

COMPANY REGISTRATION NUMBER 2279323

**POSOL RESIDENTS MANAGEMENT COMPANY
LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31st MARCH 2006

TAYLOR COCKS

Chartered Accountants & Registered Auditors

3 Acorn Business Centre

Northarbour Road

Cosham

Portsmouth

PO6 3TH

POSOL RESIDENTS MANAGEMENT COMPANY LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31st MARCH 2006

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POSOL RESIDENTS MANAGEMENT COMPANY LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors

R.G. Sillence - Chairman
J. Shaw - Deputy chairman
I.H. Currie
J.M. Lowrie
A.D. Buck
T.G. Evans
Mrs G.P. Marriott

Company secretary

I.H. Currie

Registered office

5 Sovereign Gate
308-314 Commercial Road
Portsmouth
Hampshire
PO1 4BL

Auditor

Taylor Cocks
Chartered Accountants
& Registered Auditors
3 Acorn Business Centre
Northarbour Road
Cosham
Portsmouth
PO6 3TH

POSOL RESIDENTS MANAGEMENT COMPANY LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31st MARCH 2006

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31st March 2006.

PRINCIPAL ACTIVITIES

The principal activity of the company throughout the year continued to be that of acting on behalf of the owners of homes and berths as the management company of the communal areas for the properties located at Sennon Place, Carne Place, Kelsey Head, Newlyn Way, Carbis Close, Cadgwith Place, Holywell Drive, Bryher Island, Tintagel Way, Mullion Close and Coverack Way at Port Solent, North Harbour, Portsmouth, Hampshire.

THE DIRECTORS AND THEIR INTERESTS IN THE SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Class of share	At 31 March 2006	At 1 April 2005 or later date of appointment
R.G. Sillence - Chairman	Class A ordinary £1 shares	1	1
	Class B ordinary £1 shares	1	1
J. Shaw - Deputy chairman	Class A ordinary £1 shares	1	1
	Class B ordinary £1 shares	1	1
I.H. Currie	Class A ordinary £1 shares	1	1
	Class B ordinary £1 shares	1	1
J.M. Lowrie	Class A ordinary £1 shares	1	1
	Class B ordinary £1 shares	1	1
A.D. Buck (Appointed 25 November 2005)	Class A ordinary £1 shares	1	1
	Class B ordinary £1 shares	1	1
T.G. Evans (Appointed 25 November 2005)	Class A ordinary £1 shares	1	1
	Class B ordinary £1 shares	1	1
Mrs G.P. Marriott (Appointed 25 November 2005)	Class A ordinary £1 shares	1	1
	Class B ordinary £1 shares	2	2

J.A.D. Palmer retired as a director on 25th November 2005.

POSOL RESIDENTS MANAGEMENT COMPANY LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31st MARCH 2006

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on page 9, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

there is no relevant audit information of which the company's auditors are unaware; and

the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITOR

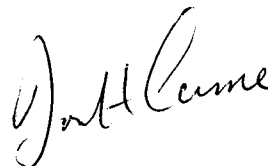
Martin Gee resigned as auditor on 2nd May 2006 and Taylor Cocks were appointed on 5th June 2006. A resolution to re-appoint Taylor Cocks as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Registered office:
5 Sovereign Gate
308-314 Commercial Road
Portsmouth
Hampshire
PO1 4BL

Signed by order of the directors



I.H. CURRIE
Company Secretary

Approved by the directors on 2nd October 2006

POSOL RESIDENTS MANAGEMENT COMPANY LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
POSOL RESIDENTS MANAGEMENT COMPANY LIMITED**

YEAR ENDED 31st MARCH 2006

We have audited the financial statements of POSOL Residents Management Company Limited for the year ended 31st March 2006 on pages 6 to 12 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005) and on the basis of the accounting policies set out on page 9.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

POSOL RESIDENTS MANAGEMENT COMPANY LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
POSOL RESIDENTS MANAGEMENT COMPANY LIMITED** *(continued)*

YEAR ENDED 31st MARCH 2006

OPINION

In our opinion:

the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31st March 2006 and of its profit for the year then ended;

the financial statements have been properly prepared in accordance with the Companies Act 1985; and

the information given in the Directors' Report is consistent with the financial statements for the year ended 31st March 2006.

