



**Wing Yip Business Centre**

**544 Purley Way**

**Croydon**

**London CR0 4NZ**

**Service Charge Expenditure Report**

**1<sup>st</sup> October 2020 –**

**30<sup>th</sup> September 2021**



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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 expenditure for the service charge period 1<sup>st</sup> October 2020 to 30<sup>th</sup> September 2021.

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**

There are three service charge 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** **£11,089.74**

The cost heading is for the cleaning contract for the communal areas of the Business Centre including an annual deep clean. The expenditure came in below budget.

- **Pest Control** **£1,195.52**

The expenditure heading is for the pest control contract for the Business Centre and the surrounding estate with Rentokil. It came in marginally above budget.

- **Window Cleaning** **£2,186.00**

The costs relate to the window cleaning contract for the Business Centre. The expenditure came in over budget. This was due to budget not allowing for the high level quarterly atrium clean.

- **External Cleaning** **£4,249.24**

The external cleaning budget only allowed for ad hoc costs such as jet washing, due to the Site Manager picking up the majority of works. However, it became apparent during the year that the frequency of his visits was not sufficient to keep on top of the litter picking around the estate. An additional contract was therefore introduced resulting in the expenditure coming in significantly above the budget.

- **Building Repairs** **£1,375.04**

The main items of expenditure related to roof repairs and the completion of a leak detection test. The total costs came in slightly over the budget figure.

- **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.

- **Internal Repairs & Maintenance** **£971.87**

The budget provided a contingency sum for any internal repairs within the Business Centre. Works completed included repairs to the ceiling tiles and the provision of social distancing signage and stickers. Expenditure was under budget.

- **Gritting** **£0.00**

The cost heading provided for the gritting of the car park and accessways over the winter months. No expenditure was incurred.



- **External Maintenance** **£15,562.95**

The budget allowed for repairs to the estate and car park, plus essential drainage works. The total expenditure was significantly over budget due to the extent of the drainage works.

- **Electricity** **£10,272.70**

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

- **Lift Maintenance Contract** **£495.00**

The cost heading is for the annual maintenance contract for the passenger lifts within the Business Centre. Expenditure was under budget.

- **Lift Repairs** **£898.43**

The expenditure heading allowed a contingency sum for any unforeseen repairs that were required to the lifts during the year. Various minor repairs were completed. The expenditure was under budget.

- **M&E Maintenance Contract** **£9,347.29**

The budget heading allowed for the contract cost for the weekly testing of the fire alarm, lightning protection test, emergency lighting and tap temperature checks. Total expenditure was above budget. This was due to several factors, including the omission of the sprinkler and fire alarm service from the budget, plus increased contract costs.

- **M&E Repairs** **£5,316.83**

The heading provides for repairs to the Landlord's M&E equipment. The main items of expenditure were the completion of an electrical fixed wire test and sprinkler maintenance works.

- **Security Systems** **£1,492.41**

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

- **Health & Safety** **£665.00**

The expenditure relates to the completion of the annual health & safety and fire risk assessment. Expenditure was under budget.

- **Staff Costs** **£13,370.04**

The expenditure 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** **£117,336.08**

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

- **Audit Fee** **£1,178.00**

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 above budget.

- **Management Fee** **£12,088.00**

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** **£3,119.00**

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** **£212,209.14**



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

- **Waste Management** **£1,135.56**

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** **£1,135.56**

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

- **Cleaning** **£140.00**

The budget allowed for additional cleaning and pressure washing to the bin store. Expenditure was under budget.

- **Pest Control** **£0.00**

The budget heading allowed for additional pest control measures within the bin store. No expenditure was incurred.

