



**JOHNSON FELLOWS**  
CHARTERED SURVEYORS

**Wing Yip Business Centre**

**544 Purley Way**

**Croydon**

**London CR0 4NZ**

**Service Charge Expenditure Report**

**1<sup>st</sup> October 2018 –**

**30<sup>th</sup> September 2019**



## **Contents**

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

## **Appendices**

- A. Service Charge Apportionment Schedule
- B. Service Charge Variance Schedule

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 expenditure for the service charge period 1<sup>st</sup> October 2018 to 30<sup>th</sup> September 2019.

The budget for the year was set by the previous managing agent, Lambert Smith Hampton. It was inherited by Johnson Fellows on our appointment on 1st May 2019.

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; 1<sup>st</sup> 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 small shopping mall. There are a mixture of retail 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 of the service charge expenditure on a not for profit/not for loss basis. It is also to promote clarity and transparency.

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**

A revised apportionment basis was arrived at for the service charge year ending 30<sup>th</sup> September 2020, following the completion of the extension of the Wing Yip store, the new car parking facility and the newly created entrance from the Business Centre. For the service charge year ending 30<sup>th</sup> September 2019, the apportionments adopted for the reconciled expenditure are reflective of the previous management regime, prior to the re-modelling works.

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

In total there are seven schedules as follows:

Schedule One	General Business Centre
Schedule Two	Refuse Costs Business Centre Occupiers Excluding Restaurants
Schedule Three	Security & Estate Costs
Schedule Four	Estate Electricity
Schedule Five	Automatic Doors
Schedule Six	Bin Store
Schedule Seven	Smoke Vents



## **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](mailto: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](mailto:chris.monteith@johnsonfellows.co.uk)

Chris Monteith is responsible for the repair and maintenance of the property and statutory compliance.

### Site Manager:

Leszek Bobinski  
Johnson Fellows, Charter House, 163 Newhall Street, Birmingham, B3 1SW  
Mobile: 07714 638 551

Leszek Bobinski is on site one day per week and is responsible for 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](mailto: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 – General Business Centre Costs**

- **Internal Cleaning** **£10,390.37**

The cost heading is for the cleaning contract for the communal areas of the Business Centre. The expenditure came in above budget.

- **Pest Control** **£2,065.64**

The expenditure heading is for the pest control contract for the Business Centre and the surrounding estate with Rentokil. It came in above budget due to an extensive program at the end of 2018.

- **Window Cleaning** **£1,843.00**

The costs relate to the window cleaning contract for the Business Centre. The expenditure was under budget.

- **Drain Maintenance** **£0.00**

The expenditure heading allowed for drain maintenance at the site. No expenditure was incurred.

- **External Repairs** **£1,634.90**

The expenditure heading is the contribution towards the repair and maintenance of any external building items. The main item during the year was a roof repair. The expenditure was under budget.

- **Internal Repairs** **£4,220.84**

The cost relates to internal repairs within the Business Centre. Various repairs were completed with expenditure coming in above budget.

- **Lift Maintenance Contract** **£0.00**

The cost heading is for the annual maintenance contract for the passenger lift within the Business Centre. The costs incurred have been incorporated within the M&E Maintenance costs below.

- **Lift Repairs** **£566.32**

The expenditure heading allowed a contingency sum for any unforeseen repairs that are required to the lifts during the year. Various minor items were completed with expenditure coming in below budget.



- **Lift Inspections & Consultancy** **£0.00**

The budget heading allowed for the periodic inspection of the lift by an independent consultant. This is no longer deemed necessary so the cost has been removed.

- **M&E Maintenance Contract** **£3,537.85**

The cost heading covers the contract cost for the weekly testing of the fire alarm, lightning protection and emergency lighting. Total expenditure was below budget.

- **M&E Repairs** **£7,705.50**

The heading provides for repairs to the Landlord's M&E equipment. The main items of expenditure included repairs to the emergency lighting and fire alarm panel. It was above budget.

- **Life Safety System** **£0.00**

The heading allowed for the annual testing of the lightning protection system. This is now included within the M&E Maintenance contract.

- **Security Systems** **£852.61**

The cost heading covers the cost of the annual CCTV maintenance contract. It was marginally above budget.

- **Help Desk** **£416.00**

Under the previous management regime, a helpdesk was operated, although this was not continued by JF. The cost stated is the apportionment for the first part of the year.

- **Health & Safety** **£500.00**

The cost heading allowed for the completion of the annual health and safety and fire risk assessments and legionella risk assessment. Only the legionella assessment was completed due to the change of agent and transition period. Expenditure was therefore under budget.

- **Staff Costs** **£5,570.83**

The cost heading was not provided for in the original LSH budget. JF added this service on their appointment. It relates to the costs of the Site Manager. 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 anticipate that this will result in cost savings over the previous regime, whilst also improving the service.

