

**WATERKLOOF BOULEVARD HOME OWNERS ASSOCIATION**  
**(Registration Number 1996/013332/08)**  
**ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 28 February 2014**

**Draft**

Van Sitterts  
Chartered Accountants (S.A.)  
Registered Auditors  
Issued 11 August 2014

**WATERKLOOF BOULEVARD HOME OWNERS ASSOCIATION  
ANNUAL FINANCIAL STATEMENTS  
for the year ended 28 February 2014**

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

<b>Index</b>	<b>Page</b>
Report of the independent auditors	2
Report of the directors	3 - 4
Statement of financial position	5
Statement of comprehensive income	6 - 7
Statement of changes in equity	8
Cash flow statement	9
Notes to the financial statements	10 - 14

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

Taxation computation	15
Other schedule	16

**Approval**

The financial statements which appear on pages 3 to 14 were approved by the directors on 11 August 2014

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

**Pretoria**

**11 August 2014**

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

We have audited the annual financial statements of Waterkloof Boulevard Home Owners Association, which comprise the balance sheet as at 28 February 2014, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out.

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

The home owners association's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards for Small to Medium-sized Entities, and in the manner required by the Companies Act. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements fairly present, in all material respects, the financial position of the home owners association at 28 February 2014 and the results of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards for Small to Medium-sized Entities and Companies Act, appropriate to the business .

### **Supplementary information**

The supplementary schedules set out on pages 15 to 16 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  
11 August 2014**

**WATERKLOOF BOULEVARD HOME OWNERS ASSOCIATION**  
**REPORT OF THE DIRECTORS**  
**for the year ended 28 February 2014**

The directors present their report for the year ended 28 February 2014. This report forms part of the audited financial statements.

**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 in South Africa.

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  
DJ Gey van Pittius  
JF Grobler  
A La Ruffa  
P Lattuca  
T Marais  
HJ van der Merwe  
DS van Loggerenberg

**WATERKLOOF BOULEVARD HOME OWNERS ASSOCIATION  
REPORT OF THE DIRECTORS  
for the year ended 28 February 2014**

**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 balance sheet 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 2014

	Notes	2014 R	2013 R
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	2	41,083	71,895
<b>Current assets</b>			
		2,370,415	2,668,362
Trade and other receivables	9	1,509,689	1,226,951
Cash and cash equivalents	10	860,726	1,441,411
<b>Total assets</b>		<u>2,411,498</u>	<u>2,740,257</u>
<b>Capital and liabilities</b>			
<b>Capital and reserves</b>			
Surplus		1,325,090	2,072,080
<b>Current liabilities</b>			
		1,086,408	668,177
Taxation payable		3,747	92
Trade and other payables	11	557,269	668,085
Nature Vally fund		525,392	-
<b>Total capital and liabilities</b>		<u>2,411,498</u>	<u>2,740,257</u>

**WATERKLOOF BOULEVARD HOME OWNERS ASSOCIATION**  
**STATEMENT OF COMPREHENSIVE INCOME**  
for the year ended 28 February 2014

		2014 R	2013 R
<b>Gross revenue</b>	5	4,409,289	2,933,544
Ordinary levies		3,237,136	2,933,544
Special levies		1,172,153	-
<b>Other income</b>		920,424	950,354
Access cards recovered		6,379	3,724
Accreditation fees recovered		4,491	9,509
Building penalty levies		643,986	682,209
Interest received	7	258,368	236,265
Pavement recovered		5,000	2,754
Penalties charged		-	14,693
Security recovered		1,000	-
Sundry income		1,200	1,200
<b>Total income</b>		5,329,713	3,883,898
<b>Expenditure (Refer to page 7)</b>		6,015,544	4,040,697
<b>Loss before taxation</b>		(685,831)	(156,799)
Taxation	8	61,159	56,447
<b>Loss after taxation</b>		(746,990)	(213,246)
Retained profit at beginning of year		2,072,080	2,285,326
Retained profit at end of year		<u>1,325,090</u>	<u>2,072,080</u>

**WATERKLOOF BOULEVARD HOME OWNERS ASSOCIATION**  
**STATEMENT OF COMPREHENSIVE INCOME**  
for the year ended 28 February 2014

