



JOHNSON FELLOWS
CHARTERED SURVEYORS

73 Turnberry Road,

Bloxwich

Walsall

West Midlands, WS3 3UA

Service Charge Expenditure Report

29th September 2019 to

28th September 2020



Contents

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

Appendices

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



Introduction

The service charge report is intended to provide details of the expenditure for the service charge year.

A service charge is required due to there being communal structures, services and areas.

The Property

The property comprises of a single-storey building in multiple occupation, split into a convenience store and two retail units. To the front is a pedestrian area and a car park and to the rear is a service yard.

Situated immediately adjacent to the property is a detached building split into three units, all trading as hot food take-away businesses which share part of the rear service yard with the Property. On the opposite side of the car park is the One Man and his Dog public house. All premises have use of an area of the car park.

The common parts serving the whole property include the main structure and the external elements (but not the shop frontages), part of the car park and service yard, soft landscaped areas and the boundary walls/fences. The only communal system is the external lighting.

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 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.

Reserve Fund

A reserve fund has not been established.

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 service charge.



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 aim 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 RICS professional statement, Service Charges in Commercial Property, 1st Edition.

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:

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 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 operates for the whole property as defined in the lease documents. The apportionment percentages for each lessee are noted within the Service Charge Apportionment in Appendix A.



Commentary

SCHEDULE 1 – General

All figures are shown net of VAT

- **Cleaning** **£260**

A contract has been placed with Garden & Cleaning Services for the litter pick of the communal areas at an annual cost of £1,040. This commenced in August.

- **Building Repair** **£800**

Funds totalling £3,600 were accrued from the service charge year ending 2019.

The works completed this year included the cleaning of the canopy, external decorations and the repair of damaged guttering and fascia. Subsequently we have identified that not all the decorations were completed, so the contractor has provided a credit of £541 which will be used to complete the external decorations during 2021.

In addition, funds totalling £2,000 have been accrued to complete the repairs during 2021 to the car park surface and drains.

- **Drain Maintenance** **£0**

The cost of repairing a section of the surface water drain in the car park has been included under the Repairs – External budget heading.

- **Electrical Repairs** **£1,936**

A repair was completed to a damaged lamp post. In addition, an accrual has been made of £1,000 so LED light fitting can be installed in 2021.

- **Landscape - External** **£240**

There were two visits to site during the year to tidy the soft landscaped areas of the property.

- **Repairs – External** **£1,825**

A section of the surface water drainage channel in the car park was repaired during the year. We have then accrued £500 towards the cost of completing these repairs in 2021.

- **Gritting** **£768**

The cost of gritting of the car park, service yard and pedestrian walkways during the winter.

- **Electric Supply** **£250**

A contribution towards the electric supply for the communal lighting sourced from the Coop trading store.



- **Statutory Compliance** **£500**

A Health & Safety audit of the communal areas of the property was undertaken No audits were undertaken at the property.

- **Audit Fee** **£350**

The service charge code provides for the service charge accounts to be certified by an independent accountant on an annual basis.

- **Management Fee** **£783**

This is the fee to manage the property and administer the service charge which is indexed linked annually to RPI.

- **Facilities Management** **£527**

The figure is a contribution to the facilities managers costs to administer the maintenance contracts and organise the repair and maintenance of the common parts. It is a fixed fee indexed linked annually to RPI.

Total

Schedule 1 **£8,239**

The expenditure was 5% (£468) below budget.

Please note the expenditure is net of VAT at 20%.

.....
Management Surveyor

Dated 15th January 2021

.....
Facilities Manager

Dated 15th January 2021



Appendix A

73 Turnberry Road, Bloxwich, Walsall, WS3 3UA (02129)

Service Charge Apportionment Schedule

29th September 2019 to 28th September 2020

Unit	Schedule	Percentage
Unit1A 73 Turnberry Road	1	14.00%
Unit 1B, Front, 73 Turnberry Road	1	14.00%
Unit 1B, Rear 73 Turnberry Road	1	0.00%
D3-431 73 Turnberry Road	1	72.00%
	1 Total	100.00%
	Grand Total	100.00%



Appendix B

73 Turnberry Road, Bloxwich, Walsall, WS3 3UA (02129)

Service Charge Variance

29th September 2019 to 28th September 2020

The property is VAT registered. Figures for Schedule 1 shown net of VAT.

Service Charge Item	Schedule	Expenditure 2018/2019	Budget 2019/2020	Expenditure 2019/2020	Budget v Budget Variance %	Budget v Budget Variance £
Cleaning	1	£ -	£ 600	£ 260	-57%	-£ 340
Building Repair	1	£ 3,600	£ 500	£ 800	60%	£ 300
Decoration - External	1	£ -	£ -	£ -	N/A	£ -
Drain Maintenance	1	£ 520	£ 600	£ -	-100%	-£ 600
Electrical Repairs	1	£ 150	£ 2,000	£ 1,936	-3%	-£ 64
Landscape - External	1	£ 300	£ 250	£ 240	-4%	-£ 10
Repairs - External	1	£ -	£ 2,000	£ 1,825	-9%	-£ 175
Gritting	1	£ 960	£ 450	£ 768	71%	£ 318
Electricity Supply	1	£ 250	£ 250	£ 250	0%	£ -
Statutory Compliance	1	£ -	£ 500	£ 500	0%	£ -
Audit Fees	1	£ 350	£ 350	£ 350	0%	£ -
Management Fees	1	£ 762	£ 783	£ 783	0%	£ -
Facilities Management	1	£ 310	£ 424	£ 527	24%	£ 103
1 Total		£ 7,202	£ 8,708	£ 8,239	-5%	-£ 468
Grand Total		£ 7,202	£ 8,708	£ 8,239	-5%	-£ 468

NOTE



Appendix C

**MIDCOUNTIES CO-OPERATIVE LIMITED
135 BLOXWICH ROAD
WALSALL**

SERVICE COSTS AUDIT STATEMENT

YEAR ENDED 28TH SEPTEMBER 2020





135 Bloxwich Road
Walsall

Certificate of Service Costs for the year ended 28th September 2020

	2020	2019
Cleaning	260.01	2,000.00
Pest Control	-	835.20
Drain Maintenance	-	936.00
Building Repairs	800.00	-
Electrical Repairs	1,936.00	-
Landscape - External	240.00	1,548.00
Repairs - External	1,825.00	1,614.00
Gritting	768.00	1,590.40
Electricity Supply	250.00	-
Statutory Compliance	500.00	-
Audit fees	350.00	420.00
Management fees	783.00	2,134.00
Facilities management	527.25	867.00
Total expenditure	<u>8,239.26</u>	<u>11,944.60</u>

No reserve fund held.

Independent Accountant's Review Report

To the Manager, 135 Bloxwich Road, Walsall.

We have reviewed the statement of service charge expenditure for the above property for the year ended 28 September 2020. 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.

Haines Watts
Sterling House
97 Lichfield Street
Tamworth
Staffordshire
B79 7QF



MIDCOUNTIES CO-OPERATIVE LIMITED
135 BLOXWICH ROAD WALSALL
Proof of Certificates totalling costs per
Cost Schedule

Service Charge Certificates Raised	
	378.20
	775.29
	1,153.50
	5,932.27
Total raised	<u>8,239.26</u>
Total costs per schedule	<u>8,239.26</u>
Difference	<u>-</u>