

ANNUAL FINANCIAL STATEMENTS

OF

**AMBERFIELD VALLEY
HOMEOWNERS' ASSOCIATION**

(NON PROFIT COMPANY)

REG: 2005/023582/08

as at

30 JUNE 2017

M G TAUTE

GEREGISTREERDE OUDITEURE
REGISTERED AUDITORS

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AMBERFIELD VALLEY

HOMEOWNERS' ASSOCIATION (NON PROFIT COMPANY)

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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AMBERFIELD VALLEY

HOMEOWNERS' ASSOCIATION (NON PROFIT COMPANY)

STATEMENT OF RESPONSIBILITY BY THE DIRECTORS AS AT 30 JUNE 2017

The directors are responsible for the preparation, integrity and fair presentation of the financial statements. The financial statements presented on pages 4 to 10 have been prepared in accordance with International Financial Reporting Standards for small and medium sized entities and the Companies Act, and include amounts based on judgements and estimates made by management. The directors also prepared the other information included in the annual report and are responsible for both the accuracy and consistency of the financial statements.

The going concern basis has been adopted in preparing financial statements. The directors have no reason to believe that the Homeowner's Association will not be a going concern in the foreseeable future based on the forecast and available cash resources. These financial statements support the viability of the Homeowner's Association.

The financial statements have been compiled by the independent auditors, MG Taute, which was given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders and the directors and committees of the board. The directors believe that all representations made to the independent auditors during their audit are valid and appropriate.

The auditors report of MG Taute is presented on pages 2 to 3.

The financial statements were approved by the directors and signed.

DIRECTOR

PRETORIA

DIRECTOR

4 June 2018

M.G. TAUTE

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REGISTERED ACCOUNTANTS & AUDITORS

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INDEPENDENT AUDITORS REPORT TO THE DIRECTORS OF THE HOMEOWNERS' ASSOCIATION KNOWN AS

AMBERFIELD VALLEY

We have audited the annual financial statements of **HOMEOWNERS' ASSOCIATION** set out on pages 4 to 11, which the statement of financial position as at **30 JUNE 2017**, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

Qualification

The Fidelity guarantee is not sufficient to cover the reserve fund.

In our opinion,except for the effect on the financial statements of the matter referred to in the preceding paragraph, the financial statements present fairly, in all material respects, the financial position of the Homeowners' Association as at **30 JUNE 2017**, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards for small and medium sized entities, and the requirements of the Companies Act of South Africa.

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 company in accordance with the Independent Regulatory Board of 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 Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair representation of the financial statements, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, 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 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 an 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 error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of the 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 company's internal control.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures 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 related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to 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 company 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 representation.

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.

M G TAUTE



GUSTAV MARIUS TAUTE

**CHARTERED ACCOUNTANTS (SA)
REGISTERED ACCOUNTANTS & AUDITORS**

PRETORIA

4 June 2018

AMBERFIELD VALLEY

HOMEOWNERS' ASSOCIATION (NON PROFIT COMPANY)

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	<u>NOTE</u>	<u>2017</u>	<u>2016</u>
ASSETS			
NON - CURRENT ASSETS			
Property & Equipment	2	430 374	498 281
CURRENT ASSETS			
Cash and cash equivalents	3	529 756	1 748 612
Deposit City Council		520	520
Levies in arrears		337 919	191 045
Prepaid expense		-	81 239
Prepaid income tax		730	-
City of Tshwane		36 815	55 155
TOTAL ASSETS		<u>1 336 114</u>	<u>2 574 852</u>
EQUITY			
Accumulated funds		887 924	2 151 935
CURRENT LIABILITIES			
Levies in advance		152 835	134 517
Creditors	4	44 187	38 970
Provision for income tax		-	261
Building deposits		251 168	249 168
		<u>448 189</u>	<u>422 917</u>
TOTAL EQUITY AND LIABILITIES		<u>1 336 114</u>	<u>2 574 852</u>

AMBERFIELD VALLEY

HOMEOWNERS' ASSOCIATION (NON PROFIT COMPANY)

