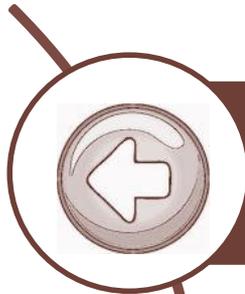


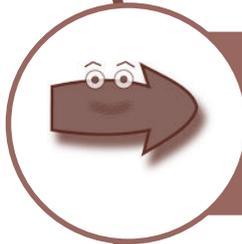
WELCOME

VHMC Annual General Meeting
2014



Looking Back – Reviewing our Performance

- Money Matters
- Litigation
- Operational Review
- Communications



Looking Forward – Planning for the Future

- communications
- money matters
- operations



Members Voice

- questions & answers
- next steps

Who we are...



Operations Director
Wayne Buckley



Chairman
Martin Edge



Finance Director
Simon Hirst



Member Relations Director
Jaz Parmar



*Company Secretary
& Legal Director*
Miriam Carr



Director
Dave Griffiths

... willing volunteers

Good... but can do better?

our goals

Let's Talk
Setting the scene

1. To manage and maintain Winterthur Way in a **cost effective & sustainable way**;
2. To **maintain the fabric of the estate** to a standard consistent with member expectations;
3. To provide infrastructure, support and services **appropriate to the needs and expectations of members**;
4. To drive the adoption of **new working styles & processes** vital in a technology-driven age (e.g.: on-line issue management);
5. To **protect and grow the value** of members investments by promoting a culture of continuous improvement;
6. To **enhance and protect Winterthur Ways identity and image**, reinforcing its position as Basingstoke's premier residential development.



- Slow steady progress towards our goals.
- Progressive resolution of past performance failures.
- Continued financial restraint on planned repairs & maintenance.

Vote: Appointment of New Directors

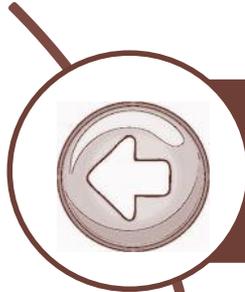
Points to consider:

- Any member of good standing may join the board of directors.
- The broader the board composition, the stronger our governance.
- The more volunteers, the more work that can be progressed.
- Members must commit for a period of not less than 12 months, be available and willing to attend monthly board meetings & periodic committee meetings as required and be willing to participate in activities outside of core meetings (e.g.: to progress projects).

The ask:

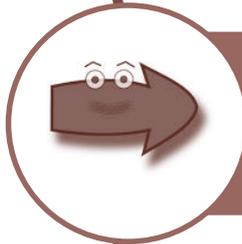
- The board asks any member present wishing to join the board to come forward and introduce themselves to members now.
- The board asks members to vote on the appointment of new directors.

Remember: appointments can be made now (by vote) or later (by board resolution)



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Our 2013 Accounts

update on FY13 accounts



the facts

- Provisional accounts for FY13 have been draft by Alliotts (*newly appointed accountants*)
- Analysis shows a significant deficit (£90k+) for FY13
 - Overspend spread across a large number of categories
 - Projected budget was unrealistic – anticipated savings v FY12 were not fully realised
 - Action has been taken to mitigate short term impact of overspend on members
 - Costs associated with internal redecoration have been charged to lifecycle maintenance fund
 - Cautiously optimistic about remaining deficit being off-set by savings across FY14 budget
 - Members may be required to pay additional contributions for FY13
- Analysis has also identified potential issues with FY12 accounts
 - Impact on members likely to be iro £15k deficit
 - Accounts were not properly maintained during Q4 2012 – records are deficient
 - Members are likely to be required to pay additional contributions for transactions relating to FY12

... and what this means

- The board are unable to approve FY13 accounts pending further analysis
- The board have commissioned forensic analysis of accounts for FY12
- Accounts will be made available to members prior to AGM (Sept '14)

- Overspend spread across a large number of categories
- Projected budget was unrealistic – anticipated savings v FY12 were not fully realised
- Impact of overspend largely mitigated by prudent action during 2014

Vote: Acceptance of Accounts

Points to consider:

- 2013 statutory and management accounts were published prior to this meeting on www.winterthurway.co.uk
- The accounts were prepared by Alliotts Chartered Accountants.
- Members attention was drawn to a number of notes made in the accounts by our accountant.

The ask:

- The board has previously approved the accounts on members behalf.
- The Director of Finance is available to answer any specific questions relating to the accounts prior to the vote.
- The board asks members vote yes to accept the management accounts for the period of 1st Jan 2013 to 31st Dec 2013.

