

CAPE ST MARTIN HOME OWNERS ASSOCIATION
Financial statements
for the year ended 31 December 2016

CAPE ST MARTIN HOME OWNERS ASSOCIATION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

GENERAL INFORMATION

TRUSTEES	B Loynes S Pott NK Gunase L Doms B Gouws N Liebenberg
REGISTERED OFFICE	Duiker Eiland St Helenabaai 7390
BUSINESS ADDRESS	Duiker Eiland St Helenabaai 7390
POSTAL ADDRESS	PO Box 633 Vredenburg 7380
BANKERS	ABSA
AUDITOR'S	Reko Public Accountants and Auditors Chartered Accountants (S.A.) Registered Auditors
MANAGEMENT AGENT	M3000 Investments CC
TAX REFERENCE NUMBER	9687/972/14/2
LEVEL OF ASSURANCE	These financial statements have been audited in compliance with the applicable requirements of the constitution of Cape St Martin Home Owners Association, the Sectional Titles Schemes Management Act, 2011, the Sectional Titles Schemes Management Regulations, 2016 and the Management Rules of the body corporate established in terms thereof.

**CAPE ST MARTIN HOME OWNERS ASSOCIATION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

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The reports and statements set out below comprise the financial statements presented to the board of trustees:

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INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF TRUSTEES OF CAPE ST MARTIN HOME OWNERS ASSOCIATION

Opinion

We have audited the financial statements of Cape St Martin Home Owners Association set out on pages 7 to 12, which comprise the statement of financial position as at 31 December 2016, and the statement of profit or loss and other comprehensive income, and statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements for the year ended 31 December 2016 are prepared, in all material respects, in accordance with the basis of accounting as disclosed in note 1 to the financial statements and the requirements of the Sectional Titles Schemes Management Act, 2011, the Sectional Titles Schemes Management Regulations, 2016 and the Management Rules of the home owners association established in terms thereof.

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 auditors of the home owners association 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.

Emphasis of Matter - Basis of Accounting

We draw attention to note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the home owners association's own accounting policies to satisfy the financial information needs of its members. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other information

The trustees are responsible for the other information. The other information comprises the Trustees' Report set out on page 7, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

Responsibility of trustees for the financial statements

The trustees are responsible for the preparation of the financial statements in accordance with the basis of accounting described in note 1 and the requirements of the Sectional Titles Schemes Management Act, 2011, the Sectional Titles Schemes Management Regulations, 2016 and the Management Rules of the home owners association established in terms thereof, as well as for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the home owners association'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 trustees either intend to liquidate the scheme or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibility 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 in accordance 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 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 home owners association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' 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 home owners association'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 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 home owners association to cease to continue as a going concern.

We communicate with the trustees 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.

INDEPENDENT AUDITOR'S REPORT

Report on Other Legal and Regulatory Requirements

In accordance with the Management Rules of the home owners association as adopted in terms of Regulation 6 of the Sectional Titles Schemes Management Regulations, 2016, Rules 26(5)(c)(ii), (iii) and (iv), we report as follows:

Compliance findings with accounting requirements (Rule 26(5)(c)(ii))

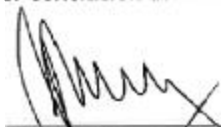
The trustees are responsible to ensure that the home owners association complies with management rules 21, 24 and 26 adopted in terms of the Sectional Titles Schemes Management Regulations, 2016, including the implementation of systems, processes and internal control the trustees determine are necessary in the circumstances.

If during the course of our audit of the financial statements of the home owners association we become aware of any instances of non-compliance with the accounting requirements set out in management rules 21, 24 and 26, we are required to report our findings. We identified the following instances of non-compliance with the Rules:

- No maintenance, repair and replacement plan in accordance with rule 22 for presentation at the annual general meeting has been prepared.
- No budget for the reserve fund has been prepared.
- No fidelity fund insurance policy has been taken out.

Management of the home owners association's financial affairs and funds (Rules 26(5)(c)(iii) and (iv))

In terms of relevant International Standards applicable to audit, review and other assurance engagements we were unable to conduct an engagement relating to whether the books of account of the home owners association have been kept and its funds have been managed so as to provide a reasonable level of protection against theft or fraud, and whether the financial affairs of the home owners association appear to be effectively managed, as required by Rules 26(5)(c)(iii) and (iv). We have not performed any audit, review or other assurance engagement in relation to these matters and accordingly we do not express any assurance opinion or conclusion thereon.



Reko Public Accountants and Auditors
Chartered Accountants (S.A.)
Registered Auditors

Per: AV Janse van Rensburg
Chartered Accountant (SA) / Professional Accountant (SA)

16/08/17
Date

26 Velddrif Road
Vredenburg
7380



CAPE ST MARTIN HOME OWNERS ASSOCIATION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016
TRUSTEES' REPORT

The trustees submit their report for the year ended 31 December 2016.

1. REVIEW OF ACTIVITIES

Main business and operations

The operating results and state of affairs of the body corporate are fully set out in the attached financial statements and do not in our opinion require any further comment.

2. EVENTS AFTER THE REPORTING PERIOD

The trustees are not aware of any matter or circumstance arising since the end of the financial year that has a material impact on the financial statements.

3. CONTRIBUTIONS

Contributions paid by sections owners and interest earned during the year were insufficient to meet expenditure, resulting in a levy deficit of R (224 885) (2015: R (116 496)).

