Owners Corporation 1 Plan Number REDACTED

Owners Corporation 1 Plan Number REDACTED consists of residential townhouse lots with shared common property, primarily driveways situated at Keysborough. Key considerations for this Owners Corporation for the financial year 2025FY are

1. Insurance valuation occurred resulting in building sum increase from $34.3 million to $56 million
2. 6 month premium from December 24 to June 25 and 12 month premium from June 25 to June 26.
3. Change of Gardener

<u>Owners Corporation 1 - Administrative</u>

At the start of the financial year, the administrative fund reported retained earnings of $37,951. By 31 December 2025, the Owners Corporation recorded a net surplus of $26,334, significantly outperforming budget break-even.

Some notable variances against budget and last year actual are as follows:

Account	**Budget Variance**	**Notes/Comments**
Expense		
Admin - BAS	-$800	Not budgeted; incurred following GST registration from January 2024.
Admin – Maintenance Plan	+$4,000	Maintenance plan not yet procured.
Insurance	+$18,596	Insurance premium costs less than anticipated despite significant increase in building sum insured.
Gardening	+$3,002	Due to change of gardener and likely scope.
Electricity	-$1994	Due to underbudgeting not taking into account Victorian bill relief.
Waste Management	-$3,385.85	12% increase in waste management costs/fees
Water	+$4,143.87	Due to timely resolution of the recycled water leak.

+ denotes net positive variance
- denotes net negative variance

Overall, financial management during the period was prudent, with a number of efficiencies realised. Whilst the gardening costs have reduced, we would caution whether the scope is similar to ensure that the Owners Corporation is receiving similar services in standards and scope.

We would also caution the Owners Corporation to be mindful of the ongoing waste costs increases that are anticipated.

The achievement of lower-than-budgeted insurance premiums, despite the significant increase in the building sum insured, is commendable as it is the single biggest expenditure of the Owners Corporation.

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Owners Corporation 1 -Maintenance.

Due to the size of the Owners Corporation, under the Act, the Owners Corporation is required to have a maintenance plan. It is pleasing to see that this is budgeted for and would urge the Committee to procure the said maintenance plan in the forthcoming period to ensure ongoing compliance with the Act.

Owners Corporation 1 – Balance Sheet

The positive results of the Manager's efforts are clearly reflected in the Owners Corporation's balance sheet. We are pleased to report that, following the strong financial performance for the year, the Owners Corporation's net assets have increased as per the below table.

	2025	2024	Net Change
Cash at bank	$84,389	$67,170	$17,219
Receivables	$20,519	$7,276	$13,243
Contributions in Advance	$34,169	$20,014	$14,155
Net Assets	$65,147	$37,951	$27,196

The cash at bank has increased substantially which positions the Owners Corporation well. Whilst the cash balance appears high at $84,389, approximately 40% of the cash is prepaid contributions by the owners. This makes effective surplus cash $50,000. If invested, this may result in net income of $1,000 which may be immaterial in the overall scheme, after income tax and tax agent fees are taken into account. For utilisation of funds, in particular understanding that insurance is the biggest cost and should be paid in June as a single lump sum to avoid interest charges, we would suggest that the funds not be invested for the time being.

Whilst the increase in receivables may be a concern, we understand the majority of receivables balance is made up of budget adjustment levy to be issued. On closer review, we have identified that actual arrears position has reduced by approximately 50% due to effort of the Manager supporting the cashflow of the Owners Corporation.

Miscellaneous

Maintenance Plan

The next set of challenges will be to implement the Maintenance Plan as required under the Act. We note the maintenance plan was budgeted 24FY and 25FY but no expenditure has occurred. Understanding that roads are part of common property which may require ongoing maintenance and future capital works, the Owners Corporation should prioritise obtaining the maintenance plan for both financial planning purposes and statutory compliance.

Conclusion

The financial stewardship of the Owners Corporation over its initial period of operation has been commendable. Both the Manager and the Committee have exercised responsible governance, resulting in a strong financial outcome. Continued focus on compliance and strategic planning—particularly around maintenance and capital management—will ensure long-term sustainability and value protection for all lot owners.