



JOHNSON FELLOWS

**Magenta House, Central Avenue,  
Welling, Kent DA16 3AY**

**Service Charge Budget Report**

**25/06/2025 – 24/06/2026**



## **Contents**

Introduction

The Property

Voids and Concessions

VAT

Banking

Reserve Fund

Service Charge Objectives

Residential Service Charge Obligations

Management Team

Service Charge Apportionment

Budget Commentary

## **Appendices**

- A. Service Charge Apportionment Schedule
- B. Service Charge Variance Schedule
- C. The Service Charges (Summary of Rights and Obligations, and Transitional Provision) (England) Regulations 2007





## **Introduction**

The service charge budget report is intended to provide details of the planned expenditure for the forthcoming service charge year by the Landlord, Station House Welling Management Limited.

As this is a new property a service charge has not previously operated. A service charge is necessary due to there being communal structures, services and areas.

As a consequence of there being limited service charge information, the service charge budget is an assessment of anticipated expenditure. The service charge will be reviewed at the year-end and subsequent budgets will reflect more accurately the services required and the expenditure incurred.

## **The Property**

The property comprises of one ground floor retail unit and 5 residential apartments on the first and second floors. To the side of the building is a shared passageway to the service yard for the shop and to the refuse bin store and bike racks for the apartments.

The common parts serving the whole property include the main structure and external elements of the building (but not the shop frontage), the passageway and the boundary walls/fences. The communal areas for the first and second floor residential apartments include the ground floor entrance from Central Avenue, stairs, landings and cupboards.

## **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 payable by the commercial lessees will have VAT charged at the standard rate. The service charge payable by the leaseholders of the apartments will be charged inclusive of VAT, as the landlord is unable to recover the VAT on this part of the service charge expenditure.

As a result of the different VAT status of occupiers, service charge schedules are used.



## **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**

In the future, repairs will be necessary to various elements of the building. It is financial prudent to plan for the cost of these repairs in advance and to spread the cost over a period of time. For this reason a reserve fund will be established.

In the first year of the service charge a Planned Maintenance Report will be commissioned to identify the future repairs and to provide budget costs. This report will then be used to establish the appropriate annual contribution to the reserve fund from the second year onwards.

The fund will be held in a discrete bank account with interest credited to it. Any banking costs will be paid from the service charge together with any tax on the interest earned. An allowance for VAT will be made in the reserve fund for the residential share of the costs.

## **Service Charge Objectives**

The object of this budget report is to provide clear explanation of the planned 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 for the forthcoming year.

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 and the Service Charge Residential Management Code; RICS Code of Practice.

## **Residential Service Charge Obligations**

In accordance with the Landlord & Tenant Act 1987, Section 48, it is confirmed that the Landlord is Station House Welling Management Limited and their address for the service of notices is 5 Technology Park, Colindeep Lane, Colindale London NW9 6BX.

Please refer to the enclosed details in Appendix C for the relevant legislation relating to residential long leaseholder's rights and obligations relevant to the service charge. Residential long leaseholders' will be consulted upon any expenditure where their contribution exceeds £250.



## **Management Team**

### **Facilities Manager:**

Robert Scott  
Johnson Fellows, 180 Newhall Street, Birmingham, B3 1SJ  
Mobile: 07540 732602  
Email: Robert.Scott@johnsonfellows.co.uk

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

### **Management Surveyor:**

Tina Hothi  
Johnson Fellows, 180 Newhall Street, Birmingham, B3 1SW  
Mobile: 07594 089316  
Email: tina.hothi@johnsonfellows.co.uk

Tina Hothi is responsible for the overall management of the property.

### **Service Charge Accountant:**

Kiesha Gregory  
Client Accounts  
Johnson Fellows, 180 Newhall Street, Birmingham, B3 1SJ  
Direct Dial: 0121 234 0405  
Email: kiesha.gregory@johnsonfellows.co.uk

Kiesha Gregory 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. The apportionment percentages for each lessee are noted within the Service Charge Apportionment Schedule, as detailed in Appendix A.

### **Schedule 1 – Commercial**

The ground floor occupier is liable for contributing towards the estate expenditure for the repair and maintenance of the structure and external elements of the building together with the passageway. As this expenditure is for the benefit of both the commercial and residential leaseholders, it will be usually be split having regards to the GIA of the commercial and residential units. If an alternative means of apportionment is appropriate this will be detailed in the commentary below.

The budget shown in the Commercial Schedule is stated exclusive of VAT.

### **Schedule 2 – Residential**

The residential leaseholders are liable for contributing towards a share of the estate expenditure as detailed above.

Residential leaseholders are also responsible for the costs to repair and maintain the apartment common parts of the property. The split of this element of the service charge budget between the residential leaseholders has regard to the GIA of the apartments.

