

**DUNE RIDGE ESTATE HOME OWNERS ASSOCIATION
(SCHEME NUMBER LUM/SD/637/BBY)
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

Dune Ridge Estate Home Owners Association

(Scheme number: LUM/SD/637/BBY)

Annual Financial Statements for the year ended 30 June 2018

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	To carry on the promotion, advancement and protection of the interests of the members of the Association from time to time and the maintenance and control of the common areas
Trustees	Theus Retief Jay Pillay Vincent Sing Dale Lewis Gabi Weck Lizelle Gore Greig Rietoff
Registered office	Big Bay Boulevard Otto Du Plessis Drive Big Bay 7441
Business address	Big Bay Boulevard Otto Du Plessis Drive Big Bay 7441
Postal address	PO Box 30124 Tokai 7966
Bankers	Nedbank Limited
Auditors	BDV Platinum Chartered Accountants (SA) Registered Auditors
Managing agent	Yvonne Green Property (Pty) Ltd
Home Owners Association scheme number	LUM/SD/637/BBY
Tax reference number	9076/200/16/2
Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of Section 29 of the Land Use Planning Ordinance No. 15 of 1985 and the constitution of the association.

Dune Ridge Estate Home Owners Association

(Scheme number: LUM/SD/637/BBY)

Annual Financial Statements for the year ended 30 June 2018

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Level of assurance

These annual financial statements have been audited in compliance with the applicable requirements of Section 29 of the Land Use Planning Ordinance No. 15 of 1985 and the constitution of the association.

Dune Ridge Estate Home Owners Association

(Scheme number: LUM/SD/637/BBY)

Annual Financial Statements for the year ended 30 June 2018

Trustees' Responsibilities and Approval

The trustees are required to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the association as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the basis of accounting as set out in Note 1 to the annual financial statements. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with the basis of accounting as set out in Note 1 to the annual financial statements and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The trustees acknowledge that they are ultimately responsible for the system of internal financial control established by the association and place considerable importance on maintaining a strong control environment. To enable the trustees to meet these responsibilities, the board of trustees sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the association and all employees are required to maintain the highest ethical standards in ensuring the association's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the association is on identifying, assessing, managing and monitoring all known forms of risk across the association. While operating risk cannot be fully eliminated, the association endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The trustees are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The trustees have reviewed the association's cash flow forecast for the year to 30 June 2019 and, in light of this review and the current financial position, They are satisfied that the association has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the association's annual financial statements. The annual financial statements have been examined by the association's external auditors and their report is presented on pages 4 to 5.

The annual financial statements set out on pages 6 to 15, which have been prepared on the going concern basis, were approved by the board of trustees and were signed on its behalf by:

Approval of annual financial statements

Trustee

Date

Independent Auditor's Report

To the trustees of Dune Ridge Estate Home Owners Association

Opinion

We have audited the annual financial statements of Dune Ridge Estate Home Owners Association set out on pages 7 to 15, which comprise the statement of financial position as at 30 June 2018, and the statement of financial performance, statement of comprehensive income, statement of changes in reserves 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 Dune Ridge Estate Home Owners Association as at 30 June 2018, and its financial performance and cash flows for the year then ended in accordance with basis of accounting as set out in Note 1 to the financial statements and the requirements of Section 29 of the Land Use Planning Ordinance No. 15 of 1985 and the constitution of the association.

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 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 annual 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 information

The trustees are responsible for the other information. The other information comprises the Trustees' Report as required by Section 29 of the Land Use Planning Ordinance, 1985 (Ordinance 15 of 1985) and the Constitution of the home owners association, which we obtained prior to the date of this report. Other information does not include the annual financial statements and our auditor's report thereon.

Our opinion on the annual 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 annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual 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.

Responsibilities of the trustees for the Annual Financial Statements

The trustees are responsible for the preparation and fair presentation of the annual financial statements in accordance with basis of accounting as set out in Note 1 to the financial statements and the requirements of Section 29 of the Land Use Planning Ordinance, 1985 (Ordinance 15 of 1985) and the Constitution of the home owners association, and for such internal control as the trustees 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 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 home owners association or to cease operations, or have no realistic alternative but to do so.

BDV Platinum Professional Services Incorporated

Company Reg No: 2014/122739/21 | **VAT No:** 4140194244

Physical Address: 49 Bell Crescent, I Westlake Business Park | Westlake 7945

Postal Address: PO Box 31406 | Tokai 7966 | **Email:** admin@bdvplatinum.com

Telephone: 021 701 7620 | **Fax:** 086 639 9572 | **Web:** www.bdvplatinum.com

Directors: Carel Braam de Vries, Mark Dawson, Imtiaaz Anthony, Jaime Nicholas Werner

Practice No: 903104

Independent Auditor's Report

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:

- 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 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 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 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 association 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 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.

BDV Platinum
Director - Braam De Vries
Chartered Accountants (SA)
Registered Auditors

Date

BDV Platinum Professional Services Incorporated

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Practice No: 903104

Dune Ridge Estate Home Owners Association

(Scheme number: LUM/SD/637/BBY)

Annual Financial Statements for the year ended 30 June 2018

Trustees' Report

The trustees submit their report for the year ended 30 June 2018.