3 Acorn Business Centre
Northarbour Road
Cosham
Portsmouth
PO6 3TH

2nd October 2006

Taylor Cocks

Chartered Accountants
& Registered Auditors

POSOL RESIDENTS MANAGEMENT COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31st MARCH 2006

	Note	2006 £	2005 £
INCOME RECEIVABLE		360,561	354,815
Administrative expenses		297,999	357,765
Other operating income		(2,474)	(2,281)
OPERATING PROFIT/(LOSS)	2	65,036	(669)
Interest receivable		6,060	4,109
TOTAL EXCESS INCOME AFTER EXPENSES		71,096	3,440
Tax on profit on ordinary activities	3	-	-
EXCESS income after tax		71,096	3,440
Amount due from / (to) shareholders		(52,390)	18,026
Transfer to sinking funds		(18,706)	(21,466)
RESULT FOR THE YEAR		-	-

All of the activities of the company are classed as continuing.

The notes on pages 9 to 12 form part of these financial statements.

POSOL RESIDENTS MANAGEMENT COMPANY LIMITED
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

31st MARCH 2006

	2006	2005
	£	£
Result for the financial year	—	—
Unrealised surplus on revaluation of Land and Buildings	<u>50,000</u>	—
Total recognised gains and losses in the year	<u><u>50,000</u></u>	<u><u>—</u></u>

The notes on pages 9 to 12 form part of these financial statements.

POSOL RESIDENTS MANAGEMENT COMPANY LIMITED

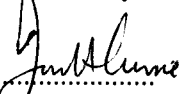
BALANCE SHEET

31st MARCH 2006

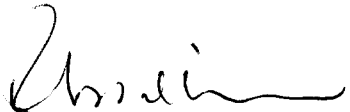
	Note	2006 £	2005 £
FIXED ASSETS	4	29,405	–
CURRENT ASSETS			
Debtors	5	31,047	26,738
Cash at bank		<u>255,802</u>	<u>186,473</u>
		286,849	213,211
CREDITORS: Amounts falling due within one year	6	<u>127,553</u>	<u>93,216</u>
NET CURRENT ASSETS		159,296	119,995
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>188,701</u>	<u>119,995</u>
CAPITAL AND RESERVES			
Called-up equity share capital	7	734	734
Revaluation reserve	8	29,405	–
Sinking funds	9	<u>158,562</u>	<u>119,261</u>
SHAREHOLDERS' FUNDS	10	<u>188,701</u>	<u>119,995</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective January 2005).

These financial statements were approved by the directors on the 2nd October 2006 and are signed on their behalf by:



 I.H. CURRIE – DIRECTOR



 R.G. SILLENCE – DIRECTOR

The notes on pages 9 to 12 form part of these financial statements.

POSOL RESIDENTS MANAGEMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st MARCH 2006

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005).

Changes in accounting policies

In preparing the financial statements for the current year, the company has adopted the Financial Reporting Standard for Smaller Entities (effective January 2005).

This is a change in policy from the previously adopted Financial Reporting Standards for Smaller Entities (effective June 2002), however has no impact on the results for the current period.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is small.

Income receivable

The income receivable represents the amounts received and due from residents. Management are of the opinion that all amounts due from residents are fully recoverable.

2. OPERATING PROFIT/(LOSS)

Operating profit/(loss) is stated after charging:

	2006	2005
	£	£
Auditor's fees	<u>3,005</u>	<u>3,172</u>

The directors received no emoluments for their services (2005 – nil).

3. TAXATION ON ORDINARY ACTIVITIES

	2006		2005	
	£	£	£	£
Current tax:				
In respect of the year:				
UK Corporation tax based on the results for the year at 19% (2005 - nil)		—		—
Over/under provision in prior year		—		—
Total current tax		<u>—</u>		<u>—</u>

POSOL RESIDENTS MANAGEMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st MARCH 2006

4. FIXED ASSETS – Land and Buildings

	2006	2005
	£	£
Revaluation on 1 April 2005	50,000	–
Disposal	(20,595)	–
Balance as at 31 March 2006	<u>29,405</u>	<u>–</u>

On 1 April 2005 the Directors decided to value land and a garage which are owned by the company but not previously recognised.

On 30 January 2006 the garage was disposed of.

5. DEBTORS

	2006	2005
	£	£
Amounts due from shareholders	26,122	23,666
Other debtors	1,987	–
Prepayments	2,938	3,072
	<u>31,047</u>	<u>26,738</u>

Amounts due from shareholders comprises outstanding service charges for the year of £8,096 (2005-£5,640) not collected by the year end and also an amount of £18,026 (2005-£18,026) in respect of the shortfall in the service charges for the year end 31 March 2005 which have been collected after 31 March 2006.

