



OFFICIAL MANAGING AGENT FOR THE ELISENHEIM HOME OWNERS ASSOCIATION

NOTES TO THE BUDGET 2020 to 2021**GENERAL NOTE**

In years past we have accounted for all Levies invoiced as income in the budget, predicting the income statement as at the year end of the following year. This position leaves a threat that the EOA may be faced with a cash flow problem in any one year because not all income invoiced is received in the bank.

A specific example is that we budgeted for interest received on arrears in full when in fact most people that are in arrears continue not to pay levies and also do not pay the interest charged.

With regard to the position mentioned, the Trustees have decided to in future prepare the annual budget taking into account any amounts that will not be received in cash.

To meet the objective:

1. The budget will reflect the income line item as invoiced
2. The income line item will immediately be followed with a line item to adjust the shortfall in cash flow.

EXPENSES AS A PERCENTAGE OF TOTAL EXPENSES

Meeting Charge	0.04%	3,750.00
Legal Fees E103	0.12%	10,000.00
Office Refreshment E101	0.14%	11,500.00
Total Bank Service Charges EB500	0.16%	13,520.16
Office Expense Nashua E104	0.24%	20,025.41
Nursery EN300	0.24%	20,400.00
Audit Fees	0.30%	25,500.00
Office Stationery MAN1013	0.53%	45,000.00
Telephone MTC TEL1001	0.69%	58,845.00
Insurance EI700	2.14%	182,335.35
Total Office Rent Elisenheim	3.01%	255,609.11
Total Maintenance & Repairs EM800/ER900	3.58%	304,688.04
Waste Water Treatment E108	4.09%	348,000.00
Total Vehicle Repairs/ Expenses EV200	4.65%	395,455.57
Total Staff and management Expenses	34.18%	2,906,434.37
Total Security	45.89%	3,902,659.12
TOTAL	100.000%	8,503,722.12

The notes below comment on the specifics in the budget.

NOTES	ERVEN ANALYSIS
1	The market is sluggish and based on the sales of last year - we expect 2 new erven to register per month
2	Total number of Residential erven registered
3	Total number of GR units registered
4	Total number of Business erven registered
5	Levies per Erf Payable – please note that an increase of 3.0% is budgeted from 1 October 2022
6	Levies per GR unit Payable
7	Levies per Business Erf Payable – The levy is for the Urban Village. We have only charged the village 20% of the total levies so as not to burden them with extra costs whilst the village is finding it difficult to attract more customers
8	Levies for Residential Erven Collected
9	Levies for GR units Collected
10	Levies for Business Erf Collected
11	Total levies collected per month/year
NOTES	INCOME AND EXPENSE BUDGET
1	Design Review Committee (DRC) Officer charges for approval of plans, Inspections, penalties and alterations etc.
2	Total interest collected on arrears The Trustees resolved not to account for the income because the interest is mostly not received from members that are in arrears
2.1	The adjustment to negate the income from arrears
2.2	With the low interest rates the banks do not pay interest on current account
2.3	Interest received on cash investments with Elite Save, FNB & Loan to EPDC.
2.4	Total interest received reduced because we have not accounted for the interest on arrears
3	Total levies invoiced per erf, Sectional Units and Business Erf Increase in levies of 3.0% is budgeted from 1 October 2022.
3.1	The average calculation for the past years illustrate that we have a constant negative recovery of approximately 2,5% of levies invoiced. The adjustments for non-collection is reflected
3.2	The net levies collected in Cash for budget purposes
4.1	Special Levies charged to members that make use of the Machinery of the EOA and that have business consent to operate from home
4.2	Special levies raised on owners that operate a business from their property
4.3	The previous year budget overestimated the income that will be generated from the “lease” of the tipper. The lease was calculated at N\$550-00 per hour but it was found that the rate should be N\$350-00. The previous budget also anticipated that the tipper will be purchased earlier than July 2021. The adjustments have been taken into account for 2022 to 2023.
4.4	Lease of TLB to owners on the Estate
4.5	Total income from levies

