

**INFORMATIVE ANNEX**  
**ASSEMBLY OF THE EUCC 13-03-2017**

In order to clarify any doubts related to the Financial Information of the EUCC provided by Resortalia, we have considered convenient including a detailed informative summary of each line.

As per the Financial Report referred, the final result in 2016 shows expenses amounting 610.721,95 €, which means 11.918,31 € under the 2016 approved Budget.

**1 – GARDENING LOCAL AUTHORITY LAND:**

**Reconciliation 2016:** The over expense is due to the items listed below:

- Programmers for the irrigation of the LA Land.
- Repair of a broken pipe located on the LA Land.

**Budget 2017:** The amount included is based on the contract signed in 2014 and for 4 years with the gardening company STV. It does include the 1, 6% CPI increase.

**2 – GARDENING IMPROVEMENTS:**

**Reconciliation 2016:** The expenditure includes the following actions:

- Weeding of the perimeter area in July and September.
- Mechanical means for plantation.
- Planting Nasella on the slope in Phase 4.
- Planting Lyteum from Phase 2 & 6.
- Planting Cupressus in Phase 6.
- Installation of irrigation system at the stream area.
- Yellow gravel for the strips along the streets.
- Christmas plant.

**Budget 2017:** This line is related to the need to improve several garden areas along the Local Authority Land. The areas and actions will be decided by the Board during the year.

### 3 – IRRIGATION WATER FOR LOCAL AUTHORITY LAND:

**Reconciliation 2016:** The amount included in the 2016 budget was based on the estimation provided by STV as they are the company in charge of the gardens and irrigation. As an estimated amount it can suffer variations as it depends on different factors such as the weather. The consumption in 2016 has been higher than the estimation.

Below you can find a chart with the consumptions in 2015 versus 2016 by month. As you will see the total amount is 7.275 cubic meters higher in 2016 than in 2015. As you will notice, there is a remarkable difference in April, May, August and September 2016 when the Resort and Murcia Region experienced a huge increase on the temperatures.

Month	2015 cubic meters	2016 cubic meters	Difference
January	-	527	
February	329		
March	775		
April	925	3.157	
May	3.617	5.167	
June	4.867	5.443	
July	6.691	5.840	
August	4.433	5.917	
September	645	4.406	
October	1.808	1.516	
November	351	-	
December	257	-	
<b>Total</b>	<b>24.698</b>	<b>31.973</b>	

**Budget 2017:** With the aim to get the most accurate estimation for the water cost of the Local Authority Land in 2017, we have taken into account the estimation provided by STV.

Irrigation - EUCC Areas	
Square Meters	55.000 m2
Estimation provided by STV	31.500 m3
Cost in € VAT included	37.871,31 €

#### **4 – PLAGUE FUMIGATION:**

**Reconciliation 2016:** In line with the budget.

**Budget 2017:** The 5 years contract with the company Control Natural de Plagas for the pest control finished the 31<sup>st</sup> December 2016. Therefore, there was a tender process where 4 different companies were invited. After reviewing the proposals and the costs, the Board decided to renew with CNP for the following 4 years. Therefore, the figure included for the year 2017 includes the actions listed below:

- 20% of the total 4 years contract for the amount of **827, 64 €** VAT included is going to be spread over 4 years from a budget point of view. Then, the amount included in 2017 will be **206, 91 €** VAT included.
- **12 payments of 68, 97 €** VAT included related to the pest control of the swages in the EUCC.

#### **5 - ELECTRICITY STREET & PERIMETER LAMPS:**

**Reconciliation 2016:** As every year the amount included for the 2016 budget is an estimation based on previous years´ electricity consumptions. The over expenditure this year is due to the increase on the electricity rates.

**Budget 2017:** Although the amount included in the budget should be in line with the real expenditure in 2016, it has been considered convenient to include a 3% increase due to the possible changes on the electricity rates throughout 2016. It is not possible to include an accurate figure as the taxes and tariffs can always vary.

#### **6 – REPLACE BULBS OF STREET & PERIMETER LAMPS & CHERRY PICKER:**

**Reconciliation 2016:** The expenditure includes the following actions:

- Replacement of bulbs in different lamps in the complex.

**Budget 2017:** The amount for 2017 includes an estimated amount for possible breakages and replacement of bulbs on the street and perimeter lamps.

## 7 – RUBBISH COLLECTION AND CLEANING COMMUNAL AREAS:

**Reconciliation 2016:** The main reason of the over expenditure in this line is due to the recycling tax. The organic rubbish and / or any contaminated recycling items are taken to the dump. The tons of rubbish deposited there are weighed and the Community pays for them. Then, the more and better recycling the owners do, the less the Community will have to pay for it. The amount included for 2016 was 8.000 € taking as a reference the invoices received in 2015. Chart below. However, the final expense in 2016 has been 1.718, 99 € higher than expected.