The expenditure detailed in the Residential Schedule is shown inclusive of VAT.



## **Budget Commentary**

### ***SCHEDULE 1 – Estate Service Charge***

***All figures are shown net of VAT***

- **Pest Control** **£700.00**

Cost heading for the implementation of pest control.

- **External Building Repair (and decoration)** **£2,400**

A contingency for external building repair required to the premises for this service charge year.

- **Audit Fee** **£350.00**

The Landlord and Tenant Act 1985 and RICS Code of Practice require that service charge accounts are certified on an annual basis. This cost is a contribution to the fee raised by the accountants for certifying the year end service charge accounts and reflects the proportion of expenditure within Schedule 1.

- **Statutory Compliance** **£500.00**

A cost heading for the annual Health & Safety inspection and report.

### **Total**

**Schedule 1** **£3,950.00**

This budget is net of VAT at 20%.

### ***SCHEDULE 2 – Residential***

***All figures are shown inclusive of VAT***

- **Insurance** **£1,200.00**

The budget for the building insurance premium attributable to the residential apartments.

- **Electricity Supply** **£1,140.00**

The cost of the communal electricity supply serving the residential apartments.

- **Window Cleaning** **£360.00**

The cost for the contract cleaning of the external windows serving the residential apartments.

- **Communal area cleaning** **£3,000.00**

A cost heading for implementing a monthly clean of the residential communal areas.



- **Fire Systems Maintenance** **£3,000.00**

The cost for monthly testing of the emergency lights, a six-monthly discharge test of the lights and the annual maintenance of the fire alarm panel serving the apartments.

- **Door & Emergency Access Systems** **£216.00**

The budget for the maintenance and repair of the entry system serving the apartments.

- **Statutory Compliance** **£600.00**

The cost of the annual health and safety audit of the common parts.

- **Management Fee** **£600.00**

This figure represents a share of the fee to manage the property and administer the service charge, reflecting the expenditure within Schedule 2. It is a fixed fee indexed linked annually to RPI.

- **Facilities Management** **£2,160.00**

This figure represents the fee to manage the communal contracts. It is a fixed contribution to the facilities manager employment costs indexed linked annually to RPI.

- **Reserve Fund** **£1,200.00**

The annual contribution to the reserve fund.

### **Total**

**Schedule 2** **£13,476.00**

Please note this budget is inclusive of VAT.

This budget is net of VAT at 20%.

### ***SCHEDULE 3 – Commercial***

- **Management Fee** **£500.00**

This figure represents a share of the fee to manage the property and administer the service charge, reflecting the expenditure within Schedule 2. It is a fixed fee which will be increased annually in line with RPI.

- **Facilities Management** **£1,500.00**

This figure represents the fee to facilitate the repairs, maintenance, contractors and statutory compliance reports required to the site. It is a fixed contribution to the facilities manager employment costs and will increase annually in line with RPI.

**Schedule 3** **£700.00**



**Budget Approval**

R. Scott

*[Handwritten Signature]*

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Facilities Manager

Dated 2<sup>nd</sup> October 2025

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Associate Partner

Dated 2<sup>nd</sup> October 2025



Appendix A

<b>Magenta House, Welling</b>		
<b>Service Charge Apportionment Schedule</b>		
<b>25th June 2025 - 24th June 2026</b>		
<b>Unit</b>	<b>Schedule</b>	<b>Percentage %</b>
Tesco	1	59.23
Flat 1	1	6.54
Flat 2	1	7.26
Flat 3	1	9.03
Flat 4	1	6.72
Flat 5	1	11.21
		<b>100.00</b>
Tesco	2	0.00
Flat 1	2	16.05
Flat 2	2	17.81
Flat 3	2	22.16
Flat 4	2	16.47
Flat 5	2	27.51
		<b>100.00</b>
Tesco	3	100.00
Flat 1	3	0.00
Flat 2	3	0.00
Flat 3	3	0.00
Flat 4	3	0.00
Flat 5	3	0.00
		<b>100.00</b>



**Appendix B**

**Magenta House, Central Avenue, Welling**  
**Service Charge Budget Report 25th June 2025 - 24th June 2026**

The property is VAT registered. Figures for all schedules are shown as a gross amount.