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2017

	<u>NOTE</u>	<u>2017</u>	<u>2016</u>
INCOME		2 727 232	2 967 482
Levy income		2 426 022	2 635 826
Normal levies		1 939 392	1 844 581
Special levies		-	503 500
Zotec levies		184 230	
Development levies		302 400	287 745
Recovered income		200 077	204 161
Access control recovered		29 077	29 561
Other recovered		-	3 600
Building penalty fees		165 000	164 500
Scrutiny fees		6 000	6 500
Taxable income		101 133	127 495
Interest received		59 432	78 176
Interest - levies in arrear		36 051	28 468
Sundry income		5 650	-
Rent received		-	20 850
LESS: EXPENSES		3 921 980	1 945 185
Administration costs	5	372 715	301 095
Municipal charges		113 897	88 402
- Assessment rates		17 560	5 390
- Electricity		50 917	36 252
- Sanitation		5 429	2 697
- Refuse removal		3 234	3 566
- Water		36 758	40 497
Salaries and contributions	6	270 999	280 940
Maintenance and repairs	7	1 350 485	234 041
Security services		1 719 745	974 864
Insurance		26 232	26 232
Depreciation		67 907	39 612
SURPLUS (DEFICIT) FOR THE YEAR		<u>(1 194 748)</u>	<u>1 022 297</u>

AMBERFIELD VALLEY

HOMEOWNERS' ASSOCIATION (NON PROFIT COMPANY)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2017

Surplus (Deficit) for the year	(1 194 748)	1 022 297
Retained earnings at beginning of year	2 151 935	1 142 765
(Under)/Overprovided previous year	-	8 308
Provision for income tax	(14 108)	(21 434)
Retained earnings at end of the year	<u>887 924</u>	<u>2 151 935</u>

AMBERFIELD VALLEY

HOMEOWNERS' ASSOCIATION (NON PROFIT COMPANY)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2017

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	(1 194 748)	1 022 297
Adjustments for:		
Interest received	(95 483)	(106 645)
Operating profit before changes in working capital	<u>(1 290 231)</u>	<u>915 652</u>
Working capital changes:		
(Increase)/Decrease in debtors	19 882	(96 388)
Increase / (Decrease) in creditors	25 273	(3 018)
Cash generated from operations	<u>(1 245 077)</u>	<u>816 246</u>
Interest received	95 483	106 645
Taxation paid	(14 108)	(25 150)
Increase in the fixed assets	-	(498 280)
Net cash generated by operations	<u><u>(1 163 702)</u></u>	<u><u>399 461</u></u>
NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS	(1 163 702)	399 461
BEGINNING OF THE YEAR	1 748 612	1 349 151
END OF THE YEAR	<u><u>529 756</u></u>	<u><u>1 748 612</u></u>

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AMBERFIELD VALLEY

HOMEOWNERS' ASSOCIATION (NON PROFIT COMPANY)

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

1.1 General information

The Homeowners' Association is a Non-profit company incorporated in South Africa. The principal activities are the charging of levies and the collection of levies, as well as the payments of expenses made throughout the year.

1.2 Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the International Financial Reporting Standards for Small and Medium-sized Entities, and the Companies Act 71 of 2008. The annual financial statements have been prepared on the historical; cost basis, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous year.

1.3 Revenue recognition

Levies are recognized when they have been levied and are shown without any sales related taxes collected on behalf of the government of South Africa.

1.4 Financial instruments

Financial instruments may be designated to be measured at amortised cost less any impairment using the effective interest method. These include trade and other receivables, loans and trade and other payables. At the end of each reporting period date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If so, an impairment loss is recognised.

1.5 Income Tax

Income tax expense represents the sum of the tax currently payable. No provisions are made for deferred tax. Income tax is only payable on other income that exceeds R50 000 per annum.

1.6 Trade and other receivables

Trade debtors represent levies paid in arrears by owners. The financial month end can close on different dates which causes differences in levies that are in arrears.