		2014 R	2013 R
<b>Expenditure</b>		6,015,544	4,040,697
Administration fees wages		1,694	1,354
Architect fees		-	3,300
Auditors' remuneration	4	9,818	9,350
Bank charges		10,937	9,045
Consulting fees		15,114	16,528
Debit order discount		65,399	54,525
Debt collection commission		-	136
Depreciation		30,812	30,812
Entertainment		5,122	12,997
Insurance	14	49,363	32,793
Insurance claims		391	(12,571)
Interest paid		172	-
Legal expenses		1,576	14,593
Managing agent fees		130,382	120,722
Meeting costs		2,000	1,400
Municipal charges	13	627,138	245,178
Postage		118	519
Printing and stationery		7,796	8,337
Refuse removal		4,561	-
Repairs and maintenance	12	723,565	550,322
Salaries and wages		639,965	507,432
Security	6	2,236,661	2,010,472
Special projects	3	1,395,603	266,223
Staff welfare		1,470	4,719
Subscription and registration		2,500	7,749
Taxation fees		7,581	7,146
Telephone and internet		45,060	38,415
Uniforms		746	5,761
VAT - prior years adjustments		-	93,440



**WATERKLOOF BOULEVARD HOME OWNERS ASSOCIATION  
STATEMENT OF CHANGES IN EQUITY  
for the year ended 28 February 2014**

	<b>Distributable reserve R</b>
Balance at 01 March 2012	2,285,326
Net deficit for the year	<u>(213,246)</u>
Balance at 01 March 2013	2,072,080
Net deficit for the year	<u>(746,990)</u>
Balance at 28 February 2014	<u><u>1,325,090</u></u>

Draft

**WATERKLOOF BOULEVARD HOME OWNERS ASSOCIATION  
CASH FLOW STATEMENT  
for the year ended 28 February 2014**

	Notes	2014 R	2013 R
<b>Cash flows from operating activities</b>			
Cash receipts from members		5,138,031	4,228,950
Cash paid to suppliers and employees		<u>(5,919,408)</u>	<u>(4,342,819)</u>
Cash utilised in operating activities	15.1	(781,377)	(113,869)
Interest received		258,368	236,265
Interest paid		(172)	-
Taxation paid	15.2	<u>(57,504)</u>	<u>(56,670)</u>
Net cash from operating activities		<u>(580,685)</u>	<u>65,726</u>
(Decrease)/increase in cash and cash equivalents		(580,685)	65,726
Cash and cash equivalents at beginning of the year	15.3	<u>1,441,411</u>	<u>1,375,685</u>
Cash and cash equivalents at end of the year	15.3	<u><u>860,726</u></u>	<u><u>1,441,411</u></u>

Draft

**WATERKLOOF BOULEVARD HOME OWNERS ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 28 February 2014

**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.

**1.1 Revenue recognition**

Levies are recognised as revenue once owners are invoiced.

**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 20 %

**1.3 Taxation**

The home owners association is taxed 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.

**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.

**2. Property, plant and equipment**

	2014			2013		
	Cost / valuation	Accumulated depreciation	Carrying value	Cost / valuation	Accumulated depreciation	Carrying value
<i>Owned assets</i>						
Motor vehicles	123,248	82,165	41,083	123,248	51,353	71,895

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

**WATERKLOOF BOULEVARD HOME OWNERS ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 28 February 2014

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

	Carrying value at beginning of year	Depreciation	Carrying value at end of year
2013			
<i>Owned assets</i>			
Motor vehicles	102,707	(30,812)	71,895
<hr/>			
	Carrying value at beginning of year	Depreciation	Carrying value at end of year
2014			
<i>Owned assets</i>			
Motor vehicles	71,895	(30,812)	41,083
<hr/>			

A register containing details of the property, plant and equipment is available at the registered office of the home owners association.

	2014 R	2013 R
<b>3. Special projects</b>		
Garden Terraces	44,112	19,589
Garden The Hills	74,137	100,755
Garden Tuscany	56,795	36,662
Garden Pavillion	48,405	4,786
Nature Valley : Current year	646,762	65,151
Nature Valley : unutilised funds	525,392	-
Internal Parks	-	39,280
	<u>1,395,603</u>	<u>266,223</u>

**4. Provision for audit fees**

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.

**5. Gross revenue**

Gross revenue comprises levies, which excludes value-added tax and represents the levies recovered from owners.

