



SCANDINAVIAN VILLAGE ASSOCIATION

Scandinavian Village, Aviemore, Inverness-shire PH22 1PF

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May 2019

Dear Owner,

As Chairman of Scandinavian Village Owners Association, it is my pleasure to give you an update on what has been happening at Scandinavian Village since the last AGM in November, the minutes of which are enclosed.

The Finance and Facilities Directors have attended meetings with outside agencies such as Auditors, Financial Advisors, Scottish Transport Executive, Scottish Energy Trust, Contractors and Suppliers.

Finance: The annual audit of SVL and SVA accounts has been completed. Copies of the audited accounts can be downloaded from the Member's Section of the website. The Finance Director's report and a Comparative Statement of Income & Expenditure of SVL for year ended 31 December 2018 are enclosed.

Facilities: You will note from the attached Facilities Directors Report that the programme of upgrading the units continues throughout the Village.

Feedback: We have received awards and good reviews from outside agencies such as RCI, Booking.com, Trip-advisor and Green Tourism Scotland. We have also regained the Silver Award of Excellence for 2019 from DAE. This could not be achieved without the hard work, dedication and commitment of the General Manager and all her staff.

Internal Exchanges: In response to a members question at the AGM, it is now possible to request internal exchanges using the Scandinavian Village Facebook page. Owners wishing to advertise for an Internal Exchange will need to contact the office by email and we will then post an advert on our Facebook page with their request.

Social Media: Owners should be aware that by taking an interest in Scandinavian Village by way of joining our friend group on Facebook, and subsequently, sharing posts with their friends will mean that they are taking an active role in promoting and advertising Scandinavian Village and therefore increasing the audience for all our rental/resale adverts. Please note that we are also on Instagram and would welcome any owners who wish to follow us.

Rentals: Simply placing your timeshare week on our rental list doesn't guarantee a successful rental. Owners can advertise for their own guests or rent to friends and family. Rental rates for the accommodation which is let out privately is at the owner's discretion. Owners should consider the fact that a successful rental achieved by SVL, on their behalf, will be liable for a 15% commission charge which is vatable. However, if they are successful in finding their own rental then there are no charges by SVL, they simply need to inform the office of the name, address and email address of the future occupants of their timeshare week(s).

Resales: Owners who no longer use their timeshare week(s) should try to sell or gift their week(s) to friends and family, or advertise them for sale. We do hold a list of weeks for sale in the office and a summary sheet of those weeks available for sale is given to every guest that stays with us. Any sale that is initiated by us will warrant a 10% commission which is vatable and an assignation fee which is £60 plus VAT. In order to help our owners we do not charge an assignation fee if they are successful in finding their own purchaser for their timeshare week(s).

Exchange Companies: I would remind Owners who are members of an exchange company that they must pay their management fees in advance, prior to placing their weeks with an outside agency, for whatever year they wish to exchange.

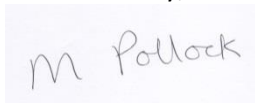
With regards to RCI Points Scheme the policy at SVL is that Owners who have transferred their weeks to the scheme and have not paid their management fees by the due date in any calendar year, that Unit/week will be blocked and therefore unavailable to RCI Points until the said management fees are paid in full. RCI Points will be notified of any defaulters.

Closing Comments: Each year at the AGM, 2 members are elected to serve on The Association Committee. Existing members are eligible to stand (every 3 years) for re-election. I would like to remind members that if they would like to stand for election as an Association Committee member, they must be the registered first named person on their Licence. Their nomination should be forwarded to the Chairman of SVA with their curriculum vitae to reach the Chairman by no later than 31 August in the relevant year. Further information is available in the Members section on our Website.

Being a member of the Association Committee is both interesting and rewarding, so please give some thought to joining the Committee and if you have any questions please do not hesitate in contacting me at chairman@scandinavian-village.co.uk

Members who have an e-mail address and have not yet given it to the office could you please consider doing so, as this will reduce our postage costs and allow us to send documents electronically. Similarly, if members could use the Direct Debit System for their annual management fees and complete and return the enclosed mandate form to the office it would be most appreciated.

