

Tolka Vale Owners Management CLG

Accounts Commentary

Tolka Vale Owners Management CLG

Financial report on Statutory Accounts 31/12/2024

Statutory financial statements are designed to advise the reader how much money was received by an organisation and how it was spent over a certain period. This is called the profit and loss account or the income and expenditure account. It also posts what assets the organisation owns and what it owes at a certain point in time. This is called the balance sheet. To those who are not used to reading such documents, it can be quite challenging to understand what exactly is being reported. The statutory accounts also include notes and reports to comply with legal and accounting regulations. Again, these can add to the confusion. Furthermore, financial statements are prepared on an accruals basis – this means that the accounts reflect income and bill due, rather than when they are paid. Accordingly, we attempt in this document to simplify the information being conveyed.

Firstly it is important to understand how your Board works. The Board is established to manage to common areas of the complex. The common areas are basically all areas of the complex outside your apartment. Managing the complex involves ;

- a) Insuring the complex
- b) Keeping the common areas clean and maintained
- c) Arranging for waste collection and implementing appropriate hygiene standards
- d) Maintaining the lifts and common amenities
- e) Arranging for the carrying out of repairs and upkeep to the amenities, drains, gates, doors, lighting and the building generally.
- f) Monitoring and enforcing the rules of the complex which is designed to make living in Tolka vale safe and pleasant.
- g) Installation and monitoring of security systems.
- h) Coordinating any property external improvements in accordance with Complex policy.
- i) Appoint property manages to assist members on a wide range of issues and to run the complex in accordance with policy and the law.

There are many more tasks carried out by your Board not listed above. In order to do this, the Board have to raise funds from the members (called service charges) and use this money to pay for the costs of running the complex.

At the beginning of every financial year (1st January to 31st December) the Board will compile a budget. The budget is split into 2 categories, a current account budget and a capital account budget. The current account budget involves estimating the day to day running costs eg management fees, audit, electricity, cleaning , ground maintenance, pest control, and repairs and maintenance.

The capital budget is an estimate of the amounts of money that is needed to be set aside for large scale expenditure such as lift refurbishment, roof repairs, building painting, common area upgrades and security system replacements. There is a legal

requirement to charge each apartment a minimum €250 and set this aside into a maintenance sinking fund.

In the past a third budget was run to bring the complex up to the appropriate fire safety regulations. This is now virtually complete.

Once the budgets are complete, they are divided over the 100 apartments and allocated in accordance with the size of each apartment. In other words, the larger your apartment, the higher your service fee. Generally, the service fee is then issued to each member on February. It becomes payable immediately and is to be discharged by means of immediate payment or monthly/quarterly standing order.

So what happens if the budget is wrong and expenditure is less or more than budgeted. This can happen because something unforeseen arises , particularly with an ageing building. It can also happen because certain expenditure was not necessary in the year in question or that savings were achieved by the Board. If the actual expenditure comes in less than the budget each owner should receive a credit or if the expenditure is greater than budget, the owner should be billed the extra. We do not apply this system because it can leave huge uncertainty to the owners. One other reason for this issue is that certain owners do not pay their service fee and the budgeted expenditure cannot take place. This reason has been a huge problem in the past where some owners did not pay for years. We now carry a deficit or surplus into the following year. Accordingly this is why we have a current account (day to day expenditure) surplus. So when you see a current account surplus, it simply means that owners have been billed but the expenditure has not **yet** been incurred.

Current Account

In the year in question the surplus was €27 and added to this is the surplus from 2023. €67,905 leaving the balance at €67,932 at the year end.

The current account is analysed with 2023 comparatives. It will be noted that those who have not paid their service fee, have been charged interest and fees. 2023 was particularly active in collecting delinquent service fees , hence the higher charges and interest. It has been the Board policy to avoid incurring legal expenses, due to its ineffectiveness, in chasing poor payers. We favour utilising the powers contained in the lease the owner holds with the management company, and withdraw central services. 2023 also reported a once off discount on those who paid all service fees as they fell due. We had provided €13,513 but only €12,000 was discounted, thus €1,513 was credit back to income in 2024. Basic service fees were not increased in 2024. Savings in 2024 were made on insurance by obtaining a number of quotes. Electricity costs also fell due “shopping” for the best price and a general fall in electricity rates. Our security system was enhanced in 2023 with a smaller expansion spent in 2024. Cleaning and maintenance increased in line with government minimum wage increases. Repairs and Capital increased considerably as funding permitted budgeted works from previous years be carried out in 2024.

Also attached is an comparison of the 2024 budget and the actual expenditure. All of the 2024 budget was spent and the additional income from late payments allowed greater expenditure than budgeted. Savings in certain areas (insurance, electricity, refuse, security etc) allowed greater expenditure on repairs and capital expenditure. While we can spend a greater amount than our budget, we may not exceed our overall reserves or our cash availability.

Capital Accounts

We have 2 capital accounts as stated. One is for the Fire Certificate and one is for future large scale capital expenditure. The accounts report a fire certificate reserve surplus of €42,066 (ie money raised but not spent). It is expected to spend this reserve in completing sundry fire certificate items, quite shortly.

