

ANNUAL FINANCIAL STATEMENTS

OF

**CENTURY MANOR
HOMEOWNER'S ASSOCIATION**

(NON PROFIT COMPANY)

REG: 2006/004534/08

as at

28 FEBRUARY 2017

J. ALDUM REKENMEESTERS

REKENINGKUNDIGE & SEKRETARIËLE DIENSTE / ACCOUNTING & SECRETARIAL SERVICES
BELASTINGKONSULTANTE / TAX CONSULTANTS
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Our ref: J Aldum

REPORT OF THE COMPILER

To the members of Century Manor Homeowners' Association

We have compiled the accompanying financial statements of Century Manor Homeowners' Association based on information you provided. These financial statements comprise of the statement of financial position of Century Manor Homeowners' Association as at 28 February 2017, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory information.

We performed this compilation engagement in accordance with International Standard on Related Services 4410(Revised), Compilation Engagements.

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of these financial statements in accordance with International Financial Reporting Standards for Small- Medium - sized Entities (IFRS for SMEs). We have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care.

These financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether these financial statements are prepared in accordance with IFRS for SMEs.

J. Aldum Accountants



SAIT(TT) SA:18970519
Date: 27 June 2017

M.G. TAUTE

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REPORT OF THE DIRECTORS FOR THE YEAR ENDED 28 FEBRUARY 2017 FOR THE HOMEOWNER'S ASSOCIATION KNOWN AS

CENTURY MANOR

The directors present their annual report which forms part of the audited financial statements of the company for the year ended 28 February 2017.

1. DIRECTORS AND SECRETARY

S Nkwane
C Antoniou
D Swart
BL Shabangu
RS Moche
SP Molele
SMD Kubheka

No secretary was appointed.

2. PRINCIPAL ACTIVITIES OF THE COMPANY

The principal activities are the charging of levies and the collection of levies, as well as the payments of expenses made throughout the year.

3. OPERATING RESULTS

The accumulated savings / (loss) of the company up to date is: R640 087. (2016: R1 136 748).

4. SHARE CAPITAL

The company is incorporated as a Non Profit Company in terms of the Companies Act 71 of 2008.

5. EVENTS SUBSEQUENT TO BALANCE DATE

The directors are not aware of any matter or circumstance arising since the end of the financial year, not otherwise dealt with in the annual financial statements, that would affect the operations of the company or the results of those operations significantly.

6. INDEPENDENTLY COMPILED

These financial statements were compiled by J Aldum Accountants.

M.G. TAUTE

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STATEMENT OF RESPONSIBILITY BY THE DIRECTORS AS AT 28 FEBRUARY 2017 FOR THE HOMEOWNER'S ASSOCIATION KNOWN AS

CENTURY MANOR

The directors are responsible for the preparation, integrity and fair presentation of the financial statements. The financial statements presented on pages 1 to 8 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 accountant, Jana Aldum, 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 the next page.

The financial statements were approved by the directors and signed.

DIRECTOR

**DIRECTOR
27 JUNE 2017**

M.G. TAUTE

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

CENTURY MANOR

We have audited the annual financial statements of **CENTURY MANOR HOMEOWNERS' ASSOCIATION** set out on pages 1 to 8, which the statement of financial position as at **28 FEBRUARY 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 **28 FEBRUARY 2017**, and its financial performance and cash flows for the year 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
27 JUNE 2017**

CENTURY MANOR

HOMEOWNER'S ASSOCIATION (NON PROFIT COMPANY)

REG: 2006/004534/08

STATEMENT OF FINANCIAL POSITION AS AT 28 FEBRUARY 2017

	<u>NOTE</u>	<u>2017</u>	<u>2016</u>
ASSETS			
CURRENT ASSETS			
Investment	6	843 720	1 311 165
Petty cash	6	5 000	-
Deposit City Council		890	1 230
Levies in arrears		56 614	14 945
Trust Acc at managing agent	6	97 012	99 246
TOTAL ASSETS		<u>1 003 237</u>	<u>1 426 586</u>
EQUITY			
Accumulated funds		640 087	1 136 748
CURRENT LIABILITIES			
Levies in advance		80 636	53 872
Creditors	2	80 922	65 847
Provision for income tax		10 592	4 119
Owners' deposits		191 000	166 000
		<u>363 150</u>	<u>289 838</u>
TOTAL EQUITY AND LIABILITIES		<u>1 003 237</u>	<u>1 426 586</u>

CENTURY MANOR

HOMEOWNER'S ASSOCIATION (NON PROFIT COMPANY)

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STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 28 FEBRUARY 2017

