

POSOL RESIDENTS MANAGEMENT COMPANY LIMITED

Commentary on Expenditure Items in Annual Accounts for year ended 31 March 2011

On Page 15 of the Accounts, you will see a break down of the expenditure incurred during the year compared to our budget and also the previous year's comparative figures. The purpose of this commentary is to highlight those items that have significantly varied from budget or the previous year.

Landscape maintenance

The reduction in cost here was due to low demands for carrying out general replanting around the estate and a project to rejuvenate the Portway was not proceeded with.

Estate Security

The budget included an estimate of £11,750 to provide more escape ladders and upgrade the existing ladders. The actual cost came to £6822, thus a substantial saving was made.

Estate Maintenance

This is a difficult cost to budget for as it covers general maintenance matters as they arise around the estate, but a saving was made this year.

Television system maintenance

The reduction in costs here was attributable to fewer problems arising this year regarding digital reception.

Pontoon Repairs

A notional budget of £12,000 is allowed each year for repairs but in 2010/2011 it was decided to carry out a major review of all the pontoons and their fittings. The expenditure saving in 2010/2011 has been more than spent in the following year 2011/2012 and it is anticipated that part of these costs will be charged to Sinking Fund Reserves in 2010/2011 to mitigate the year on year variations.

Professional fees

Professional fees by their very nature have to be estimated and in 2011/2012 we exceeded both budget and previous year. The explanation for this can be found in the analysis

provided at the foot of page 15, but mainly due to taking advice on the Portsmouth Plan for Port Solent.

Communications with shareholders.

The budget included a figure of £8813 for website improvement which have not been used in the year 2010/2011, but were rebudgeted at a lesser amount and spent in 2011/2012.

Transfers to Sinking Fund Reserves

You will see that on Page 7 of the Accounts, that the board has increased the transfer to Sinking fund reserves to 4.5% of total expenditure, up from 3%. This decision was taken to reflect the substantial savings made on the expenditure in 2010/2011 whilst acknowledging that much of the savings were in respect of deferred expenditure which will follow in 2011/2012 e.g. the pontoon repairs. As stated above, it is intended to charge part of the overspend on repairs to pontoons we know will incur in 2011/2012 against the reserves in order to try to smooth out the costs, and thus the service charges, from one year to another as best one can.