

**DOUGLASDALE RETIREMENT VILLAGE HOME OWNERS ASSOCIATION NPC**  
**(Registration number 2012/155534/08)**  
**ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 28 FEBRUARY 2017**

# Douglasdale Retirement Village Home Owners Association NPC

Annual Financial Statements for the year ended 28 February 2017

## Contents and approval

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

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### Level of assurance

The 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 P Kruger CA (S.A.).

### 1. Managing Agent

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

<b>Business address:</b> Office 8 A, Block A Lone Creek Waterfall Office Park Bekker Street Midrand	<b>Postal address:</b> PO Box 12135 Hatfield Pretoria 0028
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### 2. Directors

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

C de Villiers	A During (concluded 13 July 2016)	R Fraser
B McCullum (commenced 13 July 2016)	A McDonald	G Snyman

### 3. Directors' responsibilities and approval

The directors are responsible for the preparation and fair presentation of these annual financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and in the manner required by the Companies Act 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 directors accept responsibility for the annual financial statements set out on pages 4 to 13, which were approved and signed on their behalf on 08 May 2017.

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Director

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Director



# KRUGER • STOLTZ

— INCORPORATED —  
Registered Chartered Accountants & Auditors

## Independent Auditor's Report

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To the members of Douglasdale Retirement Village Home Owners Association NPC

### Opinion

We have audited the Annual Financial Statements of Douglasdale Retirement Village Home Owners Association NPC set out on pages 4 to 13, which comprise the Statement of Financial Position as at 28 February 2017, and the Statement of Income and Accumulated Surplus and Statement of Cash Flows for the year then ended, and notes to the Annual Financial Statements, including a summary of significant accounting policies.

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 28 February 2017, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Annual Financial Statements section of our report. We are independent of the company in accordance with the Independent Regulatory Board for 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 Accountants Code of Ethics 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.

### Other matters

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

### Responsibilities of the directors for the Annual Financial Statements

The directors are responsible for the preparation and fair presentation of the Annual Financial Statements in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 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 misstatement, whether due to fraud or error.

In preparing the Annual Financial Statements, the directors are responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the entity or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the Annual 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 in accordance with International Standards on Auditing 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 Annual Financial Statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

## Independent Auditor's Report

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- Identify and assess the risks of material misstatement of the Annual Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of 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 entity'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 entity'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 the related disclosures in the Annual 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 Annual Financial Statements, including the disclosures, and whether the Annual Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.



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**SJ Kruger CA (S.A.) RA**  
**Associate**  
**Kruger Stoltz Inc.**  
**Chartered Accountants (S.A.)**  
**Registered Auditors**  
**Practice No. 900738**

**08 May 2017**  
**37 Harley Street**  
**Randburg**  
**2194**  
**Tel: 0861 232 643**

**Douglasdale Retirement Village Home Owners Association NPC**

Annual Financial Statements for the year ended 28 February 2017

**Statement of Financial Position as at 28 February 2017**

<b>Figures in Rand</b>	<b>Note(s)</b>	<b>2017</b>	<b>2016</b>
<b>Assets</b>			
<b>Current Assets</b>			
Income tax receivable		3 779	23 773
Accounts receivable	2	252 602	758 194
Cash and cash equivalents	3	3 937 918	4 384 958
		<b>4 194 299</b>	<b>5 166 925</b>
<b>Total Assets</b>		<b>4 194 299</b>	<b>5 166 925</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Reserves	4	4 559 808	4 388 080
Accumulated deficit	7	(1 268 908)	53 904
		<b>3 290 900</b>	<b>4 441 984</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts payable	5	903 399	345 864
Provisions	6	-	379 077
		<b>903 399</b>	<b>724 941</b>
<b>Total Equity and Liabilities</b>		<b>4 194 299</b>	<b>5 166 925</b>

