

**WATERKLOOF BOULEVARD HOME OWNERS ASSOCIATION**  
**(Registration Number 1996/013332/08)**  
**ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 28 February 2017**

Van Sitterts  
Chartered Accountants (S.A.)  
Registered Auditors  
Issued 30 May 2017

**WATERKLOOF BOULEVARD HOME OWNERS ASSOCIATION  
ANNUAL FINANCIAL STATEMENTS  
for the year ended 28 February 2017**

<b>Country of incorporation</b>	South Africa
<b>Nature of business</b>	The control, administration and management of common property of the Home Owners Association
<b>Directors</b>	PR Anderson A Forbes JF Grobler A La Ruffa P Lattuca C Majave A Vieira
<b>Bankers</b>	First National Bank
<b>Sectional title scheme number</b>	1996/013332/08
<b>Tax reference number</b>	9321/010/64/8
<b>Auditors</b>	Van Sitterts Chartered Accountants (S.A.) Registered Auditors
<b>Managing agent</b>	Pretor Estates (Pty) Ltd

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The reports and statements set out below comprise the annual financial statements presented to the members:

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The following supplementary schedules do not form part of the financial statements, and are unaudited.

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### **Approval**

The financial statements which are set out on pages 7 to 16 were approved by the directors on 30 May 2017

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Director

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Director

**Pretoria**

**30 May 2017**

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF WATERKLOOF BOULEVARD HOME OWNERS ASSOCIATION**

### **Opinion**

We have audited the annual financial statements set out on pages 7 to 16, which comprise the statement of financial position as at 28 February 2017, and the statement of comprehensive income, statement of changes in equity and cash flows statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies .

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Homeowners Association at 28 February 2017 and the results of its operations and cash flows for the year ended in accordance with International Financial Reporting Standards for Small to Medium-sized Entities.

### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the financial statements section of our report. We are independent of the Homeowners Association in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of opinion.

### **Other Information**

The directors are responsible for the other information. The other information comprises the Directors' Report set out on page 6 but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Directors' Responsibility for the Financial Statements**

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards for Small to Medium-sized Entities , as well as for such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or errors.

In preparing the financial statements, the directors are responsible for assessing the Homeowners Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the scheme or to cease operation, or have no realistic alternative but to do so.

## **Auditor's Responsibility**

Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of our audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or errors, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Homeowners Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosure made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the Homeowners Association's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Homeowners Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## **Supplementary information**

The supplementary schedules set out on page 17 do not form part of the annual financial statements and are presented as additional information. We have not audited these schedules and accordingly we do not express an opinion on them.

**Van Sitterts  
Chartered Accountants (S.A.)  
Registered Auditors**

**Per: G van Schalkwyk  
Pretoria  
30 May 2017**

**WATERKLOOF BOULEVARD HOME OWNERS ASSOCIATION**  
**REPORT OF THE DIRECTORS**  
**for the year ended 28 February 2017**

**1. Business and operations**

The home owners association's business and operations and the results thereof are clearly reflected in the attached financial statements. No material fact or circumstance has occurred between the accounting date and the date of this report.

**2. Statements of responsibility**

The directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements and related information. The external auditors are responsible for independently auditing and reporting on the fair presentation of financial statements in conformity with International Standards on Auditing. The financial statements have been prepared in accordance with International Financial Reporting Standards for Small to Medium-sized Entities and in the manner required by the Companies Act.

The directors are also responsible for the home owners association's system of internal financial control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The financial statements have been prepared on the going concern basis, since the directors have every reason to believe that the home owners association has adequate resources in place to continue in operation for the foreseeable future.

**3. Directors**

The directors of the home owners association during the accounting period and up to the date of this report were as follows:

PR Anderson  
A Forbes  
JF Grobler  
A La Ruffa  
P Lattuca  
C Majave  
A Vieira

**WATERKLOOF BOULEVARD HOME OWNERS ASSOCIATION**  
**REPORT OF THE DIRECTORS**  
**for the year ended 28 February 2017**

**4. Managing agent**

The managing agent of the home owners association is Pretor Estates (Pty) Ltd, whose business and postal addresses are:

River Falls Office Park  
262 Rose Avenue  
Doringkloof  
0157

Private Bag X115  
Centurion  
0046

**5. Auditors**

Van Sitterts will continue in office in accordance with the Companies Act, if so re-elected by the members at the Annual General Meeting.

**6. Secretary**

The secretary of the home owners association is Pretor Estates (Pty) Ltd, whose business and postal addresses are:

River Falls Office Park  
262 Rose Avenue  
Doringkloof  
0157

Private Bag X115  
Centurion  
0046

**7. Directors' interest in contracts**

During the financial year, no contracts were entered into which directors or officers of the home owners association had an interest and which significantly affected the business of the home owners association.