Yours sincerely,



Moira Pollock,

Chairman of SVA.

<https://www.facebook.com/scandinavianvillageaviemore>

https://www.instagram.com/scandinavian_village/

Documents Enclosed:

Comparative Statement of Income & Expenditure of SVL for year ended 31 December 2018.

Report by the Finance Director SVL.

Report by the Facilities Director SVL.

SVA – Regulations in regard to appointment to Committee.

SVA – AGM 2018 Minutes

Direct Debit Form

SCANDINAVIAN VILLAGE LIMITED
BUDGET-FORECAST-ACTUAL COMPARISON 2018

	Budget 2018	Forecast 2018	Actual 2018
Management Account			
Income			
Fees & Levy	735,333	735,333	735,333
Rentals Commission	16,500	16,500	19,992
Resales Commission	2,500	2,500	2,575
Assignment Fees	2,500	2,500	3,360
Net Dividends	19,000	19,500	20,888
Bank etc Interest	10,000	19,000	17,733
Electricity	42,000	45,500	43,862
Cleaning Services	5,500	5,500	6,799
Late Payment Penalty	600	800	783
Rent Inc. Flat 66	24,000	28,000	28,510
Solar PV Generation Income	1,300	1,000	908
Profit(Loss) on Sale of investments	-	44,500	44,303
Total	859,233	920,633	925,046
Expenditure			
Directors' Fees	35,154	35,154	34,690
Management Salaries	115,848	115,968	114,908
Housekeeping Salaries	143,240	141,245	148,126
Maintenance Salaries	52,038	52,085	52,827
Payroll Oncosts/Healthcare	25,161	26,105	24,419
Electricity	65,000	70,000	76,156
Telephone & Broadband	3,080	3,080	3,067
Print Post Stationery	6,900	6,400	8,489
Advertising	3,000	268	333
Bookings.com Fees	4,320	5,040	4,735
Cost of Meetings	6,150	7,300	7,719
Professional Fees	10,800	10,200	9,743
Bank Charges	6,500	7,200	8,779
Staff Training/Uniforms & PPE	1,500	1,500	1,103
Depreciation	16,144	25,931	30,977
Rates	18,600	15,300	14,489
Ground Rent & Common Charges	76,000	76,000	75,940
Insurance	13,900	13,900	15,002
Contract Maintenance	15,609	16,940	16,426
Inventory Replacement	25,000	25,000	23,794
Property Maintenance	23,000	30,500	37,326
Grounds Maintenance	4,700	6,956	7,498
Guest Services costs	1,100	1,100	811
Cleaning & Laundry Materials	15,500	16,000	15,032
TV Licences	1,763	1,763	1,775
Miscellaneous	300	300	395
Bad Debts	4,000	4,400	3,172
Invest Mgrs Fees	4,500	4,200	4,609
Refuse Collection	12,000	12,000	11,960
Major Project (see details)	150,000	220,954	220,116
Total Expenditure	860,807	952,790	974,416
Net Surplus/Deficit	- 1,574	-32,157	-49,370

	Budget 2018	Forecast 2018	Actual 2018
Major Project Expenditure			
Carpets/Flooring/Lino	10,000	759	759
Front Door Refurb	-	540	540
Replacement of Artex Ceilings	23,000	15,500	17,450
Roof tiles/Windows/Fascias	-	20,000	19,708
Decorating	30,000	4,192	4,192
Upgrade Plumbing	50,000	50,000	54,321
Doors, Fascias, & Skirtings	35,000	14,899	14,899
Patio Panels	-	2,064	2,064
Electrical Rewiring	-	3,000	
Apartment Shower Rooms	-	-	1,850
General Refurbishment	-	108,000	101,882
Total Maintenance Refurb	148,000	218,954	217,665
Administration Projects			
Computers etc	2,000	2,000	2,451
Phone System Upgrade			
Total Administration	2,000	2,000	2,451
Major Projects expensed	150,000	220,954	220,116
Capitalised Projects			
Laundry Equipment	-	4,357	4,357
Purchase & Installation of Heating Panels	27,000	42,939	100,831
	27,000	47,296	105,188