	2014 R	2013 R
<b>6. Security</b>		
Security services	1,728,817	1,618,518
Security armed response	182,346	256,532
Security maintenance	46,549	73,420
Guardhouse upgrade	278,949	62,002
	<u>2,236,661</u>	<u>2,010,472</u>

**WATERKLOOF BOULEVARD HOME OWNERS ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 28 February 2014

	2014 R	2013 R
<b>7. Interest received</b>		
Interest income		
- Interest received - bank and investments	54,643	65,294
- Interest received - members	203,725	170,971
	<u>258,368</u>	<u>236,265</u>
	2014 R	2013 R
<b>8. Taxation</b>		
South African normal tax		
- Current tax	58,451	56,336
- Prior year adjustments	2,708	111
Tax for the year	<u>61,159</u>	<u>56,447</u>
	2014 R	2013 R
<b>9. Trade and other receivables</b>		
Debtors for levies	1,288,737	1,198,364
Payments in advance: security	183,424	-
VAT control	8,525	13,870
Accounts receivable	-	1,283
Sundry debtors - Abrina	18,058	-
Staff loans	1,150	3,577
Assessment rates receivable	3,114	3,177
Municipal deposit	6,681	6,680
	<u>1,509,689</u>	<u>1,226,951</u>
	2014 R	2013 R
<b>10. Cash and cash equivalents</b>		
Pretor estate trust account	(136,707)	64,210
Nedbank cheque account	38,439	38,270
Pretor investment account	385,815	953,232
Investment account - Abrina	168,762	-
Nedbank investment account	394,083	382,372
Petty cash - Abrina	7,840	-
Petty cash	2,494	3,327
	<u>860,726</u>	<u>1,441,411</u>

**WATERKLOOF BOULEVARD HOME OWNERS ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 28 February 2014

	2014 R	2013 R
<b>11. Trade and other payables</b>		
Building deposit	204,540	194,540
Levy refunds	11,649	65,451
Water payable	15,495	23,551
Electricity payable	5,331	4,545
Rates payable	49,815	22,330
Levies in advance	152,536	253,845
Bad debt provision	19	19
Sundry payables	13,875	-
Sewerage payable	1,009	-
Security payable	-	20,804
Estate agents deposits	83,000	83,000
Contractors deposit refundable	20,000	-
	<u>557,269</u>	<u>668,085</u>

	2014 R	2013 R
<b>12. Repairs and maintenance</b>		
Electrical	27,307	28,603
Fire services	2,285	2,285
Garden services	456,000	386,200
General	115,358	90,448
Cleaning	4,924	3,117
Garden	108,617	35,375
Plumbing	2,287	1,086
Equipment	5,411	669
Motor vehicles	1,376	2,539
	<u>723,565</u>	<u>550,322</u>

	2014 R	2013 R
<b>13. Municipal charges</b>		
Water	143,413	68,774
Sanitation	8,811	8,540
Electricity	42,165	37,519
Assessment rates	432,749	132,287
Municipal charges	-	(1,940)
	<u>627,138</u>	<u>245,180</u>

**WATERKLOOF BOULEVARD HOME OWNERS ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 28 February 2014

**14. Insurance**

The home owners association is insured with Santam Insurance Limited, policy number: COM1035392, for the period 1 March 2014 to 28 February 2015 and is payable in monthly instalments.

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

	2014 R	2013 R
<i>15.1 Cash utilised in operating activities</i>		
Net loss before taxation	(685,831)	(156,799)
Adjustments for:		
Depreciation	30,812	30,812
Interest received	(258,368)	(236,265)
Finance costs	172	-
	<u>(913,215)</u>	<u>(362,252)</u>
Movements in working capital		
(Increase)/decrease in accounts receivable	(282,738)	243,423
Decrease in accounts payable	(110,816)	(153,182)
Increase in nature vally fund	525,392	158,142
	<u>(781,377)</u>	<u>(113,869)</u>
	<b>2014</b>	<b>2013</b>
	<b>R</b>	<b>R</b>
<i>15.2 Reconciliation of taxation paid during year</i>		
Charge in income statement	(61,159)	(56,447)
Movement in taxation balance	3,655	(223)
Payments made	<u>(57,504)</u>	<u>(56,670)</u>
	<b>2014</b>	<b>2013</b>
	<b>R</b>	<b>R</b>
<i>15.3 Cash and cash equivalents</i>		
Cash and cash equivalents consist of cash on hand and balances with banks. Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:		
Cash and cash equivalents	<u>860,726</u>	<u>1,441,411</u>