YTD Financial Performance

	Budget	YTD	Forecast	Var to Budget	
Block B	£42,388	£30,899	£43,978	£1,590	4%
Block C	£79,485	£54,732	£77,963	£(1,522)	(2)%
Block D	£81,834	£58,647	£84,214	£2,380	3%
Block E	£71,164	£44,682	£68,706	£(2,458)	(3)%
Block F	£44,857	£32,396	£47,860	£3,003	7%
Block W	£9,595	£6,307	£9,723	£128	1%
Block X	£4,946	£3,233	£4,920	£(26)	(1)%
Block Y	£7,004	£4,015	£6,133	£(871)	(12)%
Block Z	£11,054	£7,315	£10,766	£(288)	(3)%
	£352,328	£242,225	£354,264	£1,936	1%
Estates	£197,128	£99,767	£128,225	£(68,903)	(35)%
Parking	£47,522	£22,847	£35,570	£(11,952)	(25)%
Total	£596,978	£364,839	£518,059	£(77,919)	(13)%

Variance to budget driven by: lower than anticipated electricity charges through to Q3; deferred maintenance and a volume of small variances across the budget.

Tackling our Debt

	Jan	Feb	Mar	Apr	...	Aug	...	Current
FY 2013	£150k	£137k	£128k	£122k		£18k		
		↓ 9%	↓ 7%	↓ 5%		↓ 85%		
FY 2014			£199k	£141k		£133		
				↓ 30%		↓ 6%		
Total	£150k	£137k	£327k	£263k		£151k		<£100k
		↓ 9%		↓ 20%		↓ 43%		

- We are aggressively pursuing bad debt.
- We are working hard to ensure our performance is not hindered by members who fail to pay.
- We are committed to ensuring that the cost of bad debt is borne only by those who fail to pay.

Potential Payments Policy



The current situation:

- Existing policy is for all charges to be paid in full by the 28th Jan of each year.
- Members have requested a fair payment policy that enables the cost of service charge payments to be spread throughout the year. The board recognise any such policy must not hinder VHMC ability to meet its service and partner obligations thus limiting the scope of what may reasonably be offered.

A potential policy for discussion:

- Service charge to remain due on 28th Jan of each year.
- Members who choose to pay either in full by the due date or in three equal installments paid on or before the 28th of each month from (Jan through Mar) may do so without penalty or further charge.
- Subject to a **5% administration & interest surcharge**, members may choose to pay service charges over in ten equal installments to be paid on or before the 28th of each month (from Jan through Oct).
- Any member failing to adhere to the published payment terms (i.e.: missing or late payments) will **immediately become liable for the full payment due**. Overdue debt will be passed to our legal partner for resolution, typically within 28 days of the debt being due.



Update on AFA Dispute

- Legal proceedings were issued in Mar '13 by VHMCs previous managing agent, Alan Foster & Associates, citing wrongful contract termination (without required notice) on 27th Sept 12. *(Note: All members previously involved in the termination of AFA have either left or been removed as directors of VHMC).*
- The board anticipated that the dispute would be resolved prior to this meeting – however, the case remains on-going, settlement has not yet been reached and we are therefore unable to disclose any material detail relating to the dispute.
- At this stage, VHMC reserve accounts continue to remain frozen whilst proceedings progress.
- The impact of this action is:
 - An adverse financial impact on our members (legal fees & associated costs)
 - Delay the implementation & execution of planned repairs and maintenance projects.
 - Divert directors focus away from the day to day & strategic management of VHMC.
- Further details will be shared with members as soon as possible

Operational Performance & Projects



- During FY14 we provisioned for completion of a number of material repairs & renewal projects (e.g.: emergency lighting upgrade) but due to cash constraints (ref: AFA litigation) we have been unable to complete the majority of projects.
- Some progress has been made on a few key projects (including the installation of the first wave of new emergency lighting units across the estate). This work will be progressed further during 2015 once funds are available.
- In addition, routine maintenance and repair activity has continued throughout 2014 with site staff and our managing agent dealing with over c200 operational incidents (this includes major leaks, damage to buildings & infrastructure & on-going repairs & renewals).

Connecting with You



raising the bar...

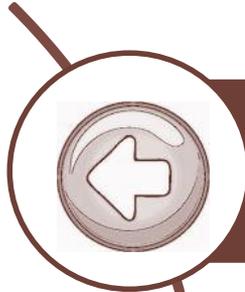


We promised..

