



Service Charge Expenditure Report

Service Charge Year

1st May 2013 to
30th April 2014

for

Stockwell Gate
Mansfield
Nottinghamshire
NG18 1LG

Prepared by Johnson Fellows LLP
Charter House
163 Newhall Street
Birmingham
B3 1SW

on behalf of
Tesco Stores Limited



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1. Photograph





2. Introduction

This is the Service Charge Expenditure Report produced by Johnson Fellows on behalf of the Landlord, Tesco Stores Limited. It is for the year ending 30th April 2014.

3. The Property

The 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.

4. Voids & Concessions

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

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

5. VAT

The Landlord has elected the property for VAT; consequently the budget stated within this report is net of VAT.

6. Banking

Due to the level of service charge funds, they are not maintained within a discreet bank account. The funds are held within the Johnson Fellows client 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.



There is no reserve fund.

7. Service Charge Objectives

It is the objective of Johnson Fellows to issue service charge budgets at least one month prior to the start of the service charge year with the service charge year end accounts being completed within four months of the year end.

The object of this report is to provide a clear explanation of the service charge expenditure on a not full profit/not for loss basis. It is also to promote clarity and transparency and to assist the tenants to budget accurately for the service charge.

Should any occupier have any comments on the format or the information contained within this report which would assist in the report being improved for the benefit of all concerned, these comments would be appreciated. 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 environment delivering value for money for the service charge expenditure.

The service charge is administered having regard to the Service Charges in Commercial Property; RICS Code of Practice.

8. Management Team

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9. 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



10. Expenditure Commentary

The service charge expenditure is detailed in Appendix B where it is compared to the budget for the year ending 2014.

Cleaning

Expenditure - £328

Budget - £2,000

A contingency sum was included for any cleaning required to the internal communal areas and keeping clear the service yard. Occupiers were requested during the year to tidy up their own waste resulting in the only expenditure being incurred being the supply of a grit bin and rock salt.

Building Repair

Expenditure - £6,675

Budget - £10,000

As anticipated, repairs were undertaken to the building structure where it was being effected by water ingress. This cost was split with the tenant of the Car Park/Bus Station. Other notable expenditure was incurred with a repair to a section of the roof and the roller shutter serving the rear fire escape. There were other minor repairs undertaken.

Electrical Repair

Expenditure - £0

Budget - £250

No repairs were required to the communal electrical fittings.

Electricity Supply

Expenditure - £2,387

Budget - £2,000

This is the first full year of having a single electrical supply for the common areas. The expenditure reflects the actual supply cost. The cost was above budget.

Lift Maintenance

Expenditure - £2,268

Budget - £4,000

The expenditure includes the maintenance contract for both lifts. There were fewer repairs than anticipated during the year.

Fire Prevention

Expenditure – £1,515



Budget - £3,000

The budget includes maintenance of the fire alarm and periodic testing and the six monthly evacuation drill. The expenditure was below the budget as the maintenance contract ceased during the year. A new maintenance contract has subsequently been put in place.

Statutory Compliance

Expenditure - £0

Budget - £0

No audits were planned or undertaken during the year.

Insurance

Expenditure - £463

Budget - £900

This is the engineering insurance for the two lifts, including the cost of the annual statutory audit.

Audit Fees

Expenditure - £325

Budget - £350

Fees for the service charge year end accounts being certified by external accountants.

Management Fees

Expenditure - £2,250

Budget - £2,250

The management fees for supervising the communal areas together and the administration of the service charge.

Total

Expenditure - £16,213

Budget - £24,750

The expenditure was below budget.



Appendix A

STOCKWELL GATE MANSFIELD			
Service Charge Apportionment Percentages			
01 May 2013		to	30 April 2014
Unit	Tenant	GIA (Sq Ft)	Schedule 1 All Tenants
1	B&M Retail Ltd	25,325	47.85%
2	Pounstretcher	14,220	26.87%
3	BHF	13,380	25.28%
Total		52,925	100.00%

STOCKWELL GATE MANSFIELD			
Service Charge Apportionment Percentages (Whole Building)			
01 May 2013		to	30 April 2014
Unit	Tenant	Area (Sq Ft)	Schedule 1 All Tenants
Retail Units & common areas	Various	53,427	26.5%
Car Park & Bus Terminal Bld	Mansfield Council	148,129	73.5%
Total		201,556	100.0%



Appendix B

STOCKWELL GATE MANSFIELD							
Service Charge Expenditure Variance Report							
01 May 2013 to 30 April 2014							
The property is VAT registered, all figures shown net of VAT							
Service Charge Item	Schedule	Actual 2012/2013	Budget 2013/2014	Actual 2013/2014	Actual 2013/2014 v	Actual 2012/2013 v	
					Budget 2013/2014	Budget 2013/2014	(£)
					(%)		
Cleaning	1	£ 1,503	£ 2,000	£ 328	-83.6%	-£	1,672
Building Repair	1	£ 5,642	£ 10,000	£ 6,675	-33.3%	-£	3,325
Electrical Repair	1	£ -	£ 250	£ -	-100.0%	-£	250
Service Yard Maintenance	1	£ -	£ -	£ -	N/A	£	-
Electricity Supply	1	£ 1,743	£ 2,000	£ 2,387	19.4%	£	387
Lift Maintenance	1	£ 3,352	£ 4,000	£ 2,268	-43.3%	-£	1,732
Security Equipment	1	£ -	£ -	£ -	N/A	£	-
Sprinklers	1	£ -	£ -	£ -	N/A	£	-
Fire Prevention	1	£ 2,107	£ 3,000	£ 1,515	-49.5%	-£	1,485
Statutory Compliance	1	£ 400	£ -	£ -	N/A	£	-
Insurance	1	£ 441	£ 900	£ 463	-48.6%	-£	437
Audit Fees	1	£ 200	£ 350	£ 325	-7.1%	-£	25
Management Fees	1	£ 1,036	£ 2,250	£ 2,250	0.0%	£	-
Grand Total		£ 16,425	£ 24,750	£ 16,213	-34.5%	-£	8,539



Appendix C



TESCO STORES LIMITED
STOCKWELL GATE
MANSFIELD

SERVICE COSTS AUDIT STATEMENT

YEAR ENDED 30TH APRIL 2014



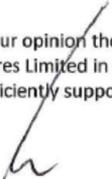


**Stockwell Gate
Mansfield
Certificate of Service Costs for the year ended 30th April 2014**

	2014	2013
Schedule 1		
Cleaning	328.81	1,503.00
Building repair	6,675.29	5,642.55
Electricity supply	2,387.09	1,743.16
Lift maintenance	2,268.34	3,352.45
Fire prevention	1,515.74	2,107.20
Statutory compliance	0.00	400.00
Insurance	463.68	441.60
Audit fees	325.00	200.00
Management fees	2,250.00	1,036.00
Total expenditure	<u>16,213.95</u>	<u>16,425.96</u>

No reserve fund is held for this property

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 Chartered Accountants