**WATERKLOOF BOULEVARD HOME OWNERS ASSOCIATION**  
**9321/010/64/8**  
**TAX COMPUTATION**  
**28 February 2014**

Ref

<b>Total income</b>	5,329,713	B
Interest received	258,368	A
Sundry income	1,200	A
Ordinary levies	3,237,136	D
Access cards recovered	6,379	D
Pavement recovered	5,000	D
Building penalty levies	643,986	D
Security recovered	1,000	D
Special levies	1,172,153	D
Accreditation fees recoveries	4,491	D
Total income	5,329,713	
Less exempt from normal tax section 10(1)(e)	5,070,145	
Less basic exemption	50,000	
<b>TOTAL TAXABLE INCOME</b>	<u>209,568</u>	E
<b>Allowable deductions</b>		
Audit fees	9,818	
Bank charges	10,937	
Total allowable deductions	<u>20,755</u>	C
<b>Apportionment of allowable deductions E/B x C/1</b>	<u>816</u>	
Total taxable income	209,568	
Less apportionment of allowable deductions	(816)	
Taxable income for 2014	<u>208,752</u>	
Taxation thereon @ 28c in the Rand	<u>58,451</u>	
<b>Tax liability</b>		
Amount owing/(prepaid) at the beginning of year	92	
Amount refunded/(paid) in respect of prior year	<u>(92)</u>	
Amount owing/(prepaid) in respect of prior year	-	
Tax owing/(prepaid) for the current year		
Normal tax	3,747	
Per calculation	58,451	
1st provisional payment	(25,761)	
2nd provisional payment	(28,943)	
Amount owing/(prepaid) at the end of year	<u>3,747</u>	



**WATERKLOOF BOULEVARD HOA**  
**SCHEDULE TO THE FINANCIAL STATEMENTS**  
for the year ended 28 February 2014

**DEBTORS LIST AS AT 28 FEBRUARY 2014**  
**LEVIES IN ARREARS**

Name		120+ Days	90+ Days	60+ Days	30+ Days	Current	Total
MAGAGULA	191A	221,096.35	8,347.26	6,051.24	28,666.75	9,588.22	273,749.82
MORULA COMMUNICATIONS	126A	14,464.43	2,277.83	2,123.07	2,383.67	2,393.17	23,642.17
BAHLAKWANA TRUST	231A	5,179.17	250.08	331.13	248.82	243.20	6,252.40
TZIRCALLE & GEORGIU	086B			2,745.86	5,133.16	2,177.60	10,056.62
MKHONDO	092A	514,908.89	12,681.68	7,352.27	14,123.89	13,554.44	562,621.17
TSHABALALA	095A	54,670.78	2,870.96	2,301.10	3,075.92	3,035.69	65,954.45
BORN FREE INV 319 EDMS BPK	148A	122,361.81	3,869.56	2,600.84	4,241.38	4,117.42	137,191.01
LAOSEBIKAN	017A	100,706.99	6,571.24	5,518.15	6,992.38	6,935.31	126,724.07
MODINGWANA	034A	56,086.19	5,921.34	-4,309.54	-3,596.45	-3,743.25	50,358.29
ZANDBERG	175A	23,886.17	579.64	260.53	599.97	2,463.05	27,789.36
LE ROUX G	185B		2,064.34	2,059.02	-3,779.08	2,070.09	2,414.37
OTHER OUTSTANDING LEVIES UNDER R1,000						1,983.41	1,983.41
LEVIES IN ARREARS		1,113,360.78	45,433.93	27,033.67	58,090.41	44,818.35	1,288,737.14

**CREDITORS AGE ANALYSIS for 28 FEBRUARY 2014**

Name	AGEING				Current	Total
	120 +	90 Days	60 Days	30 Days		
BAD DEBTS					19.49	19.49
CITY OF TSHWANE					68,288.24	68,288.24
CONTRACTORS DEPOSITS					20,000.00	20,000.00
ESTATE AGENT DEPOSITS					83,000.00	83,000.00
IMPACT METER SERVICES					2,805.74	2,805.74
LETAMIK INTERNATIONAL (PTY) LTD					556.02	556.02
LEVY REFUNDS					11,648.73	11,648.73
NELSON KWEKERY					13,875.00	13,875.00
PAVEMENT DEPOSITS					204,540.35	204,540.35
TOTAL	-	-	-	-	404,733.57	404,733.57