- to promote communication between the board & members
- to share information & insight with members more openly
- to enable & promote direct communication between members

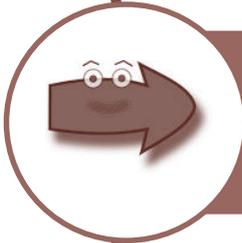
- winterthurway.co.uk website launched
- Members forum established & directors e-mails shared
- Members meeting completed
- Regular residents forums initiated

about this evening



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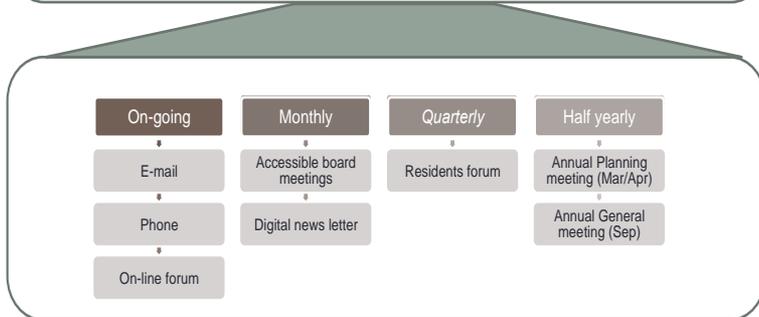
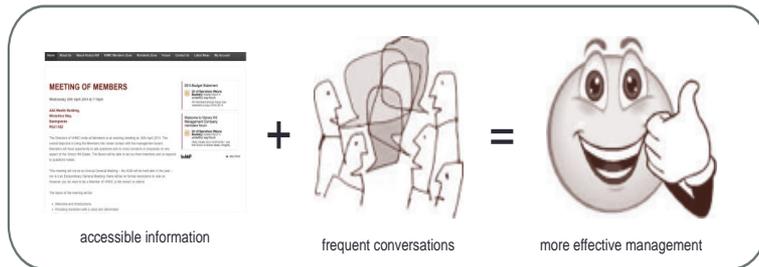


Members Voice

- Questions & answers

Building on the Past

digital *plus*



- Understanding your priorities
- Meeting your needs
- Regular residents forums
- Frequent member updates
- Half yearly member meetings

Baseline Budgeting

- FY15 baseline budget expected to be broadly comparable (or lower) than FY14.
- No expectation of exceptional spend items (e.g.: litigation costs) beyond what would ordinarily be charged to life cycle maintenance fund (i.e.: long term renewal / regeneration projects).
- Anticipate total FY15 service charge fee being less than the total charge levied in FY14.
- Opportunity to retain service charges at a level consistent with total FY14 budget provision by increasing members reserve fund contribution.
- Financial analysis indicates that reserve fund contribution is likely to need to increase in future years. Increasing the size of contributions short term will help mitigate a likely long term shortfall.

building infrastructure cost projections...



infrastructure renewals (funded through lifecycle maintenance)

Years	Component
25	• Fail Arrest System
30	• Rainwater goods • Windows & doors
35	• Flat Roof
40	• Main Roof • Main Entrance Doors
45	
50	• Rain Screen Cladding • Curtain Walling
55	
60	• Render
60+	• Bargeboards, Fascias, Soffits • Brickwork

