BMC and Shared Facilities Overview

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This article covers the topics of setting up Building Management Committees (BMC) and Shared Facilities, and the billing process, which will aid in the management of the two.

The ***BMC*** menu is used to allocate the proportional liabilities for each expense item in the BMC's budget, and to facilitate automated billing. This removes the need for manual calculations, and invoices are automatically generated for each building, which is a member of the BMC/shared facility. Once set up, StrataMax also creates creditor invoices in any buildings that are member of the BMC, provided they are also managed in StrataMax of course.

Automated adjustments can be made to the BMC financial statements and members based on the actual expenditure versus the amount budgeted at the end of the financial year. Credit notes or invoices will be issued to balance the accounts.

This table illustrates at a glance the differences between the BMC/BMS and Shared Facilities structures.

Building Management Committee	Shared Facilities
A Building Management Committee is set up under a company structure to manage the many bills payable by a group of buildings – usually 2 or more. For example; a group of 4 buildings exist with 4 separate Strata Plans. The 4 buildings are each responsible to pay their share to maintain the common car park used by each Plan. SP No. 1 share is 50% SP No. 2 share is 25% SP No. 3 share is 10% SP No. 4 share is 15% Each Strata Plan is billed a set amount by the BMC, using the proportional liability to calculate payments due. Each building pays the BMC so that the BMC can then pay the expenses itself. The BMC has its own budget.	A Shared Facilities structure is set up with agreements between each plan involved, where each plan agrees to pay its portion, or share of each expense/invoice. For example; a group of 4 buildings exist with 4 separate Strata Plans. The 4 buildings are each responsible to pay their agreed share to maintain the common area or facility used by each building. SP No. 1 share is 50% SP No. 2 share is 25% SP No. 3 share is 10% SP No. 4 share is 15% Each building pays its own agreed share directly to the creditor. However, the invoice only need to be entered *once* in StrataMax. Each SP has its own budget for its share of expenses.

With StrataMax however, regardless of whichever structure is needed, invoices only need to be

produced once instead of multiple times!

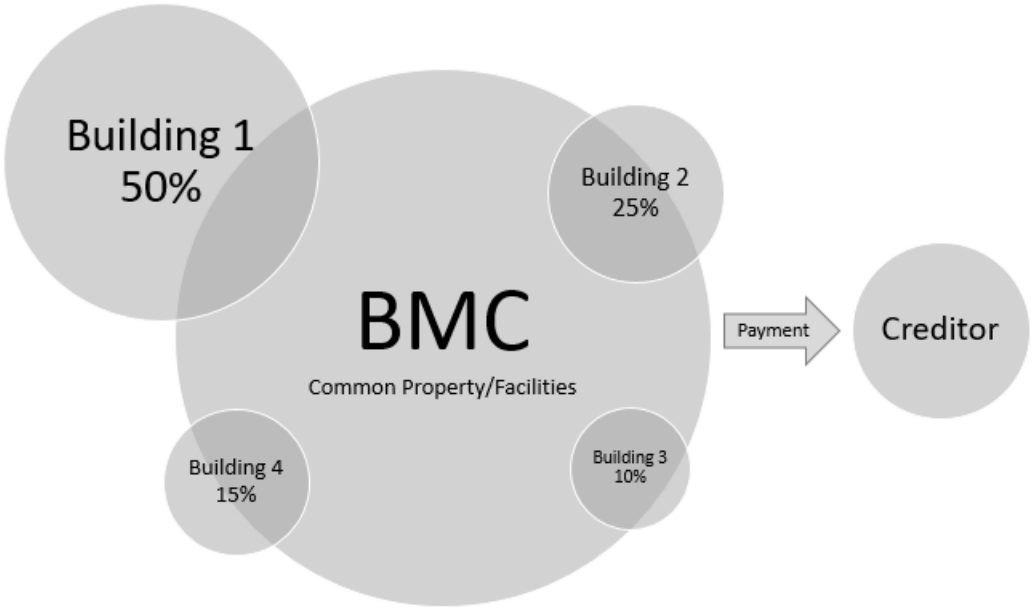
What is a BMC/BMS Structure

In very simple terms, a Building Management Committee (BMC) or Building Management Statement (BMS), depending on your state, is basically set up to manage the expenses of property and facilities that are shared amongst the buildings that form the BMC.

