



**Wing Yip Business Centre**

**544 Purley Way**

**Croydon**

**London CR0 4NZ**

**Service Charge Expenditure Report**

**1<sup>st</sup> October 2019 –**

**30<sup>th</sup> September 2020**



## **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 2019 to 30<sup>th</sup> September 2020.

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, business 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.

There are now three schedules in total. Schedule One is contributed towards by all occupiers. Schedule Two is for the refuse costs of the non-restaurant occupiers. Schedule Three is for restaurant bin store areas.

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

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.

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



## **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:**

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](mailto:rebecca.glover@johnsonfellows.co.uk)

Rebecca Glover is the client accountant responsible for this property.



## Expenditure Commentary

*All figures are shown net of VAT*

### **SCHEDULE 1 – General Business Centre Costs**

- **Internal Cleaning** **£10,676.59**

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

- **Pest Control** **£1,764.80**

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 additional program at the end of 2019.

- **Window Cleaning** **£2,186.00**

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

- **External Cleaning** **£545.00**

The external cleaning budget was reduced to reflect the works that the Site Manager picks up. The costs incurred relate to skip hire for the removal of fly tipped waste. The expenditure was under budget.

- **Building Repairs** **£100.00**

Essential repairs were completed to a column following impact damage. The works were subject to an insurance claim. The cost represents the shortfall due to the insurance excess. No other external repairs were completed during the year.

- **External Landscaping** **£0.00**

The landscaping budget was reduced to reflect the work that the Site Manager picks up. A contingency was still included for any additional works required. However, no expenditure was incurred.

- **Drain Maintenance** **£17,725.87**

The budget was removed for the start of the service charge year. The only anticipated work was the clearance of the ACO drains that the Site Manager was due to pick up. However, extensive drain issues were experienced during the year, resulting in substantial expense. Works included several instances of blockages, associated repairs and the need to re-lay the ACO drain within the car park.

- **Internal Repairs** **£1,244.47**

The budget provided a contingency sum for any internal repairs within the Business Centre. Various repairs were completed with the main expenses including works to the doors. Expenditure was under budget.



- **Gritting** **£420.00**

The cost heading was added for the new year in anticipation of the need to grit the new car park and accessways over the winter months. Works were completed, but on a lesser scale. Expenditure was under budget.

- **External Maintenance** **£686.60**

The budget allowed for communal repairs to the estate and car park, but was reduced to reflect the work that the Site Manager picks up. The expenditure incurred relates to signage works and the supply of decorating/building materials for the Site Manager.

- **Electricity** **£15,299.04**

The expenditure heading relates to the electricity consumption for the common areas of the estate. The expenditure was under budget following the review of the contract.

- **Lift Maintenance Contract** **£2,530.15**

The cost heading is for the annual maintenance contract for the passenger lifts within the Business Centre. The contract consists of 12 visits per annum. Expenditure was under budget.

- **Lift Repairs** **£0.00**

The expenditure heading allowed a contingency sum for any unforeseen repairs that are required to the lifts during the year. No expenditure was incurred.

- **M&E Maintenance Contract** **£4,440.28**

The cost heading covers the contract cost for the weekly testing of the fire alarm, lightning protection test, emergency lighting and tap temperature checks. Total expenditure was marginally above budget.

- **M&E Repairs** **£4,299.85**

The heading provides for repairs to the Landlord's M&E equipment. The main items of expenditure included the completion of a fixed wire test and resulting electrical repairs. Expenditure was under budget.

- **Security Systems** **£719.33**

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



- **Health & Safety** **£1,040.00**

The expenditure relates to the completion of the annual health & safety and fire risk assessments, together with fire extinguisher checks. Expenditure was marginally over budget.

- **Staff Costs** **£13,370.01**

The expenditure heading was added for the service charge year. 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 believe that this results in cost savings, whilst also improving the service. Expenditure was on budget.

- **Security Guarding** **£111,525.54**

The expenditure figure is the Business Centre's contribution towards the 24/7 site security guarding. It was over 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** **£11,960.00**

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** **£3,086.00**

The figure represents the costs incurred to organise and supervise the various contracts in place, deal with items of maintenance, ensure compliance and complete regular site inspections. The expenditure is in line with budget.

**Total**

**Schedule 1** **£204,595.53**



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

- **Waste Management** **£1,041.02**

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 marginally under budget.

**Total**

**Schedule 2** **£1,041.02**

**SCHEDULE 3 – Bin Store Costs – Restaurants**

- **Cleaning** **£0.00**

The budget allowed for additional cleaning and pressure washing to the bin store. No expenditure was incurred as this was completed by the Site Manager.

- **Pest Control** **£706.80**

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

**Total**

**Schedule 3** **£706.80**

**Expenditure Approval**

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Facilities Manager

.....  
Partner

Dated 21<sup>st</sup> May 2021

Dated 21<sup>st</sup> May 2021



## Appendix A

**Wing Yip Business Centre, Croydon**

**Service Charge Apportionment Schedule**

**1st October 2019 - 30th September 2020**

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%
<b>1 Total</b>		<b>149,203.00</b>	<b>64,608.00</b>	<b>100.000%</b>
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%
<b>2 Total</b>		<b>6,922.00</b>	<b>6,922.00</b>	<b>100.00%</b>
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%
<b>3 Total</b>		<b>14,375.00</b>	<b>18,686.00</b>	<b>100.00%</b>

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 Expenditure Variance Schedule

1st October 2019 - 30th September 2020

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

Service Charge Item	Schedule	Budget 2019-20	Expenditure 2019-20
Internal Cleaning	1	£ 12,500.00	£ 10,676.59
Pest Control	1	£ 750.00	£ 1,764.80
Window Cleaning	1	£ 2,000.00	£ 2,186.00
External Cleaning	1	£ 1,000.00	£ 545.00
Building Repair	1	£ 2,000.00	£ 100.00
External Landscaping	1	£ 1,000.00	£ -
Drain Maintenance	1	£ -	£ 17,725.87
Internal Repairs & Maintenance	1	£ 1,500.00	£ 1,244.47
Gritting	1	£ 3,000.00	£ 420.00
External Maintenance	1	£ 1,500.00	£ 686.60
Electricity	1	£ 20,000.00	£ 15,299.04
Lift Maintenance Contract	1	£ 4,000.00	£ 2,530.15
Lift Repairs	1	£ 1,000.00	£ -
M&E Maintenance Contract	1	£ 4,100.00	£ 4,440.28
M&E Repairs	1	£ 8,500.00	£ 4,299.85
Security Systems	1	£ 800.00	£ 719.33
Health & Safety	1	£ 1,000.00	£ 1,040.00
Staff Costs	1	£ 13,370.00	£ 13,370.01
Security Guarding	1	£ 105,000.00	£ 111,525.54
Audit Fee	1	£ 900.00	£ 976.00
Management Fee	1	£ 11,960.00	£ 11,960.00
Facilities Management Fee	1	£ 3,086.00	£ 3,086.00
<b>1 Total</b>		<b>£ 198,966.00</b>	<b>£ 204,595.53</b>
Waste Management	2	£ 1,200.00	£ 1,041.02
<b>2 Total</b>		<b>£ 1,200.00</b>	<b>£ 1,041.02</b>
Cleaning	3	£ 1,000.00	£ -
Pest Control	3	£ 500.00	£ 706.80
<b>3 Total</b>		<b>£ 1,500.00</b>	<b>£ 706.80</b>
<b>TOTAL</b>		<b>£ 201,666.00</b>	<b>£ 206,343.35</b>