



Johnsonfellows.co.uk

Wing Yip Business Centre

544 Purley Way

Croydon

London CR0 4NZ

Service Charge Budget Report

1st October 2022 –

30th September 2023



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





Introduction

This report has been produced by Johnson Fellows on behalf of the Landlord, W Wing Yip & Brothers Property and Investments Ltd. It is intended to provide details of the planned expenditure for the service charge period 1st October 2022 to 30th September 2023.

Enclosed within this report is a copy of the Service Charge Variance Schedule and Service Charge Apportionment Schedule.

The service charge is administered having regard to RICS Professional Statement; Service Charges in Commercial Property; 1st Edition.

The Property

The property is located on the A23 Purley Way within the Greater London town of Croydon. It lies approximately 1 mile from Croydon town centre, which is 10 miles to the south of the City of London. Motorway access is via J7 of the M25, 7 miles to the south.

The Business Centre is a purpose built 2 storey retail premises, occupying a shared site with the Wing Yip Superstore. It has brick facades under a pitched tiled roof. The site includes surface car parking, together with an upper deck car parking above the newly extended Superstore.

Internally the Business Centre is arranged as a small shopping mall. There are a mixture of retail, office and restaurant units over two levels, with a central staircase and a balcony style walkway.

The primary services provided for the property consist of internal and external cleaning of communal parts, utility consumption, lift maintenance, waste management, site security and external landscaping and maintenance.

Service Charge Objectives

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

The objective of this budget report is to provide a clear explanation for the recovery 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 tenants to budget accurately for the forthcoming period.

Should any occupier have comments on the format, or the information contained in this report which would assist in the report being improved for the benefit of all concerned, these comments would be welcomed. We would also welcome constructive feedback on the communal services provided at the property.

VAT

The property is elected for VAT, consequently the expenditure stated within this report is net of VAT.



Voids and Concessions

Where any void units exist, the responsibility for the service charge rests with the Landlord.

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.

Interest charged on the late payment of service charge by tenants is to be credited to the service charge.

Reserve Fund

There is no reserve fund.



Service Charge Apportionment

The apportionment for each schedule is detailed within the Service Charge Apportionment Schedule attached at Appendix A.

In total there are three separate schedules. Schedule One is contributed towards by all occupiers. Schedule Two is for the refuse costs of the non restaurant occupiers. Schedule Three is for the services associated purely with the restaurants.

Schedule One	All Occupiers – General Business Centre and Estate Costs
Schedule Two	Business Centre Occupiers Excluding Restaurants – Refuse Costs
Schedule Three	Restaurant Occupiers

The apportionments are calculated having regard to net internal floor areas. A weighting has been applied to the areas for the Cash & Carry and restaurant units to reflect the benefit of the services and intensity of use.



Management Team

Management Surveyor:

Ian Starbuck
Johnson Fellows, Charter House, 163 Newhall Street, Birmingham, B3 1SW
Direct Dial: 0121 234 0462
Mobile: 07887 745 635
Email: ian.starbuck@johnsonfellows.co.uk

Ian Starbuck is responsible for the overall management of the property.

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.

Site Manager:

Clive Manyeza
Mobile: 07711 396 763

Clive is on site one day per week and is responsible for litter picking, landscaping, minor items of repair and maintenance and tenant liaison for urgent matters.

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.



Budget Commentary

All figures are shown net of VAT

SCHEDULE 1 – All Occupiers - General Business Centre and Estate Costs

- **Internal Cleaning** **£15,500.00**

The cost heading is for the cleaning contract for the communal areas of the Business Centre, the lift lobby and car park stairwell. It also allows for an annual deep clean. The budget has been maintained at the same level.

- **Pest Control** **£2,000.00**

The budget heading is for the pest control contract for the Business Centre and the surrounding estate with Rentokil. It has been reduced for the new year following the completion of the pigeon preventative measures.

- **Window Cleaning** **£1,500.00**

The budget covers the cost of the monthly window cleaning contract for the Business Centre. It has been maintained at the same level.

- **External Cleaning** **£5,800.00**

The estimated expenditure is for the external cleaning of the estate. Whilst the budget reflects the work that the Site Manager picks up, it allows for the completion of a separate litter picking contract. It has been increased in line with the contract costs.

- **Building Repairs** **£0.00**

The cost heading provided a contribution towards the repair and maintenance of any external building items. In order to avoid confusion the budget figure is now incorporated under 'External Repairs & Maintenance'.

- **External Landscaping** **£0.00**

The grounds maintenance and landscaping costs are dealt with in house by the Site Manager.

- **Internal Repairs & Maintenance** **£8,000.00**

The budget heading allowed for the landlord's reimbursement following their forward funding of the redecoration works to the Business Centre. The total costs were less than anticipated, meaning that the reimbursement was completed by the service charge year ending 30th September 2022. The budget cost for the new year allows for specialist floor cleaning to be completed together with any ad-hoc repairs. Overall, it has been reduced.

