

DOUGLASDALE RETIREMENT VILLAGE HOME OWNERS ASSOCIATION NPC
(Registration number 2012/155534/08)
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2016

Kruger Stoltz Inc
Chartered Accountants (S.A.)
Registered Auditors

DOUGLASDALE RETIREMENT VILLAGE HOME OWNERS ASSOCIATION NPC

Annual Financial Statements for the year ended 29 February 2016

Contents and approval

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

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Level of assurance

These annual financial statements have been independently audited in compliance with the applicable requirements of the Companies Act of South Africa, 71 of 2008. The preparation of these annual financial statements was supervised by N. Kruger CA (S.A.).

1. Directors

The directors of the entity during the year and to the date of this report are as follows:

P Boxall (resigned 8 April 2015)
C de Villiers
A During

R Fraser (co-opted May 2015, elected 15 July 2015)
A McDonald
G Snyman

2. Managing Agent

The managing agent of the entity is CSI Property Management of:

Business address	Office 8A, Block A Lone Creek Waterfall Office Park Bekker Street Midrand	Postal address	PO Box 12135 Hatfield Pretoria 0028
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The entity's directors are responsible for the preparation and fair presentation of these annual financial statements in accordance with the International Financial Reporting Standards for Small and Medium-sized Entities, and in the manner required by the Companies Act of South Africa, 71 of 2008. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of annual 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.

The directors have reasonable expectation, after making all necessary enquiries that the entity has adequate resources to continue in operational existence for the foreseeable future and for this reason the accounts have been prepared on the basis of a going concern.

Against this background, the board accepts responsibility for the annual financial statements set out on pages 3 to 10, which were approved and signed on its behalf on _____.

Director

Director



KRUGER • STOLTZ
— INCORPORATED —
Registered Chartered Accountants & Auditors

Independent Auditors' Report

To the members of Douglasdale Retirement Village Home Owners Association NPC

We have audited the annual financial statements of Douglasdale Retirement Village Home Owners Association NPC, which comprise the statement of financial position (balance sheet) as at 29 February 2016, and the statement of comprehensive income and retained earnings, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 3 to 10.

Directors' Responsibility for the Annual Financial Statements

The entity's directors are responsible for the preparation and fair presentation of these annual financial statements in accordance with the International Financial Reporting Standards for Small and Medium-sized Entities, and requirements of the Companies Act of South Africa, 71 of 2008, and for such internal control as the directors determine is necessary to enable the preparation of annual financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these annual 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 annual financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the annual financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the annual financial statements 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 entity's 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 annual 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 annual financial statements present fairly, in all material respects, the financial position of Douglasdale Retirement Village Home Owners Association NPC as at 29 February 2016, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards for Small and Medium-sized Entities, and the requirements of the Companies Act of South Africa, 71 of 2008.

Other matter

Without qualifying our opinion, we draw attention to the fact that the Association's statutory records were not inspected or verified.

Paul Kruger CA (S.A.)
Kruger Stoltz Inc
Chartered Accountants (S.A.)
Registered Auditors
Practice No. 900738

37 Harley Street
Ferndale
2194
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DOUGLASDALE RETIREMENT VILLAGE HOME OWNERS ASSOCIATION NPC

Annual Financial Statements for the year ended 29 February 2016

Statement of Financial Position (Balance Sheet)

Figures in Rand	Note(s)	2016	2015
Assets			
Current Assets			
Income tax receivable		23,773	-
Trade and other receivables	2	758,194	531,783
Cash and cash equivalents	3	4,384,958	2,300,255
		5,166,925	2,832,038
Total Assets		5,166,925	2,832,038
Equity and Liabilities			
Equity			
Reserves	4	4,388,080	1,025,312
Accumulated surplus		53,904	271,848
		4,441,984	1,297,160
Liabilities			
Current Liabilities			
Income tax payable		-	8,868
Trade and other payables	5	345,864	435,399
Provisions	6	379,077	1,090,611
		724,941	1,534,878
Total Equity and Liabilities		5,166,925	2,832,038

DOUGLASDALE RETIREMENT VILLAGE HOME OWNERS ASSOCIATION NPC

Annual Financial Statements for the year ended 29 February 2016

Statement of Comprehensive Income and Retained Earnings (Income Statement)

