



# Financial Update

February 2016

## Financial Overview

The following Income and Expenditure Account shows as at February 2016 NEWHs is projecting a surplus of £33,431.

### NEW Homes Profit and Loss Forecast 2015/16

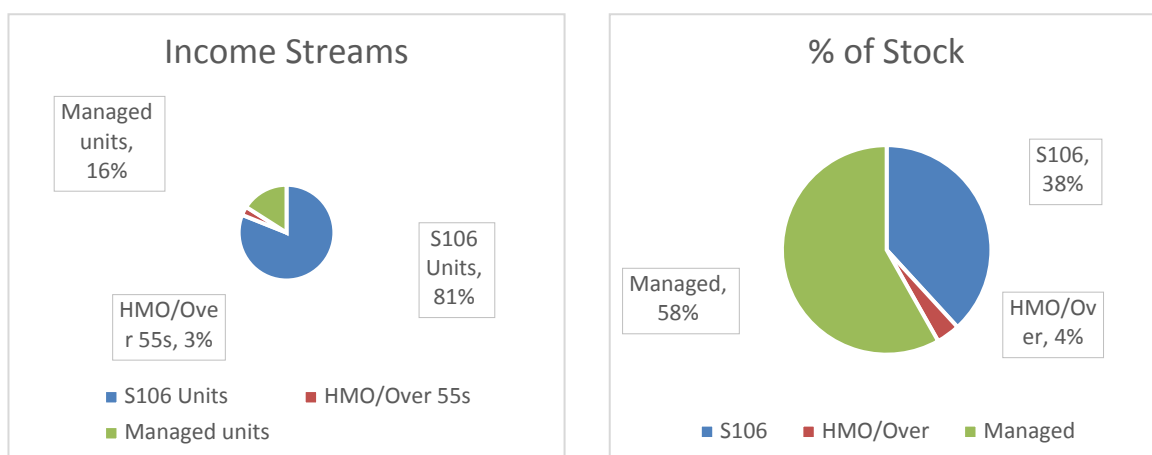
All Units	Budget	Feb - YTD	Projection	Outturn	Variance
	£	£	£	£	£
<b>Income From Lettings</b>					
<b>S106 Units</b>					
Rent Receivable	(100,200.00)	(88,001.87)	(10,100.00)	(98,101.87)	2,098
Voids rent loss	986.00	0.00	0.00	0.00	(986)
Service charges	0.00	(1,089.00)	1,089.00	0.00	0
<b>Over 55s/HMO Lease</b>					
Rent Receivable	0.00	(2,093.44)	(1,497.50)	(3,590.94)	(3,591)
Sign up Income	0.00	0.00	0.00	0.00	0
<b>Managed Letting units</b>					
Management Income	(14,430.00)	(14,998.01)	(1,508.50)	(16,506.51)	(2,077)
Sign up Income	(2,340.00)	(2,635.00)	(195.00)	(2,830.00)	(490)
<b>Net Rental Income</b>	<b>(115,984.00)</b>	<b>(108,817.32)</b>	<b>(12,212.00)</b>	<b>(121,029.32)</b>	<b>(5,045.32)</b>
<b>Operating Costs</b>					
<b>S106 Units</b>					
Responsive & Void repair costs	3,250.00	1,412.87	87.13	1,500.00	(1,750)
Cyclical costs	813.00	0.00	0.00	0.00	(813)
Major Repairs Provision	0.00	0.00	0.00	0.00	0
Bad Debt Provision	986.00	0.00	0.00	0.00	(986)
Bad Debt Write Offs	0.00	0.00	299.00	299.00	299
S106 Legal Fees	0.00	410.00	150.00	560.00	560
S106 Service Charge	0.00	0.00	0.00	0.00	0
Depreciation	5,000.00	0.00	0.00	0.00	(5,000)
<b>HMO Lease</b>					
Cleaning	0.00	647.00	120.00	767.00	767
Utility Costs	0.00	1,793.19	0.00	1,793.19	1,793
<b>Overheads</b>					
General Management Recharges	50,108.00	848.47	57,589.35	58,437.82	8,330
Comms and software	2,314.00	1,511.38	602.42	2,113.80	(200)
Subscriptions	1,275.00	843.95	0.00	843.95	(431)
Financing charges	2,478.00	4,851.55	248.78	5,100.33	2,622
Marketing and Printing	2,560.00	477.18	522.82	1,000.00	(1,560)
Deposit Charges	265.00	111.40	47.00	158.40	(107)
Other - General	0.00	911.25	588.75	1,500.00	1,500
Consultancy	33,500.00	25.00	13,500.00	13,525.00	(19,975)
<b>Total Operating Costs</b>	<b>102,549.00</b>	<b>13,843.24</b>	<b>73,755.25</b>	<b>87,598.49</b>	<b>(14,950.51)</b>
Interest Payable	10,000.00	0.00	0.00	0.00	(10,000)
<b>Surplus Before Tax</b>	<b>(3,435.00)</b>	<b>(94,974.08)</b>	<b>61,543.25</b>	<b>(33,430.83)</b>	<b>(29,995.83)</b>
Corporation Tax					
<b>Surplus After Tax</b>	<b>(3,435.00)</b>			<b>(33,430.83)</b>	<b>29,995.83</b>

