

SANDY POINT ESTATE HOME OWNERS ASSOCIATION
Financial statements
for the year ended 29 February 2020



**SANDY POINT ESTATE HOME OWNERS ASSOCIATION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020**

GENERAL INFORMATION

COUNTRY OF INCORPORATION AND DOMICILE	South Africa
TYPE OF TRUST	Homeowners association
TRUSTEES	D Baard R Serdyn B Vorster L de Klerk B de Sousa C Pretorius
BUSINESS ADDRESS	Admin Office Gate House Main Road St Helena Bay 7390
POSTAL ADDRESS	PO Box 617 St Helena Bay 7390
BANKERS	Standard Bank
AUDITORS	Reko Public Accountants and Auditors Chartered Accountants (SA) Registered Auditor
LEVEL OF ASSURANCE	These financial statements have been audited in compliance with the applicable requirements of the applicable requirements of the Constitution of the Sandy Point Beach Estate Home Owners Association and the Regulations on Community Schemes Ombud Service in terms of the Community Schemes Ombud Service Act, 2011 (Act no.9 of 2011).
PREPARER	The financial statements were independently compiled by: W Alexander Chartered Accountant (SA) / Professional accountant (SA)



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

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**SANDY POINT ESTATE HOME OWNERS ASSOCIATION
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TRUSTEES' RESPONSIBILITIES AND APPROVAL

The trustees are required to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the home owners 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 generally accepted accounting practice. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with the generally accepted accounting practice 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 home owners association and place considerable importance on maintaining a strong control environment. To enable the trustees to meet these responsibilities, the 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 home owners association and all employees are required to maintain the highest ethical standards in ensuring the home owners association's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the home owners association is on identifying, assessing, managing and monitoring all known forms of risk across the home owners association. While operating risk cannot be fully eliminated, the trustees endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The home owners association's 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 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 home owners association's cash flow forecast for the year to 28 February 2021 and, in the light of this review and the current financial position, they are satisfied that the home owners 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 home owners association's financial statements. The financial statements have been examined by the home owners association's external auditors and their report is presented on pages 4 to 6.

The financial statements set out on pages 7 to 13, which have been prepared on the going concern basis, were approved and were signed by:

Approval of financial statements

Trustee

Trustee

Date



INDEPENDENT AUDITOR'S REPORT

To the members of Sandy Point Estate Home Owners Association

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sandy Point Estate Home Owners Association set out on pages 7 to 13, which comprise the statement of financial position as at 29 February 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Sandy Point Estate Home Owners Association as at 29 February 2020, and its financial performance and cash flows for the year then ended in accordance with generally accepted accounting practice and the requirements of the applicable requirements of the Constitution of the Sandy Point Beach Estate Home Owners Association and the Regulations on Community Schemes Ombud Service in terms of the Community Schemes Ombud Service Act, 2011 (Act no.9 of 2011).

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 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 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.

Responsibilities of the trustees for the Financial Statements

The trustees are responsible for the preparation and fair presentation of the financial statements in accordance with generally accepted accounting practice and the requirements of the applicable requirements of the Constitution of the Sandy Point Beach Estate Home Owners Association and the Regulations on Community Schemes Ombud Service in terms of the Community Schemes Ombud Service Act, 2011 (Act no.9 of 2011), and 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 home owners association or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT

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 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 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 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.
- 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 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.



INDEPENDENT AUDITOR'S REPORT

Report on other legal and regulatory requirements

In accordance with the Regulations on Community Schemes Ombud Service, we report as follows:

Compliance findings:

The trustees are responsible to ensure that the home owners association complies with the Regulation on Community Schemes Ombud Service adopted in terms of the Community Schemes Ombud Service Act, 2011 (Act no9 of 2011), including the implementation of systems, processes and internal control the trustees determine are necessary in the circumstances of non-compliance with the Regulations on Community Schemes Ombud Service, we are required to report our findings. We identified the following instances of non-compliance with the Regulations:

- The Homeowners association has completed and submitted the registration documents to the CSOS. No confirmation of registration has been received from the CSOS as to date of the report.

Reko Public Accountants and Auditors
Chartered Accountants (SA)
Registered Auditor

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

Date

26 Velddrif Road
Vredenburg
7380



**SANDY POINT ESTATE HOME OWNERS ASSOCIATION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 29 FEBRUARY 2020**

STATEMENT OF FINANCIAL POSITION

	Note(s)	2020 R	2019 R
ASSETS			
Non-Current Assets			
Property, plant and equipment	2	7	-
Current Assets			
Trade and other receivables	3	483,925	615,724
Prepayments	4	20,000	20,000
Cash and cash equivalents	5	545,131	228,457
		1,049,056	864,181
Total Assets		1,049,063	864,181
EQUITY AND LIABILITIES			
EQUITY			
Accumulated surplus		795,048	518,329
LIABILITIES			
Non-Current Liabilities			
Other financial liabilities	6	6,385	167,185
Current Liabilities			
Trade and other payables	7	247,630	178,667
Total Liabilities		254,015	345,852
Total Equity and Liabilities		1,049,063	864,181



**SANDY POINT ESTATE HOME OWNERS ASSOCIATION
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STATEMENT OF COMPREHENSIVE INCOME