5	Income from residents that make use of the picnic area
6	Contractors and domestic workers require access cards to enter the Estate. Cards are printed at a cost of N\$50-00 per card. The office issues approx. 50 cards per month
7	Every property that is sold must obtain a clearance certificate to certify that the levies are paid up before the property can transfer. Cost of clearance is N\$464-00
8	Income from penalty fees issued to members that have transgressed the rules
9	TOTAL INCOME for 2022 to 2023
10	Annual Audit fees. The Audit was placed on tender and the accepted tender price is quoted
11	Bank Service charges
12	Most of the insurance is paid with an annual premium payable in Dec/Jan every year. Monthly premium is payable for vehicles and Cell Phones. The tipper was added in July 2021. The EOA also took out personal accident cover for the workers on the Estate, hence the higher than normal increase in premium
13	We had no litigation by the EOA. All legal costs are recovered from members when they are in arrears. We do however make a provision for legal charges that we may incur
14	Repairs and maintenance – The line items are self-explanatory
14.1	Advertising for personnel
14.2	Cleaning Material for office and vehicles. Extra vehicles purchased increased the costs
14.3	Cost for tools and general maintenance items on the estate. The large increase is due to 8 river crossings that must be safeguarded. The cost per river crossing is estimated at N\$6000-00 meaning an additional N\$48,000-00 above the amount spent in the previous year
14.4	Signage that must be erected on the public open spaces, parks and streets
14.5	Repairs made to storage containers, staff toilets etc.
14.6	Provision for computer maintenance
14.7	Continuous maintenance on the electric fence
14.8	Repairs to Tools and Machinery
14.9	Service of machinery and equipment
14.10	Stones that damage property when cutting the grass
14.11	The Sewerage Pump Stations require continuous maintenance
14.12	TOTAL Maintenance & Repairs
15	Management Fees for the administration of the EOA: Collection of Levies, Collection of arrear levies, Payment of Debtors, Arrange for the investment of surplus funds, all accounting for the operations of the EOA, Arrange insurance for the assets of the EOA, payment of salaries, tax and social security, Employee service contracts, all secretarial duties, management reporting to the Trustees
16	Cost for hiring of hall for AGM meetings
17	Previously the nursery was operated by the EPDC. The EOA took responsibility for the nursery in the latter part of last year concurrently the high increase in cost. Cost for operating the nursery to grow and plant trees and plants on the estate. Purchase of anti-weed, plastic bags, compost, tools etc.
18	Cost for operating copy machine
19	Trustee meetings are held from 13h00 to 17h00 - Cost for refreshments at Trustee meetings. Also includes cost for year-end staff party for staff and workers on the estate in December
19.1	Donation to participate in the “Santa Drive” on the Estate
20	Cost of office rent for EOA at Urban Village

