

Sundowner Residents Association

Annual Financial Statements
for the year ended 28 February 2017

A R Drew
Chartered Accountant (S.A.)
Registered Auditor

These financial statements have been independently audited
Issued 31 March 2017

Sundowner Residents Association

Annual Financial Statements for the year ended 28 February 2017

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Level of assurance

These annual financial statements have been independently audited

Published

31 March 2017

Sundowner Residents Association

Annual Financial Statements for the year ended 28 February 2017

Committees' Responsibilities and Approval

The committee is required to maintain adequate accounting records and is 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 International Financial Reporting Standard for Small and Medium-sized Entities. The external auditor is engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The committee acknowledge that it is 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 committee to meet these responsibilities, the committee 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.

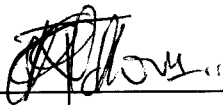
The committee is of the opinion, based on the controls, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.


The committee has reviewed the association's cash flow forecast for the year to 28 February 2018 and, in the light of this review and the current financial position, the committee is satisfied that the association has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor is 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 auditor and his report is presented on page 3.

The annual financial statements set out on pages 5 to 12, which have been prepared on the going concern basis, were approved by the committee on 31 March 2017 and were signed on its behalf by:

Approval of financial statements





A R Drew
Chartered Accountant (SA)
Registered Auditor
Pr. No. 950327

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Independent Auditor's Report

To the members of Sundowner Residents Association

Opinion

I have audited the Annual Financial Statements of Sundowner Residents Association set out on pages 6 to 12, which comprise the Statement of Financial Position as at 28 February 2017, 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 Annual Financial Statements, including a summary of significant accounting policies.

In my opinion, the Annual Financial Statements present fairly, in all material respects, the financial position of Sundowner Residents Association as at 28 February 2017, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standard for Small and Medium-sized Entities.

Basis for opinion

I conducted my audit in accordance with International Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Annual Financial Statements section of my report. I am independent of the 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. I have fulfilled my 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). I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the committee for the Annual Financial Statements

The committee is 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 for such internal control as the committee 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 committee are responsible for assessing the 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 committee either intend to liquidate the association or to cease operations, or have no realistic alternative but to do so.

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

My 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 my 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, I exercise professional judgement and maintain professional scepticism throughout the audit. I 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 my 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.

Independent Auditor's Report

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the committee.
- Conclude on the appropriateness of the committee 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the Annual Financial Statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I communicate with the committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



A. B. D. P. S.
Chartered Accountant (S.A.)
Registered Auditor

31 March 2017
Randburg



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Sundowner Residents Association

Annual Financial Statements for the year ended 28 February 2017

Report of the Chairman

The chairman has pleasure in submitting his report on the annual financial statements of Sundowner Residents Association for the year ended 28 February 2017.

1. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the association are set out in these annual financial statements.

2. Committee

The committee members in office at the date of this report are as follows:

Committee

M Klinkert
T Ndlovu
B Ababio
U Schottler
D Schottler
C Connolly
P Mc Evilly-Woods

Changes

Resigned 01 June 2016

Chairman
Vice Chairman

3. Property, plant and equipment

There was no change in the nature of the property, plant and equipment of the company or in the policy regarding their use.

4. Events after the reporting period

The committee is not aware of any material event which occurred after the reporting date and up to the date of this report.

Sundowner Residents Association

Annual Financial Statements for the year ended 28 February 2017

Statement of Financial Position as at 28 February 2017

	Note(s)	2017 R	2016 R
Assets			
Non-Current Assets			
Property, plant and equipment	2	1,022	4,136
Current Assets			
Trade and other receivables	3	105,070	112,194
Cash and cash equivalents	4	445,560	442,149
		550,630	554,343
Total Assets		551,652	558,479
Reserves and Liabilities			
Reserves			
Retained income		531,338	525,495
Liabilities			
Current Liabilities			
Trade and other payables	5	20,314	32,984
Total Reserves and Liabilities		551,652	558,479

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Sundowner Residents Association