- **Gritting** **£3,000.00**

The cost heading provides for the gritting of the upper car park and accessways over the winter months. It has been maintained at the same level.



- **External Repairs & Maintenance** **£8,000.00**

The budget figure is the estimated expenditure for any communal repairs to the estate and car park. The budget has been increased for the new year as it also includes the contingency for any essential building repairs.

- **Electricity** **£15,000.00**

The cost heading relates to the electricity consumption for the common areas of the estate. The budget has been increased based on last year's expenditure and the increase in contract rates.

- **Lift Maintenance Contract** **£2,500.00**

The cost heading is for the annual maintenance contract for the passenger lift within the Business Centre and the three lifts within the car park lobby. The contract consists of 12 visits per annum. The budget has been maintained at the same level.

- **Lift Repairs** **£5,000.00**

The heading allows a contingency sum for any unforeseen repairs that are required to the lifts during the year. It has been increased for the new year based on the level of works that were required last year.

- **M&E Maintenance Contract** **£7,000.00**

The heading covers the contract cost for the weekly testing of the fire alarm, emergency lighting, tap temperature checks, the contract for the rear automatic doors and for the new year it also includes the smoke vent servicing. As a result, the overall budget figure has increased, but the contract is due to be retendered in November 2022.

- **M&E Repairs** **£10,000.00**

The budget heading provides for repairs to the Landlord's M&E equipment. It has been reduced substantially for the new year, following the completion of essential repairs to the smoke vents.

- **Security Systems** **£800.00**

The budget heading covers the cost of the annual CCTV maintenance contract. It has been maintained at the same level.

- **Health & Safety** **£750.00**

The budget covers the costs of completing the annual health and safety and fire risk assessments. The budget has been reduced for the new year following completion of the fire strategy plan.



- **Staff Costs** **£13,370.00**

The heading represents the Site Manager's costs in respect of the Business Centre. The Site Manager is at the property one day per week and is responsible for landscaping, minor items of repair and maintenance and tenant liaison for urgent matters. Overall, we believe that this results in cost savings, whilst also improving the service. The budget has been maintained at the same level.

- **Security Guarding** **£130,000.00**

The budget figure is the Business Centre's contribution towards the 24/7 site security guarding. It has been increased based on last years expenditure and the rise in the national minimum wage.

- **Help Desk** **£500.00**

This is a new cost heading for the service charge year. A 24 hour/7 day a week Help Desk has been set up to allow all occupiers to speak with a dedicated operative and report urgent items of repair and maintenance. This will ensure that matters can be handled promptly without delay. Further correspondence including the telephone number and email address will be circulated in advance of the commencement of the service charge year.

- **Audit Fee** **£900.00**

The cost heading allows for the year end accounts to be certified by an independent accountant as recommended by the RICS Service Charge Professional Statement. The budget has been maintained at the same level.

- **Planned Preventative Maintenance** **£0.00**

The budget heading allowed for a Building Surveyor to prepare a Planned Preventative Maintenance Report for the property. The cost has been removed as this has now been completed.

- **Management Fee** **£13,308.00**

This figure represents the costs incurred for the management of the property, administration of the service charge and completing periodic inspections. The RICS Service Charge Professional Statement recommends that this be a fixed fee, subject to annual review or indexation. The Retail Price Index has shown an 11.84% increase in the past 12 months. However, JF has agreed to cap their fee increase at 6.00% as a gesture towards the tenants. We do reserve the right to adjust our fee in future years when inflation falls again.

- **Facilities Management** **£3,433.00**

The figure represents the costs incurred to organise and supervise the various contracts in place, deal with items of maintenance, ensuring compliance and complete regular site inspections. The fee is fixed subject to annual indexation. The Retail Price Index has shown an 11.84% increase in the past 12 months. However, JF has agreed to cap their fee increase at 6.00% as gesture towards the tenants. We do reserve the right to adjust our fee in future years when inflation falls again.



Total

Schedule 1 **£246,361.00**

SCHEDULE 2 – Business Centre Occupiers Excluding Restaurants – Refuse Costs

- **Waste Management** **£1,200.00**

The costs allow for the refuse collection contract for the Business Centre occupiers, other than the restaurant occupiers. The restaurants maintain their own contracts. It has been maintained at the same level.

Total

Schedule 2 **£1,200.00**

SCHEDULE 3 – Restaurant Occupiers

- **Cleaning** **£750.00**

The estimated expenditure is for the quarterly cleaning of the bin store. It has been maintained at the same level.

- **Pest Control** **£550.00**

The budget heading is for the pest control contract for the bin store. It has been increased slightly in line with the rise in contract rates.

- **Drainage** **£6,000.00**

The budget heading is new for this year. This allows for the monthly cleaning of the grease traps for all restaurants following several recent incidents of drain blockages.

Total

Schedule 3 **£7,300.00**



Budget Approval

A handwritten signature in black ink, appearing to read 'G. Lantieri'.