	<u>NOTE</u>	<u>2017</u>	<u>2016</u>
INCOME		1 273 638	1 096 757
Levies - normal		1 029 480	855 760
Interest - levies in arrears		2 446	3 464
Interest received		53 555	61 433
Security recovered		140 400	140 400
Security access cards and tags		200	-
Access control		15 207	-
Recovered		32 350	35 700
LESS: EXPENSES		1 783 978	796 446
Administration costs	3	118 123	115 440
Municipal charges		104 654	104 725
- Assessment rates		9 512	8 795
- Electricity		35 259	51 119
- Sanitation		5 293	2 569
- Refuse removal		2 324	2 156
- Other refuse removal		3 150	-
- Water		15 112	16 145
- Municipal charges		34 004	23 941
Salaries and contributions	4	91 559	49 942
Maintenance and repairs	5	1 048 925	275 632
Security services		404 238	235 100
Insurance		16 479	15 606
SURPLUS (DEFICIT) FOR THE YEAR		<u>(510 340)</u>	<u>300 311</u>

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STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 28 FEBRUARY 2017

Surplus (Deficit) for the year	(510 340)	300 311
Retained earnings at beginning of year	1 136 748	836 789
Adjustments previous year	24 272	3 767
Provision for income tax	(10 592)	(4 119)
Retained earnings at end of the year	<u>640 087</u>	<u>1 136 748</u>

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STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 28 FEBRUARY 2017

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	(510 340)	300 311
Adjustments for:		
Interest received	(53 555)	(61 433)
Prior year	24 272	3 767
Operating profit before changes in working capital	<u>(539 623)</u>	<u>242 645</u>
Working capital changes:	31 983	170 920
(Increase)/Decrease in debtors	(41 329)	47 711
Increase / (Decrease) in creditors	73 312	123 209
Cash generated from operations	<u>(507 641)</u>	<u>413 565</u>
Interest received	53 555	61 433
Taxation paid	(10 592)	(4 119)
Net cash generated by operations	<u><u>(464 678)</u></u>	<u><u>470 879</u></u>
NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS	(464 678)	470 879
BEGINNING OF THE YEAR	1 410 411	939 533
END OF THE YEAR	<u><u>945 732</u></u>	<u><u>1 410 411</u></u>

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ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2017

1.1 General information

The Home Owners 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 period.

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: Lion of Africa

Insurance policy number: ZXRC 5013/791/01

Insurance period of cover: 1/10/2016 - 1/10/2017

Insurance is paid monthly.

CENTURY MANOR

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NOTES TO THE FINANCIAL STATEMENTS AS AT 28 FEBRUARY 2017

	<u>2017</u>	<u>2016</u>
2. CREDITORS		
Municipal charges	67 036	-
Auditors remuneration	6 000	5 320
Sundry creditors	-	51 989
Accounting fees	900	850
Swimming pool	1 037	-
Provision Fund	5 949	7 687
	<u>80 922</u>	<u>65 847</u>

3. ADMINISTRATION COSTS

Bank charges	10 375	7 451
Management fee	99 139	90 126
Auditors remuneration	6 900	6 170
- Auditors remuneration	6 000	5 320
- Accounting fees	900	850
Stationery	1 549	965
Tax return fee	2 537	-
Advertising	-	1 967
Postage & faxes	54	44
Legal fees	1 916	92
Secretarial fees	2 046	3 761
Sundries	(6 393)	-
Architect fees	-	4 863
	<u>118 123</u>	<u>115 440</u>

	<u>2017</u>	<u>2016</u>
4. SALARIES AND CONTRIBUTIONS		
Employees	88 460	47 060
U I F	888	465
Workmen's Compensation	1 100	1 000
Staff consumables	171	-
Uniforms	539	1 081
Sundry expenses	402	336
	<u>91 559</u>	<u>49 942</u>

5. MAINTENANCE & REPAIRS

Buildings	14 742	14 108
Garden	14 215	19 502
Electrical	12 346	1 230
Plumbing	4 217	3 813
Security: Telephone	691	-
Access control	42 823	-
Security	17 089	2 906
Security system	24 824	3 966
Swimming pool	3 819	2 954
Cleaning materials	1 459	(127)
Project: Perimeter wall	65 336	12 846
Special project: Security	803 374	213 087
Equipment: Office	15 944	-
Equipment: Kitchen	3 598	-
Garden equipment	5 610	1 347
Equipment: IT	7 404	-
Equipment: Consumables	6 283	-
Sundries	5 151	-
	<u>1 048 925</u>	<u>275 632</u>

6. CASH AND CASH EQUIVALENTS

Investment	843 720	1 311 165
Trust Account	97 012	99 246
Petty cash	5 000	-
	<u>945 732</u>	<u>1 410 411</u>

CALCULATION OF TAXABLE INCOME

REF: 9311/015/16/9

Total income 1 273 638

Taxable income 38 350

Additional income	88 350
Less: SARS rebate	(50 000)

Allowable deductions:

Audit fee	6 950
Bank charges	10 375
Total allowable deductions	<u>17 325</u>

Apportionment of allowable deductions:

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

$\frac{38\,350}{1\,273\,638} \times \frac{17\,325}{1}$
= 521

Taxable income	38 350
Less: Allowable deductions	<u>(521)</u>

Taxable amount 37 829

Tax @ 28% 10 592,12