SCANDINAVIAN VILLAGE LIMITED
FINANCE DIRECTOR'S REPORT ON THE AUDITED ACCOUNTS
OF SCANDINAVIAN VILLAGE LIMITED FOR THE YEAR 2018

Introduction. The purpose of this Report is **(a)** to provide a reconciliation between the Audited Accounts for 2018 and the Company's Management Accounts, and **(b)** to explain the major variations between the Management Accounts Actual Results for 2018 and the Forecast Outturn for that year as supplied to you for the AGM last November.

(a). Audited Accounts. Messrs Johnston Carmichael have audited the 2018 accounts, and have been appointed to audit the 2019 accounts in due course. A full copy of the audited accounts is available on the Members' Section of our website. If you do not have access to the website but require sight of the full audited accounts, then please request a copy from the office.

I have previously explained 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. Two years ago I further explained that the position had moved on since 2008 due to the UK Accountancy bodies having decided to adopt **Financial Reporting Standard 102 (FRS 102)**. In summary this now means that since 2016 all investments have to be shown at market value on the Balance Sheet date rather than the historical book cost, and the change in market value during the year has to be reflected in the Profit & Loss Account. Let me take you through the major elements of the differences.

Let's look firstly at our income. The audited accounts show Turnover (sales income) of £813,612, plus other operating income of £38,510 and investment revenues of £39,174. These add up to £891,296. The Management Accounts show total income of £925,046, a difference of £33,750. The biggest part of this difference is the Profit from sale of Investments of £44,303 in the Management Accounts. The other large element is the Government Grant of £10,000 shown in the audited accounts. These figures explain all but £533 of the difference, and this £533 has been included by the Auditor as "notional dividends". We did in fact make a real profit of £44,303 from the sale on investments during 2018, but when the auditor applied FRS102 this wiped out the profit and converted it into a net loss £38,833 which is shown in Expenditure and not in Income. We did in fact receive a grant of £10,000 for the heating systems. This was netted against expenditure in the Management Accounts but was treated as income by the Auditor.

Let's now look at our expenditure. The administrative expenses shown in the audited accounts are £1,023,263 while the Management Accounts show £974,416, a difference of £48,847, £48,371 of which lies in the cost of refurbishment, and the small remainder is in the depreciation charge. There are a few minor allocation differences where the auditor has grouped certain costs under a different heading than in the management accounts, but these small differences cancel each other. Why is there such a large variance in refurbishment costs? The Outturn for each year (along with the Budget for the following year) is prepared fairly early in September so that it can be issued to members by mid-October. This pattern was again followed in 2018, but as the shutdown approached it became clear to your board, following discussions with contractors, that certain major plumbing works should be completed in advance of the remaining refurbishment works in the specified units to avoid further subsequent disruption. To achieve this, it was decided that £50,000 of funds allocated in the 2019 Budget should be started during the shutdown. This work was to be billed in 2019 but the auditor insisted that the value of the work done by end December 2018 had to be brought to account in the 2018 accounts.

In addition to the above, the audited accounts show a cost of £38,833 for change in fair value of assets (as mentioned above) and a charge of £6,935 for deferred taxation. This deferred tax charge is yet another consequence of FRS102 and it will never be applied. Any gains or losses arising from the revaluation of investments under FRS 102 are purely notional as they only become "real" when the assets are realised. Accordingly, they are ignored by HMRC in the calculation of Corporation Tax liability.

(b). Management Accounts & Forecast. Included within these papers you will find a spreadsheet giving a comparison of the **Budget/Forecast/Actual Income and Expenditure for 2018**. These figures are presented in the format of our monthly management accounts and are in the style in which we present the usual Budget papers to members each year.

