

WATERKLOOF BOULEVARD HOME OWNERS ASSOCIATION
(Registration Number 1996/013332/08)
ANNUAL FINANCIAL STATEMENTS
for the year ended 29 February 2016

Van Sitterts
Chartered Accountants (S.A.)
Registered Auditors
Issued 14 July 2016

**WATERKLOOF BOULEVARD HOME OWNERS ASSOCIATION
ANNUAL FINANCIAL STATEMENTS
for the year ended 29 February 2016**

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 3 to 15 were approved by the directors on 14 July 2016

Director

Director

Pretoria

14 July 2016



van sitterts

**Geregistreerde Ouditeurs
Registered Auditors**

Du Toit Incorporated Reg no. 1999/009532/21

Practice no: 984689

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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 statement of financial position as at 29 February 2016, and the statement of comprehensive income, 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 on pages 3 to 15.

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 29 February 2016 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 page 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.)**

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**Per: BJ du Toit
Pretoria**

Hatfield Office: 1039 Pretorius Street, Hatfield, Pretoria, 0001
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Tel +27 12 342-1800 Fax + 12 342-1954

Directors: BJ du Toit BCom (Hons) CA (SA), G van Schalkwyk BCom (Hons) CA (SA) **Practising in association with:** LB Trichardt BCom (Hons) CA (SA), JM Maartens MCom (Bel) CA (SA)
PL Bezuidenhout BCom (Hons) CA (SA), CJ Erasmus BCom (Hons) CA (SA) **Assisted by:** R Maartens-Dorey BCom (Hons) CA (SA)
Assisted by: E Kruger BCompt AGA (SA)

WATERKLOOF BOULEVARD HOME OWNERS ASSOCIATION
REPORT OF THE DIRECTORS
for the year ended 29 February 2016

The directors present their report for the year ended 29 February 2016. 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.

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 29 February 2016

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 Board is in negotiations with the Tshwane municipality with regards to the renewal of the lease agreement of the Nature Valley. The negotiations are at an advanced stage, and the Board is positive that the outcome will be successful.

The directors are not aware of any other 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 29 February 2016

	Notes	2016 R	2015 R
Assets			
Non-current assets			
Property, plant and equipment	2	41,083	41,083
Current assets			
Trade and other receivables	9	3,126,318	2,742,254
Cash and cash equivalents	10	1,126,860	1,795,852
		1,999,458	946,402
Total assets		<u>3,167,401</u>	<u>2,783,337</u>
Equity and liabilities			
Reserves			
Nature Valley Reserve		2,843,640	1,921,033
Accumulated reserve		586,608	-
		2,257,032	1,921,033
Current liabilities			
Taxation payable		323,761	862,304
Trade and other payables		50	2,153
Nature Valley fund	11	323,711	420,235
		-	439,916
Total capital and liabilities		<u>3,167,401</u>	<u>2,783,337</u>

WATERKLOOF BOULEVARD HOME OWNERS ASSOCIATION
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 29 February 2016

	2016 R	2015 R
Gross revenue	5,535,000	4,905,760
Ordinary levies	5,535,000	4,537,160
Special levies	-	368,600
Other income	1,317,668	820,042
Access cards recovered	4,100	1,259
Accreditation fees received	6,180	2,000
Building penalty levies	449,268	603,027
Deposits recovered	82,000	-
Interest received	6 186,512	201,336
Pavement costs recovered	3,000	9,000
Penalties charged	-	3,000
Nature Valley Funds transfer	439,916	-
Nature Valley levies	8 146,692	-
Sundry income	-	420
Total income	6,852,668	5,725,802
Expenditure (Refer to page 7)	5,895,454	5,260,879
Surplus before taxation	957,214	464,923
Taxation	7 34,607	43,092
Surplus for the year	922,607	421,831

WATERKLOOF BOULEVARD HOME OWNERS ASSOCIATION
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 29 February 2016

		2016	2015
		R	R
Expenditure		5,895,454	5,260,879
Administration fees - wages		3,576	2,174
Auditors' remuneration	4	12,401	17,111
Bank charges		16,107	14,736
Bad debts		350,381	36,078
Bad debts provision		180,100	-
Consulting fees		34,513	16,465
Debit order discount		73,755	73,342
Entertainment		6,819	4,512
Insurance	14	131,206	86,752
Interest paid		16	55
Legal expenses		29,069	55,058
Managing agent fees		178,212	160,489
Meeting costs		1,170	1,100
Municipal charges	13	218,376	8,996
Postage		140	181
Printing and stationery		8,342	4,906
Refuse removal		3,300	938
Repairs and maintenance	12	812,243	694,100
Salaries and wages		760,832	684,818
Security	5	2,840,097	2,734,191
Special projects	3	156,215	578,925
Taxation and secretarial fees		10,963	7,446
Telephone and internet		58,339	68,455
Uniforms		6,741	5,060
Workmens compensation		2,541	4,991