A BMC is formed under a company structure, and it can vary; it can consist of two or more buildings, or it could be one building, one block of land, and one commercial premise.

Because the BMC pays for its own expenses, it will have a annual budget, and the way the BMC raises these funds is by billing each of its buildings. How much each building pays is determined by its *percentage of liability,* which is formalised in a document called the 'Building Management Statement'.

It is then up to the manager of each building to include this liability in the building's annual budget, so that it can be included in the building's levies.



In the following scenario the manager of the BMC estimates a budget amount of $50,000 for the next financial year to maintain the car park. The BMC consists of four buildings, and each is liable to pay its share for the maintenance of the car park. To calculate how much each building is liable to pay towards this expense, the manager refers to the Building Management Statement document, which confirms the following:

- Building 1 Liability is 50%
- Building 2 Liability is 25%
- Building 3 Liability is 10%
- Building 4 Liability is 15%

Based on the budgeted amount of $50,000 to maintain the car park, the annual amount that each buildings is liable to pay is as follows:

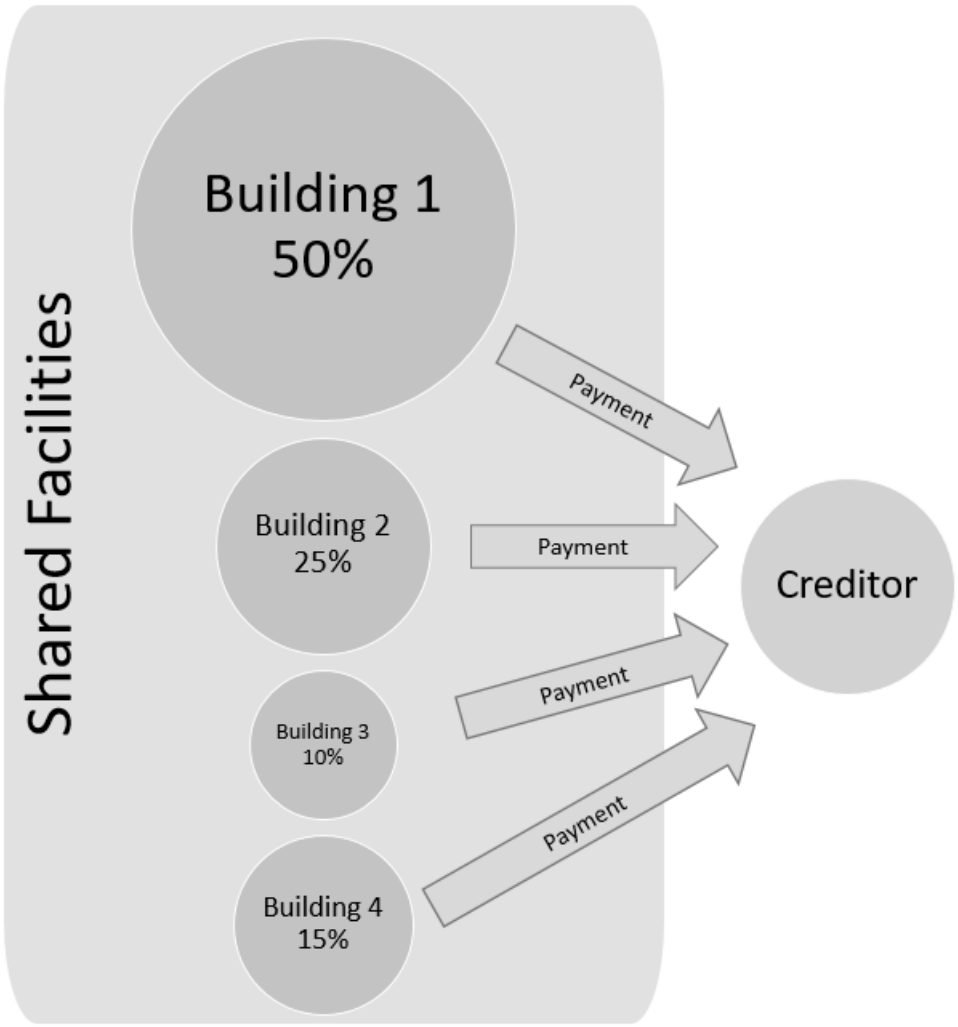
- Building 1 will be $25,000 (50% of $50,000)
- Building 2 will be $12,500 (25% of $50,000)
- Building 3 will be $5,000 (10% of $50,000)
- Building 4 will be $7,500 (15% of $50,000)