Annual Financial Statements for the year ended 28 February 2017

Statement of Comprehensive Income

	Note(s)	2017 R	2016 R
Other income			
Levies		3,334,539	3,280,089
Advertising space		63,417	22,200
Interest received	6	29,994	24,483
		<u>3,427,950</u>	<u>3,326,772</u>
Operating expenses			
Accounting fees		99,950	93,150
Advertising		-	4,785
Auditors remuneration	7	5,500	4,950
Bad debts		12,496	23,109
Bank charges		4,797	4,049
Computer expenses		675	-
Consulting and professional fees		-	5,000
Depreciation, amortisation and impairments		3,114	49,967
Donations		1,500	-
Employee costs		119,924	114,561
Ablution facilities		-	3,840
Bureau focus fees		8,215	8,660
AGM costs		3,401	4,973
Garden maintenance		66,055	82,589
JRA Access control		35,081	-
Gifts		1,471	500
Insurance		5,916	5,626
Printing and stationery		6,096	5,034
Repairs and maintenance		10,860	26,355
Security		3,023,535	2,947,089
Subscriptions		2,966	2,326
Telephone and fax		10,555	10,640
		<u>3,422,107</u>	<u>3,397,203</u>
Profit (loss) for the year		<u>5,843</u>	<u>(70,431)</u>

Sundowner Residents Association

Annual Financial Statements for the year ended 28 February 2017

Statement of Cash Flows

	Note(s)	2017 R	2016 R
Cash flows from operating activities			
Cash used in operations	8	(26,583)	(24,330)
Interest income		29,994	24,483
Net cash from operating activities		3,411	153
Total cash movement for the year			
Cash at the beginning of the year		442,149	441,996
Total cash at end of the year	4	445,560	442,149

Sundowner Residents Association

Annual Financial Statements for the year ended 28 February 2017

Accounting Policies

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 Property, plant and equipment

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

Cost include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

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 as follows:

Item	Depreciation method	Average useful life
Huts and toilets	Straight line	3 years
Furniture and fixtures	Straight line	10 years
Booms	Straight line	5 years
IT equipment	Straight line	3 years

If the major components of an item of property, plant and equipment have significantly different patterns of consumption of economic benefits, the cost of the asset is allocated to its major components and each such component is depreciated separately over its useful life.

The residual value, depreciation method and useful life of each asset are reviewed only where there is an indication that there has been a significant change from the previous estimate.

1.2 Financial instruments

Initial measurement

Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial instruments at amortised cost

These include loans, trade receivables and trade payables. Those debt instruments which meet the criteria in section 11.8(b) of the standard, are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

At each reporting date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

1.3 Impairment of assets

The company assesses at each reporting date whether there is any indication that property, plant and equipment or intangible assets or goodwill may be impaired.

If there is any such indication, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

Sundowner Residents Association

Annual Financial Statements for the year ended 28 February 2017

Accounting Policies

1.3 Impairment of assets (continued)

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior years. A reversal of impairment is recognised immediately in profit or loss.

1.4 Revenue

Revenue, comprising levies is recognised to the extent that the association 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 association. Revenue is measured at the fair value of the consideration received or receivable, excluding sales taxes and discounts.

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

Sundowner Residents Association

Annual Financial Statements for the year ended 28 February 2017

Notes to the Annual Financial Statements

	2017 R	2016 R
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2. Property, plant and equipment

	2017			2016		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Plant and machinery	140,700	(140,700)	-	140,700	(140,653)	47
Furniture and fixtures	4,650	(4,650)	-	4,650	(4,650)	-
Office equipment	11,892	(11,892)	-	11,892	(11,892)	-
IT equipment	13,919	(12,897)	1,022	13,919	(9,830)	4,089
Total	171,161	(170,139)	1,022	171,161	(167,025)	4,136

Reconciliation of property, plant and equipment - 2017

	Opening balance	Depreciation	Total
Plant and machinery	47	(47)	-
IT equipment	4,089	(3,067)	1,022
	4,136	(3,114)	1,022

3. Trade and other receivables

Trade receivables	20,580	27,802
VAT	84,490	84,392
	105,070	112,194

4. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	1,450	1,450
Bank balances	444,110	440,699
	445,560	442,149

5. Trade and other payables

Trade payables	9,261	7,766
Donations for guards	5,553	7,383
Levies received in advance	-	12,885
Accrued audit fees	5,500	4,950
	20,314	32,984

6. Investment revenue

Interest revenue		
Bank	29,994	24,483

7. Auditor's remuneration

Fees	5,500	4,950
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Sundowner Residents Association

Annual Financial Statements for the year ended 28 February 2017

Notes to the Annual Financial Statements

	2017 R	2016 R
8. Cash used in operations		
Profit (loss) before taxation	5,843	(70,431)
Adjustments for:		
Depreciation and amortisation	3,114	49,967
Interest received	(29,994)	(24,483)
Changes in working capital:		
Trade and other receivables	7,124	(5,622)
Trade and other payables	(12,670)	26,239
	<u>(26,583)</u>	<u>(24,330)</u>

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