WATERKLOOF BOULEVARD HOME OWNERS ASSOCIATION
STATEMENT OF CHANGES IN EQUITY
for the year ended 29 February 2016

	Note R	Nature Valley Reserve R	Distributable reserve R	Total R
Balance at 01 March 2014		-	1,499,202	1,499,202
Net surplus for the year			421,831	421,831
<hr/>				
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 - Current year	8	146,692	(146,692)	-
Transfer to Nature Valley Reserves - Prior year		439,916	(439,916)	-
<hr/>				
Balance at 29 February 2016		586,608	2,257,032	2,843,640

WATERKLOOF BOULEVARD HOME OWNERS ASSOCIATION
CASH FLOW STATEMENT
for the year ended 29 February 2016

	Notes	2016 R	2015 R
Cash flows from operating activities			
Cash receipts from members		6,848,257	6,137,202
Cash paid to suppliers and employees		<u>(5,944,987)</u>	<u>(6,382,233)</u>
Cash generated by/(utilised in) operating activities	16.1	903,270	(245,031)
Interest received		186,512	201,336
Interest paid		(16)	(55)
Taxation paid	16.2	<u>(36,710)</u>	<u>(44,686)</u>
Net cash from operating activities		<u>1,053,056</u>	<u>(88,436)</u>
Increase/(decrease) in cash and cash equivalents		1,053,056	(88,436)
Cash and cash equivalents at beginning of the year	16.3	<u>946,402</u>	<u>1,034,838</u>
Cash and cash equivalents at end of the year	16.3	<u>1,999,458</u>	<u>946,402</u>

WATERKLOOF BOULEVARD HOME OWNERS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 29 February 2016

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 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 25 %

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. Other income is subject to normal tax.

1.4 Gross revenue

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

1.5 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.

1.6 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

	2016			2015		
	Cost R	Accumulated depreciation R	Carrying value R	Cost R	Accumulated depreciation R	Carrying value R
<i>Owned assets</i>						
Motor vehicles	123,248	82,165	41,083	123,248	82,165	41,083

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 29 February 2016

2. Property, plant and equipment (continued) -

	Carrying value at beginning of year R	Carrying value at end of year R
2015		
<i>Owned assets</i>		
Motor vehicles	41,083	41,083
2016		
<i>Owned assets</i>		
Motor vehicles	41,083	41,083

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

	2016 R	2015 R
3. Special projects		
Garden Terraces	97,628	63,846
Garden The Hills	24,776	53,144
Garden Tuscany	22,950	67,243
Garden Pavillion	10,861	26,092
Nature Valley : current year	-	454,076
Nature Valley : recovered / unutilised funds	-	(85,476)
	156,214	578,925
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. Security		
Security services	2,506,346	2,308,229
Security maintenance	117,833	86,927
Guardhouse upgrade	215,918	339,035
	2,840,097	2,734,191
6. Interest received		
Interest income		
- Interest received - bank and investments	51,489	52,149
- Interest received - members	135,022	149,187
	186,511	201,336

WATERKLOOF BOULEVARD HOME OWNERS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 29 February 2016

	2016	2015
	R	R
7. Taxation		
South African normal tax		
- Current tax	<u>34,607</u>	<u>43,092</u>
8. Nature Valley		
Levies	369,000	-
Projects	(212,108)	-
Bad debts	<u>(10,200)</u>	<u>-</u>
	<u>146,692</u>	<u>-</u>
9. Trade and other receivables		
Debtors for levies	399,848	977,218
Bad debt provision	(180,100)	(19)
Water receivable	5,568	10,947
Staff loans	2,500	-
Assessment rates receivable	892,922	801,584
Municipal deposit	<u>6,122</u>	<u>6,122</u>
	<u>1,126,860</u>	<u>1,795,852</u>
10. Cash and cash equivalents		
Pretor estate trust account	438,722	237,598
Nedbank cheque account	38,284	37,717
Pretor investment account	909,481	82,392
Pretor investment account - Abrina	187,700	177,666
Nedbank investment account	425,271	408,688
Petty cash	-	2,341
	<u>1,999,458</u>	<u>946,402</u>
11. Trade and other payables		
Building deposit	29,000	48,230
Levy refunds	470	6,599
Electricity payable	852	623
Levies in advance	271,655	209,764
Sundry payables	-	42,020
Sewerage payable	734	-
Estate agents deposits	1,000	83,000
Contractors deposit refundable	<u>20,000</u>	<u>30,000</u>
	<u>323,712</u>	<u>420,236</u>

