

The cashier's presentation of Financial statements 2019

Review of the past year 2019

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Income Statement

	2019	2018
Operating income	20 064 225	21 444 783

The difference - 1 380 558 why?

** 2018 600 000: - extra disposable income (Täby Kommun) * 2018 522 635: - Less rental income from association premises * 2019 153 361: - Detected rental losses*

	2019	2018
Operating expenses	19 298 143	19 389 651

The difference +91 508:-

	2019	2018
Operating profit	766 082	2 055 132

	2019	2018
Financial posts		
Interest expense	8 659 165	9 326 062

The difference +666 897:-

** The interest rate negotiation from November 2018 has resulted in a lower interest cost for 2019.*

Summary

The 2018 AGM presented a similar presentation to the association members. A significant portion of the association's costs can be attributed to interest costs. The association has several large loans which unfortunately hit this association very hard financially. However, a loan expired, which was renegotiated at a much lower interest rate, which meant that interest costs reduced in 2019 by SEK 666,897. In November 2019, two more loans were renegotiated, resulting in an interest expense of 0.61% from the previous 1.48% and 0.83% from the previous 1.81%. This will mean that the association's interest costs will be further reduced by approximately SEK 1,100,000 during 2020.

The association's main source of income is fees from members, tenants and rental income from commercial premises. On January 1, 2019, the fees were increased by 15%, the main reason being exactly what was presented in the Tibble Theater was that the fee level did not follow the original financial plan from 2015 when the association was formed. This adjustment will result in a revenue increase in 2019 of just over SEK 1,500,000. This results in a more positive result for the coming years, but there is much work to be done, which is done with the greatest possible commitment.

Cash Flow

	2019	2018
The year's cash flow	-111 157	-2 859 864

The difference + 2 748 707

<u>Cash and cash equivalents</u>	2019	2018
End of the year	10 320 457	10 431 614

Summary

Cash flow involves deposits and disbursements in the association's cash during a certain period and usually on an annual basis. Cash flow is very important and unfortunately it often happens that you stare blindly at the results of the year. The difference between 2018 and 2019 can easily be interpreted as something positive, since the expenditure has not affected the cash to such an extent as in previous years.

*** How come the result for the year is - 7,892,353: - but cash has only decreased by 111,157: from 2018? ***

The simplest explanation is capital injection. This has been done on the basis of projects that have been started in 2019. The first project is down the Trefaldighetsvägen where 6 new apartments and a similar project that is ongoing at Gribbylundsvägen. These premises had day care facilities that have been left empty which are now being rebuilt / converted into apartments and the membership number is increasing by 12.

This association possesses huge assets that are not included in the annual report but are "hidden assets". The association has land, spaces and rental apartments. This should be used cautiously and responsibly to promote the financial interests of its members.

Changes in 2020

****Contract Mark ****

Before the end of the year, the association will have a current land agreement whose aim is partly to raise the level in the outdoor environment. In addition, there is no possibility that the association's two ordinary property managers will be able to do so. At present, it is almost exclusively about mowing, which means that the remaining running care is not allowed. Then these two property managers take care of everything else at the same time. This will incur an extra cost but the outdoor environment will get a boost.

****Roof renovation ****

Two roofs will be renovated under 2020 as unfortunately there are roof leaks that cannot wait as there is an imminent risk of consequential damage. This is not something that the association's insurance company will cover.

****Changing the locks ****

During 2020, locks were changed partly because lots of previous keys were copied and unauthorized persons were able to move freely. Both residents but also people who do not live in the area. This has now been addressed to increase the security and safety of the members of the association.

**** Renovation of the farms ****

In 2020, an upgrading of the courtyards will be started where patios, roofs and walls are flushed / brushed clean. A standardization of the patios to give the area a certain even appearance. The association's area is large, which means that not all will be able to be addressed in a year, but incrementally.

****Center****

All premises are rented out and the association has got a livelier center, which means that job satisfaction has increased in the area but also new visitors from outside.

****Square ****

The properties are owned by the association but the square is owned by the municipality of Täby, which is also responsible for maintenance and renovation. There is an ongoing case on this issue and a specific date has not been set at the time when upgrading will take place.

**** Loan renegotiation ****

In November 2020, three loans will be renegotiated, which is as follows:

Loan 67,000,000 interest rate 0.61%

Loans 55,000,000 interest rate 0.80%

Loans 65,000,000 interest rate 2.69%

Coming in 2021

**** Loan renegotiation ****

The goal is for the association to have an average interest rate of 0.6 - 0.7% on the loans. This could possibly lead to a reduction of interest costs in 2021 by approx 1 400 000: -.

**** fee increase ****

During presentation at the Tibble Theater, the fee increase would take place in three stages where the first of 15% was implemented from 1 January 2019. The second will be implemented with 15% on 1 January 2020 and the last increase will be 10% on 1 January 2021. However it should be pointed out that after all of these, the association will still NOT be at the level of the original financial plan from 2015 when the conversion took place.'

Closing comments

The association has changed course in many respects and much work has been done, however much work remains to be done and in particular the financial. Measures that have been implemented so far and measures that will be implemented will result in better financial conditions.

The fee increase, which will take place in three stages, is to be able to strengthen the economy of the association both short-term and long-term. When all the fee increases have been implemented until 2021, the association will strengthen its cash flow by approximately SEK 4,800,000 per year. However, one should also take into account that ongoing renegotiations with the association's loans and lower interest costs, which is also a high priority.

Unfortunately, interest costs are a heavy burden, with around 40% of the association's income in 2019 going to pay interest expenses. This has and will be corrected as each individual loan is renegotiated. The association holds a loan of SEK 59,900,000, with an interest rate of 3.56%, which falls due in November 2023, with an interest cost of about SEK 2,100,000 per year, which means about 10% of the association's income.

Necessary measures have been taken with a clear and firm budgeting with the aim of creating stronger and more stable finances in the association. There have been a lot of positive results, but ongoing work and commitment will be needed that will result in a better housing association for everyone.

Thank you for your attention

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