In order to maintain cash flow in the BMC and its buildings, it's reasonable to assume that the above figures are divided in periodic bills, such as Half-yearly, quarterly, or monthly, and are billed in advance in order to ensure the BMC can pay when an invoice is received from the creditor.

What is a Shared Facilities Structure?

A Shared Facilities structure is an informal agreement between the buildings whereby each building agrees to pay a percentage of costs incurred to maintain common areas and facilities, for example pools, tennis courts, car parks, etc.

Each building simply pays its share of the bills directly to the creditor.



There are four buildings, and each is responsible to maintain the car park. The manager of each building estimates a budget amount for its agreed share to maintain the car park. The total annual cost to maintain the car park is $100,000.

- Building 1 Liability is 50%
- Building 2 Liability is 25%
- Building 3 Liability is 10%
- Building 4 Liability is 15%

Each building will then need to budget the amounts below for the financial year.

- Building 1 budget will be $50,000 (50% of $100,000)
- Building 2 budget will be $25,000 (25% of $100,000)
- Building 3 budget will be $10,000 (10% of $100,000)
- Building 4 budget will be $15,000 (15% of $100,000)

The main difference between the Shared Facilities structure and a BMC is that the manager of each building pays it's share directly to the creditor. With this facility however, the invoice will only need to be entered once, which is explained further below.

BMC/BMS/BMG in StrataMax

Essentially, a BMC in StrataMax is a building used to budget for expenses and invoice each of its buildings on a regular basis. The strata manager then pays these invoices from each of the buildings just like any other payment.

There will be instances where a company manages the BMC and only one or some of its buildings, whilst the other buildings are managed by another company. In these cases, invoices will need to be processed and sent to each of the companies that manage the other buildings, and this is done from the ***Invoice Printing*** screen.

The BMC budget, which is entered into the ***Budget Update*** menu, forms part of the equation that determines how much each of the buildings in the BMC have to pay over the year. The other part of the equation is the *Percentage* or *Proportional Liability,* which is documented for each building in the *Building Management Statement,* and is then entered during the setup in the ***BMC*** screen. How often the buildings are billed or invoiced is also configured in the ***BMC screen***, but only after the billing cycle has been agreed upon by the relevant parties.

Most of the management of a BMC in StrataMax is done in the ***BMC*** screen, and once set up, is fairly automated, with the following features:

- Automatic proportional liability calculation.
- One step invoice printing and distribution via email.
- Year end adjustments & reporting.
- One-step budget entry with options to export the budget to each member building.
- Ad hoc billing facility for non-budgeted expenses.
- Invoices can be prepared in advance using standing journals at the start of the year.

BMC Creditor Invoices

Creditor Invoices are entered and saved in the BMC just like a regular building. Payments are also made in the normal way. Remember, the BMC pays the accounts and invoices the Strata Plans, which in turn reimburse the BMC for their % liability for each expense.