



**national consumer agency**  
gníomhaireacht náisiúnta tomhaltóirí

putting consumers first

# Management Company Sample Report and Financial Statements

This document is intended for anyone living in a housing estate where there is a property management company in operation. The main duty of the management company is to ensure that the development is well managed, maintained and that funds are collected and available to enable it to discharge its duties.

Under company law, the obligation to keep and maintain proper books of account rests with the company itself. Most management companies will once every year file an Annual Return with the Companies Registration Office (CRO) which contains certain fundamental information about the company. Companies are also required to disclose details of their accounts to their members when they hold their Annual General Meeting. The accounting records should always remain the property of the management company and freely available for inspection by the directors, secretary and the company's auditor.

Almost all management companies will have their accounts prepared with the assistance of professional accountants who may also act as the auditors to the company. The auditor's primary task is to report to the members of the company their opinion on the company's financial statements. The auditors report will say if the company's accounts have been prepared in accordance with company law, accounting standards and if they give a true and fair view of the company's financial affairs.

Through the work of the [Multi-Unit Development Stakeholder Forum](http://www.consumerconnect.ie/eng/Hot_Topics/Campaigns/Property_Forum), ([http://www.consumerconnect.ie/eng/Hot\\_Topics/Campaigns/Property\\_Forum](http://www.consumerconnect.ie/eng/Hot_Topics/Campaigns/Property_Forum)) the National Consumer Agency has developed this document to illustrate a typical Report and Financial Statements that might be presented by a management company. The Financial Statements presented will depend on the specific circumstances of each company. For example, smaller management companies may not necessarily need all of the balance sheet headings and note disclosures. Pages 19 to 21 are unaudited and would not be filed. They are intended to provide an overview, (together with supporting/explanatory commentary where appropriate) of the company's activities during the financial year.

The content of this guidance document offers an outline of the subject matter only and may not address all of the specific circumstances of a particular company. The document is an outline of the subject matter only and is not presented as a substitute to professional advice. While every effort has been made to ensure that the information provided is accurate, the National Consumer Agency assume no responsibility or liability arising from any errors or omissions. This document is a guide only and you should check any issues it raises with a suitably qualified professional.

The content of this document is subject to any more specific requirements that may be introduced in any relevant guidelines/standards issued or revised by the Companies Registration Office or other relevant statutory bodies

**National Consumer Agency**  
Multi Unit Development Stakeholder Forum  
June 2008

**ABC MANAGEMENT COMPANY LIMITED**

**Report and Financial Statements**

**Year ended 31<sup>st</sup> December XXX**

**Report and financial statements**

**Year ended  
[state date] 20XX**

***Registered number [specify]***

## **Report and financial statements**

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## Directors and other information

Directors	Thomas Hogan (Chairperson) Mark Hogan (Managing director) Kevin Byrne Linda Connolly Deirdre Hogan David Stuart
Secretary	Timothy Byrne
Auditors	Opinion & Co Chartered Accountants 12/14 Balance Street Dublin 2
Bankers	General Bank Limited Money Street Dublin 9
Managing agent	Property Management Limited Development Road, Dublin 5
Solicitors	Legal and Co 7 Barrister Street Dublin 2
Registered office	123 Principal Street Dublin 5

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*There is no requirement to provide this information, however, it is good practice to do so.*

## DIRECTORS' REPORT

The directors present their annual report and audited financial statements for the year ended [state date] 20XX.

### Principal activities, business review and future developments

The company manages the apartment/housing complex at 83/87 Building Road, Dublin XX, on behalf of the owners, particularly through the procurement, administration and management of relevant services.

### Results

It is not proposed to pay a dividend

The surplus for the year of € ... is added to ... reserve increasing it to €...

### Directors

Mr. Kevin Byrne and Ms. Linda Connolly retire from the board by rotation in accordance with the Articles of Association and, being eligible, offer themselves for re-election. Ms. Deirdre Hogan was appointed to the board during the year and, in accordance with the Articles of Association, retires and offers herself for election. Mr. John Hogan retired from the board during the year and the directors express their sincere appreciation for his contribution to the company over the many years he served as a director.

### Books Of Account

The measures taken by the directors to ensure compliance with the requirements of Section 202, Companies Act, 1990, regarding proper books of account are the implementation of necessary policies and procedures for recording transactions, the employment of competent accounting personnel with appropriate expertise<sup>1</sup> and the provision of adequate resources<sup>2</sup> to the financial function. The books of account of the company are maintained at [address/es].

