

JUNTA DE COMPENSACION STATUS REPORT

20 September 2022

Fellow Homeowners

JUNTA DOCUMENTATION REVIEW

Some Homeowners made a request to the Junta to be given the opportunity to carry out a documentation review at the Junta Offices and John Bailey (Junta Secretary) arranged for us to visit on 14 September 2022.

We asked for sight of the following documents:

- Accounts for the past 4 years, including all invoices
- Bank Statements for the past 4 years
- All Junta correspondence with Endesa over the past 4 years
- All supplier quotations over the past 4 years
- Details of current land ownership in Cabrera Poligono1

Inma (Junta Accountant) was very helpful and answered all our questions as far as she could. Unfortunately, the Treasurer was unable to attend because of other appointments. We had limited time to be able to process all the above so we carried out spot examinations of the various documents.

Our observations were as follows:

1. The largest invoices which were raised over the past year were submitted by Ramos Garcia who has regularly carried out the re-surfacing of the roads and the building of the walls in Cabrera. Ramos Garcia does some good work but it is somewhat concerning that there is little evidence of competitive tendering for any of the work carried out. So, the work seems to be single-sourced which is not particularly conducive to getting best value. This is why 'single-source' orders are scrutinised very carefully in the business world and there generally needs to be an extremely good reason for not obtaining competitive bids.
2. There is a detailed quotation in the files for the significant amount of asphalt work carried out in 2019. Our request for this information was previously ignored by the Junta.

One of the quotations sets out the following:

Roads: 4347.47 m²
Road patches: 377.54 m²
Total: 4725.01 m²

If we assume a road width of 5m, this would convert to 870m of road paving. In our 2020 document (JC_0024_201026_rfi004_queries on asphalt expenditure), we estimated the surface area to be a maximum of 2500m² : so there is a mismatch in numbers which would need to be investigated.

The quotation provided for a depth of 4cm and a cost of €8/m². These parameters are also important. For example, the going resurfacing rate at the time was about €7/m² or 14% less. Competition is always good!

We also discovered why payments to Ramos Garcia often take the form of very round numbers such as €30,000 and €31,000. Instead of paying invoices individually as they come in, the Treasurer sometimes pays a rough amount against a collection of outstanding invoices and then

a balancing payment at a later date. This is clearly not helpful for anyone wishing to understand the movements especially if the Treasurer refuses to respond to written queries about the payments.

3. One of the areas to scrutinise in the accounts is the figure that is often entered as an accrued expense at the end of the year. Usually, we are not told what this amount is for.

Take the following example:

During our visit, we discovered that an invoice of €25,666.52 was raised by Ramos Garcia on 31/12/18 for the provision of electrical ducting. Note the date.

Now, we all know that electrical ducting is infrastructure equipment which should not be charged to the Homeowners at all. Even under the infamous (illegal) 1993 Agreement, the Developers agreed to 'continue' to pay for the provision of the Cabrera infrastructure, something that they were obliged to pay for under the Statutes in any event.

Added to this, there is another invoice, dated 7 May 2019, from Ramos Garcia for €21,575.13 for "Medium voltage pipeline and caskets". Again, the Junta has refused to provide responses to written queries about this in the past.

So, it seems that a total of €47,241.65 has been "appropriated" (some would use another word) from the Homeowner funded Services and Maintenance budget by the Developers to pay for electrical infrastructure equipment – a cost that the Developers should be covering. All these electrical ducts have been sourced from Ramos Garcia.

So, this €47,241.65 needs to be returned to the Homeowners by the Developers.

Could this be a photo of some of the ducting placed along the Cortijo Grande road in close proximity to the overhead line tower?



4. As Homeowners would probably be interested in understanding how their Donations are being used, we looked at some of the Junta payments made in 2022:

	Date	Amount	Description
1	11/4/22	About €9000	Ramos Garcia - Landrover repairs
2	7/4/22	€1,546.38	Ramos Garcia - Landrover gearbox
3	12/7/22	€603.40	Ramos Garcia
4	9/5/22	€7731.90	Ramos Garcia – wall - Avenue Abenjoar
5	10/6/22	€10,681.88	Ramos Garcia
6	10/6/22	€7,878.58	Ramos Garcia
7	31/5/22	€4688.15	Ramos Garcia
8	26/2/22	€132.60	Repairs to Diego's Peugeot
9	26/2/22	€464.97	Repairs to Diego's Peugeot
10	26/2/22	€398.96	Landrover
11	31/3/22	€463.93	Repairs to Diego's Peugeot
12		€2,730.53	Sierra Leisure (Bowling Green wall, 35m2, PVC pipes, render and paint)
13		€4,506	Sierra Leisure (additional support worker; 136hrs @ €14 per hour)

The sample of payments above indicates that a significant amount of work is routed through Ramos Garcia including wall construction, water pipe excavation and repair, road resurfacing and even landrover repairs.

Expenses on the landrover totalled €6,430.53 in 2020 and almost €11,000 has been spent in 2022. The expenses on the Landrover in 2021 have not yet been revealed to us as the 2021 accounts have not yet been released.