	Note(s)	2020 R	2019 R
REVENUE			
Levies received	8	1,135,375	1,002,060
OTHER INCOME			
Additional security fee		17,200	-
Collection fees received		34,722	-
Consent fees received		15,600	-
Height certificate fees received		7,600	-
Insurance claim received		30,898	45,000
Interest received		17,493	10,309
Recoupment of expenses		206,562	119,031
Rental income		10,500	-
Road levies received		15,000	-
		355,575	174,340
OPERATING EXPENSES			
Advertising		-	420
Auditor's remuneration		22,835	27,538
Bank charges		5,768	5,059
Consent fees paid		15,600	-
Debt collection		34,722	4,004
Depreciation, amortisation and impairments		120,620	-
Discount allowed		-	6,888
Electricity		251,235	159,301
Gatehouse and builders monitoring		84,000	84,000
Height certificate		7,600	-
Insurance		60,846	22,689
Landscaping		163,300	152,400
Levies refunded		1,390	3,135
Management fees		158,220	166,974
Meeting expenses		1,756	8,949
Printing and stationery		286	-
Rates and taxes		4,880	21,555
Repairs and maintenance		224,464	107,531
Security		52,000	-
Telephone and fax		458	-
Water and refuse		4,251	2,644
		1,214,231	773,087
Surplus for the year		276,719	403,313



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STATEMENT OF CHANGES IN EQUITY

	Accumulated surplus R	Total equity R
Balance at 01 March 2018	115,016	115,016
Surplus for the year	403,313	403,313
Balance at 01 March 2019	518,329	518,329
Surplus for the year	276,719	276,719
Balance at 29 February 2020	795,048	795,048



**SANDY POINT ESTATE HOME OWNERS ASSOCIATION
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STATEMENT OF CASH FLOWS

	Note(s)	2020 R	2019 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		1,605,256	979,641
Cash paid to suppliers and employees		<u>(1,024,648)</u>	<u>(789,394)</u>
Cash generated from operations	9	580,608	190,247
Interest income		17,493	10,309
Net cash from operating activities		<u>598,101</u>	<u>200,556</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	2	<u>(120,627)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of other financial liabilities		<u>(160,800)</u>	<u>(93,800)</u>
Net cash from financing activities		<u>(160,800)</u>	<u>(93,800)</u>
Total cash movement for the year		316,674	106,756
Cash at the beginning of the year		<u>228,457</u>	<u>121,701</u>
Total cash at end of the year	5	<u>545,131</u>	<u>228,457</u>



**SANDY POINT ESTATE HOME OWNERS ASSOCIATION
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ACCOUNTING POLICIES

1. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared on a going concern basis 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 assets which the home owners association holds for its own use or for rental to others and which are expected to be used for more than one period.

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

Depreciation is provided for in full in the year of acquisition.

1.2 REVENUE

Revenue is recognised to the extent that the trust has transferred the significant risks and rewards of ownership of goods to the buyer, or has rendered services under an agreement provided the amount of revenue can be measured reliably and it is probable that economic benefits associated with the transaction will flow to the trust. Revenue is measured at the fair value of the consideration received or receivable, excluding sales taxes and discounts.

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



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NOTES TO THE FINANCIAL STATEMENTS

	2020 R	2019 R
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2. PROPERTY, PLANT AND EQUIPMENT

	2020			2019		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Office equipment	6,213	(6,212)	1	-	-	-
Electronic equipment	33,217	(33,215)	2	-	-	-
Equipment	81,198	(81,194)	4	-	-	-
Total	120,628	(120,621)	7	-	-	-

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Depreciation	Closing balance
Office equipment	-	6,213	(6,212)	1
Electronic equipment	-	33,216	(33,214)	2
Equipment	-	81,198	(81,194)	4
	-	120,627	(120,620)	7

Details of properties

Various fixed property which constitute public open spaces have been transferred from the developer to the homeowners association. A register with details of the fixed property are available for inspection at the board of trustees

3. TRADE AND OTHER RECEIVABLES

Outstanding levies	483,925	615,724
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4. PREPAYMENTS

CJ Loedolf	20,000	20,000
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5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

Bank balances	389,806	113,966
Other cash and cash equivalents	155,325	114,491
	545,131	228,457



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NOTES TO THE FINANCIAL STATEMENTS

	2020 R	2019 R
6. OTHER FINANCIAL LIABILITIES		
At amortised cost		
Sandy Point Beach Estate Developer	6,385	167,185
The loan is unsecured, bears no interest and will not be repaid within the next 12 months.		
Non-current liabilities		
At amortised cost	6,385	167,185
7. TRADE AND OTHER PAYABLES		
Trade payables	1,089	20,243
Levies received in advance	60,041	45,424
Building deposits	186,500	113,000
	247,630	178,667
8. REVENUE		
Levies	1,135,375	1,002,060
9. CASH GENERATED FROM OPERATIONS		
Surplus before taxation	276,719	403,313
Adjustments for:		
Depreciation and amortisation	120,620	-
Interest received	(17,493)	(10,309)
Changes in working capital:		
Trade and other receivables	131,799	(195,000)
Trade and other payables	68,963	(7,757)
	580,608	190,247