**Total**

**Schedule 1** **£39,303.86**



## **SCHEDULE 2 – Refuse Costs – Excluding Restaurants**

- **Waste Management** **£1,787.52**

The expenditure relates to the refuse collection contract for the Business Centre occupiers, excluding the restaurant occupiers. The restaurants maintain their own contracts. The cost was over budget.

### **Total**

**Schedule 2** **£1,787.52**

## **SCHEDULE 3 – Security & Estate Costs**

- **External Landscaping** **£4,814.00**

The expenditure heading relates to the grounds maintenance and landscaping costs for the site. Expenditure was under budget due to this service being taken in house by the Johnson Fellows Site Manager.

- **External Repairs** **£11,230.46**

The expenditure heading is the contribution towards the repair and maintenance of the estate. Some major drainage works were completed at the end of 2018 resulting in the costs coming in above budget.

- **Drain Maintenance** **£0.00**

The expenditure heading allowed for drain maintenance at the site. No expenditure was incurred.

- **M&E Repairs** **£0.00**

The heading provides for repairs to the Landlord's M&E equipment. No expenditure was incurred within this schedule.

- **Security Guarding** **£105,284.71**

The cost figure is the Business Centre's contribution towards the 24/7 site security guarding. It was on budget.

- **Audit Fee** **£976.00**

The expenditure is for the year end accounts to be certified by an independent accountant as recommended by the RICS Service Charge Professional Statement. It was marginally above budget.



- **Management Fee** **£11,625.00**

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 fee is in line with budget.

- **Facilities Management** **£4,750.00**

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 expenditure came in above budget.

- **Office Costs** **£0.00**

The cost heading allowed for the telephone lift line. This is no longer required, allowing the budget to be removed.

**Total**

**Schedule 3** **£138,680.17**

***SCHEDULE 4 – Estate Electricity***

- **Electricity** **£38,114.39**

The cost heading relates to the electricity consumption for the common areas of the estate. The expenditure was over budget.

**Total**

**Schedule 4** **£38,114.39**

***SCHEDULE 5 – Automatic Doors***

- **Automatic Doors** **£0.00**

The cost heading provided a contingency for repairs to the automatic doors. No expenditure was incurred.

**Total**

**Schedule 5** **£0.00**



**SCHEDULE 6 – Bin Store – Restaurant Occupiers**

- **External Cleaning** **£7,394.92**

The expenditure relates to the cleaning of the bin store. It came in above budget.

- **Waste Management** **£0.00**

When the budget was set by Lambert Smith Hampton, the intention was to run the refuse contract through the service charge. This was not implemented and no expenditure was incurred.

- **Pest Control** **£353.40**

The expenditure relates to the pest control contract within the bin store. It came in below budget.

**Total**

**Schedule 6** **£7,748.32**

**SCHEDULE 7 – Smoke Vents**

- **Smoke Vent Repairs** **£202.50**

The expenditure relates to repairs to the smoke vents within the Business Centre. It was under budget.

**Total**

**Schedule 7** **£202.50**

**Budget Approval**

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Facilities Manager

.....  
Partner

Dated 12<sup>th</sup> August 2020

Dated 12<sup>th</sup> August 2020



## Appendix A

### Wing Yip Business Centre, Croydon

### Service Charge Budget Schedule

### 1st October 2018 - 30th September 2019

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

Service Charge Item	Schedule	Budget 2018-19	Expenditure 2018-19
Internal Cleaning	1	£ 9,200.00	£ 10,390.37
Pest Control	1	£ 800.00	£ 2,065.64
Window Cleaning	1	£ 3,000.00	£ 1,843.00
Drain Maintenance	1	£ 1,600.00	£ -
External Repairs	1	£ 2,000.00	£ 1,634.90
Internal Repairs	1	£ 2,500.00	£ 4,220.84
Lift Maintenance Contract	1	£ 3,000.00	£ -
Lift Repairs	1	£ 500.00	£ 566.32
Lift Inspection & Consultancy	1	£ 175.00	£ -
M&E Maintenance Contract	1	£ 4,100.00	£ 3,537.85
M&E Repairs	1	£ 2,000.00	£ 7,705.50
Life Safe Systems	1	£ 150.00	£ -
Security Systems	1	£ 800.00	£ 852.61
Help Desk	1	£ 500.00	£ 416.00
Health & Safety	1	£ 1,600.00	£ 500.00
Staff Costs	1	£ -	£ 5,570.83
	<b>1 Total</b>	<b>£ 31,925.00</b>	<b>£ 39,303.86</b>
Waste Management	2	£ 1,000.00	£ 1,787.52
	<b>2 Total</b>	<b>£ 1,000.00</b>	<b>£ 1,787.52</b>
External Landscaping	3	£ 7,500.00	£ 4,814.00
External Repairs	3	£ 2,500.00	£ 11,230.46
Drain Maintenance	3	£ 4,000.00	£ -
M&E Repairs	3	£ 2,000.00	£ -
Security Guarding	3	£ 105,000.00	£ 105,284.71
Audit Fee	3	£ 900.00	£ 976.00
Management Fee	3	£ 11,625.00	£ 11,625.00
Facilities Management	3	£ 3,000.00	£ 4,750.00
Office Costs	3	£ 265.00	£ -
	<b>3 Total</b>	<b>£ 136,790.00</b>	<b>£ 138,680.17</b>
Estate Electricity	4	£ 20,000.00	£ 38,114.39
	<b>4 Total</b>	<b>£ 20,000.00</b>	<b>£ 38,114.39</b>
Automatic Doors	5	£ 525.00	£ -
	<b>5 Total</b>	<b>£ 525.00</b>	<b>£ -</b>
External Cleaning	6	£ 5,400.00	£ 7,394.92
Waste Management	6	£ 31,000.00	£ -
Pest Control	6	£ 500.00	£ 353.40
	<b>6 Total</b>	<b>£ 36,900.00</b>	<b>£ 7,748.32</b>
Smoke Vent Repairs	7	£ 700.00	£ 202.50
	<b>7 Total</b>	<b>£ 700.00</b>	<b>£ 202.50</b>