### Directors' report

### Auditors

In accordance with Section 160 (2) of the Companies Act, 1963, the auditors, Opinion & Co., Chartered Accountants, will continue in office.

On behalf of the board

Thomas Hogan  
*Director*

Mark Hogan  
*Director*

[state date] 20XX

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<sup>1</sup> Directors will consider whether the accounting personnel:

- (i) Are suitably qualified - for example, hold a professional qualification as an accountant or accounting technician.
- (ii) Have the knowledge and experience needed to understand the business and how its particular circumstances impact the books of account.

<sup>2</sup> Directors consider whether the relevant personnel are able, without undue difficulty, to ascertain at all times the financial position and results of the company.

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable Irish law and Generally Accepted Accounting Practice in Ireland including the accounting standards issued by the Accounting Standards Board and published by the Institute of Chartered Accountants in Ireland.

Irish company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements are prepared in accordance with accounting standards generally accepted in Ireland and with the Companies Acts, 1963 to 2006. They are also responsible for safeguarding the assets of the company and hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS OF ABC COMPANY LIMITED**

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We have audited the financial statements of the [state company name] for the period ended [state date] 20XX which comprise the Profit and Loss Account, Balance Sheet, Cash Flow Statement and the related notes<sup>3</sup>. These financial statements have been prepared under the accounting policies set out therein.

**Respective responsibilities of directors and auditors**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and generally accepted accounting practice in Ireland including the accounting standards issued by the Accounting Standards Board and published by the Institute of Chartered Accountants in Ireland (Generally Accepted Accounting Practice in Ireland).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

This report, is made solely to the company's members, as a body, in accordance with Section 193 of the Companies Act 1990. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

We report to you our opinion as to whether the financial statements give a true and fair view in accordance with Generally Accepted Accounting Practice in Ireland and are properly prepared in accordance with the Companies Acts, 1963 to 2006. We also report to you whether in our opinion: proper books of account have been kept by the Company, and whether the information given in the directors' report is consistent with the financial statements. In addition, we state whether we have obtained all the information and explanations necessary for the purposes of our audit, and whether the financial statements are in agreement with the books of account.

We report to the members if, in our opinion, any information specified by law regarding directors' remuneration and directors' transactions is not disclosed and, where practicable, include such information in our report.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

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<sup>3</sup> Auditor's reports of entities that do not publish their financial statements on a web site or publish them using 'PDF' format may continue to refer to the financial statements by reference to page numbers.

**INDEPENDENT AUDITOR'S REPORT  
TO THE SHAREHOLDERS OF ABC COMPANY LIMITED (continued)**

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**Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland), issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion the financial statements:

- Give a true and fair view, in accordance with Generally Accepted Accounting Practice in Ireland, of the state of the company's affairs as at [state date] 20X6 and of its profit/(loss) for the period then ended; and
- Have been properly prepared in accordance with the requirements of the Companies Acts, 1963 to 2006.

We have obtained all the information and explanations that we consider necessary for the purposes of our audit. In our opinion, proper books of account have been kept by the Company. The financial statements are in agreement with the books of account.

In our opinion, the information given in the directors' report is consistent with the financial statements.

**Opinion & Co.**  
*Chartered Accountants*  
*Registered Auditors*

[state date] 20XX

*Address*

**Statement of accounting policies**

*For the year ended [state date] 20XX*

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

**Basis of preparation**

The financial statements have been prepared in accordance with accounting standards generally accepted in Ireland and Irish statute comprising the Companies Acts, 1963 to 2005. Accounting standards generally accepted in Ireland in preparing financial statements giving a true and fair view are those issued by the Accounting Standards Board and published by the Institute of Chartered Accountants in Ireland.

**Tangible fixed assets**

Equipment is stated at cost less accumulated depreciation. Depreciation is provided so as to write off the cost less estimated residual value of each asset over its expected useful economic life on a straight line basis. The following annual rates are applied:

Lawn mower	20%
Computer equipment	25%
Other equipment	15%

The company's policy is to immediately write off expenditure on items of equipment the purchase cost of which is less than ....XX€

**Taxation**

If applicable.

**Stock**

Cleaning materials, fitting attachments, gardening supplies and other consumables are expensed at the time of purchase.

**Turnover**

Turnover represents services invoiced to customers and excludes Value Added Tax and derives from the provision of services falling within the company's ordinary activities.

