

## Report to AGM

The directors report a reduced surplus for the year of £793, income for the year was lower due to a rent reduction (to £450 per month) which had been given to our tenant of 24 Kings Close, we do not believe such reduction should have been offered. This reduction has ended and the current directors have increased the rent to what is advised as a current market rent of £575.

The reduced rental is somewhat offset by £400 arrears being paid for some leased land at side of 6 Mount Avenue which we discovered we also own. We have subsequently found we own land at rear of 32 Mount Drive and further land at 6 Mount Avenue where a small amount is also to be collected.

In the period before the appointment of the current directors expenditure was higher than might have been expected. Notably £205 was expended on asking two separate contractors to attend to the heating boiler (neither remedied the defect). Earlier attempted repairs were also charged which should have been the subject of a warranty claim. £1,200 was expended to remove suspected asbestos from behind the meter to allow an optional "smart meter" installation. £900 was expended on a new garage door.

We hope to be able to report a significantly improved financial position for the company in the current year.

## Service Charge accounts

The Service Charge accounts are in a slightly different format, now excluding the money previously identified as Reserve Fund returned to each owners account, reflected in the amended year ended of 31 March 2022 Service Charge accounts (column marked as restated), changes are as agreed at the last AGM. The Service Charges are now being demanded in accordance with the original leases and conveyances. There has been no changes to the procedure set out - it is merely being followed.

Whilst the reserve fund is not allowable we believe we have prepared a most attractive alternative. Every owner now has the option of an individual reserve fund. The credit in your account for those Members who have maintained monthly payments after the July payment should now be about £450 for flat owners and £250 for house owners. This is your money and cannot be taken without a reasoned demand and statement of your rights.

A flat owner paid up as mentioned now has a contingency reserve to meet Estate expenditure up to £44,500 (Flat expenditure 32,400) and a house owner £24,750. There is forecast to be sufficient in your account on this basis to meet the 6 monthly payments in advance. Indeed we hope those paying monthly will see their reserves increase as costs are controlled. ***It is your choice whether you keep this reserve or choose to pay fluctuating 6 monthly demands in one.***

Because of the lack of legal structure for a reserve fund sellers of property on Bebington Hall Park were incorrectly informed the reserve fund was non refundable. Many have previously left and lost this money to a new owners benefit. We believe some were even prevented from selling until they discharged arrears which included money not due.

The expenditure contained in both the Flats and Estate accounts is identical to the draft audited service charge accounts for the current year. We were not able to finalise the audit within the time available as an amount of £299.21 overspend within the previous Estate budget demand was not carried forward (the under spend of £10,011.88 in respect of the Flats account was carried forward) and due to the timing of the return of the reserve fund treatment. The totals are agreed by the audit and the directors. The directors are confident the accounts presented are correct.

Flat owners had been charged with the cost of third party insurance for the whole estate. This has now been charged to the estate.

I will only deal with substantial amounts but significant progress has been made in reducing overall expenditure levels. The last demand for **6 months** Service charge after taking into account under spend or overspend was £156.53 down from £264.22 for the Flats and estate £50.97 down from £184.78.

Prior to the year end we were able to agree a return to the Estate of £3,960 of the £9,900 deducted from the Service Charge account on 18/10/2022. This was taken the day after we informed Smith & Sons no further work was to be undertaken without consent. The directors were not consulted before the payment was made for an invoice dated the previous day. The directors were initially told this was for work over the summer months including October 2022. We are attempting to arrange the recovery of as much as possible. The returned money was for an amount which had been invoiced even in excess of the (disputed) claim for the amount of paving undertaken. The manner in which the paving expenditure has been made is not satisfactory.

We identified a very large scheme of tree works - £5,220 had been sanctioned including land outside of the service charge area and without any detailed specification. We are intending to instruct the consultant to prepare an updated report with itemised and prioritised works for consideration for work to proceed in the autumn.

Your directors are not in a position to legally implement a general reserve fund. To do so by demanding money not due would be an illegal act with personal liability of the directors and could lead to disqualification to act as a director and criminal charges.

We feel the current individual reserve meets the needs of those seeking level payments whilst protecting your money.