**8. Post statement of financial position events**

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

**WATERKLOOF BOULEVARD HOME OWNERS ASSOCIATION**  
**STATEMENT OF FINANCIAL POSITION**  
as at 28 February 2017

	Notes	2017 R	2016 R
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	2	41,083	41,083
<b>Current assets</b>			
Trade and other receivables	8	1,191,146	1,126,860
Taxation		10,058	-
Cash and cash equivalents	9	2,016,835	1,999,458
<b>Total assets</b>		<u><u>3,259,122</u></u>	<u><u>3,167,401</u></u>
<b>Equity and liabilities</b>			
<b>Reserves</b>			
Nature Valley Reserve		2,858,838	2,843,640
Accumulated reserves		555,187	586,608
		2,303,651	2,257,032
<b>Current liabilities</b>			
Taxation payable		400,284	323,761
Trade and other payables	10	-	50
		400,284	323,711
<b>Total capital and liabilities</b>		<u><u>3,259,122</u></u>	<u><u>3,167,401</u></u>

**WATERKLOOF BOULEVARD HOME OWNERS ASSOCIATION**  
**STATEMENT OF COMPREHENSIVE INCOME**  
for the year ended 28 February 2017

	<b>2017</b>	<b>2016</b>
	<b>R</b>	<b>R</b>
<b>Gross revenue</b>	6,150,000	5,904,000
Ordinary levies	5,781,000	5,535,000
Nature valley levies	369,000	369,000
<b>Other income</b>	394,653	1,170,976
Access cards recovered	342	4,100
Accreditation fees received	7,500	6,180
Building penalty levies	228,920	449,268
Deposits recovered	-	82,000
Fines charged	456	-
Interest received	6 133,661	186,512
Nature valley funds transfer	-	439,916
Pavement costs recovered	-	3,000
Plans, scrutiny & inspection fee	15,772	-
Other recoveries	8,002	-
<b>Total income</b>	6,544,653	7,074,976
<b>Expenditure</b> (Refer to page 9)	6,506,140	6,117,762
<b>Surplus before taxation</b>	38,513	957,214
Taxation	7 23,315	34,607
<b>Surplus after taxation</b>	15,198	922,607

**WATERKLOOF BOULEVARD HOME OWNERS ASSOCIATION**  
**STATEMENT OF COMPREHENSIVE INCOME**  
for the year ended 28 February 2017

		<b>2017</b>	<b>2016</b>
		<b>R</b>	<b>R</b>
<b>Expenditure</b>		6,506,140	6,117,762
Administration fees - wages		3,816	3,576
Auditors' remuneration	4	13,030	12,401
Bank charges		17,736	16,107
Bad debts		-	360,581
Bad debts provision		150,000	180,100
Consulting fees		12,987	34,513
Debit order discount		75,075	73,755
Entertainment		7,691	6,819
Insurance	13	120,234	131,206
Interest paid		128	16
Legal expenses - Other		91,494	29,069
Legal expenses - Security related		68,024	-
Managing agent fees		192,468	178,212
Meeting costs		3,714	1,170
Municipal charges	12	196,435	218,376
Nature valley expenditure		400,421	212,108
Petrol and oil		14,094	12,001
Postage		650	140
Printing and stationery		7,755	8,342
Refuse other		-	3,300
Repairs and maintenance	11	816,627	812,243
Salaries and wages		821,592	748,831
Security	5	3,344,491	2,840,097
Special projects	3	68,246	156,215
Taxation and secretarial fees		6,298	10,963
Telephone and internet		66,126	58,339
Uniforms		4,294	6,741
Workmens compensation		2,714	2,541

**WATERKLOOF BOULEVARD HOME OWNERS ASSOCIATION**  
**STATEMENT OF CHANGES IN EQUITY**  
**for the year ended 28 February 2017**

	<b>Nature Valley Reserve R</b>	<b>Distributable reserve R</b>	<b>Total R</b>
Balance at 01 March 2015	-	1,921,033	1,921,033
Net surplus for the year		922,607	922,607
Transfer to Nature Valley Reserve - Prior year	439,916	(439,916)	-
Transfer to Nature Valley Reserve - Current year	146,692	(146,692)	-
Balance at 01 March 2016	586,608	2,257,032	2,843,640
Net surplus for the year		15,198	15,198
Transfer from Nature Valley Reserve - Net expenditure	(31,421)	31,421	-
Balance at 28 February 2017	555,187	2,303,651	2,858,838