4. TRUSTEES

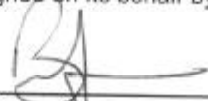
The trustees of the body corporate during the year and to the date of this report are as follows:

Name	Changes
B Loynes	
S Pott	
NK Gunase	
L Doms	
B Gouws	
N Liebenberg	Appointed 28 May 2016

The financial statements set out on pages 6 to 12, which have been prepared on the going concern basis, were approved by the board of trustees and were signed on its behalf by:



Chairperson



Vice-chairperson

Date

CAPE ST MARTIN HOME OWNERS ASSOCIATION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

STATEMENT OF FINANCIAL POSITION

	Note(s)	2016 R	2015 R
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	2	<u>2</u>	<u>2</u>
CURRENT ASSETS			
Trade and other receivables	3	258 391	257 561
Cash and cash equivalents	4	359 849	512 925
		<u>618 240</u>	<u>770 486</u>
Total Assets		<u>618 242</u>	<u>770 488</u>
EQUITY AND LIABILITIES			
OWNERS' FUNDS AND RESERVES			
Maintenance reserves		30 000	20 000
Accumulated surplus		246 237	481 122
		<u>276 237</u>	<u>501 122</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	5	142 005	109 366
Building deposits		200 000	160 000
		<u>342 005</u>	<u>269 366</u>
Total Equity and Liabilities		<u>618 242</u>	<u>770 488</u>

CAPE ST MARTIN HOME OWNERS ASSOCIATION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

STATEMENT OF COMPREHENSIVE INCOME

	Note(s)	2016 R	2015 R
REVENUE			
Levies		458 640	436 800
OTHER INCOME			
Interest received		28 431	33 063
Recoupment of water		100 130	83 534
Sundry income		1 600	320
		130 161	116 917
OPERATING EXPENSES			
Administration fees		109 140	102 000
Auditor's remuneration		12 594	10 875
Bank charges		5 766	5 997
Consulting fees		9 928	3 971
Electricity		164 309	149 308
Entertainment		979	1 438
Garden expenses		124 200	112 050
Insurance		8 667	8 021
Legal expenses		78 749	30 110
Postage		800	339
Rates		519	491
Repairs and maintenance		200 889	155 099
Telephone and fax		2 054	4 354
Travel - local		3 060	7 974
Water		91 329	75 711
Website maintenance		-	2 475
		812 983	670 213
Operating deficit		(224 182)	(116 496)
Finance costs		(703)	-
Deficit for the year		(224 885)	(116 496)

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STATEMENT OF CHANGES IN EQUITY

	Maintenance reserves R	Accumulated surplus R	Total equity R
Balance at 01 January 2015	10 000	607 618	617 618
Deficit for the year	-	(116 496)	(116 496)
Transfer between reserves	10 000	(10 000)	-
Balance at 01 January 2016	20 000	481 122	501 122
Deficit for the year	-	(224 885)	(224 885)
Transfer between reserves	10 000	(10 000)	-
Balance at 31 December 2016	30 000	246 237	276 237

**CAPE ST MARTIN HOME OWNERS ASSOCIATION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

ACCOUNTING POLICIES

1. PRESENTATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with the generally accepted accounting practice. The 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 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are tangible items that are held for use in the production or supply of goods or services, or for rental to others or for administrative purposes; and are expected to be used during more than one period.

Property, plant and equipment is carried at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided using the straight-line method to write down the cost, less estimated residual value over the useful life of the property, plant and equipment. Property, plant and equipment less than R20,000 is fully depreciated in the year of acquisition.

Item	Depreciation method	Average useful life
Electronic equipment	Straight line	3 years

Gains and losses on disposals are recognised in profit or loss.

1.2 REVENUE

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates.

CAPE ST MARTIN HOME OWNERS ASSOCIATION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

NOTES TO THE FINANCIAL STATEMENTS

	2016 R	2015 R
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2. PROPERTY, PLANT AND EQUIPMENT

	2016			2015		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Land and buildings	1	-	1	1	-	1
Electronic equipment	12 654	(12 653)	1	12 654	(12 653)	1
Total	12 655	(12 653)	2	12 655	(12 653)	2

Reconciliation of property, plant and equipment - 2016

	Opening balance	Carrying value
Land and buildings	1	1
Electronic equipment	1	1
	2	2

Reconciliation of property, plant and equipment - 2015

	Opening balance	Carrying value
Land and buildings	1	1
Electronic equipment	1	1
	2	2

Details of properties

Erf 6149, St Helenabay,
 Erf 6371, St Helenabay,
 Erf 6373, St Helenabay,
 Pump stations,
 Walls,
 Electronic gates, and
 Insecticide canister.

The land and buildings were accounted for by means of a donation of R1 by the developer. The land and buildings were part of the developer's development costs.

3. TRADE AND OTHER RECEIVABLES

Outstanding levies	220 718	219 888
Deposits	37 673	37 673
	258 391	257 561

CAPE ST MARTIN HOME OWNERS ASSOCIATION
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NOTES TO THE FINANCIAL STATEMENTS

	2016 R	2015 R
4. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents consist of:		
Cash on hand	9	9
Bank balances	23 113	13 217
Call account	210 245	294 067
Fixed deposit	1 013	30 254
Building deposits account	115 738	165 343
Maintenance account	9 731	10 035
	359 849	512 925
5. TRADE AND OTHER PAYABLES		
Trade payables	84 113	48 503
Levies received in advance	57 892	60 863
	142 005	109 366
6. TAXATION		

No provision has been made for 2016 tax as the association has no taxable income.