Month	2015	2016	Difference
January	389,75	435,03	
February	419,95	489,23	
March	394,46	535,89	
April	477,74	612,69	
May	611,26	723,24	
June	547,01	699,56	
July	627,77	733,66	
August	925,32	1.139,96	
September	1.199,19	1.521,15	
October	662,22	802,92	
November	637,46	820,88	
December	552,40	649,31	
<b>Total in €</b>	<b>7.444,53</b>	<b>9.163,52</b>	<b>1.718,99</b>

**Budget 2017:** Below you can find a list of the works and actions included in the annual amount:

- **Rubbish collection:** 73.114, 10 € VAT included (10%). It includes the 1.6% CPI increase.
- **Street cleaning:** Manual sweeping from Monday to Saturday from 7:30 to 14:00 & mechanical sweeping once per week. 154.664, 53 € VAT included (10%). It includes the 1.6% CPI increase.
- **Recycling Tax:** The amount included for 2016 is of 9.000 € taking as a reference the invoices received in 2016. Chart above.
- **Extra hours:** As the current contract only includes 10 hours labor and 10 hours machinery for the cleaning of any mud or dirt caused by the storms, it has been

considered convenient to add the amount of 10.000 € based on the invoices received in 2017 and related to the storms in December 2016 and January 2017.

- **Preventive maintenance of the underground rubbish containers:** The inspection already carried out in 2016 detected several issues that have to be addressed in 2017 in order to avoid that the different equipment stops working. See point 8 below. There will be another inspection carried out by mid-2017. Any broken parts or breakages will have to be paid by the EUCC.
- **Replacement of rusty litter bins in the EUCC:** Due to the current stage of rust of most of the bins in the EUCC, STV will provide the Entity with 25 new bins as in 2015 & 2016. The installation is expected shortly.

## 8 – RUBBISH CONTAINERS MAINTENANCE:

**Reconciliation 2016:** Even though the amount included was just an estimation based on the different breakages to be repaired in 2016, the expenditure is almost in line with the budget.

**Budget 2017:** The amount included in the 2017 budget has been increased due to the necessary action that the EUCC has to take in almost all the underground rubbish containers this year.

## 9 - PLAYGROUND MAINTENANCE:

**Budget 2017:** It has been considered convenient to include a new line on the EUCC budget for the maintenance of the playgrounds as they have never been maintained and could be a health and safety issue for children. The amount is estimation as there is not a close contract for this service yet. The intention is to have them inspected twice a year.

## 10 – TV & BROADBAND:

**Reconciliation 2016:** The previous 5 years contract with A2Z finished the 8<sup>th</sup> June 2016. Then, the amount included for the year 2016 was an estimation based on the previous contract as it was not known yet the details of the new one. Therefore, the under expenditure is due to the new contract with A2Z from 8<sup>th</sup> June 2016. Below you can see a chart with the figures taking into account all the service offered by A2Z.

	General Community Telephone and Internet maintenance	EUCC TV & Broadband maintenance	Total
2016 Budget	73.732,20	148.090,68	221.822,88
Actual expenditure in 2016	93.106,70	125.741,41	218.848,11
2017 Budget	109.993,30	109.993,30	219.986,60
Annual saving with the new contract of 1.836, 28 €			

**Budget 2017:** The new figure for the 2017 budget is based on the new 6 years contract with A2Z signed from 8<sup>th</sup> June 2016. In the chart included above you can see the amounts and explanation on the change of figure. It also includes a 1,6% CPI increase.

**11a. – FLOODING EXTRAORDINARY EXPENSES PROVISION:**

**Reconciliation 2016:** The heavy rains in December 2016 caused some dirty areas due to the mud. It has incurred in an estimated expenditure of 5.395, 50 €.

**11b. – INSURANCE COMPENSATION FLOODING PROVISION:**

**Reconciliation 2016:** The reason of this line in negative is that it is expected to recover this money from the Consortium, considering that Consortium would not pay the 21% VAT.

**12 – PROVISION LONG TERM REPAIRS AND RENEWALS:**

**Reconciliation 2016:** This line was created in 2016 in order to cover the needs the EUCC had related to the maintenance of different areas. The expenditure includes the item listed below:

- Repair of the sunken road along Indico Street for the amount of 41.995, 85 €.
- Architect fees for the amount of 676, 90 €.
- Construction of a new path way to access the new gate at the bottom of Phase 6 for the amount of 1.655, 28 €.

The remaining balance, 5.671,97 €, has been kept to be balanced in 2017.

**Budget 2017:** The amount included in the 2017 budget will consider the repair of the sunken areas in Atlántico and Egeo Street amongst others, and the final budgeted amount includes the reduction of 5.671,97 € available from 2016.

### **13 – EUCC RESERVE FUND:**

**Budget 2017:** A 5% of the 2016 Budget (without considering Provisions) has been included amounting 28.632,01 €