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Facilities Manager

Dated 1st September 2022

A handwritten signature in black ink, appearing to read 'Paul Forbuck'.

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Partner

Dated 1st September 2022



Appendix A

Wing Yip Business Centre, Croydon

Service Charge Apportionment Schedule

1st October 2022 - 30th September 2023

Unit	Schedule	Area Sq Ft	Weighted Area Sq Ft	Percentage
Cash & Carry	1	127,906.00	39,000.00	60.364%
Unit 1 & 1A	1	5,726.00	7,443.00	11.520%
Unit 2 & 3	1	1,418.00	1,843.00	2.853%
Unit 3A	1	312.00	312.00	0.483%
Unit 3B	1	332.00	332.00	0.514%
Unit 5A	1	521.00	521.00	0.806%
Unit 5B	1	521.00	521.00	0.806%
Unit 6	1	886.00	886.00	1.371%
Unit 7 & 8	1	1,658.00	2,155.00	3.336%
Unit 9	1	777.00	777.00	1.203%
Unit 10	1	3,290.00	4,277.00	6.620%
Unit 11	1	697.00	697.00	1.079%
Unit 12	1	483.00	483.00	0.748%
Unit 13	1	528.00	528.00	0.817%
Unit 15	1	1,230.00	1,230.00	1.904%
Unit 16 & 17	1	2,283.00	2,968.00	4.594%
Unit 18	1	635.00	635.00	0.983%
1 Total		149,203.00	64,608.00	100.000%
Unit 3A	2	312.00	312.00	4.51%
Unit 3B	2	332.00	332.00	4.80%
Unit 5A	2	521.00	521.00	7.53%
Unit 5B	2	521.00	521.00	7.53%
Unit 6	2	886.00	886.00	12.80%
Unit 9	2	777.00	777.00	11.23%
Unit 11	2	697.00	697.00	10.07%
Unit 12	2	483.00	483.00	6.98%
Unit 13	2	528.00	528.00	7.63%
Unit 15	2	1,230.00	1,230.00	17.77%
Unit 18	2	635.00	635.00	9.17%
2 Total		6,922.00	6,922.00	100.00%
Unit 1 & 1A	3	5,726.00	7,443.00	39.83%
Unit 2 & 3	3	1,418.00	1,843.00	9.86%
Unit 7 & 8	3	1,658.00	2,155.00	11.53%
Unit 10	3	3,290.00	4,277.00	22.89%
Unit 16 & 17	3	2,283.00	2,968.00	15.88%
3 Total		14,375.00	18,686.00	100.00%

Weighted area for Cash & Carry based on 100% for first 10,000 sq ft, then 80%, 60%, 50%, 40%, 30% 20%, 10% for each subsequent 10,000 sq ft

Weighted area for restaurant units increased by one third due to intensity of use following professional advice



Appendix B

Wing Yip Business Centre, Croydon

Service Charge Budget Schedule

1st October 2022 - 30th September 2023

The property is VAT registered. Figures for all schedules are shown net of VAT.

Service Charge Item	Schedule	Budget 2021-22		Budget 2022-23	
Internal Cleaning	1	£	15,500.00	£	15,500.00
Pest Control	1	£	3,500.00	£	2,000.00
Window Cleaning	1	£	1,500.00	£	1,500.00
External Cleaning	1	£	5,350.00	£	5,800.00
Building Repair	1	£	1,000.00	£	-
External Landscaping	1	£	-	£	-
Internal Repairs & Maintenance	1	£	10,000.00	£	8,000.00
Gritting	1	£	3,000.00	£	3,000.00
External Maintenance	1	£	5,000.00	£	8,000.00
Electricity	1	£	10,000.00	£	15,000.00
Lift Maintenance Contract	1	£	2,500.00	£	2,500.00
Lift Repairs	1	£	1,000.00	£	5,000.00
M&E Maintenance Contract	1	£	6,000.00	£	7,000.00
M&E Repairs	1	£	25,000.00	£	10,000.00
Security Systems	1	£	800.00	£	800.00
Health & Safety	1	£	1,300.00	£	750.00
Staff Costs	1	£	13,370.00	£	13,370.00
Security Guarding	1	£	105,000.00	£	130,000.00
Help Desk	1	£	-	£	500.00
Audit Fee	1	£	900.00	£	900.00
Planned Preventative Maintenance	1	£	5,000.00	£	-
Management Fee	1	£	12,555.00	£	13,308.00
Facilities Management Fee	1	£	3,239.00	£	3,433.00
1 Total		£	231,514.00	£	246,361.00
Waste Management	2	£	1,200.00	£	1,200.00
2 Total		£	1,200.00	£	1,200.00
Cleaning	3	£	750.00	£	750.00
Pest Control	3	£	500.00	£	550.00
Drainage	3	£	6,000.00	£	6,000.00
3 Total		£	7,250.00	£	7,300.00
TOTAL		£	239,964.00	£	254,861.00