Many points of detail were covered in the report for the AGM last November, and the rest of this report focuses only on the major variances (in excess of £2,000) between the Forecast made in November 2018 and the Actual results for 2018.

Rental Commissions. Rentals were much more successful in the last few months than had been expected.

Housekeeping Salaries. House-keeping salaries depend on two major factors – occupancy levels during the year and the amount of refurbishment work done during the shutdown period. You will have seen from the notes above that there was a significant amount of work done during the shutdown and this, together with the cleaning due to increased rentals, has impacted on house-keeping costs.

Electricity Costs. Electricity costs increase every year. The early part of 2018 was extremely cold, but those costs were known by the time we prepared the Outturn. The overspend can only be attributed to the power used during the extensive refurbishment works done in the shutdown and the subsequent major cleaning operations.

Printing, Postage, & Stationery. The purchase, printing, and postage costs of the new membership cards were not taken into account when the Outturn was prepared.

Depreciation. This reflects the additional heating panels purchased and installed in the year

Property Maintenance. The decking at Reception was replaced at a cost of £2,698, and the shower room in apartment 33 was refurbished at a cost of £5,439. These works had not been budgeted.

Major Project costs. Each year we plan to carry out Major Project works to a value of around £120,000 to £150,000 to ensure that the fabric of the buildings is maintained and/or refurbished to a good standard. In 2018 Major Project works, although budgeted at £150,000 were Outturned at £220,000. Most of the work is done during the shutdown period in November/December, and this is some 15 months after the budget for that work was approved. Because of this, the work-plan is deliberately kept quite dynamic and flexible to enable the Board to react to more pressing matters than those originally budgeted. It is often, therefore, extremely difficult to make a meaningful comparison between the work originally budgeted and the work actually undertaken. Nevertheless, please rest assured the Board always works in the best interests of the members. To meet audit requirements, the costs of the new laundry equipment and the new heating installation were charged to capital. More details of the work done are contained in the Facilities Director's Report.

Eddie Monks

Finance Director

SCANDINAVIAN VILLAGE LIMITED

FACILITIES DIRECTORS REPORT APRIL 2019

This report is to up-date Owners of the work carried out prior to and during the shutdown period November / December 2018.

In my report to the 2018 AGM, certain projects that had been earmarked for completion during 2017 shutdown had been delayed as a consequence of the severe weather conditions that were prevalent throughout the winter months, all works not completed had been incorporated into 2018 programme.

The Financial Report will show a significant overspend to the allotted budget for Major Projects. The reason for the overspend was due to the following; firstly by bringing forward the refurbishment of Apartment shower rooms it made sense to incorporate this work into the Re-Plumbing programme; secondly we purchased the full requirement of Herschel Infrared heating systems to be installed to all units; purchasing the panels upfront was beneficial in that we received a substantial discount and with Brexit fast approaching we were concerned with the impact tariffs may have on future orders?

We continue to carry out maintenance improvements throughout the Village.

The programme for the General Refurbishment of all Units has commenced, this programme will be carried out over the next 5 years

The Committee agreed to include the refurbishment of the apartment shower/toilet room; this will now run parallel with Phase 2 of the plumbing system upgrade, through the replacement of copper pipes which have been prone to leakage over a period of time. In addition a pressurised system will be in place including larger hot water tanks.

The following are tasks successfully undertaken during 2018 shutdown.

- Re-Plumbing: 10 x Apartments.
- Shower Room Refurbishment: 10 x Apartments.
- General Refurbishment: 1 x Apartment + 6 x Villas.
- Lower Ceilings for installation of new Heating System 5 x Villas + 4 x Apartments
This work was added as a condition of receiving a 10K grant from the Government.
- Fit all remaining Velux and Mahogany windows, left over from 2017 programme.
- Snagging List: As detailed by JD.
- General maintenance identified during inspection.
- General clean up by housekeeping staff, ensuring that all Units were ready for the coming season.