WATERKLOOF BOULEVARD HOME OWNERS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 29 February 2016

	2016	2015
	R	R
12. Repairs and maintenance		
Electrical	51,342	22,973
Fire services	2,411	2,411
Garden services	617,570	565,972
General	46,194	162,071
Cleaning	5,521	5,612
Garden maintenance and equipment	38,845	29,586
Equipment	4,649	-
Recovery building deposits	-	(148,810)
Plumbing	5,913	8,291
Roads	30,000	44,710
Motor vehicles	9,798	1,284
	<u>812,243</u>	<u>694,100</u>

13. Municipal charges

Water	113,167	112,190
Sanitation	10,921	9,286
Electricity	64,485	53,957
Assessment rates	124,379	635,147
Recovery	(94,576)	(801,584)
	<u>218,376</u>	<u>8,996</u>

14. Insurance

The home owners association is insured with Santam Insurance Limited, policy number: COM1035392, for the period 1 March 2015 to 29 February 2016 and is payable in monthly instalments.

**WATERKLOOF BOULEVARD HOME OWNERS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 29 February 2016**

15. Nature Valley Reserve Fund

The special levy for the Nature Reserve was initially levied to create infrastructure and to be able to better manage the security environment. External parties also would have been invited to get involved, financially and operationally, in the manage and upkeeping of the Nature Valley. The ongoing process to obtain all the approvals, has resulted in an annual levy being charged for the Nature Valley, that is paid by the residents of Waterkloof Boulevard HOA with no external involvement as yet. The Waterkloof Ridge Nature Valley NPC was merely formed to meet the requirements of WESA, and has not entered into any business transactions. It was therefor decided to account for the Nature Valley transactions as a Waterkloof Boulevard HOA reserve that will be ring fenced to cover the Nature Valley expenditure.

WATERKLOOF BOULEVARD HOME OWNERS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 29 February 2016

16. Notes to the cash flow statement

	2016	2015
	R	R
<i>16.1 Cash generated by/(utilised in) operating activities</i>		
Net surplus before taxation	957,214	464,923
Adjustments for:		
Interest received	(186,511)	(201,336)
Finance costs	<u>16</u>	<u>55</u>
	770,719	263,642
Movements in working capital		
Decrease/(increase) in accounts receivable	668,991	(286,182)
Decrease in accounts payable	(96,524)	(137,015)
Decrease in nature valley fund	<u>(439,916)</u>	<u>(85,476)</u>
	<u><u>903,270</u></u>	<u><u>(245,031)</u></u>
<i>16.2 Reconciliation of taxation paid during year</i>		
Charge in income statement	(34,607)	(43,092)
Movement in taxation balance	<u>(2,103)</u>	<u>(1,594)</u>
Payments made	<u><u>(36,710)</u></u>	<u><u>(44,686)</u></u>
<i>16.3 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><u>1,999,458</u></u>	<u><u>946,402</u></u>

WATERKLOOF BOULEVARD HOME OWNERS ASSOCIATION
9321/010/64/8
TAX COMPUTATION
29 February 2016

Ref

Total income	6,758,275	B
Interest received	186,512	A
Interest - bad debts	(94,393)	A
Ordinary levies	5,535,000	D
Access cards recovered	4,100	D
Pavement cost recovered	3,000	D
Building penalty levies	449,268	D
Nature Valley Funds transfer	439,916	D
Nature Valley	146,692	D
Accreditation fees recovered	6,180	D
Deposits recovered	82,000	A
Total income	6,758,275	
Less exempt from normal tax section 10(1)(e)	6,584,156	
Less basic exemption	50,000	
TOTAL TAXABLE INCOME	124,119	E
Allowable deductions		
Audit fees	12,401	
Bank charges	16,107	
Total allowable deductions	28,508	C
Apportionment of allowable deductions E/B x C/1	524	
Total taxable income	124,119	
Less apportionment of allowable deductions	(524)	
Taxable income for 2016	123,595	
Taxation thereon @ 28c in the Rand	34,607	
Tax liability		
Amount owing/(prepaid) at the beginning of year	2,153	
Prior year adjustment	16	
Amount refunded/(paid) in respect of prior year	(2,169)	
Amount owing/(prepaid) in respect of prior year	-	
Tax owing/(prepaid) for the current year		
Normal tax	34,607	
Per calculation	(34,557)	
1st provisional payment	(17,102)	
2nd provisional payment	(17,455)	
Amount owing/(prepaid) at the end of year	50	