21	Cost of office stationary
22	In years past the estate employed extra guards over the festive season. The Trustees have decided already in the previous year that the additional guards are not necessary. Security on the estate is the primary objective for the EOA and accordingly the Security is almost 50% of the total annual expenses of the EOA.
23	Salaries for management on the estate
24	Overtime paid to staff that must attend to matters outside of office hours
25	The Trustees have implemented a <u>discretionary</u> Performance Bonus System whereby targets are set for management to achieve certain goals during the financial year and whereby a panel evaluates the staff performance against the goals set. A provision of 80% of the monthly cost to company is provided
26	Total Cost of Office Staff Salaries – DRC Officer & Office Assistant
27	Cost of Uniforms for Workers
28	Workers transport to and from Elisenheim. Previously the staff was transported on two bakkies owned by the EOA. Estate Management had to come in before work hours to collect the staff and had to deliver the staff after working hours. The hours so worked was charged as overtime. The analysis showed that using the transport system saved the EOA N\$3,500-00 per month
29	TOTAL Staff cost
30	Cell Phone charges for staff issued with cell phones
31	Diesel & Petrol charges are calculated at last year's cost and we have added 16% for the increase in fuel charges. Additional fuel cost of N\$22,400-00 for the tipper was added to the cost and accordingly there was a large increase in cost. We have deducted the cost of diesel for the transport of staff and accordingly, notwithstanding the increase in the tipper diesel the overall cost is slightly lower than last year
32	The tipper truck was purchased on HP. The monthly cost of finance is accounted for
33	The large increase in License fees are due to the license fee for the tipper in the amount of N\$11,900-00
34	A few of the vehicles are due for new tyres and in addition, tyre repairs are a constant with the TLB and Tractor delivering heavy duty field work.
35	Cost for Vehicles that must be serviced. It was a consideration to replace the tractor but after evaluation and quotes it was decided to repair the tractor for N\$37,000-00. The amount is included in the July 2022 Budget. Repairs of N\$15,000-00 is included for repairs to the Dyna Truck in August 2022, concurrently the large increase in cost. The FAW Tipper was bought without a service plan and needs to be serviced at 15000 km intervals @ N\$15,000.00 per service. The Dyna's service plan has expires and needs to be serviced at 15,000 km intervals @ N\$5,500.00 and the Isuzu pick-up has also run out of its service plan and will cost the equivalent of the Dyna to service
36	Total Vehicle expenses
37	In terms of the Articles of Association - The EOA is liable for a portion of the operations of the waste water treatment plant, whereby the CoW invoices the EPDC and the EPDC invoices the EOA for the additional expenses
38	TOTAL Expenses
39	INCOME before CAPEX and Depreciation
40	Balance in Current Account

41	Investment in Elite Save																
42	Investment with FNB																
43	Loan to EPDC – to be converted into a deposit for the purchase of an Erf for the Office of the EOA																
44	Calculation of interest on investment																
45	Provision for depreciation on assets																
46	Provision for Office Building 2022 to 2023																
47	<div>Provision for Estate and lifestyle improvements:</div> <table> <tr> <th><u>Description</u></th><th><u>Amount</u></th></tr> <tr> <td>Improvements POS Erf 1011</td><td>176,000.00</td></tr> <tr> <td>Improvements POS Erf 1016</td><td>55,000.00</td></tr> <tr> <td>Office Tint</td><td>10,000.00</td></tr> <tr> <td>Office Dry Wall</td><td>15,500.00</td></tr> <tr> <td>Security Cameras</td><td>300,000.00</td></tr> <tr> <td>Lights on Fence</td><td>35,000.00</td></tr> <tr> <td></td><td>591,500.00</td></tr> </table>	<u>Description</u>	<u>Amount</u>	Improvements POS Erf 1011	176,000.00	Improvements POS Erf 1016	55,000.00	Office Tint	10,000.00	Office Dry Wall	15,500.00	Security Cameras	300,000.00	Lights on Fence	35,000.00		591,500.00
<u>Description</u>	<u>Amount</u>																
Improvements POS Erf 1011	176,000.00																
Improvements POS Erf 1016	55,000.00																
Office Tint	10,000.00																
Office Dry Wall	15,500.00																
Security Cameras	300,000.00																
Lights on Fence	35,000.00																
	591,500.00																
48	The EOA must provide 5 x Gazebos for the security staff at the gate																
49	The sewerage pump stations must be equipped with “Catch Baskets”																
50	Total provisions for the financial year 2022 to 2023																
51	There is a net shortfall after we have provided for depreciation and provisions for estate and Lifestyle improvements. <u>The shortfall is funded from reserves</u>																
52	The total “Cash” Reserves of the Estate																
53	The infrastructure reserves is a provision that the members have approved to make provision if Municipal services fail and the EOA must attend to the services																
54	Cost to purchase the office Erf																
55	Provision for the cost to build the EOA office																
56	Funding of the shortfall for 2022 to 2023																