**Appendix B**

**Wing Yip Business Centre, Croydon**

**Service Charge Apportionment Schedule**

**1st October 2018 - 30th September 2019**

Unit	Schedule	Percentage
Unit 1 & 1A	1	28.17%
Unit 2 & 3	1	6.17%
Unit 3A	1	5.44%
Unit 5A	1	2.23%
Unit 5B	1	2.23%
Unit 6	1	3.78%
Unit 7 & 8	1	9.48%
Unit 9	1	3.33%
Unit 10	1	14.01%
Unit 11	1	3.01%
Unit 12	1	2.11%
Unit 13	1	2.25%
Unit 15	1	5.33%
Unit 16 & 17	1	9.81%
Unit 18	1	2.65%
<b>1 Total</b>		<b>100.00%</b>
Unit 3A	2	16.81%
Unit 5A	2	6.89%
Unit 5B	2	6.89%
Unit 6	2	11.68%
Unit 9	2	10.29%
Unit 11	2	9.30%
Unit 12	2	6.52%
Unit 13	2	6.95%
Unit 15	2	16.47%
Unit 18	2	8.19%
<b>2 Total</b>		<b>100.00%</b>
Cash & Carry	3	50.00%
Unit 1 & 1A	3	14.09%
Unit 2 & 3	3	3.09%
Unit 3A	3	2.72%
Unit 5A	3	1.12%
Unit 5B	3	1.12%
Unit 6	3	1.89%
Unit 7 & 8	3	4.74%
Unit 9	3	1.67%
Unit 10	3	7.01%
Unit 11	3	1.51%
Unit 12	3	1.06%
Unit 13	3	1.13%
Unit 15	3	2.67%
Unit 16 & 17	3	4.91%
Unit 18	3	1.33%
<b>3 Total</b>		<b>100.00%</b>



Cash & Carry	4	40.00%
Unit 1 & 1A	4	16.90%
Unit 2 & 3	4	3.71%
Unit 3A	4	3.26%
Unit 5A	4	1.33%
Unit 5B	4	1.33%
Unit 6	4	2.27%
Unit 7 & 8	4	5.69%
Unit 9	4	2.00%
Unit 10	4	8.41%
Unit 11	4	1.80%
Unit 12	4	1.27%
Unit 13	4	1.35%
Unit 15	4	3.20%
Unit 16 & 17	4	5.89%
Unit 18	4	1.59%
<b>4 Total</b>		<b>100.00%</b>
Cash & Carry	5	60.00%
Unit 1 & 1A	5	11.27%
Unit 2 & 3	5	2.46%
Unit 3A	5	2.18%
Unit 5A	5	0.89%
Unit 5B	5	0.89%
Unit 6	5	1.51%
Unit 7 & 8	5	3.79%
Unit 9	5	1.33%
Unit 10	5	5.60%
Unit 11	5	1.20%
Unit 12	5	0.84%
Unit 13	5	0.90%
Unit 15	5	2.13%
Unit 16 & 17	5	3.92%
Unit 18	5	1.06%
<b>5 Total</b>		<b>100.00%</b>
Unit 1 & 1A	6	20.00%
Unit 2 & 3	6	20.00%
Unit 7 & 8	6	20.00%
Unit 10	6	20.00%
Unit 16 & 17	6	20.00%
<b>6 Total</b>		<b>100.00%</b>
Cash & Carry	7	87.50%
Unit 1 & 1A	7	3.52%
Unit 2 & 3	7	0.77%
Unit 3A	7	0.68%
Unit 5A	7	0.28%
Unit 5B	7	0.28%
Unit 6	7	0.47%
Unit 7 & 8	7	1.19%
Unit 9	7	0.42%
Unit 10	7	1.75%
Unit 11	7	0.38%
Unit 12	7	0.26%
Unit 13	7	0.28%
Unit 15	7	0.67%
Unit 16 & 17	7	1.23%
Unit 18	7	0.33%
<b>7 Total</b>		<b>100.00%</b>