We are extremely pleased that the House-keeping, gardener and maintenance staff are all performing well and their good work is reflected in the above average contribution towards the awards we have received from outside agencies.

I would like to take this opportunity to thank Miriam and all the staff for their efforts especially during the shutdown period.

Joseph Doyle
Facilities Director



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SCANDINAVIAN VILLAGE ASSOCIATION

REGULATIONS IN REGARD TO APPOINTMENT TO COMMITTEE

Each Member listed on the Scandinavian Village Association (“the Association”) Register at the date upon which Notices are despatched will be entitled to nominate another Member or Members of the Association or him or herself as a Member of the Committee of the Association for any vacancy then occurring. Such nomination should be made to the Chairman of the Association for the time being, by no later than the 31 August in such year. If a nominating Member nominates a third party, then a form of consent shall be signed by the Member who is nominated. With each nomination details of the *curriculum vitae* of the nominated Member shall be provided.

When formal notice of the Annual General Meeting of the Association is given then copies of the details of each candidate shall be supplied to the Membership and a Voting Paper & Form of Proxy will be sent to each Member of the Association to permit the Members who are unable to attend the meeting to vote upon those who have been nominated as prospective Members of the Committee. If the Voting Paper & Form of Proxy has not been returned to the Chairman to arrive by no later than 48 hours before the meeting or such has been incorrectly completed it will be invalid. The determination of the Chairman of the Association for the time being shall be final as to the competence of any such Voting Paper & Form of Proxy returned.

Any candidates nominated for appointment to the Committee will attend the Annual General Meeting and may be asked by the Chairman to address the Members.

No canvassing of Members will be permitted.

Those who fail to be elected shall be those receiving the largest number of votes.

Nominations should be sent to the Registered Office of Scandinavian Village Limited, addressed as follows:

The Chairman
Scandinavian Village Association
C/o Scandinavian Village Limited
Scandinavian Village
AVIEMORE
Inverness-shire
PH22 1PF

SCANDINAVIAN VILLAGE ASSOCIATION

MINUTES OF THE THIRTY-EIGHTH ANNUAL GENERAL MEETING OF THE SCANDINAVIAN VILLAGE ASSOCIATION, HELD IN AVIEMORE COMMUNITY SCHOOL ON SATURDAY, 10 NOVEMBER 2018 AT 11.30am

Present: Michael Daly, Joe Doyle, Marilyn Harrop, Eddie Monks, Moira Pollock (Chairman), Ross Scott.

The Chairman, Moira Pollock, opened the meeting by warmly welcoming the 58 members in attendance and then clarifying domestic arrangements.

- 1. Apologies:** 6 apologies were received. Any member requiring a response would be contacted.
- 2. Chairman's Report:** The Chairman highlighted the substantial refurbishment which was ongoing in the Village.
- 3. Matters arising from the Minutes of the Thirty-seventh Annual General Meeting, held on Saturday 11 November 2017:** The minutes had been circulated earlier in the year and no questions or comments had been received.
- 4. Matters arising from the Accounts of Scandinavian Village Association for the year ended 31 December 2017:** The audited accounts of the Association had been circulated earlier in the year. There were no comments or questions.
- 5. Matters arising from the Audited Accounts of Scandinavian Village Limited for the year ended 31 December 2017:** The audited accounts of Scandinavian Village Limited had been circulated earlier in the year and again there were no questions or comments.
- 6. Facilities Report:** The Facilities Director referred to his written report distributed with the Calling Papers. He drew members' attention to the work he had done with outside agencies, namely Transport Scotland with regard to A9 Dualling and Energy Trust Scotland with regard to energy efficient infra-red heating. In the former case, the Facilities Director had made significant suggestions regarding visual impact, noise abatement and additional tree planting, which had all been agreed. In the latter case he had been able to negotiate a £10,000 grant towards the purchase and installation of Phase 1 of the heating system.
- 7. Finance Report including Statement of Forecast Outturn for the year ending 31 December 2018:** The Finance Director referred to his written report distributed with the Calling Papers. There was a question regarding risks involved in SV investments. The Finance Director responded that it was vital to balance return against risk, and that the investments in Ratesetter, Lendinvest and Bridgecrowd all carried minimal risk.
- 8. Consideration of Budget for 2019:** The Budget for 2019 was approved without question or comment.
- 9. Consideration of proposed Levy for 2019:** The Levy for 2019 was approved. There was a query from a member who considered that his investment in Scandinavian Village had not appreciated as he might have wished or expected. The Finance Director recommended that the member seek professional advice on this matter and then contact Scandinavian Village again.