**ALTERNATIVE 1**

**PROFIT AND LOSS ACCOUNT**  
*for the year ended [state date] 20XX*

	<i>Note</i>	€	20XX	€	€	20XX	€
<b>Turnover</b>	<i>1</i>						
Cost of sales				(_____)			(_____)
<b>Gross profit</b>							
Administrative expenses	<i>2</i>			(_____)			(_____)
<b>Operating profit</b>							
<b>[Exceptional items</b>	<i>3]</i>						
<b>Profit on ordinary activities before interest</b>				_____			_____
Investment income	<i>4</i>						
Interest payable and similar charges	<i>5</i>			(_____)			(_____)
<b>Profit on ordinary activities before taxation</b>	<i>6 - 7</i>			_____			_____
Tax on profit on ordinary activities	<i>8</i>						
<b>Profit for the financial year</b>	<i>15</i>			_____			_____
				=====			=====

On behalf of the Board of Directors

Thomas Hogan  
*Director*

Mark Hogan  
*Director*

[state date] 20XX

ALTERNATIVE 2

**INCOME AND EXPENDITURE ACCOUNT**  
*for the year ended (start date) 20XX*

<b>Income</b>	<b>Note</b>	<b>20XX</b>	<b>20XX</b>
Service Charges			
Other income	A		
<b>Expenditure</b>			
Staff costs			
General repairs and maintenance			
Insurance			
Administrative expenses	B		
Other expenses	C		
<b>Operating surplus/(deficit)</b>			
<b>[Exceptional items</b>	<b>D]</b>		
<b>Surplus/(Deficit) before taxation</b>			
<b>Taxation</b>			
<b>Surplus/(Deficit) for the financial year</b>			

On behalf of the Board of Directors

Thomas Hogan  
*Director*

Mark Hogan  
*Director*  
(9A)

[state date] 20XX

**BALANCE SHEET**  
**at [state date] 20XX**

	<i>Note</i>	20XX		20XX	
		€	€	€	€
<b>Fixed assets</b>					
Tangible assets	<i>9</i>				
Financial assets	<i>10</i>				
 <b>Current assets</b>					
Debtors	<i>11</i>				
Cash at bank and in hand		_____		_____	
<b>Creditors:</b> amounts falling due within one year					
	<i>12</i>				
Borrowings					
Other creditors		(_____)		(_____)	
<b>Net current assets</b>			_____		_____
<b>Total assets less current liabilities</b>					
<b>Creditors:</b> amounts falling due after more than one year					
	<i>13</i>				
Borrowings					
Other creditors			(_____)		(_____)
<b>[Provision for liabilities]</b>					
<b>Net assets</b>			_____		_____
 <b>Reserves</b>					
Sinking fund	<i>15</i>				
Profit and loss account	<i>15</i>				
<b>Members' funds</b>			_____		_____
			=====		=====
			=====		=====

On behalf of the Board of the Directors

Thomas Hogan  
*Director*

Mark Hogan  
*Director*

[state date] 20XX

**CASH FLOW STATEMENT**  
for the year ended 31 December 20XX

	Note	20XX €	20XW €
<b>Net cash inflow from operating activities</b>	1	_____	_____
<b>Returns on investments and servicing of finance</b>			
Interest received			
Interest paid			
Interest element of finance lease rentals			
Dividends received		_____	_____
		_____	_____
<b>Taxation</b>		_____	_____
<b>Capital expenditure and financial investment</b>			
Receipts from sale of tangible fixed assets			
Receipts from sale of investments			
Payments to acquire tangible fixed assets		(_____)	(_____)
Payments to acquire investments		(_____) _____	(_____) _____
		_____	_____
<b>Net cash inflow (outflow) before financing</b>			
<b>Financing</b>			
New long term loan			
Repayment of long-term loan		(     )	(     )
Repayment of capital element of finance lease and hire-purchase contracts		(     )	(     )
New finance lease obligations		_____	_____
		_____	_____
<b>(Decrease) increase in cash</b>		(_____) _____	_____
<b>Note to the cash flow statement</b>			
1. Reconciliation of operating profit to net cash inflow from operating activities			
		20XX	20XW
Operating profit			
Depreciation of tangible assets			
(Profit)/loss on disposal of tangible assets			
(Profit)/loss on disposal of investment			
Increase in debtors			
Increase in creditors			
<b>Net cash inflow from operating activities</b>		_____	_____
		_____	_____
		_____	_____

**Notes***(forming part of the financial statements)***1 Turnover**

All turnover derives from activities in the Republic of Ireland.