**Douglasdale Retirement Village Home Owners Association NPC**

Annual Financial Statements for the year ended 28 February 2017

**Statement of Comprehensive Income and Accumulated Surplus**

<b>Figures in Rand</b>	<b>Note(s)</b>	<b>2017</b>	<b>2016</b>
<b>Revenue</b>			
Levy income	7	13 366 776	14 522 530
<b>Other income</b>			
Interest income	8	301 045	134 777
Sundry income	9	35 996	38 361
		<b>337 041</b>	<b>173 138</b>
<b>Operating expenses</b>			
Administration fees		840 000	840 000
Audit fees	10	16 784	18 067
Bank charges		99 715	101 562
Cleaning contract		571 965	514 602
Cleaning material		29 014	21 962
Computer expenses		19 811	14 038
Consulting fees		127 456	2 500
DSTV subscription		12 111	10 091
Electricity	11	(451 655)	70 452
Entertainment / staff welfare		70 639	72 309
Facility management	12	1 770 438	1 434 206
Garden	13	1 312 536	1 239 169
General		283	1 740
Health and safety fees		48 933	72 085
Insurance		337 817	305 396
Kitchen operator contract		2 560 000	2 320 000
Legal fees	14	18 029	34 000
Motor vehicle expenses	15	15 551	7 247
Pest control		18 964	30 846
Printing and stationery		59 046	68 282
Refuse	16	(16 108)	(8 511)
Repairs and maintenance	17	1 035 840	1 653 907
Sanitation	18	1 033 218	510 990
Security	19	1 867 950	1 744 808
Special projects	20	2 945 514	-
Telephone		28 656	43 034
Water	21	398 002	404 702
		<b>14 770 509</b>	<b>11 527 484</b>
<b>(Deficit) / surplus before taxation</b>		<b>(1 066 692)</b>	<b>3 168 184</b>
Taxation	22	84 392	23 359
<b>(Deficit) / surplus for the year</b>		<b>(1 151 084)</b>	<b>3 144 825</b>
Accumulated surplus at the beginning of the year		53 904	271 847
Transfer (to) reserves		(171 728)	(3 362 768)
<b>Accumulated (deficit) / surplus at the end of the year</b>	<b>7</b>	<b>(1 268 908)</b>	<b>53 904</b>

## Douglasdale Retirement Village Home Owners Association NPC

Annual Financial Statements for the year ended 28 February 2017

### Statement of Cash Flows

Figures in Rand	Note(s)	2017	2016
<b>Cash flows from operating activities</b>			
Cash receipts from owners		13 908 364	14 334 480
Cash paid to suppliers and employees		(14 592 051)	(12 328 554)
Cash (used in) / generated from operations	23	(683 687)	2 005 926
Interest income		301 045	134 777
Tax paid	24	(64 398)	(56 000)
<b>Net cash from operating activities</b>		<b>(447 040)</b>	<b>2 084 703</b>
<b>Total cash movement for the year</b>		<b>(447 040)</b>	<b>2 084 703</b>
Cash at the beginning of the year		4 384 958	2 300 255
<b>Total cash at end of the year</b>	3	<b>3 937 918</b>	<b>4 384 958</b>

# Douglasdale Retirement Village Home Owners Association NPC

Annual Financial Statements for the year ended 28 February 2017

## Accounting Policies

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### 1. Presentation of annual financial statements

The annual financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities. 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.

#### 1.1 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.

#### 1.2 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. Accordingly property, plant and equipment that has little or no commercial resale value is not recognised as an asset and is written off in the year that it is purchased. The cost of any other asset is written down to its residual value over the period of its useful life.

#### 1.3 Accounts receivable

Accounts receivable are recognised initially at the transaction value. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of accounts receivable is established when there is objective evidence that the entity will not be able to collect all amounts due according to the original terms of the receivables.

#### 1.4 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown in current liabilities on the statement of financial position.

#### 1.5 Reserves

Reserves are recognised initially as equity. They represent earmarked funds for future projects.

#### 1.6 Tax

Current 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.

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.

#### 1.7 Accounts payable

Accounts payable are recognised initially at the transaction value and subsequently measured at amortised cost using the effective interest method.

#### 1.8 Provisions

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

#### 1.9 Revenue and other income

Revenue and other income are measured at the fair value of the consideration received or receivable and represents the amounts receivable for levies and other income charged to the owners of the entity. Revenue and other income are recorded in the annual financial statements when it becomes due and payable to the entity.

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 28 February 2017

### Notes to the Annual Financial Statements

Figures in Rand	2017	2016
<b>2. Accounts receivable</b>		
Levy debtors	252 602	731 478
MOI fees recoverable	-	16 000
Owner costs recoverable	-	10 716
	<b>252 602</b>	<b>758 194</b>

### 3. Cash and cash equivalents

Cash and cash equivalents consist of:

Current account	855 973	2 346 618
Investment account	904 664	959 256
Investment account - 6 months fixed deposit	1 163 322	1 076 750
Investment account - 12 months fixed deposit	1 009 119	-
Petty cash	4 840	2 334
	<b>3 937 918</b>	<b>4 384 958</b>

### 4. Reserves

2017	Opening balance	Transfer to	Transfer (from)	Closing balance
Reserve - resale levies	1 798 010	1 040 203	-	2 838 213
Reserve 1	1 779 203	430 835	(1 567 668)	642 370
Reserve 2	438 289	-	-	438 289
Reserve 3	124 164	268 358	-	392 522
Reserve 4	248 414	-	-	248 414
	<b>4 388 080</b>	<b>1 739 396</b>	<b>(1 567 668)</b>	<b>4 559 808</b>
<b>2016</b>		<b>Opening balance</b>	<b>Transfer to</b>	<b>Closing balance</b>
Reserve - resale levies		1 025 310	772 700	1 798 010
Reserve 1		-	1 779 203	1 779 203
Reserve 2		-	438 289	438 289
Reserve 3		-	124 164	124 164
Reserve 4		-	248 414	248 414
		<b>1 025 310</b>	<b>3 362 770</b>	<b>4 388 080</b>

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.

