



JOHNSON FELLOWS
CHARTERED SURVEYORS

Wellingborough Retail Park

London Road

Wellingborough

NN8 2DP

Service Charge Expenditure Report

25th March 2017 to

24th March 2018



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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 three years since the park was developed, for the upkeep of the communal structures, services and areas.

As this is a new property there is limited service charge history so budgeting is still settling down and its accuracy will be improved in future years.

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** **£3,751**

The contract cost for the periodic cleaning of the common areas. The contract increased from fortnightly to weekly during the year. There were additional costs incurred resulting from one off cleaning tasks.

- **Pest Control** **£660**

Annual contract cost for the maintenance of bait boxes located around the common areas.

- **Drain Maintenance** **£485**

Annual flush of the surface water drains and petrol interceptor serving the car park.

- **Landscape - External** **£5,503**

The contract cost for maintenance of the soft landscaped areas. These are the first cost for the landscaped areas as previously they were maintained under the original supply contract.

Gritting and snow clearance of the common parts has been included under a separate heading.

- **Repairs – External** **£720**

Some minor reactive repairs were required during the year.

- **Gritting** **£4,275**

Gritting and snow clearance of the common parts has been included under this new heading. The costs exceeded the budget due to the severe winter weather.

- **Electrical Supply** **£7,547**

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

Whilst the administration of the electrical supply was transferred to Johnson Fellows, estimates were used for invoicing which exceeded the budget. Following the year-end, we have provided actual meter readings and anticipate a cost for 2018/2019 below that shown in these accounts.

- **Telephone** **£1,407**

The line rental costs for monitoring the CCTV.



- **Security Equipment** **£1,010**

The contract cost for the maintenance of the CCTV system.

- **Statutory Compliance** **£750**

A health and safety audit of the common parts was undertaken during the year.

- **Security** **£3,723**

The contract cost for monitoring the CCTV and emergency call outs.

- **Audit Fee** **£350**

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

- **Management Fee** **£3,121**

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** **£1,026**

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 **£34,327**

The actual expenditure was above the budget of £23,332, resulting in a debit year-end balance. The reasons for the overspend is the introduction of a contract for the maintenance of the landscaping, the gritting which was required during an exceptionally cold winter, unexpected electricity charges which should be corrected during 2018/2019 and an underestimation of the security expenditure.

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Facilities Manager

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Partner

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Dated 8th August 2018

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Dated 8th August 2018



Appendix A

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

Service Charge Apportionment Schedule

25th March 2017 to 24th March 2018

Unit	Occupier	Area (sq. ft.)	Percentage
47 London Road	Lidl UK GmbH	22,185	63%
45 London Road	McDonalds Restaurants Ltd	4,629	13%
45 London Road	Subway Realty Ltd	2,153	6%
49a London Road	DP Realty Ltd	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 2017 to 24th March 2018

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

Service Charge Item	Actual YE		Budget YE		Budget v Budget	
	3/2017	3/2018	3/2018	Actual YE 3/2018	Variance %	Variance £
Cleaning	£ 2,564.00	£ 3,750	£ 3,751	£ 3,751	0.02%	£ 1
Pest Control	£ -	£ -	£ 660	£ 660	N/A	£ 660
Drain Maintenance	£ 340.00	£ 500	£ 485	£ 485	-3.00%	£ 15
Electrical Maintenance	£ -	£ 500	£ -	£ -	N/A	£ 500
Landscape - External	£ 2,046.00	£ 5,335	£ 5,503	£ 5,503	3.15%	£ 168
Repairs - External	£ 4,107.00	£ 4,000	£ 720	£ 720	-82.00%	£ 3,280
Gritting	£ -	£ -	£ 4,275	£ 4,275	#DIV/0!	£ 4,275
Electrical Supply	£ 2,657.00	£ 1,800	£ 7,547	£ 7,547	N/A	£ 5,747
Water Charges	£ -	£ -	£ -	£ -	N/A	£ -
Telephone	£ -	£ 800	£ 1,407	£ 1,407	75.82%	£ 607
Security Equipment	£ 2,505.00	£ 1,500	£ 1,010	£ 1,010	-32.67%	£ 490
Statutory Compliance	£ -	£ 750	£ 750	£ 750	0.00%	£ -
Security	£ 4,977.00	£ 500	£ 3,723	£ 3,723	644.50%	£ 3,223
Signage	£ -	£ 250	£ -	£ -	N/A	£ 250
Interest	£ -	£ -	£ -	£ -	N/A	£ -
Insurance	£ -	£ -	£ -	£ -	N/A	£ -
Bank Charges	£ -	£ -	£ -	£ -	N/A	£ -
Audit Fees	£ 350.00	£ 500	£ 350	£ 350	-30.00%	£ 150
Management Fees	£ 2,188.00	£ 2,121	£ 3,121	£ 3,121	47.12%	£ 1,000
Facilities Management	£ 2,333.00	£ 1,026	£ 1,026	£ 1,026	0.00%	£ -
TOTAL	£ 24,067.00	£ 23,332	£ 34,327	£ 34,327	47.12%	£ 10,995



Appendix C

CENTRAL ENGLAND CO-OPERATIVE SOCIETY LTD

**WELLINGBOROUGH RETAIL PARK
LONDON ROAD, WELLINGBOROUGH**

SERVICE COSTS AUDIT STATEMENT

YEAR ENDED 31 MARCH 2018





Wellingborough Retail Park
London Road, Wellingborough
Certificate of Service Costs for the year ended 31 March 2018

	2018	2017
Cleaning	3,750.89	2,564.00
Pest control	660.00	-
Drain maintenance	485.00	340.00
Landscape external	5,503.00	2,046.00
Repairs	719.95	4,106.73
Gritting	4,275.00	-
Electricity supply	7,547.45	2,656.85
Telephone	1,406.57	-
Security equipment	1,009.93	2,505.00
Statutory compliance	750.00	-
Security	3,722.52	4,977.00
Audit fees	350.00	350.00
Management fees	3,120.63	2,187.89
Facilities management	1,026.00	2,333.33
	<u>34,326.94</u>	<u>24,066.80</u>
Total expenditure	<u><u>34,326.94</u></u>	<u><u>24,066.80</u></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 2018. 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



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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