**2 Administrative expenses**

Included in administrative expenses are the following exceptional items:

	20XX €	20XW €
Write off of bad debt		
Redundancy costs		

**[3 Exceptional items]**

20XX €	20XW €
-----------	-----------

**4 Investment income**

20XX €	20XW €
-----------	-----------

Income from financial assets		
Other interest receivable and similar income		

_____	_____
=====	=====
=====	=====

of which derived from listed investments:

=====	=====
-------	-------

**5 Interest payable and similar charges**

20XX €	20XW €
-----------	-----------

On bank loans, overdrafts and other loans wholly repayable within five years		
On all other loans		
Finance lease interest payable in respect of finance leases and hire purchase contracts		

_____	_____
-	
=====	=====
=====	=====

**Notes** (continued)  
(forming part of the financial statements)

6	<b>Statutory and other information</b>	<b>20XX</b> €	20XW €
	Auditors' remuneration, including expenses		
	Depreciation and other amounts written off:		
	Owned tangible fixed assets		
	Leased tangible fixed assets		
	Rentals payable under operating leases:		
	Hire of plant and machinery		
	Hire of other assets		
7	<b>Directors' remuneration and transactions</b>	<b>20XX</b> €	20XW €
	<b>Directors' remuneration</b>		
	Fees		
	Other remuneration including pension contributions		
		_____	_____
		_____	_____

**[Loans to/from directors]**

**8**

***Credit transactions with directors***

An amount of €1,650 is included in debtors in respect of goods supplied at favourable rates by the company to Mr. David Stuart. The total arms-length value of the transaction was €2,500. The whole amount has been repaid since the balance sheet date.

***Security for loans***

During the year the company guaranteed a loan of €5,000 made to Ms. Deirdre Hogan by General Bank Limited. This is due to be repaid by her in monthly instalments by December 20X7. The total contingent liability of the company at the year end was €4,500, which represents the maximum for which the company could become liable. The loan was guaranteed in order to enable Ms. Deirdre Hogan to carry out her duties as a director following her appointment to the board.

Aggregate value of all the above arrangements with directors at the end of the year, expressed as a percentage of the company's relevant assets at that time

4.1%

***Material interests of directors in contracts with the company***

Ms. L. Connolly has a controlling interest in Equipment Hire Limited, which supplied services in the normal course of business amounting to €15,000 during the year. There was nothing outstanding at the balance sheet date<sup>4</sup>.

<sup>4</sup> NOTE on the material interests of directors in contracts with the company  
If there were no such interests the following statement would be appropriate - 'None of the directors had a beneficial interest in any material contract to which the company was a party during the year'.

**Notes** *(continued)*  
*(forming part of the financial statements)*

**8. Taxation**

**9. Tangible Fixed Assets**

	Lawnmower	Computer Equipment	Other Equipment	TOTAL
	€	€	€	€
<b>COST</b>				
At beginning of year				
Additions (Disposals)	_____	_____	_____	_____
At end of year	_____	_____	_____	_____
<b>DEPRECIATION</b>				
At beginning of year				
Charge for year (Accumulated depreciation on equipment disposed of)	_____	_____	_____	_____
At end of year	_____	_____	_____	_____
<b>NET BOOK VALUE</b>				
At end of year	=====	=====	=====	=====
At beginning of year	=====	=====	=====	=====

**Notes (continued)**  
*(forming part of the financial statements)*

<b>10. Financial assets</b>	Unlisted €	Listed €	Total €
<i>Cost of investments</i>			
At beginning of year			
Purchased in year	_____	_____	_____
<b>At end of year</b>	_____	_____	_____

The listed investments are listed on a recognised Stock Exchange and at the end of the year their market value was €:

Tax liability if sold at market value: €

In the opinion of the directors, the realisable value of the unlisted investments included above is not less than their carrying value.