1.7 Trade payables

Trade payables represent levies paid in advance from owners. The financial month end can close on different dates which causes differences in levies that are in advance.

Further payables normally consist of municipal accounts and sundry creditors.

1.8 Insurance

Insurer: Mutual & Federal

Insurance policy number: MBBR100941

Insurance period of cover: 01/11/2016 - 31/10/2017

Insurance is paid monthly.

1.9 Directors

S. Kgomo

T. Matubetube

J. Khunou

P. Montlhabaki

S. Coetzee

AMBERFIELD VALLEY

HOMEOWNERS' ASSOCIATION (NON PROFIT COMPANY)

NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE 2017

	<u>2017</u>	<u>2016</u>	
2. FIXED ASSETS			
	2017		
		ELECTRIC	
	CAMERAS	FENCE	TOTAL
Cost price	151 683	386 210	537 893
Accumulated Dep Depreciation	17 696 30 337	21 916 37 570	39 612 67 907
Total	<u>103 650</u>	<u>326 724</u>	<u>430 374</u>
	2016		
		ELECTRIC	
	CAMERAS	FENCE	TOTAL
Cost price	151 683	386 210	537 893
Accumulated Dep Depreciation	- 17 696	- 21 916	- 39 612
Total	<u>133 987</u>	<u>364 294</u>	<u>498 281</u>
3. CASH AND CASH EQUIVALENTS			
Investment	181	925 286	
Investment	200 867	697 933	
Trust Account	323 707	120 393	
Petty cash	5 000	5 000	
	<u>529 756</u>	<u>1 748 612</u>	
4. CREDITORS			
Municipal charges	4 256	-	
Auditors remuneration	8 960	8 000	
Levy refunds	30 970	30 970	
	<u>44 187</u>	<u>38 970</u>	

5. ADMINISTRATION COSTS

Bank charges	30 349	28 171
Management fee	192 513	192 513
Auditors remuneration	8 960	8 000
Stationery	8 566	5 768
Office equipment consumables	790	710
Entertainment & Gifts	23 661	-
Postage and faxes	667	-
Legal fees	76 348	504
Secretarial fees	5 318	2 798
Meeting fees	11 253	-
Tax return fees	2 189	-
Equipement	-	16 077
Trustee course	(618)	-
Internet services	12 719	44 489
Sundries	-	2 063
	<u>372 715</u>	<u>301 095</u>

6. SALARIES AND CONTRIBUTIONS

Salaries	149 950	142 404
U I F	2 363	2 673
Workmen's Compensation	1 080	-
Uniforms	1 668	-
Telephone	18 676	8 179
Wages	94 500	124 488
Staff welfare	856	50
Admin fees	1 906	3 146
	<u>270 999</u>	<u>280 940</u>

7. MAINTENANCE & REPAIRS

Buildings	199 683	20 733
Garden	15 153	26 649
Garden services	75 800	-
Electrical	43 446	1 912
Plumbing	2 588	1 760
Fire equipment	1 311	397
Security	42 799	36 872
Security system	194 123	-
Security - access control	36 247	24 286
Cleaning materials	1 150	2 407
Project - painting	233 470	17 222
Project - security	500 532	101 802
Garden equipment	4 184	-
	<u>1 350 485</u>	<u>234 041</u>

8. CALCULATION OF TAXABLE INCOME

REF: 9010/049/162

Total income	2 727 850
Taxable income	51 132
Additional income	101 132
Less SARS rebate	(50 000)

Allowable deductions:

Audit fee	8 960
Bank charges	30 349
Total allowable deductions	<u>39 309</u>

Apportionment of allowable deductions:

$$\frac{\text{Taxable income}}{\text{Total income}} \times \frac{\text{Allowable deductions}}{1}$$

$\frac{51\,132}{2\,727\,850} \times \frac{39\,309}{1}$	=	736.82
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Taxable income	51 132
Less: Allowable deductions	(737)
Taxable amount	<u>50 395</u>
Tax @ 28%	<u>14 110.65</u>