

Treasurer's Report to 2020 AGM

Service charges, forecasts and budget

1. The financial position of the company remains strong. I recommend holding the service charge at £130 per month in 2020-21.
2. I have forecasted balances based on the following assumptions:
 - service charge of £130 per month until 2021-22 and rising in line with inflation of 3.0% per year thereafter
 - next painting in 2023 then three yearly thereafter.
 - Painting costs in line with 2020 + inflation
 - resurfacing the access road at a cost of £46,500 in 2021-22 and again after 25 years
 - resurfacing the circular path after 40 years at a cost of £13,000 (2014 prices)
3. Under these assumptions balances rise to 8 times normal annual expenditure just before the 2021-22 resurfacing of the access road, fall to 4-6 times normal expenditure after the 2023 repainting, and fall to 2-3 times normal spending after the next resurfacing after 25 years. I believe this is ample to meet most unexpected events without recourse to a one off special levy on owners, and leaves a fair financial legacy for future owners rather than presenting them with a lot of liabilities and no money in the bank.
4. A budget for 2020-21 is annexed to this report. It reflects the 3 month maintenance charge discount between April and June 2020.

2019-20 Out-turn

5. The company had a surplus of £19,683 on ordinary activities (i.e. excluding painting) for 2019-20, leaving it with cash balances of £137,594.08 at year end made up as follows:

•	Lloyds	£18,006.75
•	Co-Operative Bank	£90,698.44
•	Hampshire Trust Bank 1 Year Bond	£28,888.89

I plan to move some of the cash from the Co-Op to the Lloyds account to stay within the FSCS Deposit Protection limit of £85,000.

6. Porter Garland have chosen to show 2019-20 spending on painting within the Profit and Loss account. I will recommend to them that the balance of the contract is funded from the redecoration reserve.

David Howes (No 7) Treasurer

Annex – 2019-20 Out-turn and 2020-21 Budget

	2019-20 Budget	2019-20 Out-turn	2020-21 Budget
Income			
Maintenance contributions	35,880	35,880	31,395
Gross Interest	500	545	500
Right of Way receipts	862	833	875
Other Income	0	40	30
Total income	37,242	37,298	32,800
Expenditure			
Water rates	192	148	192
Electricity	785	826	825
Insurance	802	811	825
Trees and shrubs	4,524	(156)	1,000
Grounds maintenance	7,035	6,421	6,500
General repairs	400	5,342	2,500
Road and path resurfacing	0	0	0
Cator Estate Charges	3,372	2,997	3,072
Painting	840	0	0
Other Asphalt Work	0	0	0
Administration	90	266	100
Legal and professional fees	1,807	0	0
Audit and accountancy fees	936	960	1,000
Total expenditure	20,783	27,097	16,014
Surplus (Deficit)	16,421	19,683	16,786
Tax	0	0	0
Surplus (Deficit) after tax	16,421	19,683	16,786