Figures in Rand	Note(s)	2016	2015
Revenue			
Levy income	7	14,522,530	11,820,522
Other income			
Interest income	8	134,777	59,501
Sundry income	9	38,361	24,947
		173,138	84,448
Operating expenses			
Administration fees		840,000	842,991
Auditors' remuneration	10	18,067	13,676
Bank charges		101,562	102,564
Cleaning contract		514,602	476,752
Cleaning material		21,962	13,187
Computer equipment		14,038	800
Consulting fees		2,500	326,609
DSTV subscription		10,091	7,107
Electricity	11	70,452	1,089,039
Entertainment / staff welfare		72,309	55,416
Facility management	12	1,434,206	1,215,779
Garden	13	1,239,169	1,054,048
General		1,740	2,158
Health and safety fees		72,085	28,086
Insurance		305,396	273,806
Kitchen operator contract		2,320,000	2,167,368
Legal fees		34,000	-
Motor vehicle expenses	14	7,247	6,566
Pest control		30,846	31,777
Printing and stationery		68,282	78,794
Refuse	15	(8,511)	(14,515)
Repairs and maintenance	16	1,653,908	713,658
Sanitation	17	510,990	147,218
Security	18	1,744,808	1,625,151
Telephone	19	43,034	62,976
Water	20	404,702	349,771
		11,527,485	10,670,782
Operating surplus		3,168,183	1,234,188
Transfer to reserves	4	(3,362,768)	(1,025,312)
Surplus before taxation		(194,585)	208,876
Taxation	21	(23,359)	(8,868)
(Deficit) / surplus for the year		(217,944)	200,008
Surplus at the beginning of the year		271,848	71,840
Surplus at the end of the year		53,904	271,848

DOUGLASDALE RETIREMENT VILLAGE HOME OWNERS ASSOCIATION NPC

Annual Financial Statements for the year ended 29 February 2016

Statement of Cash Flows

Figures in Rand	Note(s)	2016	2015
Cash flows from operating activities			
Cash receipts from customers		14,334,480	12,079,386
Cash paid to suppliers and employees		(12,328,554)	(10,368,546)
Cash generated from / (used in) operations	22	2,005,926	1,710,840
Interest income		134,777	59,501
Tax paid	23	(56,000)	-
Net cash from operating activities		2,084,703	1,770,341
Total cash movement for the year		2,084,703	1,770,341
Cash at the beginning of the year		2,300,255	529,914
Total cash at end of the year	3	4,384,958	2,300,255

DOUGLASDALE RETIREMENT VILLAGE HOME OWNERS ASSOCIATION NPC

Annual Financial Statements for the year ended 29 February 2016

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements are prepared on the historical cost basis and in accordance with the International Financial Reporting Standards for Small and Medium-sized Entities. The following are the principal accounting policies used by the entity.

1.1 Property, plant and equipment

All assets and improvements are written off as expenses during the year in which they are purchased.

1.2 Common Property

Consistent with preferable accounting for home owners associations, common areas are not capitalised. This property is commonly owned, cannot be detached from the development, cannot be sold and / or is not used by the association to generate income. Therefore, common property is not recognised in the annual financial statements.

1.3 Financial instruments

Financial instruments at amortised cost

Financial instruments may be designated to be measured at amortised cost less any impairment using the effective interest method. These include amounts receivable, loans and accounts payable. 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.

Financial instruments at fair value

All other financial instruments are measured at fair value through profit and loss.

1.4 Tax

Income tax assets and liabilities

Income tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Tax expense

The entity is taxed on all income other than levies, in excess of R50,000 per annum, in terms of Section 10(1)(e) of the Income Tax Act.

1.5 Provisions

Provisions are recognised when:

- the company has an obligation at the reporting period date as a result of a past event;
- it is probable that the company will be required to transfer economic benefits in settlement; and
- the amount of the obligation can be estimated reliably.

1.6 Revenue

Revenue represents levies raised and is accounted for on an accrual basis.

Interest is recognised, in profit or loss, using the effective interest rate method.

DOUGLASDALE RETIREMENT VILLAGE HOME OWNERS ASSOCIATION NPC

Annual Financial Statements for the year ended 29 February 2016

Notes to the Annual Financial Statements

Figures in Rand	2016	2015
2. Trade and other receivables		
Levy debtors	731,478	531,783
MOI fees recoverable	16,000	-
Owner costs recoverable	10,716	-
	758,194	531,783
3. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Current account	2,346,618	1,271,952
Investment account	959,256	1,022,769
Investment account - 6 months fixed deposit	1,076,750	-
Petty cash	2,334	5,534
	4,384,958	2,300,255
4. Reserves		
Reserve - resale levies	1,798,012	1,025,312
Reserve 1	1,779,203	-
Reserve 2	438,289	-
Reserve 3	124,164	-
Reserve 4	248,412	-
	4,388,080	1,025,312
Reserve 1 created from developers' contribution towards maintenance projects.		
Reserve 2 created after credit on electricity account by Eskom.		
Reserve 3 interest earned on bank accounts transferred to reserve.		
Reserve 4 created after reversal of sanitation provision.		
5. Trade and other payables		
Audit fees	16,016	13,676
Church fund	8,205	2,371
Consultation fees	-	107,926
Electricity	-	101,410
Entertainment / staff welfare	4,459	-
Friday Social Club fund	3,523	3,801
Garden fund	63,912	27,826
Health and safety	1,995	-
Knitting fund	4,360	-
Levies received in advance	92,399	149,841
Pest control	2,907	-
Printing and stationery	11,259	-
Repairs and maintenance	29,023	-
Sanitation	48,377	-
Social Club fund	23,755	28,548
Stephan Banda fund	6,846	-
Water	28,828	-
	345,864	435,399