10. Announcement of Results of Voting on the AGM Resolutions:

RESOLUTIONS	FOR	AGAINST	ABSTAIN	PROXY	FOR+ PROXY
1: AGM Minutes 2017	274	0	11	18	292
2: SVA Accounts 31/12/17	275	0	10	18	293
3: Approval of the Levy for 2019	261	17	8	17	278
4: Approval of Licence Termination 48/02	272	18	11	18	290
5: Elections to SVA Committee					
Marilyn Harrop 239					
Ross Scott 239					
John Swift 74					

Marilyn Harrop and Ross Scott were declared duly elected.

11. AOCB: Fifteen queries and comments were made by members:

1. In view of escalating annual costs, what impact would the proposed Travelodge and Premier Inn in the Aviemore area have on Scandinavian Village? **Answer:** The two products are very different. Only time would reveal if there was any impact.
2. A query was raised about dogs being kept in units? **Answer:** The Pet Policy is included in the accommodation pack in each unit.
3. What can be done to avoid members finding damaged upholstery and wallpaper on arrival? **Answer:** Vigilance and prompt reporting, by members and visitors, of anything amiss during the week in which it occurs, is necessary so that matters be quickly rectified. However, the AGM is not a suitable forum for matters of this nature.
4. Can a one-way traffic system be implemented on the Scandinavian Village site? **Answer:** The Facilities Manager would consider this matter.
5. It was raised that many owners had bought their units whilst in their 30s and 40s and for some with age had come disability. One couple was grateful for the assistance provided to help them cope with a wheelchair but it was pointed out that the sofa beds can be too low for someone with disabilities. Can this situation be improved? **Answer:** The Facilities Director will look into this matter.
6. One member requested that upon the death of an owner, if a full and final payment of all future year's fees up to 2078 could be met from the deceased person's estate instead of family or friends retaining responsibility for the week until 2078. **Answer:** The Finance Director commented that this was a very generous offer which was worth considering.

7. There was a question about creating an on-line “board” for internal exchanges. **Answer:** The Chairman replied that this could create a further SV cost in terms of staffing. She advised that exchanges, including internal, can be made via exchange companies, if fees are prepaid to cover the relevant period but agreed to look further into the matter to see if something can be done.
8. One member commented that he previously he had banked weeks without fee pre-payment. **Answer:** The Finance Director said this will be looked into.
9. There was a question about what happens to terminated weeks. **Answer:** These are put up for sale and rented out, where possible, until a new owner can be found to minimise the impact of lost income on other members.
10. A member asked about the difference to Scandinavian Village made by the closure of the Cairngorm Funicular. **Answer:** The Chairman replied that it was impossible to say, but not all visitors came for ski-ing.
11. There was a comment on the new Members’ card and the revised voting arrangements. Its introduction had caused at least one member to almost miss the vote.
12. A member complimented the Board and the whole SV team on the “terrific job” being done with the improvements. There was a round of applause. He was thanked for his contribution.
13. Another member concurred with the above but was disenchanted with the timeshare model. The Finance Director replied that prospective buyers needed to understand the timeshare concept, and that recent perceived problems were in part caused by bad publicity.
14. Reference was made to the Macdonald get out policy which arose every three years. It was pointed out that Macdonald and Scandinavian Village models were very different.
15. It was suggested by a member that a more effective PA system should be acquired for the 2019 AGM. This was noted.

