



## **AVALON SPRINGS BODY CORPORATE & MOUNTAIN CHALET TRUSTEES REPORT**

The Trustees of both Bodies Corporate have pleasure in presenting their report for the year ended 28<sup>th</sup> February 2018.

Once again, the demand for Avalon Springs is extremely high within all three entities, namely, the self-catering timeshare, the Mountain Chalets and the Hotel.

All three entities, although operating and accounting for themselves separately, are managed as one operation. Overall combined occupancy levels for this period reached 80.5%. The timeshare occupancy was 83%, the Mountain Chalets was 79% with the Hotel occupancy being 79%.

### **REPORT UPDATE**

The upgrade and maintenance of all three entities' assets is essential for the Avalon Springs Resort as a whole and with extremely high occupancy, management understand it is vitally important that they remain in control of the general wear and tear requirements.

With regard to the Mountain Chalets, the following was attended to, or upgraded:

Hot water Jacuzzi systems	R 109,952.00
Energy Management System	R 284,035.00
Exterior of Chalets treated with Rystix	R 193,000.00

In addition, the following items were replaced in four Chalets:

Coffee Tables	R 16,400.00
Side Tables	R 10,304.00
Patio Tables & Chairs	R 24,700.00
Tub Chairs	R 31,456.00
Ottomans	R 7,203.00
Carpets	R 88,024.00
Sleeper Couches	R 29,028.00
Linen Towels & Gowns	R 246,933.00

Further Mountain Chalet upgrades included, but is not limited to, the ongoing replacing of baths with showers: the tidying up underneath the chalets by installing wooden boards in order to cover up the cables and piping: the clearing away of rubble and the laying of a concrete / stone surface to prevent erosion. The patios of Units 607 and 608 were replaced. New loungers were acquired.

The lift refurbishment and synchronization commenced in October 2017 to a value of R605,260.30. This cost was shared between all three entities:

Timeshare	R 362,624.00
Mountain Chalets	R 181,312.00
Hotel	R 61,324.30

The project was completed in July this year and is expected to show electricity savings, as well as provide additional convenience.

The Admin offices were upgraded at a cost of R 48, 811.38

Upgrades to the Timeshare entity as follows:

Refurbishment of the bathrooms in units 101 – 106, which included the replacement of bath tubs with showers, new vanity slabs and new toilets, as part of an ongoing project, the total cost to equates to R 256,536.00.

The usable area of Unit 107's balcony was increased by re-tiling and extending the stainless steel balustrade.

Curtains and Voile curtains were replaced in seven units.

Thirteen sleeper couches were replaced at the cost of R 88,845.00

Linen, towels and gowns were replaced to the value of R 132,466.00.

Bedside carpets and loungers were also purchased.

Replacement of the electric transformer was started. A portion of the cost is to be borne by the municipality with an agreement that our portion will be split between the three entities. The total cost for this project is R 643,667 and is due to be completed during the current financial year.

Our staff remain the heart of the resort and Avalon Springs, under the leadership of General Manager Gavin Hatherley, has performed extremely well in difficult economic times. Marius Julius the resort's Assistant General Manager resigned and we thank him for his dedication to Avalon Springs. The Dream Hotel School is assisting and providing on-site training. The school has had some traction, but has not reached the full potential that we originally envisaged.

New individual DSTV decoders have been installed in all the accommodation units; however, WiFi is still an ongoing problem that is receiving our attention.

The road from Ashton to Montagu is still under construction with completion date due to be July 2020, as the main contractor is in business rescue.

## **FINANCIALS**

The net surplus for the Mountain Chalets, before the transfer to reserves for future maintenance totaled R 1,482,772 for 2018.

The major adverse variances were:

- Cleaning & Laundry under budget with R20 670
- Computer Cost under budget with R10 690

- Electricity under budget with R19, 171
- Water under budget with R22 000
- Insurance over budget with R19 468 due to Fidelity insurance added
- Professional Fees over budget with R24 668
- Repairs & Maintenance over budget with R53 859
- Staff Costs: IOD Contributions no budget prepared and expense of R22 251
- Security over budget with R17 419

The net surplus for the Timeshare entity, before the transfer to reserves for future maintenance totaled R 1,300,810 for 2018.

The major adverse variances were:

- Cleaning & Laundry under budget with R20 112
- Computer costs under budget with R9813
- Electricity under budget with R56 079
- Water expense under budget with R22 034
- Insurance over budget with R10 494 due to Fidelity Insurance added
- Professional fees over budget with R36 806
- Repairs & Maintenance under budget with R22 631
- Salaries & Wage over with R7939
- Staff Costs: IOD Contributions no budget prepared and expense of R18381
- Security over budget with R17 419
- Bad Debt written off at R52 029

Every effort is made to keep expenses low and within budget, while still maintaining the necessary service and delivery our owners and guests expect.

Both the Mountain Chalets and the Timeshare entities benefit from the sharing of costs with each other and the Hotel.

Outstanding levies are low for both entities and every effort is made to assist owners to pay their levies without jeopardizing the body corporates.

Planning progress has been made to upgrade the pool's surrounding area by creating additional space for the timeshare owners and hotel guests.

We continue to try and make Avalon Springs a renowned holiday destination, and I thank my fellow trustees and all the staff involved for their hard work and dedication over the past year. With this team in place, we will provide memorable holidays for our owners and guests.



---

**CHAIRMAN**