## Douglasdale Retirement Village Home Owners Association NPC

Annual Financial Statements for the year ended 28 February 2017

### Notes to the Annual Financial Statements

Figures in Rand	2017	2016
<b>5. Accounts payable</b>		
Audit fees	16 784	16 016
CSOS levies control account	19 876	-
Church fund	-	8 205
Entertainment / staff welfare	-	4 459
Friday Social Club fund	-	3 523
Garden fund	69 348	63 912
Health and safety	-	1 995
Knitting fund	15 496	4 360
Levies received in advance	514 015	92 399
Pest control	-	2 907
Picket fence project	7 700	-
Printing and stationery	-	11 259
Religion fund	9 208	-
Repairs and maintenance	-	29 023
Sanitation	193 373	48 377
Social club fund	7 429	23 755
Stephan Banda fund	-	6 846
Water	50 170	28 828
	<b>903 399</b>	<b>345 864</b>

### 6. Provisions

#### Reconciliation of provisions - 2017

	Opening balance	Increase / (decrease)	Closing balance
Electricity	379 077	(379 077)	-

#### Reconciliation of provisions - 2016

	Opening balance	Increase / (decrease)	Closing balance
Electricity	256 350	122 727	379 077
Sanitation	436 261	(436 261)	-
Water	396 000	(396 000)	-
	<b>1 088 611</b>	<b>(709 534)</b>	<b>379 077</b>

The electricity provision was raised for prepaid electricity not used. It was utilised during the year.

## Douglasdale Retirement Village Home Owners Association NPC

Annual Financial Statements for the year ended 28 February 2017

### Notes to the Annual Financial Statements

Figures in Rand	2017	2016
<b>7. Levy income</b>		
Levies - standard	8 581 715	8 512 119
Levies - developer's contribution	319 659	1 893 481
Levies - meals	2 360 000	2 340 000
Levies - parking	4 800	3 600
Levies - re-sale	1 040 203	772 700
Levies - sanitation	1 019 899	957 785
Levies - storeroom	40 500	42 845
	<b>13 366 776</b>	<b>14 522 530</b>

The levy billing system was changed during the year. Levies were billed on the 25<sup>th</sup> of each month and reflected in the same month, but has now been changed so that levies are billed on the 25<sup>th</sup> and reflects in the correct/following month. The result of the change is that levy income for the current year only includes 11 months (April – February) of income. March 2016 has been accounted for in the 2016 financial statements. The R 1 268 908 accumulated deficit is partly attributed to the above statement.

### 8. Interest income

Bank	275 398	124 171
Debtors	25 647	10 606
	<b>301 045</b>	<b>134 777</b>

### 9. Sundry income

Advertising	7 580	7 360
Functions	-	60
Miscellaneous	19 416	27 441
Resident fines	9 000	3 500
	<b>35 996</b>	<b>38 361</b>

Miscellaneous income includes hall hire, Nampak recycling and coffee/tee recoveries.

### 10. Audit fees

Fees	16 784	16 015
Adjustment for previous year	-	2 052
	<b>16 784</b>	<b>18 067</b>

### 11. Electricity

Electricity expense	152 273	523 412
Electricity recovered from operators	(224 850)	(14 671)
Electricity - Eskom credits due to incorrect billing	-	(438 289)
Electricity provision written back	(379 078)	-
	<b>(451 655)</b>	<b>70 452</b>

