

SCANDINAVIAN VILLAGE LIMITED

FINANCE DIRECTOR'S REPORT ON THE AUDITED ACCOUNTS OF SCANDINAVIAN VILLAGE LIMITED FOR THE YEAR 2011

Introduction. Until 2010 this Report had been issued with the papers for the AGM of the Association, but as the 2012 AGM will not be held until November it has been decided that the report and accounts should be distributed in April, as was done in 2011.

Audited Accounts. Messrs Johnston Carmichael have again acted as our Auditors for the 2011 accounts, and have been appointed to audit the 2012 accounts in due course. A full copy of the audited accounts is available on the Members' Section of our website, and the usual extract is enclosed with these papers.

Valuation of Listed Investments. You may recall that since December 2008 the Board has been obliged to record a change in the value of the Company's listed investments to reflect year-end market values until such time as the losses written off in 2008 have recovered their value. The stock market was again volatile at the end of 2011, and the auditor insisted that there should be a further diminution of £10,854 recorded in the Statutory Accounts to end December 2011.

Accounts for the Year ended 31 December 2011. Included within these papers you will find a spreadsheet giving a comparison of Budget/Forecast/Actual Income and Expenditure for 2011. These figures are presented in the format of our management accounts and are in the style in which we present the usual Budget papers to members. The vast majority of figures are directly comparable with those in the Statutory Accounts but there are a few instances where the auditor has grouped some costs under different headings. Apart from these few presentational issues the two sets of accounts are in harmony. Many points of detail were covered in the report for the EGM last November, and this report focuses only on the major variances between the Forecast made last November and the Actual for the year.

Electricity income was less than forecast, but so also was electricity expenditure, albeit by a smaller margin. You will note that electricity costs were only slightly higher than in 2010 despite a 12% increase in contract rates last June, and it is clear from this that the reductions are very largely due to lower consumption. The only other major variations in income are in the increased gain on the sale of some investments, which was then wiped out by the further diminution in market values reported above.

When the Outturn was prepared in August last year there was a very strong indication that the overall salary and wages bill would be overspent. In the knowledge of this the General Manager and the Facilities Manager reduced staffing levels as much as possible during the shutdown period with the result that the total bill came in at only £5,000 above Budget, and some £13,000 below Forecast.

Professional Fees are lower because we were able to write back an accrual that had been made for architectural fees that was no longer needed. Property Maintenance costs were overspent by £3,700 because the opportunity had been taken to accelerate the programme of redecorating bedrooms, but this over spend was met by a corresponding reduction in Grounds Maintenance costs. Ground Rent & Common Charges are also higher than forecast because the Common Charges invoice for 2010 had not been accrued at the time. A new store and workshop for the groundsman was bought at the end of the year to utilise the saving in the Carpets/Curtains/Furniture Budget.

Eddie Monks.

Finance Director

