gross internal area of the retail units. The service charge percentage apportionments are detailed in Appendix A.

Any expenditure incurred which is to be shared between the retail units and the car park/bus terminal building will be apportioned having regards to the nature of the expenditure. During the year such expenditure was incurred, as detailed below. This expenditure was split between the Council and the service charge for the retail units having regard to GIA. Details are included in Appendix A



Expenditure Commentary

SCHEDULE 1

All figures are shown net of VAT

- **Cleaning** **£800.00**

This was the cost of deep cleaning the service yard and ground maintenance.

- **Building Repair** **£7,578.00**

General repairs to the building structure including areas where the roof was being affected by water ingress. Roller shutter doors installed to replace the old scissor gates to restrict homeless and bird activity to the rear of the property.

- **Electrical Repair** **£0**

No electrical repair works were required this year.

- **Electrical Supply** **£4,010.45**

This is the actual supply cost of the single electrical supply to the common areas. This cost was higher than budgeted for.

- **Lift Maintenance** **£6290.25**

The expenditure here reflects both the contracted maintenance visits and the various additional visits undertaken by Morris Vermaport to continuing breakdowns of the lifts.

- **Fire Prevention** **£1999.82**

This represents the contracted costs for weekly fire alarm testing by Metro Safety.

- **Reserve Fund** **£2,000.00**

This is to build up funds for a new lift control panel that is coming to the end of its life expectancy. This spreads the cost of this expensive component over a few years.

- **Statutory Compliance** **£120.00**

This represents the cost of the emergency light test carried out.

- **Insurance** **£550.00**

This is the premium for engineering insurance for lifts together with the cost of the engineering inspection for the service charge year.



- **Audit Fees** **£325.00**

This figure represents the fee for the annual service charge accounts to be certified by an independent accountant in order to promote transparency and verify accuracy.

- **Management Fees** **£2,370.00**

The fees charged for managing the property and administering the service charge.

Total

Schedule 1 **£26,043.52**

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Management Surveyor

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Facilities Manager

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Dated 4th August 2017

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Dated 4th August 2017



Appendix A

Stockwell Gate, Mansfield NG18 1LG

Service Charge Apportionment Schedule

1st May 2016 to 30th April 2017

Unit	Schedule	Area (sq ft)	Percentage
1	1	25,325	47.85%
2	1	14,220	26.87%
3	1	13,380	25.28%
Total		52,925	100.00%



Appendix B

Stockwell Gate, Mansfield NG18 1LG

Service Charge Variance Schedule

1st May 2016 to 30th April 2017

The property is VAT registered. Figures shown net of VAT.

Service Charge Item	Schedule	Budget 2016/2017	Actual 2016/2017	Budget v Actual Variance %	Budget v Actual Variance £
Cleaning	1	£ 800.00	£ 800.00	0.00%	£ -
Building Repair	1	£ 7,500.00	£ 7,578.00	1.04%	£ 78.00
Electrical Maintenance	1	£ 500.00	£ -	-100.00%	-£ 500.00
Electricity Supply	1	£ 3,000.00	£ 4,010.45	33.68%	£ 1,010.45
Lift Maintenance	1	£ 5,000.00	£ 6,290.25	25.81%	£ 1,290.25
Fire Prevention	1	£ 3,500.00	£ 1,999.82	-42.86%	-£ 1,500.18
Statutory Compliance	1	£ 500.00	£ 120.00	-76.00%	-£ 380.00
Reserve Fund	1	£ 2,000.00	£ 2,000.00	0.00%	£ -
Insurance	1	£ 550.00	£ 550.00	0.00%	£ -
Audit Fees	1	£ 350.00	£ 325.00	-7.14%	-£ 25.00
Management Fees	1	£ 2,370.00	£ 2,370.00	0.00%	£ -
Total		£ 26,070.00	£ 26,043.52	-0.10%	-£ 26.48



Appendix C

TESCO STORES LIMITED

**STOCKWELL GATE
MANSFIELD**

SERVICE COSTS AUDIT STATEMENT

YEAR ENDED 30TH APRIL 2017





**Stockwell Gate
Mansfield
Certificate of Service Costs for the year ended 30th April 2017**

	2017	2016
Schedule 1		
Cleaning	800.00	434.00
Building repair	7,578.00	7,410.00
Electrical repair	0.00	1,540.80
Electricity supply	4,010.45	3,688.71
Lift maintenance	6,290.25	2,487.75
Fire prevention	1,999.82	2,600.05
Reserve Fund	2,000.00	2,000.00
Statutory compliance	120.00	0.00
Insurance	550.00	550.00
Audit fees	325.00	325.00
Management fees	2,370.00	2,340.06
Total expenditure	<u>26,043.52</u>	<u>23,376.37</u>

Reserve Fund

Balance brought forward 1st May 2016	2,000.00
Interest earned	0.00
Reserved in year	2,000.00
Balance carried forward 30th April 2017	<u>4,000.00</u>

In our opinion the above is a fair summary of the costs incurred by or on behalf of Tesco Stores Limited in connection with the matters for which the service charge is payable and is sufficiently supported by accounts, receipts and other documents which have been produced to us.

Haines Watts

Haines Watts Chartered Accountants