6. CREDITORS: Amounts falling due within one year

	2006	2005
	£	£
Amounts owed to shareholders	52,390	15,050
Other creditors	32,235	31,193
Trade creditors	32,958	24,807
Accruals	9,970	22,166
	<u>127,553</u>	<u>93,216</u>

POSOL RESIDENTS MANAGEMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st MARCH 2006

7. SHARE CAPITAL

Authorised share capital:

	2006	2005
	£	£
439 Class A ordinary shares of £1 each	439	439
360 Class B ordinary shares of £1 each	360	360
1 Deferred share of £1 each	1	1
	<u>800</u>	<u>800</u>

Allotted, called up and fully paid:

	2006		2005	
	No	£	No	£
Class A ordinary shares of £1 each	423	423	423	423
Class B ordinary shares of £1 each	310	310	310	310
Deferred share of £1 each	1	1	1	1
	<u>734</u>	<u>734</u>	<u>734</u>	<u>734</u>

8. REVALUATION RESERVE

	2006	2005
	£	£
Revaluation at 1 April 2005	50,000	-
Transfer to sinking funds on realisation	(20,595)	-
Balance at 31 March 2006	<u>29,405</u>	<u>-</u>

9. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2006	2005
	£	£
Excess income over expenditure for the year	71,096	3,440
Amount due from / (to) shareholders	(52,390)	18,026
Amount transferred to sinking funds	18,706	21,466
Other recognised gains in the year	50,000	-
Shareholders' funds at 1 April 2005	<u>119,995</u>	<u>98,529</u>
Shareholders' funds at 31 March 2006	<u>188,701</u>	<u>119,995</u>

POSOL RESIDENTS MANAGEMENT COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31st MARCH 2006

10. SINKING FUND RESERVES

	2006	2005
	£	£
Balance at 1 April 2005	119,261	97,795
Transfer from revaluation reserve on realisation	20,595	–
Transfer to sinking funds for the year	18,706	21,466
Balance at 31 March 2006	<u>158,562</u>	<u>119,261</u>

The Sinking Fund was established some years ago to allow the company to set aside funds for the future replacement of estate and pontoon facilities for which the company is responsible at the end of their life.

POSOL RESIDENTS MANAGEMENT COMPANY LIMITED

MANAGEMENT INFORMATION

YEAR ENDED 31st MARCH 2006

**The following pages do not form part of the statutory financial statements
which are the subject of the independent auditor's report on pages 4 to 5.**

POSOL RESIDENTS MANAGEMENT COMPANY LIMITED

DETAILED PROFIT AND LOSS ACCOUNT

YEAR ENDED 31st MARCH 2006

	2006	2006	2005
	£	Budget	£
		£	
SERVICE CHARGES RECEIVABLE	360,561	360,561	354,815
OVERHEADS			
Expenditure	297,999	349,342	357,765
	62,562	11,219	(2,950)
OTHER OPERATING INCOME			
Other income	2,474	1,100	2,281
OPERATING PROFIT/(LOSS)	65,036	12,319	(669)
Interest receivable	6,060	3,200	4,109
TOTAL EXCESS INCOME AFTER EXPENSES	71,096	15,519	3,440

POSOL RESIDENTS MANAGEMENT COMPANY LIMITED

NOTES TO THE DETAILED PROFIT AND LOSS ACCOUNT

YEAR ENDED 31st MARCH 2006

	2006 £	2006 Budget £	2005 £
EXPENDITURE			
Port Solent charge			
Port Solent charge	141,481	175,213	170,231
Estate			
Landscape maintenance	72,753	73,684	96,022
Estate Security	2,729	200	146
Estate Maintenance	3,244	3,500	–
Television system maintenance	1,457	1,798	1,374
	<u>80,183</u>	<u>79,182</u>	<u>97,542</u>
Berths			
Pontoon repairs	5,417	10,000	10,105
Administration			
Audit fee	3,005	3,300	3,172
Professional fees	15,518	19,388	16,072
Directors' Expenses	–	–	–
Management Company Expenses	36,557	44,182	39,066
Insurance	12,913	13,382	16,572
Communication with shareholders	1,682	3,715	1,191
Sundry Expenses	526	–	2,923
	<u>70,201</u>	<u>83,967</u>	<u>78,996</u>
Tax and Rates			
Water rates	717	980	891
	<u>297,999</u>	<u>349,342</u>	<u>357,765</u>