**Total**

**Schedule 3** **£140.00**

**Expenditure Approval**

.....  
Facilities Manager

.....  
Partner

Dated 24<sup>th</sup> May 2022

Dated 24<sup>th</sup> May 2022



## Appendix A

**Wing Yip Business Centre, Croydon**

**Service Charge Apportionment Schedule**

**1st October 2020 - 30th September 2021**

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 2020 - 30th September 2021

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

Service Charge Item	Schedule	Budget 2020-21	Expenditure 2020-21
Internal Cleaning	1	£ 12,500.00	£ 11,089.74
Pest Control	1	£ 1,000.00	£ 1,195.52
Window Cleaning	1	£ 1,500.00	£ 2,186.00
External Cleaning	1	£ 750.00	£ 4,249.24
Building Repair	1	£ 1,000.00	£ 1,375.04
External Landscaping	1	£ 500.00	£ -
Internal Repairs & Maintenance	1	£ 1,500.00	£ 971.87
Gritting	1	£ 3,000.00	£ -
External Maintenance	1	£ 7,500.00	£ 15,562.95
Electricity	1	£ 16,000.00	£ 10,272.70
Lift Maintenance Contract	1	£ 4,000.00	£ 495.00
Lift Repairs	1	£ 1,000.00	£ 898.43
M&E Maintenance Contract	1	£ 4,100.00	£ 9,347.29
M&E Repairs	1	£ 6,000.00	£ 5,316.83
Security Systems	1	£ 800.00	£ 1,492.41
Health & Safety	1	£ 800.00	£ 665.00
Staff Costs	1	£ 13,370.00	£ 13,370.04
Security Guarding	1	£ 105,000.00	£ 117,336.08
Audit Fee	1	£ 900.00	£ 1,178.00
Management Fee	1	£ 12,088.00	£ 12,088.00
Facilities Management Fee	1	£ 3,119.00	£ 3,119.00
<b>1 Total</b>		<b>£ 196,427.00</b>	<b>£ 212,209.14</b>
Waste Management	2	£ 1,200.00	£ 1,135.56
<b>2 Total</b>		<b>£ 1,200.00</b>	<b>£ 1,135.56</b>
Cleaning	3	£ 1,000.00	£ 140.00
Pest Control	3	£ 500.00	£ -
<b>3 Total</b>		<b>£ 1,500.00</b>	<b>£ 140.00</b>
<b>TOTAL</b>		<b>£ 199,127.00</b>	<b>£ 213,484.70</b>



Report of the Accountants on  
the Service Charge Expenditure  
of Johnson Fellows as Agents for  
W Wing Yip & Brothers Property & Investments Limited  
Year ended 30 September 2021  
544 Purley Way, Croydon, London.

# Accountants Report On Service Charge Expenditure Statement

## **Report to the Tenants of 544 Purley Way**

We have examined the service charge statement of account (see appendix 1) in respect of 544 Purley Way, Croydon, London for the year ended 30 September 2021 together with the books and records maintained by Johnson Fellows ("the managing agent").

Under the terms of this engagement, we were not required to, and did not, form any opinion as to either the reasonableness of the costs included within the service charge statement or the standard of the services or works provided.

## **Respective responsibilities of the managing agent and accountant**

The managing agent has undertaken responsibility for the preparation of the service charge statement on behalf of the tenants. It is our responsibility to form an independent opinion, based on our examination, on the service charge account and to report our opinion exclusively to the managing agent.

## **Basis of opinion**

Our work included examination of evidence relevant to the amounts included in the statement and their disclosure.

We planned and performed our examination so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the service charge statement is a fair summary of

## **Basis of opinion (continued)**

the costs relating to 544 Purley Way, Croydon, London and is sufficiently supported by accounts, receipts and other documents which have been made available to us. In view of the purpose for which this service charge statement has been prepared, however, we did not evaluate the overall adequacy of the presentation of the information which would have been required if we were to express an audit opinion under International Standards on Auditing (UK) issued by the Financial Reporting Council

## **Opinion**

In our opinion the service charge statement presents a fair summary of the expenditure for the year ended 30 September 2021 is sufficiently supported by accounts, receipts and other documents.



**MHA MacIntyre Hudson  
Chartered Accountants**

**Date: 9 May 2022**

SUMMARY EXPENDITURE REPORT  
 FOR THE YEAR ENDED 30 SEPTEMBER 2021  
 BUSINESS CENTRE CROYDON, 544 PURLEY WAY, CROYDON, LONDON.

COST CATEGORY	EXPENSE				VARIANCE FROM	
	TOTAL	SCHEDULE 1	SCHEDULE 2	SCHEDULE 3	BUDGET	BUDGET
	£	£	£	£	£	£
<b>MANAGEMENT</b>						
Management fees	12,088	12,088	-	-	12,088	-
Accounting fees	1,178	1,178	-	-	900	278
Health, safety and environmental	665	665	-	-	800	135
Site management resources	16,489	16,489	-	-	16,489	-
<b>Subtotal</b>	<b>30,420</b>	<b>30,420</b>	<b>-</b>	<b>-</b>	<b>30,277</b>	<b>143</b>
<b>UTILITIES</b>						
Electricity	10,273	10,273	-	-	16,000	5,727
<b>Subtotal</b>	<b>10,273</b>	<b>10,273</b>	<b>-</b>	<b>-</b>	<b>16,000</b>	<b>5,727</b>
<b>SOFT SERVICES</b>						
Security	118,828	118,828	-	-	105,800	13,028
Cleaning and environmental	19,997	18,721	1,136	140	18,950	1,047
<b>Subtotal</b>	<b>138,825</b>	<b>137,549</b>	<b>1,136</b>	<b>140</b>	<b>124,750</b>	<b>14,075</b>
<b>HARD SERVICES</b>						
Mechanical and electrical services	14,664	14,664	-	-	10,100	4,564
Lifts and escalators	1,393	1,393	-	-	5,000	3,607
Fabric repairs and maintenance	17,910	17,910	-	-	13,000	4,910
<b>Subtotal</b>	<b>33,967</b>	<b>33,967</b>	<b>-</b>	<b>-</b>	<b>28,100</b>	<b>5,867</b>
<b>Grand Total</b>	<b>213,485</b>	<b>212,209</b>	<b>1,136</b>	<b>140</b>	<b>199,127</b>	<b>14,358</b>