1. Review of activities

Main business and operations

The association is engaged to carry on the promotion, advancement and protection of the interests of the members of the association from time to time and the maintenance and control of the common areas and operates principally in South Africa.

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

Net deficit of the association for 2018 was R888 001 (2017: surplus R95 650), after taxation of R66 828 (2017: R80 803).

2. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

3. 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 annual financial statements.

4. Contributions

Contributions paid by sections owners and interest earned during the year were insufficient to meet expenditure, resulting in a levy deficit of R (888 001). However, there was a surplus of R 95 649 in the 2017 financial year.

5. Trustees

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

Name	Changes
Theus Retief	
Jay Pillay	
Vincent Sing	
Dale Lewis	
Gabi Weck	
Lizelle Gore	Appointed 22 November 2017
Greig Rietoff	Appointed 15 February 2018
Frans Liebenberg	Resigned 8 February 2018
Pietie Coetzee	Resigned 22 November 2017

6. Managing Agent

The managing agent of the association is Yvonne Green Property (Pty) Limited t/a Cape Classic Property Solutions of:

Business address

The Lifestyle Centre
Stonehurst Mountain Estate
Westlake
7945

Postal address

P.O. Box 30124
Tokai
7966

7. Auditors

BDV Platinum will continue in office for the next financial period.

Dune Ridge Estate Home Owners Association

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Annual Financial Statements for the year ended 30 June 2018

Statement of Financial Position as at 30 June 2018

Figures in Rand	Note(s)	2018	2017
Assets			
Non-Current Assets			
Property, plant and equipment	2	94 674	2 810
Current Assets			
Trade and other receivables	3	27 855	119 441
Cash and cash equivalents	4	3 924 108	4 525 016
		3 951 963	4 644 457
Total Assets		4 046 637	4 647 267
Equity and Liabilities			
Owners' funds and reserves			
Accumulated surplus		3 550 182	4 438 183
Liabilities			
Current Liabilities			
Trade and other payables	5	462 834	205 828
Current tax payable		33 621	3 256
		496 455	209 084
Total Equity and Liabilities		4 046 637	4 647 267

Dune Ridge Estate Home Owners Association

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Annual Financial Statements for the year ended 30 June 2018

Statement of Financial Performance

Figures in Rand	Note(s)	2018	2017
Revenue			
Ordinary levies		2 782 560	2 529 600
Building levies		-	360
Endowment levies		241 475	244 625
Building penalty levies		51 022	167 400
		3 075 057	2 941 985
Other income			
Interest received		291 800	319 356
Profit on sale of assets		-	5 500
Rental income - Vodacom		-	17 107
		291 800	341 963
Total income		3 366 857	3 283 948
Operating expenses			
Administration and sundries			
Advertising		14 982	15 244
Auditors remuneration	6	23 889	18 299
Bank charges		20 091	19 737
Computer expenses		593	553
Consulting and professional fees		38 602	5 586
Depreciation		6 534	1 533
Entertainment		34 582	25 453
Insurance		48 535	41 620
Managing agents fees		223 984	211 580
Printing and stationery		7 443	6 777
Security		1 032 954	1 000 713
Staff welfare		19 017	21 523
Telephone and fax		40 952	63 010
		1 512 158	1 431 628
Employee costs			
Employee costs - salaried staff		495 844	465 142
Employee costs - wages - permanent staff		156 561	147 703
		652 405	612 845
Municipal charges			
Electricity		107 164	146 777
Sewerage and waste disposal		6 383	12 499
Water		6 336	25 312
Rates		79	77
		119 962	184 665

Dune Ridge Estate Home Owners Association

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Statement of Financial Performance

Figures in Rand	Note(s)	2018	2017
Maintenance			
Access control		5 771	2 723
Electric fencing		7 473	508
General maintenance		3 034	-
Landscaping		294 349	306 238
Major improvements	7	1 536 000	521 143
Motor vehicle expenses		14 077	20 429
Painting - guardhouse and wall		16 232	9 776
Roads and curbs		15 828	17 540
Unforeseen verge collapse		10 741	-
		1 903 505	878 357
Total operating expenses		4 188 030	3 107 495
(Deficit)/surplus before taxation		(821 173)	176 453
Taxation	8	(66 828)	(80 803)
(Deficit)/surplus for the year		(888 001)	95 650

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Statement of Changes in Reserves

	Accumulated surplus	Total owners' funds and reserves
Figures in Rand		
Balance at 01 July 2016	4 342 533	4 342 533
Surplus for the year	95 650	95 650
Balance at 01 July 2017	4 438 183	4 438 183
Deficit for the year	(888 001)	(888 001)
Balance at 30 June 2018	3 550 182	3 550 182