**WATERKLOOF BOULEVARD HOME OWNERS ASSOCIATION**  
**CASH FLOW STATEMENT**  
**for the year ended 28 February 2017**

	Notes	2017 R	2016 R
<b>Cash flows from operating activities</b>			
Cash receipts from members		6,322,998	6,848,257
Cash paid to suppliers and employees		<u>(6,405,730)</u>	<u>(5,944,987)</u>
Cash (utilised in)/generated by operating activities	14.1	(82,732)	903,270
Interest received		133,661	186,512
Interest paid		(128)	(16)
Taxation paid	14.2	<u>(33,424)</u>	<u>(36,710)</u>
Net cash from operating activities		<u>17,377</u>	<u>1,053,056</u>
Increase in cash and cash equivalents		17,377	1,053,056
Cash and cash equivalents at beginning of the year		<u>1,999,458</u>	<u>946,402</u>
Cash and cash equivalents at end of the year		<u>2,016,835</u>	<u>1,999,458</u>

**WATERKLOOF BOULEVARD HOME OWNERS ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 28 February 2017**

**1 Basis of preparation**

The financial statements are prepared in accordance with International Financial Reporting Standards for Small to Medium-sized Entities. The financial statements are prepared under the historical cost convention and are consistent with the prior year.

**1.1 Revenue recognition**

Levies are determined by the board and recognised evenly throughout the period.

**1.2 Property, plant and equipment**

Depreciation is calculated on the straight-line method to write off the cost of each asset, or the revalued amounts, to their residual values over their estimated useful lives. The depreciation rates applicable to each category of property, plant and equipment are as follows:

- Motor vehicles 25 %

**1.3 Taxation**

The home owners association is exempt from tax in terms of section 10(1)(e) of the Income Tax Act of 1962. This section provides for the exemption of levy income tax provided that the home owners association applies to its local Revenue office for such exemption. Other income is subject to normal tax.

**1.4 Trade and other receivables**

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

**1.5 Trade and other payables**

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

	<b>2017</b>			<b>2016</b>		
	<b>R</b>			<b>R</b>		
<b>2. Property, plant and equipment</b>		2017			2016	
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
<i>Owned assets</i>						
Motor vehicles	123,248	82,165	41,083	123,248	82,165	41,083

**WATERKLOOF BOULEVARD HOME OWNERS ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 28 February 2017

**2. Property, plant and equipment (continued) -**

The carrying amounts of property, plant and equipment can be reconciled as follows:

	Carrying value at beginning of year	Carrying value at end of year
2016		
<i>Owned assets</i>		
Motor vehicles	41,083	41,083
2017		
<i>Owned assets</i>		
Motor vehicles	41,083	41,083
	<b>2017</b>	<b>2016</b>
	<b>R</b>	<b>R</b>
<b>3. Special projects</b>		
Garden Terraces	18,576	97,628
Garden The Hills	30,000	24,776
Garden Tuscany	19,670	22,950
Garden Pavillion	-	10,861
	68,245	156,215
<b>4. Provision for audit fees</b>		
Audit fees are remuneration for the audit and compilation of the financial statements for the previous financial year. No provision has been made for the current financial year.		
<b>5. Security</b>		
Security services	2,706,827	2,506,346
Security maintenance	422,506	163,657
Guardhouse upgrade	215,158	215,918
	3,344,491	2,885,921
<b>6. Interest received</b>		
Interest income		
- Interest received - bank and investments	103,113	51,489
- Interest received - members	30,547	135,022
	133,660	186,511

**WATERKLOOF BOULEVARD HOME OWNERS ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 28 February 2017

	<b>2017</b>	<b>2016</b>
	<b>R</b>	<b>R</b>
<b>7. Taxation</b>		
South African normal tax		
- Current tax	<u>23,315</u>	<u>34,607</u>
<b>8. Trade and other receivables</b>		
Debtors for levies	597,820	399,848
Water receivable	4,289	5,568
Bad debt provision	(388,651)	(180,100)
Staff loans	-	2,500
Assessment rates receivable	971,567	892,922
Municipal deposit	<u>6,121</u>	<u>6,122</u>
	<u>1,191,146</u>	<u>1,126,860</u>
<b>9. Cash and cash equivalents</b>		
Pretor estate trust account	534,245	438,722
Nedbank cheque account	-	38,284
Pretor investment account	1,480,090	909,481
Pretor investment account - Abrina	-	187,700
Nedbank investment account	-	425,271
Petty cash	<u>2,500</u>	<u>-</u>
	<u>2,016,835</u>	<u>1,999,458</u>
<b>10. Trade and other payables</b>		
Building deposit	24,000	29,000
Levy refunds	7,469	470
Electricity payable	1,492	852
Rates payable	1,452	-
Levies in advance	260,798	271,655
Legal fees	65,527	-
Sewerage payable	375	734
CSOS liability	15,170	-
Estate agents deposits	9,000	1,000
Contractors deposit refundable	<u>15,000</u>	<u>20,000</u>
	<u>400,284</u>	<u>323,711</u>

