December 2015

The Directors of Admiral House are delighted to report good half-yearly progress.

The accounts for both Newport Road Maintenance Limited (NRML) and Admiral House Resource Limited (AHRL) are available to be viewed online www.admiralhousecardiff.com

The two companies are to be (have been) merged to save costs.

The accounts show that in 2014 we managed to reduce the total expenditure by five per cent (£18,000) from £357,000 to £338,000.

Total cost savings of £58,000 were achieved in 2013/14.

Current year's costs will be clear in the accounts for 2015 (to be produced by mid 2016) although we expect these to be within budget.

Spending on the car park has been reduced by £18,000 because the lifts are now in full working order and do not currently require as much maintenance as in the past.

Combined with this we were also able to monitor our costs and obtain better value for money on some of our main spending bills for the building.

This has offset inflationary increases in other areas and we spent £316,000 on the building which is approximately the same as in 2013 (£317,000).

Service charge income

We set a challenging budget for 2014/15 to try to reduce costs and therefore reduce the service charge even lower than in 2013/14.

We did not manage to achieve all of these reductions which was largely due to the number of leaks that had to be repaired.

This means that we did not collect enough via the first two service charge installments to cover all of the costs of the building for 2014/15.

Balancing charge invoices were issued in June 2015 along with the 2015 service charge invoices.

It is important to note that even with this balancing charge, less was paid by leaseholders in total service charge in 2014/15 than in 2013/14 (£338,000 against £357,000).

As we continue to work with the management company Western Permanent Property (WPP) and gain a better understanding of the running costs of the building, we aim to minimise the value of any balancing charges in future years.

Directors have made this a key performance indicator and we monitor our year to date spend at each directors meeting to try to achieve this.

2015/16

For 2015/16, we have set a budget with the aim of keeping our total spend at the same level as 2014/15.

The total budget is therefore £338,000.

As of the 31st July 2015 we were performing better than our budget and were under-spent by approximately £19,000.

However, this was due to the fact that we budgeted to repair a number of small cracks in the building's external elevations which have caused leaks. Some of these works have been addressed but further cracks have been encountered which will need further assessment and repair.

We currently anticipate that we will meet our budget for 2015/16 and that any balancing charge (or refund) will be small.

In addition to this, WPP have worked hard to help us collect a number of the historic service charge balances that have been outstanding for some time.

This has improved our balance sheet and boosted the cash that we have available to run the company.

Also during 2015, we have undertaken work to check the appropriateness of the allocation of costs to the car park.

Based on an exercise monitoring staff time spent dealing with car park related tasks, we consider that the current 10% allocation continues to be appropriate other than electricity which has been increased to 20%.

We will continue to review this on a periodic basis.

As a part of this review we also considered which types of spend should have this 10% allocation to the car park.

From review of the invoices that we have paid during 2013 and 2014, we have concluded that from 2015 onwards we will also begin to allocate 10% of the total cost of fire alarm testing/maintenance, professional fees and general maintenance to the car park.

We have also seen a significant increase in total electricity costs since the car lifts became operational again and so we consider it to be appropriate to allocate 20% of the total electricity costs to the car park rather than 10%.

This is expected to increase the car park service charge by £6,750 or £68 per space (based on 100 spaces).

This is considered to be a fairer allocation of costs than we currently have and is supported by the evidence that we collected.

During 2015 we have also begun an exercise to benchmark the contribution that we make to the reserve (sinking) fund each year to ensure that the amount that we all contribute each year is fair and comparable with other similar buildings.

We have also begun to develop a Planned Maintenance Programme for Admiral House to assess when major refurbishments and repairs will be required and ensure that we will have enough in the reserve fund to cover these when they become necessary.

WPP and Directors continue to work hard to maintain a professional-looking and well-run building at low cost to leaseholders.

Branding of the building continues; the Admiral House logo is proposed for placards affixed to the flagpoles to property's frontage. The suitability of the posts is being considered further.

Our aim is to help Admiral House become one of the most desirable residential apartment blocks in Cardiff.

All Directors wish you a Merry Christmas and Happy New Year!

Nadolig Llawen a Blwyddyn Newydd Dda!