## Douglasdale Retirement Village Home Owners Association NPC

Annual Financial Statements for the year ended 28 February 2017

### Notes to the Annual Financial Statements

<b>Figures in Rand</b>	<b>2017</b>	<b>2016</b>
<b>12. Facility management</b>		
Salaries and wages	1 462 823	1 181 895
Recruitment fees	27 600	-
Village nurse	280 015	252 311
	<b>1 770 438</b>	<b>1 434 206</b>
Salaries and wages for 2016 include a maintenance manager's salary for only 4 months.		
<b>13. Garden</b>		
Garden expense	128 897	125 002
Garden service	1 183 639	1 114 167
	<b>1 312 536</b>	<b>1 239 169</b>
<b>14. Legal fees</b>		
Legal fees expense	18 029	50 000
MOI costs recovered	-	(16 000)
	<b>18 029</b>	<b>34 000</b>
<b>15. Motor vehicle expenses</b>		
Vehicle running costs	31 451	22 487
Hire of bus	(15 900)	(15 240)
	<b>15 551</b>	<b>7 247</b>
<b>16. Refuse</b>		
Refuse expense	2 103	9 000
Refuse recovered	(18 211)	(17 511)
	<b>(16 108)</b>	<b>(8 511)</b>
<b>17. Repairs and maintenance</b>		
Air conditioners	10 363	46 249
Building	500 963	515 455
Electrical	132 814	74 078
Fire equipment	21 611	39 872
Generator	10 900	27 863
Generator fuel	20 146	11 837
Infrastructure	148 979	462 092
Insurance claims paid	252 202	353 175
Insurance claim recovered	(286 424)	(410 268)
Lifts	126 423	118 140
Maintenance recovered from owners	(48 761)	-
Plumbing	73 618	107 527
Pool	2 524	17 953
Security maintenance and infrastructure	70 482	272 818
Tools	-	16 016
TV equipment	-	1 100
	<b>1 035 840</b>	<b>1 653 907</b>

## Douglasdale Retirement Village Home Owners Association NPC

Annual Financial Statements for the year ended 28 February 2017

### Notes to the Annual Financial Statements

<b>Figures in Rand</b>	<b>2017</b>	<b>2016</b>
<b>18. Sanitation</b>		
Sanitation expense	1 041 250	900 874
Movement in accrual and provision	(8 032)	(389 884)
	<b>1 033 218</b>	<b>510 990</b>
<b>19. Security</b>		
Security access control	38 766	58 446
Security guarding service	1 845 234	1 710 262
Sale of access tags	(16 050)	(23 900)
	<b>1 867 950</b>	<b>1 744 808</b>
<b>20. Special projects</b>		
Picket fences	1 567 668	-
Kitchen / frail care	178 525	-
Install borehole pumps, tanks, reticulation	213 714	-
Watercourse rehabilitation	703 467	-
Repairs - simplex roofs	210 206	-
SW pathway	70 138	-
Capital expenditure previous year - electrical	1 796	-
	<b>2 945 514</b>	<b>-</b>
<p>Special projects expense includes picket fencing, erosion control and roof repairs. An amount of R1 567 668, which was paid towards the replacement of the picket fences, is included in this total and was derived from the developer's contribution in Reserve 1 (see note 4 above).</p>		
<b>21. Water</b>		
Water expense	455 579	461 062
Water recovered	(57 577)	(56 360)
	<b>398 002</b>	<b>404 702</b>

## Douglasdale Retirement Village Home Owners Association NPC

Annual Financial Statements for the year ended 28 February 2017

### Notes to the Annual Financial Statements

<b>Figures in Rand</b>	<b>2017</b>	<b>2016</b>
<b>22. Taxation</b>		
<b>Current</b>		
Income tax - current period	74 762	32 227
Income tax - recognised in current tax for prior periods	9 630	(8 868)
	<b>84 392</b>	<b>23 359</b>
<p>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, which was not taken into account in the provisional tax payment of R78 541 made in February 2017.</p>		
<b>Tax calculation</b>		
The tax expense is calculated as follows:		
<b>Income subject to income tax</b>		
Interest income	301 045	134 777
Other income	35 996	38 361
Less: Basic exemption	(50 000)	(50 000)
	<b>287 041</b>	<b>123 738</b>
<b>Less: attributable apportioned expenditure</b>		
Administration fees	(17 594)	(7 039)
Audit fees	(352)	(151)
Bank charges	(2 089)	(851)
	<b>267 006</b>	<b>115 097</b>
Tax at the applicable tax rate of 28%	<b>74 762</b>	<b>32 227</b>
<b>23. Cash (used in) generated from operations</b>		
(Deficit) before taxation	(1 066 692)	3 168 184
<b>Adjustments for:</b>		
Interest received	(301 045)	(134 777)
(Decrease) in provisions	(379 077)	(711 534)
<b>Changes in working capital:</b>		
Accounts receivable	505 592	(226 411)
Accounts payable	557 535	(89 536)
	<b>(683 687)</b>	<b>2 005 926</b>
<b>24. Tax paid</b>		
Balance at beginning of the year	23 773	(8 868)
Current tax for the year recognised in profit (loss) or loss	(84 392)	(23 359)
Balance at end of the year	(3 779)	(23 773)
	<b>(64 398)</b>	<b>(56 000)</b>