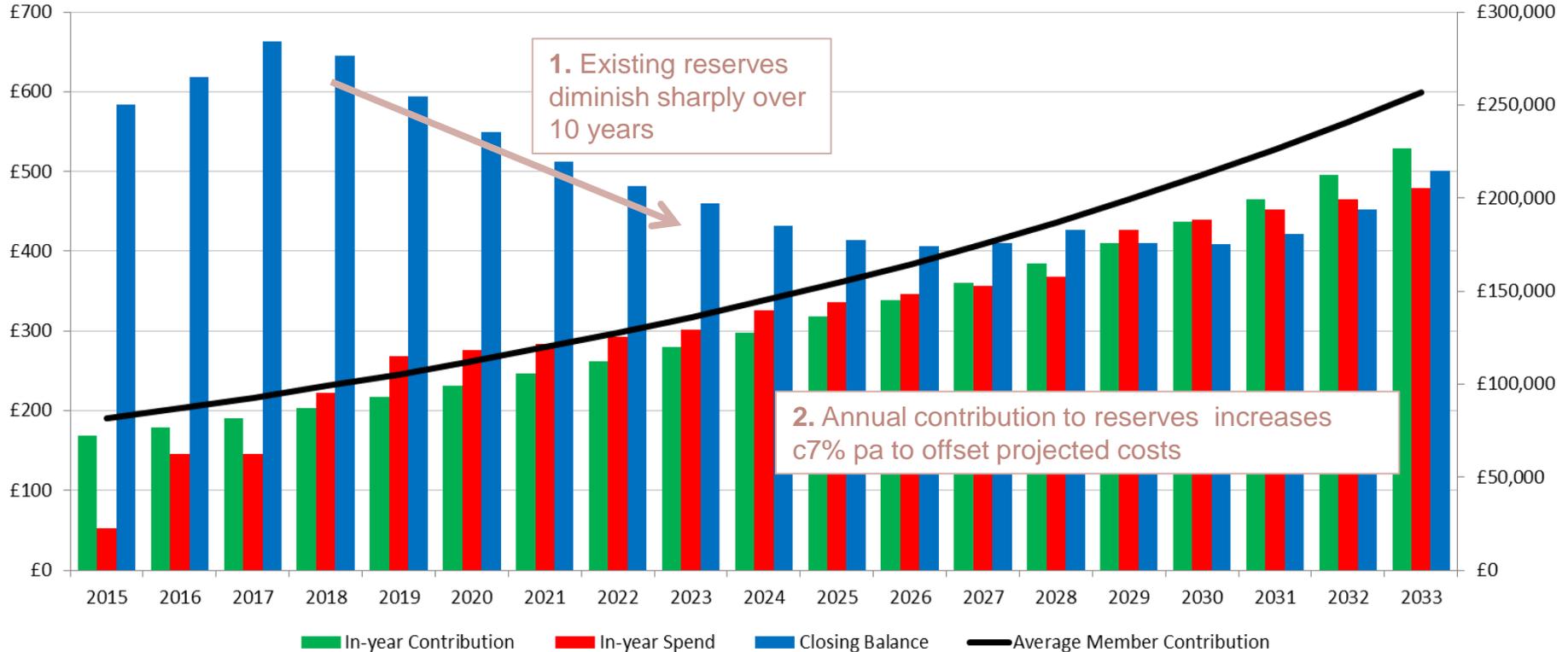


- PMS cost projections exclude improvement & hardware replacement initiatives (e.g.: lighting upgrades; heater replacements; CCTV installation etc).
- Forecast PMS spend to exceed £2.5m over 30years
- Significant cost challenges lay ahead - long term financial planning is key

potential impact on service charge



* Excludes inflation; includes 20% VAT and 10% professional fee on PMS spend;



- Member contributions to lifecycle fund will need to increase to mitigate anticipated costs
- Likely c30% increase (c£145 FY14 to £190 FY15 avg); thereafter c7% pa (exc inflation)
- High variation between block charges (due to construction & scale)
- Detail impact analysis will be progressed during FY15.

Vote: Increasing Reserve Fund Contributions

Points to consider:

- Completion of planned maintenance schedule and its associated financial analysis indicates significant cost challenges lay ahead wrt infrastructure maintenance and renewal.
- To help mitigate these challenges, the board proposes to raise reserve fund contributions in order to retain service charge levels for FY15 at a level broadly consistent with those charged in FY14.

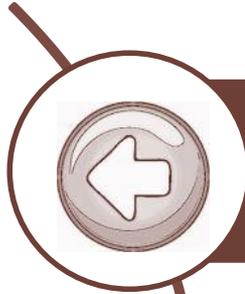
The ask:

- The board seeks members approval to increase the reserve fund contribution by upto £100 per member.
- The Director of Finance is available to answer any specific questions relating to this proposed increase ahead of the vote.

Managing Agent

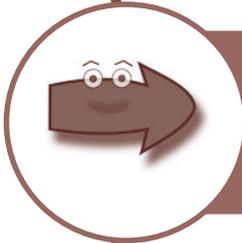
- The FY14 budget made provision for the board to renegotiate (and potentially switch) managing agent during the course of FY14.
- As a consequence of the issues faced by VHMC and the need to retain stability in service provision, the board opted to defer retendering of the VHMC management contract until FY15.
- In anticipation of contracts commencing early FY15, the board is now actively progressing an RFP for management services with multiple suppliers.
- The board has asked suppliers to provide competitive quotes for two differing service models: the first as-is and the second, assuming a larger proportion of services (e.g.: light repairs, cleaning, grounds maintenance) are provided by an enlarged in-house property management team.
- Following contract award, the board will provide members with access to tender documents together with any supporting material used during the contract process.

about this evening



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our goals

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6. To enhance and protect Winterthur Ways identity and image, reinforcing its position as Basingstoke's premier residential development.



Our commitment

- **Invite** – invite all members to review & exploit www.winterthurway.co.uk.
- **Share** – publish presentations & minutes of this evening on-line.
- **Progress** – continue to drive actions that help meet our goals and continue to communicate openly with our members.

Your commitment

- **Engage with us** – read what we publish on-line, attend meetings, actively use the on-line forum
- **Spread the word** – share information with other members – tell those you know about tonight!
- **Support** – get involved – be active!