<b>11 Debtors</b>	<b>20XX</b> €	<b>20XW</b> €
Service Charges receivable		
Other debtors (including directors' loans)		
Prepayments and accrued income	_____	_____
	=====	=====

*Amounts falling due after more than one year included above:*

Other debtors	_____	_____
	=====	=====

<b>12 Creditors: amounts falling due within one year</b>	<b>20XX</b> €	<b>20XW</b> €
<b>Other creditors</b>		
<i>Loans and other borrowings (note 14 )</i>		
Bank loans and overdrafts		
Current portion of other loans		
Obligations under finance leases and hire purchase contracts	_____	_____
	_____	_____



**Notes** (continued)  
(forming part of the financial statements)

**14 Details of borrowings**

<b>Maturity analysis</b>	Within one year €	Between one & two years €	Between two & five years €	After five years €	Total €
--------------------------	-------------------------	---------------------------------	----------------------------------	--------------------------	------------

*Repayable other than  
by instalments:*

Bank overdrafts  
Secured bank term  
loan

*Repayable by  
instalments:*

Bank loans  
Unsecured  
shareholder loan  
Obligations under  
finance leases and  
similar hire  
purchase  
contracts

**At end of year**

	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>
--	--------------	--------------	--------------	--------------	--------------

The secured loan is secured by a fixed charge..... The bank loans and overdrafts  
are secured by a floating charge.....

**15 Reserves**

	Sinking Fund €	Profit and loss account €	Total €
--	----------------------	------------------------------------	------------

At beginning of year  
Retained profit for the financial  
year attributable to members  
Transfer to sinking fund

**At end of year**

	<u>=====</u>	<u>=====</u>	<u>=====</u>
--	--------------	--------------	--------------

**Notes** (continued)  
(forming part of the financial statements)

**16 Commitments**

*Capital commitments*

Future capital expenditure approved by the directors but not provided for in these financial statements is as follows:

	20XX €	20XW €
Contracted	_____	_____
Authorised but not contracted	=====	=====

*Finance leases and hire purchase contracts*

	20XX €	20XW €
In addition to the capital commitments set out above, the company has contracts which have been entered into but whose inception occurs after the year end amounting to	=====	=====

*Operating lease commitments*

Annual commitments exist under non-cancellable operating leases as follows:

	20XX		20XW	
	Computer Equipment €	Other €	Computer Equipment €	Other €
Expiring:				
Within one year	_____	_____	_____	_____
Between two and five years	_____	_____	_____	_____
More than five years	_____	_____	_____	_____
	=====	=====	=====	=====

**17 Contingencies**

A legal action is pending against the company for alleged infringement of property rights. The directors expect that the action will be successfully defended. Should the company be unsuccessful in the action, the exact amount at which the action may be settled cannot be determined but is not expected to exceed €60,000 (20XW: £nil).

**18 Approval of financial statements**

The Board of Directors approved these financial statements for issue on [state date]

<sup>5</sup>

<sup>5</sup> Note: per FRS 21 this is the date that the directors approve them for issue, which usually precedes the date the shareholders consider them.

**UNAUDITED INCOME AND EXPENDITURE ACCOUNT**  
**(not being part of the financial statements)**

	20XX	20XX
<b>INCOME</b>		
Service Charges		
Interest income		
Other income		
	_____	_____
<b>EXPENDITURE</b>		
Payments to property management company - standard	.....	.....
- additional		
Staff remuneration		
Insurance - building		
- public liability		
- other		
Electricity		
Heating oil/gas		
Lift maintenance		
Sundry repairs and maintenance		
Landscaping		
Cleaning		
Legal and other professional fees		
Stationery, office supplies, postage		
Depreciation of equipment		
Miscellaneous		
	_____	_____
	-----	-----
<b>SURPLUS/(DEFICIT)</b>		
<b>BEFORE TAXATION</b>	E_____	E_____

**UNAUDITED COMPARISON TABLE BETWEEN BUDGETED AND ACTUAL INCOME AND EXPENDITURE**  
**(not forming part of the financial statements)**

	20XX <i>BUDGETED</i>	20XX <i>ACTUAL</i>	20XX <i>VARIANCE</i>
<b>INCOME</b>			
Service Charges			
Interest income			
Other income			
	_____	_____	_____
<b>EXPENDITURE</b>			
	.....	.....	.....
Payments to property management company - standard			
- additional			
Staff remuneration			
Insurance - building			
- public liability			
- other			
Electricity			
Heating oil/gas			
Lift maintenance			
Sundry repairs and maintenance			
Landscaping			
Cleaning			
Legal and other professional fees			
Stationery, office supplies, postage			
Depreciation of equipment			
Miscellaneous			
	_____	_____	_____
	-----	-----	.....
<b>SURPLUS/(DEFICIT) BEFORE TAXATION</b>	<b>E</b> _____	<b>E</b> _____	<b>E</b> _____

**UNAUDITED COMPARISON TABLE BETWEEN BUDGETED AND ACTUAL INCOME AND  
EXPENDITURE  
(not forming part of the financial statements)**

**NOTES ON SIGNIFICANT VARIANCE**