## Income

As at February 2016 we have a favourable income variance to budget of £5,045.32 for the year.

	<b>Budget</b>	<b>Projection</b>	<b>Variance</b>
<b>S106 Units</b>	£ 99,214.00	£ 98,101.87	-£ 1,112.13
<b>HMO/Over 55s</b>	£ -	£ 3,590.94	£ 3,590.94
<b>Managed units</b>	£ 16,770.00	£ 19,336.51	£ 2,566.51
	<b>£ 115,984.00</b>	<b>£ 121,029.32</b>	<b>£ 5,045.32</b>

£98.1k (81%) of income relates to rental charges on the S106 units which make up 38% of the property portfolio. £19.3k (16%) of income is from management fees via our managed portfolio.



The property portfolio has increased by 83% during 2015/16, taking the total number of units to 55 in total. This is an over achievement of 5 units compared to the budgeted projection.

	<b>2015/16</b>	<b>2014/15</b>
<b>S106 Units</b>	21	15
<b>HMO/Over 55s</b>	1	1
<b>Managed units</b>	33	14
	<b>55</b>	<b>30</b>

## Operating Costs

As at February 2016 we have a favourable variance on costs to budget of £14,951 for the year. This is mainly due to the consultancy costs being lower than anticipated.

	<b>Budget</b>	<b>Projection</b>	<b>Variance</b>
<b>S106 Units</b>	£ 45,287.10	£ 33,161.09	-£ 12,126.00
<b>HMO/Over 55s</b>	£ 4,404.76	£ 5,802.52	£ 1,397.75
<b>Managed units</b>	£ 52,857.14	£ 48,634.88	-£ 4,222.26
	<b>£ 102,549.00</b>	<b>£ 87,598.49</b>	<b>-£ 14,950.51</b>

## S106 Direct Costs

We are currently projecting £2,359 of costs for the S106 units. This is for land searches, valuation charges for new sites transferring to us and Gas Safety Certificates for each property as they become due.

Lower than anticipated remedial costs have been incurred in year on the S106 properties. This is due in part to the low tenant turnover.

## HMO/Over 55's Direct Costs

HMO - due to the leased HMO being hard to let, yet incurring direct costs for cleaning and utility charges, this has resulted in a loss on the property. The property has now been handed back to the landlords due to it being uneconomical to manage.

## Overheads – all properties

Comms and Software – Projected spend of £2,114 due to ongoing software support for Landlord Manager and hosting of the system on the Cloud via an external company.

Financing Charges – Projected spend of £5,100 due to the Yearend Accounts being prepared by an external company – Sage & Co – and a Client Account Audit that was completed December 2015 on client monies that we hold and manage.

Consultancy – Projected spend of £13,525 due to the specialist charges for work on the business plan by Andy Roskell in the amount of £12,000, plus additional licences for Landlord Manager to allow access for the Bond team.

General Management Recharges – These relate to the staff costs attributable to NEW Homes that will be transferred from Flintshire County Council at year end. They are higher than budgeted for due to the staff changes during the year.

**Client Account Audit**

The accountants, Sage & Co, have completed an audit on the client monies we hold. All checks have been completed and they are satisfied that monies are dealt with in the correct manner. A copy of the report is attached as Appendix 1.

**ARREARS**

We have 1 former tenancy in arrears. This case is to be reviewed and reclaimed from the tenant via the small claims court. The total amount of debt is £298.69 and relates to 2014/15, a provision for write off has been made in the accounts.