

E. U. C. SITIO DE CALAHONDA

BALANCE SHEET AS AT 31 DECEMBER, 2006

ASSETS	Notes	Euros 31.12.2006	Euros 31.12.2005
Provisions of funds paid		6.290,14	5.615,14
Owners - debtor balances	(2)	142.195,49	154.269,32
Debts as at 31.12.2005		55.200,61	80.778,19
Debts year 2006		86.994,88	73.491,13
Other debtors		12.943,60	13.110,75
Short Term Financial Investments		409.055,49	412.487,23
Cédulas hipot. "reserve fund"		42.000,00	42.000,00
I. P. F. La Caixa "current account"		71.939,27	100.000,00
I. P. F. La Caixa "Buenavista"		212.047,75	212.047,75
I. P. F. La Caixa "deposits"		36.700,01	58.439,48
Deposit "Cédula Hipotecaria"		46.368,46	0,00
Cash and banks		98.595,94	145.603,23
Cash		31.969,20	5.321,67
Banks "Current accounts"		37.452,77	70.624,26
Banks "deposits"		29.173,97	69.657,30
Prepaid expenses		3.870,00	3.870,00
Total Assets		672.950,66	734.955,67
 LIABILITIES			
Long term deposits received		2.404,05	12.921,76
Short term creditors		112.919,09	158.098,54
Suppliers		7.796,57	8.750,24
Creditors		48.951,26	44.211,70
Owners – credit balances	(2)	1.406,71	1.794,78
Tax Authorities Payable		11.830,59	7.912,34
Social Security Payable		7.508,08	7.027,94
Short term deposits received		36.126,35	47.439,60
Deposit received "Road Works"		0,00	40.645,37
Suspense account		-700,47	316,57
Total Liabilities		115.323,14	171.020,30
 E. U. C. FUND			
Fund at the beginning of the year		563.935,37	557.996,51
Surplus (deficit) for the year		(6.307,85)	5.938,86
Total E. U. C. Fund		557.627,52	563.935,37
Total Liabilities and Fund		672.950,66	734.955,67

E. U. C. SITIO DE CALAHONDA

**INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED
31 DECEMBER, 2006**

	Notes	Euros 31.12.2006	Euros 31.12.2005
INCOME			
Owners' fees		939.032,38	844.438,51
Ordinary fees		919.124,51	831.401,59
Extra charge fees		19.907,87	13.036,92
Income from sales		1.295,00	4.440,00
Tickets golf (net)		1.295,00	4.440,00
Other income	(3)	36.842,22	47.907,73
Extraordinary income		0,00	600,84
Total Income		977.169,60	897.387,08
EXPENSES			
Repairs and maintenance		519.876,83	497.034,33
Personnel costs	(4)	234.047,65	212.817,60
Public lighting		29.604,93	32.477,54
Gardens		11.706,29	11.081,48
Garden rubbish collection		52.160,60	48.774,59
Roads cleaning		2.006,16	2.431,23
Paintings		1.149,89	1.901,94
Improvements		115.367,53	109.599,29
Roads		46.524,68	56.098,68
Vehicles		20.791,40	12.033,02
Fire prevention		4.369,15	7.630,17
Others		2.148,55	2.188,79
Professional fees	(5)	43.613,93	42.269,76
Security service		212.578,31	169.384,36
Electric consumption		20.204,33	17.675,22
Insurance		7.377,65	6.933,78
Administration		122.983,82	117.271,82
Personnel costs	(4)	109.933,71	105.029,48
Office expenses		13.050,11	12.242,34
Other expenses		53.435,48	40.878,95
Equipment		19.462,36	8.575,27
Directors' fees		21.000,00	18.030,00
Others		7.980,55	8.474,29
Contingencies / Emergencies		4.992,57	5.799,39
Total Expenses		980.070,35	891.448,22
Superavit Before Extraordinary Items		(2.900,75)	5.938,86
Extraordinary Items		(3.407,10)	0,00
Superavit After Extraordinary Items		(6.307,85)	5.938,86

E. U. C. SITIO DE CALAHONDA

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING PRINCIPLES

The financial statements of the community have been prepared in accordance with established community accounting practice, by which:

The accounting treatment of assets acquired by communities differs from the business accounting practice which would require them to be capitalised as fixed assets and depreciated over their useful lives. Owners' communities can not own property, and the concept of spreading cost of acquisition over future years is inappropriate in community accounting which requires close comparison of costs and funding. Assets are therefore treated as expenses in the year they are acquired.

No provision is made against owners' balances in respect of doubtful debts. Exceptionally, uncollectible debts would be charged against the community fund.

Income from quotas consists of the quotas notified to owners in respect of the financial year irrespective of the date of collection; uncollected quotas at the year-end being shown in the annual accounts as debtors. Similarly, expenditure is that incurred in the financial year, expenditures remaining unpaid at the year-end being included in the financial statements as liabilities.

2. OWNERS

The movements on owners' balances during the year was as follows:

	Euros
Owners – debtor balances at 31.12.2005	154.269,32
Add: Quotas and interests 2006	938.107,99
Less: Collections 2006	946.774,72
Less: Amounts written off	3.407,10
Owners – debtor balances at 31.12.2006	142.195,49
Owners – credit balances at 31.12.2006	- 1.406,71
Owners – net balance	140.788,78

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3. OTHER INCOME

This item is made up as follows:

	Euros
Rental income	27.712,21
Judge costs paid by debtors	1.583,35
Financial interests	7.522,37
Other income	24,29
Total	36.842,22

4. PERSONNEL COSTS

This balance is made up as follows:

	Euros
Repairs and maintenance	234.047,65
Salaries	179.042,51
Social Security	51.145,88
Others	3.859,26
Administration	109.933,71
Salaries	84.300,00
Social Security	23.377,28
Others	2.256,43
Total	343.981,36

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NOTES TO THE FINANCIAL STATEMENTS

5. PROFESSIONAL SERVICES

This item is made up as follows:

	Euros
Technical architect / Topographer	11.971,20
Legal advice, lawsuits for doubtful debtors and other legal costs	21.111,97
Audit	5.279,38
Agency	3.849,80
Others	1.401,58
Total	43.613,93