It seems that the reason that the repairs to Diego's Peugeot (€1,061.50) have been paid for by the Homeowners is because the vehicle is used to aid efficiency when the Landrover is used elsewhere. Most businesses tend to pay a mileage rate for business use of private vehicles.

We should also not forget that the Developers are not making any fee contributions according to the Statutes towards these costs.

Homeowner Donations have also been used to pay for the enhanced drainage and wall arrangements from the Treasurer's Offices following the unprecedented rainfall. A justification for this expenditure which has been put forward is that "it benefits everyone and is on Junta land". It certainly is of benefit to the Treasurer's Offices and the Arch bar under unprecedented rainfall conditions but, of course, it is only the Homeowners that are funding this perceived benefit to all, not the Developers or local businesses:



The unprecedented rainfall also resulted in the need for an additional worker to be brought in to support the two Junta Workers. The Treasurer supplied this worker through his company Sierra Leisure SL at a cost to Homeowners of €4,506 and no cost at all to the Developers.

The last Companies House submission for Sierra Leisure SL to the BORME was in August 2016 and is shown below.

The BORME (Official Gazette of the Companies Register) is the **official, public and most relevant source of information on Spanish companies**. It shows all updates related to companies registered with the Companies Register, and their directors.

Document Type	Publication date	Registry Date	Download link	
Registry	Aug 22, 2016	Aug 12, 2016	Temporary closure registration sheet per drop in the index of legal entities	
Financials	Jun 12, 2013		Annual Accounts filing.(2010 ordinary)	
Financials	Jun 12, 2013		Annual Accounts filing.(2008 ordinary)	
Financials	Jun 12, 2013		Annual Accounts filing.(2009 ordinary)	
Registry	Nov 21, 2011	Nov 1, 2011	Filing Of Financial Statement	
Registry	Aug 27, 2010	Aug 1, 2010	Filing Of Financial Statement 3856...	
Registry	Sep 28, 2009	Sep 1, 2009	Filing Of Financial Statement	
Registry	Oct 8, 1998		Filing Of Financial Statement 4536...	

Homeowner Donations have also been used to pay for the construction of the wall to support the edge of Avenue Abenjoar. This construction, at a cost of €7731.90, will enable continued safe access for Developers to carry out future development works. However, the Developers have not contributed towards this or any other works, even though they insist that 'we are all Developers now'.



We also established that Homeowner Donations have been used to construct the new wall along the bowling green leading up to the Treasurer's Los Pastores restaurant. The work was carried out through the Treasurers's company (Sierra Leisure SL) at a cost of €2,730.53 to the Homeowners but no contribution appears to have been made by the Developers. The reasoning appears to be that the area 'needed to be made safe':



We have established that the following Electricity payments were made:

	Date	Amount	Description
1	15/9/18 to 16/11/18	€56.64	Vaitier invoice for meter providing public lighting in Cascada, and additional meter next to Alcazaba
2	24/1/22	€246	Endesa contract 400113854 ('The pump at the Arch')
3	17/2/22	€433.48	Endesa contract 000185239 ('The meter near the Petanque Court')
4	17/2/22	€879.45	Endesa contract 40013068 (la Pilica sewage plant)
5	17/2/22	€199.65	Endesa contract 400113854 ('The pump at the Arch')
6	17/2/22	€653.93	Energia Contract (The Ranch Sewage plant)

The above payments are illustrations of the typical monthly outgoings on electricity in Cabrera. The sewage treatment plants are understandable but the intermittent use of a pump at the Arch seems quite high at circa €2500 per year. Similarly, it is not known why the meter near the Petanque Court is incurring an annual cost (to Homeowners, of course) of circa €5000 per year. It would be helpful if the Junta could explain, as previously requested, what is connected to these two meters. (And, of course, explain how the 12 properties without Endesa electricity connections have been getting their electricity for free since May 2019).

Our request, with a 1 month notice period, to see all Junta correspondence with Endesa over the past 4 years could not be fulfilled. Apparently, all the documentation regarding the proposed €250k spend on two new transformers for Cabrera, and all the correspondence with Endesa regarding securing legal supplies to the 12 homes without connections was said to be firmly in the hands of the President, Segundo Ramirez, and the Electrical Engineer contracted by the Junta.

The requested details of the current land ownership in Cabrera are available but Inma is carrying out a detailed validation exercise by collecting the Nota Simple data for each property.

It took a personal visit to the Junta Offices and several hours of effort to extract this information with the much appreciated time of Inma. We could have spent much more time examining the information, especially if everything that we had requested had been provided.

It is a sad state of affairs if each of the Homeowners is forced to make a personal visit to the Junta Offices to try to establish how the Junta is being administered. A worthy Junta would make this information freely available to all homeowners in the spirit of cooperation, honesty and transparency.

Why is it that we have to forage for information on an individual basis? It is now close to the end of 2022 and we have yet to have sight of the Accounts for 2021. We hope to see these accounts soon so we can find out what happened between January 2021 and December 2021, almost two years ago.

All the best

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