**WATERKLOOF BOULEVARD HOME OWNERS ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 28 February 2017

	<b>2017</b>	<b>2016</b>
	<b>R</b>	<b>R</b>
<b>11. Repairs and maintenance</b>		
Electrical	10,977	51,342
Fire services	2,069	2,411
Garden services - contract	662,858	617,570
General	48,746	46,194
Cleaning	4,452	5,521
Garden maintenance and equipment	26,684	38,845
Equipment	-	4,649
Plumbing	8,593	5,913
Roads	50,018	30,000
Insurance excess	999	-
Internal parks	750	-
Motor vehicles	481	9,798
	<u>816,627</u>	<u>812,243</u>
<b>12. Municipal charges</b>		
Water	116,341	113,167
Sanitation	9,465	10,921
Electricity	59,598	64,485
Assessment rates	90,811	124,379
Recovery	(79,780)	(94,576)
	<u>196,435</u>	<u>218,376</u>
<b>13. Insurance</b>		

The home owners association is insured with Santam Insurance Limited, policy number: COM1035392, for the period 1 March 2016 to 28 February 2017 and is payable in monthly instalments.

**WATERKLOOF BOULEVARD HOME OWNERS ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 28 February 2017

**14. Notes to the cash flow statement**

	<b>2017</b>	<b>2016</b>
	<b>R</b>	<b>R</b>
<i>14.1 Cash (utilised in)/generated by operating activities</i>		
Net surplus before taxation	38,513	957,214
Adjustments for:		
Interest received	(133,661)	(186,511)
Finance costs	128	16
Other non-cash items	-	2
	<u>(95,020)</u>	<u>770,721</u>
Movements in working capital		
(Increase)/decrease in accounts receivable	(64,286)	668,992
Increase/(decrease) in accounts payable	76,573	(96,527)
Decrease in nature valley fund	-	(439,916)
	<u>(82,733)</u>	<u>903,270</u>

*14.2 Reconciliation of taxation paid during year*

Charge in income statement	(23,315)	(34,607)
Movement in taxation balance	(10,108)	(2,103)
Payments made	<u>(33,423)</u>	<u>(36,710)</u>

**15. Nature Valley**

In the prior year, Nature Valley Levies were reflected, net of Nature Valley expenditure under other income in the statement of Comprehensive Income. In order to achieve better comparison from year to year, the Nature Valley Levies and the Nature Valley Expenses are reflected separately. The prior year comparatives have been reclassified accordingly.

Levies	369,000	369,000
Projects	(400,421)	(212,108)
Bad debts	-	(10,200)
	<u>(31,421)</u>	<u>146,692</u>

**WATERKLOOF BOULEVARD HOME OWNERS ASSOCIATION**  
**9321/010/64/8**  
**TAX COMPUTATION**  
**28 February 2017**

**Ref**

<b>Total income</b>	6,544,653	B
Interest received	133,661	A
Nature valley levies	369,000	D
Ordinary levies	5,781,000	D
Access cards recovered	342	D
Other recoveries	8,002	D
Building penalty levies	228,920	D
Fines	456	D
Plans, scrutiny and inspection	15,772	D
Accreditation fees recoved	7,500	D
Total income	6,544,653	
Less exempt from normal tax section 10(1)(e)	6,410,992	
Less basic exemption	50,000	
<b>TOTAL TAXABLE INCOME</b>	83,661	E
<b>Allowable deductions</b>		
Audit fees	13,030	
Bank charges	17,736	
Total allowable deductions	30,766	C
<b>Apportionment of allowable deductions E/B x C/1</b>	393	
Total taxable income	83,661	
Less apportionment of allowable deductions	(393)	
Taxable income for 2017	83,268	
Taxation thereon @ 28c in the Rand	23,315	
<b>Tax liability</b>		
Amount owing/(prepaid) at the beginning of year	50	
Amount refunded/(paid) in respect of prior year	(50)	
Amount owing/(prepaid) in respect of prior year	-	
Tax owing/(prepaid) for the current year		
Normal tax	23,315	
Per calculation	(33,374)	
1st provisional payment	(12,957)	
2nd provisional payment	(20417)	
Amount owing/(prepaid) at the end of year	10,059	