DOUGLASDALE RETIREMENT VILLAGE HOME OWNERS ASSOCIATION NPC

Annual Financial Statements for the year ended 29 February 2016

Notes to the Annual Financial Statements

Figures in Rand	2016	2015	
6. Provisions			
	Opening balance	Increase / (decrease)	Closing balance
Electricity	256,350	122,727	379,077
Sanitation	438,261	(438,261)	-
Water	396,000	(396,000)	-
	1,090,611	(711,534)	379,077
<p>The home owners association was not billed for its sanitation and water utilities in the past. This issue has now been resolved and provisions have been reversed. Any remaining surplus provisions have been reversed and transferred to the capital reserve fund. (Refer to note 4).</p>			
<p>Electricity provision raised for electricity prepaid not used.</p>			
7. Levy income			
Levies - standard	8,512,119	7,844,361	
Levies - developer's contribution	1,893,481	-	
Levies - meals	2,340,000	2,171,078	
Levies - parking	3,600	4,950	
Levies - re-sale	772,700	1,025,312	
Levies - sanitation	957,785	-	
Levies - special	-	747,217	
Levies - storeroom	42,845	27,604	
	14,522,530	11,820,522	
8. Interest income			
Bank	124,171	53,559	
Debtors	10,606	5,942	
	134,777	59,501	
9. Sundry income			
Advertising	7,360	4,921	
Functions	60	4,550	
Miscellaneous	27,441	11,476	
Resident fines	3,500	4,000	
	38,361	24,947	
10. Auditors' remuneration			
Fees	16,015	13,676	
Adjustment for previous year	2,052	-	
	18,067	13,676	
11. Electricity			
Electricity expense	523,412	522,725	
Electricity recovered from operators	(14,671)	(33,686)	
Electricity Eskom - deposit	-	600,000	
Electricity - Eskom credits due to incorrect billing	(438,289)	-	
	70,452	1,089,039	

DOUGLASDALE RETIREMENT VILLAGE HOME OWNERS ASSOCIATION NPC

Annual Financial Statements for the year ended 29 February 2016

Notes to the Annual Financial Statements

Figures in Rand	2016	2015
12. Facility management		
Salaries and wages	1,181,895	982,158
Village nurse	252,311	233,621
	1,434,206	1,215,779
13. Garden		
Garden expense	125,002	37,561
Garden service	1,114,167	1,016,487
	1,239,169	1,054,048
Pool expenses is now under note 16 - Repairs and maintenance.		
14. Motor vehicle expenses		
Garden service	22,487	26,986
Pool	(15,240)	(20,420)
	7,247	6,566
15. Refuse		
Refuse expense	9,000	-
Refuse recovered	(17,511)	(14,515)
	(8,511)	(14,515)
16. Repairs and maintenance		
Air conditioners	46,249	14,245
Building	515,456	101,391
Electrical	74,078	46,109
Fire equipment	39,872	23,483
Generator	27,863	10,106
Generator fuel	11,837	14,422
Infrastructure	462,092	240,898
Insurance claims excess paid	353,175	142,767
Insurance claim recovered	(410,268)	(51,838)
Lifts	118,140	97,276
Maintenance	-	9,998
Plumbing	107,527	22,540
Pool	17,953	1,170
Security maintenance and infrastructure	272,818	37,417
Tools	16,016	-
TV equipment	1,100	3,674
	1,653,908	713,658
There is an expense of R 114,277.74 included under infrastructure charge which was refunded by the developer as part of the settlement agreement.		
17. Sanitation		
Sanitation expense	900,874	147,218
Movement in accrual and provision	(389,884)	-
	510,990	147,218

DOUGLASDALE RETIREMENT VILLAGE HOME OWNERS ASSOCIATION NPC

Annual Financial Statements for the year ended 29 February 2016

Notes to the Annual Financial Statements

Figures in Rand	2016	2015
18. Security		
Security access control	58,446	73,156
Security guarding service	1,710,262	1,586,495
Security recovered	(23,900)	(34,500)
	1,744,808	1,625,151
19. Telephone		
Telephone expense	43,034	153,826
Telephone recovered	-	(90,850)
	43,034	62,976
20. Water		
Water paid	461,062	396,000
Water recovered	(56,360)	(46,229)
	404,702	349,771
21. Taxation		
Current		
Local income tax - current period	32,227	8,868
Local income tax - recognised in current tax for prior periods	(8,868)	-
	23,359	8,868
All levy income from the members and the first R50,000 of all other income is tax exempt. A proportionate share of accounting, audit and bank charge expenses are allowed as a deduction against the taxable income above R50,000.		
22. Cash generated from / (used in) operations		
(Deficit) / surplus before taxation	(194,585)	208,876
Adjustments for:		
Interest received	(134,777)	(59,501)
Transfer to reserves	3,362,768	1,025,312
(Decrease) / increase in provisions	(711,534)	299,568
Changes in working capital:		
Trade and other receivables	(226,411)	171,371
Trade and other payables	(89,535)	65,214
	2,005,926	1,710,840
23. Tax (paid)/refunded		
Balance at beginning of the year	(8,868)	-
Current tax for the year recognised in profit or loss	(23,359)	(8,868)
Balance at end of the year	(23,773)	8,868
	(56,000)	-