Dune Ridge Estate Home Owners Association

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Statement of Cash Flows

Figures in Rand	Note(s)	2018	2017
Cash flows from operating activities			
Cash (used in)/generated from operations	9	(466 047)	451 681
Tax paid	10	(36 463)	(112 515)
Net cash from operating activities		(502 510)	339 166
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(98 398)	-
Sale of property, plant and equipment	2	-	5 500
Net cash from investing activities		(98 398)	5 500
Total cash movement for the year		(600 908)	344 666
Cash at the beginning of the year		4 525 016	4 180 350
Total cash at end of the year	4	3 924 108	4 525 016

Dune Ridge Estate Home Owners Association

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Annual Financial Statements for the year ended 30 June 2018

Accounting Policies

1. Basis of preparation and summary of significant accounting policies

The annual financial statements have been prepared on the historical cost basis and in accordance with generally accepted accounting practice applicable to home owners' associations and in the manner required by the rules of the home owner's association and incorporate the following principal accounting policies. They are presented in South African Rands.

1.1 Property, plant and equipment

Property, plant and equipment is initially measured at cost and subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the association.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	6 years
Motor vehicles	Straight line	5 years
Computer equipment	Straight line	3 years

1.2 Trade and other receivables

Trade and other receivables are initially and subsequently measured at cost, less any appropriate provision for estimated irrecoverable amounts.

A provision is established for irrecoverable amounts when there is objective evidence that amounts due under the original payment terms will not be collected.

1.3 Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand and are initially and subsequently recorded at cost and are not revalued.

1.4 Trade and other payables

Trade and other payables are initially and subsequently measured at cost.

1.5 Tax

Tax expenses

The association is taxed in terms of section 10(1)(e) of the Income Tax Act, 1962. In terms of this section, levy income and recoveries are fully exempt. All other income is exempt up to a maximum of R50,000 per annum. Therefore, taxation is calculated and provided for on investment income and other income greater than R50,000 per annum less a portion of deductible administrative expenses.

1.6 Revenue

Levies and recoveries are recognised as revenue once owners are invoiced. Ordinary levies are invoiced monthly, based on the proportional amount as per the approved budget. Other recoveries are recognised as and when due by the owners and are disclosed with the expenses to which they relate. When the inflow of cash and cash equivalents is deferred, the fair value of the consideration receivable is the present value of all future receipts using the imputed rate of interest.

Levies have been accounted for on the accrual basis and therefore includes outstanding amounts owing by the owners.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

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Accounting Policies

1.7 Expenses

Expenses represent all of the administration, operating and management expenses for the home owners association and are recognised on an accrual basis.

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Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

Figures in Rand

2018

2017

2. Property, plant and equipment

	2018			2017		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Furniture and fixtures	102 061	(13 685)	88 376	12 382	(9 573)	2 809
Motor vehicles	120 702	(120 701)	1	120 702	(120 701)	1
IT equipment	27 651	(21 354)	6 297	18 933	(18 933)	-
Total	250 414	(155 740)	94 674	152 017	(149 207)	2 810

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Depreciation	Closing balance
Furniture and fixtures	2 809	89 679	(4 112)	88 376
Motor vehicles	1	-	-	1
IT equipment	-	8 719	(2 422)	6 297
	2 810	98 398	(6 534)	94 674

Reconciliation of property, plant and equipment - 2017

	Opening balance	Depreciation	Closing balance
Furniture and fixtures	4 342	(1 533)	2 809
Motor vehicles	1	-	1
	4 343	(1 533)	2 810

3. Trade and other receivables

Levies receivable	26 355	119 441
Staff loans	1 500	-
	27 855	119 441

4. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	1 000	1 000
Bank balances	103 851	709 321
Short-term deposits	3 819 257	3 814 695
	3 924 108	4 525 016

5. Trade and other payables

Trade payables	306 529	21 883
Levies received in advance	9 888	40 143
CSOS levies payable	9 833	8 568
Accrued expenses	43 740	27 390
Deposits received	92 844	107 844
	462 834	205 828

Dune Ridge Estate Home Owners Association

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Annual Financial Statements for the year ended 30 June 2018

Notes to the Annual Financial Statements

Figures in Rand	2018	2017
6. Auditor's remuneration		
Fees	23 889	18 299
7. Major improvements		
Circle parking fence	108 696	-
Construction of new boundary wall including paving , electric fencing , palisade fencing and new gate	-	486 293
Guardhouse upgrade	1 238 450	34 850
Landscaping and rehabilitation of verges	90 934	-
Speedbumps	97 920	-
	1 536 000	521 143
8. Taxation		
Major components of the tax expense		
Current taxation		
South African normal tax - year	66 828	80 803
9. Cash (used in)/generated from operations		
(Deficit)/surplus before taxation	(821 173)	176 453
Adjustments for:		
Depreciation	6 534	1 533
Surplus on sale of assets	-	(5 500)
Changes in working capital:		
Trade and other receivables	91 586	248 015
Trade and other payables	257 006	31 180
	(466 047)	451 681
10. Tax paid		
Balance at beginning of the year	(3 256)	(34 968)
Current tax for the year recognised in surplus or deficit	(66 828)	(80 803)
Balance at end of the year	33 621	3 256
	(36 463)	(112 515)