The general sinking fund stood at €76,152 at the beginning of the year ie monies billed but not spent. We raised €25,000 in the service fee in 2024 and out of this, we spent €23,250 on roof repairs. This has been an ongoing project to prevent leaks. A surplus of €1,750 is added to the opening balance at the beginning of the year, leaving the reserve stand at €77,902 at year end. This reserve will have to be increased over the next 4 – 5 years as certain large scale works will have to take place. The work to take place will be the refurbishment of the third lift, recarpeting and repainting of the common areas, completion of roof repairs. Our estimates will be that this will cost in the region of €400,000, or €80,000 per annum. It is important to note that while these works will be required, there will be a reduction in maintenance costs as there will be less lift repairs or leaks attributable to roof issues.

At the end of the year the Company , reported cash reserves of €157,661.

We trust that this analysis will help you understand the financial statements a little better.

Tolka Vale Management Company**Accounts 31/12/2024****Current Account**

Income	(see attached)	211,873
Expenditure	(see attached)	211,846
Surplus/Deficit for the year		<u>27</u>
Opening Surplus/Deficit		67,905
Closing Surplus		<u><u>67,932</u></u>

Sinking Fund

Income		25,000
Expenditure	Roof Repairs	23,250
Surplus/Deficit for the year		<u>1,750</u>
Opening Surplus/Deficit		76,152
Closing Surplus		<u><u>77,902</u></u>

Fire Certificate Account

Income		0
Expenditure	(Car park/Emergency lights)	77,865
Surplus/Deficit for the year		<u>-77,865</u>
Opening Surplus/Deficit		119,931
Closing Surplus		<u><u>42,066</u></u>

Totals

Overall Reserve Movement		<u>-76,088</u>
Total Closing Reserves		<u><u>187,900</u></u>

Tolka Vale Management Company

Current Account	2024	2023	Movement
Income			
Service Fees	202,553	202,553	0
Recharges	272	100	172
Sundry	290	2,000	-1,710
Interest on late payment	6,906	13,599	-6,693
2023 Payment discount	1,513	-12,000	13,513
Deposit Interest	339	54	285
	<u>211,873</u>	<u>206,306</u>	<u>5,567</u>
Payments			
Management fees	25,378	23,320	2,058
Insurances	29,030	31,036	-2,006
Electricity	24,304	47,469	-23,165
Security Systems	683	5,306	-4,623
Complex Cleaning	27,757	23,951	3,806
Ground Maintenance	5,555	4,545	1,010
Refuse Removal	17,575	16,838	737
Pest Control	1,937	2,084	-147
Parking Enforcement	677	677	0
Lift repairs	11,211	12,579	-1,368
Lift line rental	443	443	0
Gate Repairs	1,884	1,737	147
Electrical Repairs	6,127	1,595	4,532
Rechargeable repairs		227	-227
Pump Maintenance	1,266	278	988
Lights Maintenance		390	-390
Door Maintenance	644	992	-348
Drain Maintenance	2,270	5,726	-3,456
Misc Repairs	11,639	6,872	4,767
Capital Expenditure	38,713	15,119	23,594
Auditor	3,758	4,469	-711
Legal	185		185
Sundries	291	-31	322
Printing & Stationary		243	-243
Bank Fees	434	441	-7
Corporation Tax	85		85
	<u>211,846</u>	<u>206,306</u>	<u>5,540</u>
Surplus / Deficit	27	0	27

Tolka Vale Management Company**Autual v Budget 2024**

Current Account	2024 Actual	2024 Budget	Movement
Income			
Service Fees	202,553	202,550	3
Recharges	272		272
Sundry	290		290
Interest on late payment	6,906		6,906
2023 Payment discount	1,513		1,513
Deposit Interest	339		339
	<u>211,873</u>	<u>202,550</u>	<u>9,323</u>
Payments			
Management fees	25,378	24,486	892
Insurances	29,030	32,000	-2,970
Electricity	24,304	28,800	-4,496
Security Systems	683	2,000	-1,317
Complex Cleaning	27,757	27,760	-3
Ground Maintenance	5,555	4,820	735
Refuse Removal	17,575	18,900	-1,325
Pest Control	1,937	2,000	-63
Parking Enforcement	677	675	2
Lift repairs	11,211	8,669	2,542
Lift line rental	443	450	-7
Gate Repairs	1,884	1,800	84
Electrical Repairs	6,127	2,000	4,127
Pump Maintenance	1,266	1,500	-234
Lights Maintenance		1,000	-1,000
Door Maintenance	644	1,000	-356
Drain Maintenance	2,270	3,000	-730
Misc Repairs	11,639	5,000	6,639
Capital Expenditure	38,713	30,000	8,713
Auditor	3,758	3,690	68
Legal	185	1,000	-815
Sundries	291	2,000	-1,709
Printing & Stationary			0
Bank Fees	434		434
Corporation Tax	85		85
	<u>211,846</u>	<u>202,550</u>	<u>9,296</u>
Surplus / Deficit	27	0	27