



JOHNSON FELLOWS
CHARTERED SURVEYORS

Wellingborough Retail Park

London Road

Wellingborough

NN8 2DP

Service Charge Expenditure Report

25th March 2016 to

24th March 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 Charge Audit Statement



Introduction

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

Johnson Fellows LLP were appointed as managing agents of Wellingborough Retail Park by Central England Co-Operative Society Ltd, who purchased the Retail Park from St Modwen Developments Ltd on 30th November 2016. The service charge has been in operation for two years since the park was developed, for the upkeep of the communal structures, services and areas.

As a consequence of our appointment during the year, expenditure incurred by the former landlord is detailed within this report, for which we have relied upon the service charge implementation accounts provided by St Modwen.

Property

The property comprises of a supermarket, takeaway restaurant and four retail units with communal car parking/servicing and access road from London Road.

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

There is no reserve fund.



Service Charge Objectives

The object of this report is to provide a 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.

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 Service Charges in Commercial Property; RICS 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:

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, as such only one schedule is required. The apportionment percentages for each lessee are noted within the Service Charge Apportionment Schedule, as detailed in Appendix A.

The calculation of the apportionment percentages is based upon the area of each unit.



Expenditure Commentary

All figures are shown net of VAT

- **Cleaning** **£2,564**

The contract cost for the periodic cleaning of the common areas.

- **Drain Maintenance** **£340**

Annual flush of the surface water drains serving the car park.

- **Electrical Maintenance** **£0**

No repairs were required to the communal electrics.

- **Landscape - External** **£2,046**

The contract cost for gritting and snow clearance of the common parts. No expenditure was incurred for the maintenance of the soft landscaped areas as these areas were maintained under the original supply contract.

- **Repairs – External** **£4,107**

External repairs required to the communal areas during the year, including the removal of a planted area.

- **Electrical Supply** **£2,657**

The contract costs for the communal electrical supply for the car park lights and CCTV system.

- **Telephone** **£0**

The costs have been allocated to the Security Equipment expenditure below.

- **Security Equipment** **£2,505**

The contract cost of the CCTV system and recovery of CCTV recorded incidents.

- **Statutory Compliance** **£0**

No health and safety audit of the common parts was undertaken during the year.

- **Security** **£4,977**

The contract cost for security patrols and emergency call outs.



- **Audit Fee** **£350**

The fee of the external accountants to certify the year end service charge accounts.

- **Management Fee** **£2,188**

This figure represents the fee to manage the property and administer the service charge. It reflects a capped management fee of 10% of the expenditure, as provided for in the various leases.

- **Facilities Management** **£2,333**

This figure is for the facilities manager's costs for routine visits to site, administer and periodically re-tender the supply contracts. It is a fixed contribution to the employment costs, indexed linked annually to RPI.

Total **£24,067**

The actual expenditure was above the budget of £22,165, resulting in a small debit year-end balance.

.....
Facilities Manager

.....
Dated 20th February 2018

.....
Partner

.....
Dated 20th February 2018



Appendix A

Wellingborough Retail Park, London Road, Wellingborough, NN8 2DP

Service Charge Apportionment Schedule

25th March 2016 to 24th March 2017

Unit	Occupier	Area (sq. ft.)	Percentage
47 London Road	Lidl UK GmbH	22,185	63%
45 London Road	McDonalds Restaurants Ltd	4,629	13%
49 London Road	Subway Realty Ltd	2,153	6%
49a London Road	Void	2,174	6%
51 London Road	High Seat Ltd	2,174	6%
51a London Road	Slurps Coffee Co Ltd	2,153	6%
TOTAL		35,468	100%



Appendix B

Wellingborough Retail Park, London Road, Wellingborough, NN8 2DP

Service Charge Variance Schedule

25th March 2016 to 24th March 2017

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

Service Charge Item	Budget YE 3/2017	Actual YE 3/2017	Budget v Actual Variance %	Budget v Actual Variance £
Cleaning	£ 2,000	£ 2,564	28.20%	£ 564
Drain Maintenance	£ 500	£ 340	-32.00%	-£ 160
Electrical Maintenance	£ 500	£ -	N/A	-£ 500
Landscape - External	£ 850	£ 2,046	140.71%	£ 1,196
Repairs - External	£ 4,000	£ 4,107	2.68%	£ 107
Electrical Supply	£ 1,800	£ 2,657	47.61%	£ 857
Water Charges	£ -	£ -	N/A	£ -
Telephone	£ 1,000	£ -	N/A	-£ 1,000
Security Equipment	£ 6,000	£ 2,505	-58.25%	-£ 3,495
Statutory Compliance	£ 500	£ -	N/A	-£ 500
Security	£ 2,000	£ 4,977	148.85%	£ 2,977
Signage	£ -	£ -	N/A	£ -
Interest	£ -	£ -	N/A	£ -
Insurance	£ -	£ -	N/A	£ -
Bank Charges	£ -	£ -	N/A	£ -
Audit Fees	£ -	£ 350	N/A	£ 350
Management Fees	£ 2,015	£ 2,188	8.59%	£ 173
Facilities Management	£ 1,000	£ 2,333	133.30%	£ 1,333
TOTAL	£ 22,165	£ 24,067	8.58%	£ 1,902



Appendix C

CENTRAL ENGLAND CO-OPERATIVE SOCIETY LTD

**WELLINGBOROUGH RETAIL PARK
LONDON ROAD, WELLINGBOROUGH**

SERVICE COSTS AUDIT STATEMENT

YEAR ENDED 31 MARCH 2017





Wellingborough Retail Park
London Road, Wellingborough
Certificate of Service Costs for the year ended 31 March 2017

	2017
Cleaning	2,564.00
Drain maintenance	340.00
Landscape external	2,046.00
Repairs	4,106.73
Electricity supply	2,656.85
Security equipment	2,505.00
Security	4,977.00
Audit fees	350.00
Management fees	2,187.89
Facilities management	2,333.33
	<u>24,066.80</u>
Total expenditure	<u>24,066.80</u>

Independent Accountant's Review Report

To the Manager, Wellingborough Retail Park, London Road

We have reviewed the statement of service charge expenditure for the above property for the year ended 31 March 2017. 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.

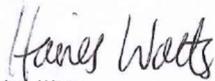
The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on the statement of service charge expenditure.

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
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B79 7QF



Central England Co-operative Society Limited
WELLINGBOROUGH RETAIL PARK LONDON ROAD, WELLINGBOROUGH
Proof of Certificates totalling costs per
Cost Schedule

Service Charge Certificates Raised

	15,162.09
	1,739.00
	1,444.00
	1,444.00
	1,444.00
	1,444.00
Total raised	<u>22,677.09</u>
Total costs per schedule	<u>24,066.80</u>
Difference	<u>(1,389.71)</u>

Due to the maximum service charge contribution