<b>Service Charge Item</b>	<b>Schedule 1</b>	<b>Estate Service Charge - Net</b>
Pest Control	1	700
External Building Repair (and decoration)	1	2400
Audit Fee	1	350
Statutory Compliance	1	500
	<b>Schedule 2 - Residential - Gross</b>	<b>£3,950.00</b>
Insurance	2	1200
Electricity	2	1140
Window Cleaning	2	360
Communal area Cleaning	2	3000
Fire Systems Maintenance	2	3000
Door & Emergency Access Systems	2	216
Statutory Compliance	2	600
Management Fee	2	600
Facilities Management	2	2160
Reserve Fund	2	1200
	<b>Schedule 3 - Commercial - Net</b>	<b>£13,476</b>
Management Fee	3	200
Facilities Management	3	500
	<b>1 Total</b>	<b>£700</b>



## Appendix C

### **The Service Charges (Summary of Rights and Obligations, and Transitional Provision) (England) Regulations 2007**

- (1) This summary, which briefly sets out your rights and obligations in relation to variable service charges, must by law accompany a demand for service charges. Unless a summary is sent to you with a demand, you may withhold the service charge. The summary does not give a full interpretation of the law and if you are in any doubt about your rights and obligations you should seek independent advice.
- (2) Your lease sets out your obligations to pay service charges to your landlord in addition to your rent. Service charges are amounts payable for services, repairs, maintenance, improvements, insurance or the landlord's costs of management, to the extent that the costs have been reasonably incurred.
- (3) You have the right to ask a leasehold valuation tribunal to determine whether you are liable to pay service charges for services, repairs, maintenance, improvements, insurance or management. You may make a request before or after you have paid the service charge. If the tribunal determines that the service charge is payable, the tribunal may also determine:
  - a. who should pay the service charge and who it should be paid to;
  - b. the amount;
  - c. the date it should be paid by; and
  - d. how it should be paid.

However, you do not have these rights where:

- e. a matter has been agreed or admitted by you;
  - f. a matter has already been, or is to be, referred to arbitration or has been determined by arbitration and you agreed to go to arbitration after the disagreement about the service charge or costs arose;
  - g. or a matter has been decided by a court.
- (4) If your lease allows your landlord to recover costs incurred or that may be incurred in legal proceedings as service charges, you may ask the court or tribunal, before which those proceedings were brought, to rule that your landlord may not do so.
  - (5) Where you seek a determination from a leasehold valuation tribunal, you will have to pay an application fee and, where the matter proceeds to a hearing, a hearing fee, unless you qualify for a waiver or reduction. The total fees payable will not exceed £500, but making an application may incur additional costs, such as professional fees, which you may also have to pay.
  - (6) A leasehold valuation tribunal has the power to award costs, not exceeding £500, against a party to any proceedings where:
    - a. it dismisses a matter because it is frivolous, vexatious or an abuse of process; or
    - b. it considers a party has acted frivolously, vexatiously, abusively, disruptively or unreasonably.

The Lands Tribunal has similar powers when hearing an appeal against a decision of a leasehold valuation tribunal.

- (7) If your landlord:
  - a. proposes works on a building or any other premises that will cost you or any other tenant more than £250, or



- b. proposes to enter into an agreement for works or services which will last for more than 12 months and will cost you or any other tenant more than £100 in any 12 month accounting period,

Your contribution will be limited to these amounts unless your landlord has properly consulted on the proposed works or agreement or a leasehold valuation tribunal has agreed that consultation is not required.

- (8) You have the right to apply to a leasehold valuation tribunal to ask it to determine whether your lease should be varied on the grounds that it does not make satisfactory provision in respect of the calculation of a service charge payable under the lease.
- (9) You have the right to write to your landlord to request a written summary of the costs which make up the service charges. The summary must:
  - a. cover the last 12 month period used for making up the accounts relating to the service charge ending no later than the date of your request, where the accounts are made up for 12 month periods; or
  - b. cover the 12 month period ending with the date of your request, where the accounts are not made up for 12 month periods
- (10) The summary must be given to you within 1 month of your request or 6 months of the end of the period to which the summary relates whichever is the later.
- (11) You have the right, within 6 months of receiving a written summary of costs, to require the landlord to provide you with reasonable facilities to inspect the accounts, receipts and other documents supporting the summary and for taking copies or extracts from them.
- (12) You have the right to ask an accountant or surveyor to carry out an audit of the financial management of the premises containing your dwelling, to establish the obligations of your landlord and the extent to which the service charges you pay are being used efficiently. It will depend on your circumstances whether you can exercise this right alone or only with the support of others living in the premises. You are strongly advised to seek independent advice before exercising this right.
- (13) Your lease may give your landlord a right of re-entry or forfeiture where you have failed to pay charges which are properly due under the lease. However, to exercise this right, the landlord must meet all the legal requirements and obtain a court order. A court order will only be granted if you have admitted you are liable to pay the amount or it is finally determined by a court, tribunal or by arbitration that the amount is due. The court has a wide discretion in granting such an order and it will take into account all the circumstances of the case.