

Springerbaai Home Owners Association

An association not for gain - Established April 2003

Financial Statements

for the year ended 30 September 2019

General Information

Registered address :	Springerbaai Farm Klipfontein MOSSEL BAY 6500
Postal address :	PO Box 11293 HEIDERAND 6511
Accountant :	CS Bredekamp CA(SA) OUDTSHOORN SAICA PR No 00115939
Bankers :	ABSA - Mossel Bay

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Independent accountant's compilation report

Springerbaai Home Owners Association

We have compiled the accompanying financial statements of The Springerbaai Home Owner Association based on information provided by the Trustees.

The financial statements comprise the statement of financial position as at 30 September 2019, the statement of Income and expenses and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

We performed this compilation engagement in accordance with International Standards on Related Services 4410(Revised), Compilation Engagements.

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of these financial statements. We have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence, and due care.

These financial statements and the accuracy and completeness of the information used to compile them are the responsibility of the Trustees.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided.

Accordingly, we do not express an audit opinion or a review conclusion on the information compiled.



CS Bredekamp

Chartered Accountants (SA)

OUDTSHOORN

25 November 2019

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Report of the Trustees

for the year ended 30 September 2019

The report of the trustees which forms part of the annual financial statements of the association for the year :-

1. Nature of association, main objective and membership

The association was established in terms of section 29 of Provincial Ordinance 15 of 1985, Cape Province, and is therefore a legal entity with its own constitution.

Its main objective is the promotion and advancement of the Springerbaai development and the protection of the communal interests of its members.

Every registered owner of a property in the development is a member of the association.

2. Statement of responsibility

The trustees are responsible for the maintenance of adequate accounting records and the preparation, accuracy and integrity of the financial statements and related information.

The trustees are also responsible for the association's system of internal financial control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of the trustees to indicate that any material breakdown has occurred in the functioning of these control procedures and systems during the period under review.

The financial statements have been prepared on the going concern basis, since the trustees have every reason to believe that the association has adequate resources in place to continue its operations for the foreseeable future.

3. Financial results

The state of the association's affairs and the results of its operations are clearly set out on pages 5 to 12 of the annual financial statements.

4. Events subsequent to the balance sheet date

No matter which is material to the financial affairs of the association has occurred between the balance sheet date and the date of approval of these financial statements.

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Report of the Trustees

for the year ended 30 September 2019

5. Trustees

The following persons acted as trustees during the period under review :

A Nel (Chair) - Human Resources and Management

D Tharratt - Finance and Legal

G de Beer - Infrastructure and Risk

M Rosenbaum - Aesthetics, Security and Projects

P van Greunen (Vice - Chair) - Environment and Game

M Muirhead - Communication and Marketing

6. Taxation

The Association has been exempted from Income Tax in terms of Section 10(e) of the Income Tax Act and will only be taxed on investment income if and when it exceeds 20% of total income.

It is in the opinion of the Trustees unlikely that such a situation will arise.

7. Independent Accountants

CS Bredekamp, Chartered Accountants (SA) has been appointed as the independent accountant at the annual general meeting and will continue in office until the next annual general meeting.

The financial statements as set out on pages 5 to 12 have been approved by the Trustees and signed on their behalf :

A Nel
Chair

Date :

P van Greunen
Vice Chair

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Statement of Financial Position

30 September

	Note	2019 R	2018 R
Assets			
Fixed property	2	5 252 783	5 069 464
Fixed assets	3	353 946	359 008
Investments	4	1 118 260	1 051 165
Current assets		1 868 693	1 201 799
Receivable from owners	5	20 232	116 610
Staff Loan		1 770	-
Bank and Cash	6	1 846 691	1 085 189
Total Assets		8 593 682	7 681 436
Equity and Liabilities			
Reserves		8 459 717	7 488 655
Accumulated funds	7	7 341 457	6 437 490
Special capital contributions	7	1 118 260	1 051 165
Long term loan	8	-	65 736
Current liabilities			
Accounts payable and provisions	9	133 965	127 045
Total reserves and liabilities		8 593 682	7 681 436

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Statement of Income and Expenses

for the year ended 30 September

	Note	2019 R	2018 R
Turnover		2 300 974	2 154 562
Income		2 300 974	2 154 562
Management levies	1.1 & 5	2 223 000	2 081 712
Ombud Levy (117 units x R240)		28 080	56 160
Scrutiny fee - Aesthetics Committee		11 134	9 880
Game/Skin Sales		29 525	1 950
Gatehouse sales		-	1 500
Nursery sales		4 405	-
Wood sales		4 830	3 360
Detail expenses - Page 7		1 502 367	1 535 073
Net operating surplus		798 607	619 489
Net interest received	10	105 360	95 603
Surplus for the year		903 967	715 092
Accumulated funds at the beginning of the year		6 437 490	5 922 398
Transferred to Contingency fund	4.2 & 7.1	-	(200 000)
Accumulated funds at the end of the year		7 341 457	6 437 490

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Detail expenses

for the year ended 30 September

	Note	2019 R	2018 R
Accounting fees		3 600	2 870
Accounting review		11 060	10 860
Admin - salaries		1 200	1 200
Bank charges		16 734	14 810
Computer expenses			456
Consulting fees - Game specialist		1 000	-
Depreciation	3	68 047	63 923
Electricity, water, rates and taxes		63 094	93 250
Fransmanshoek conservation		10 000	10 000
Functions, meetings and HOA activities		6 737	8 031
Game and nursery expenses		35 510	51 106
Gatehouse expenses		19 181	10 854
Insurance and risk analysis		64 783	83 700
Legal fees/CCMA		7 285	9 603
Life savers		27 883	25 462
Motor vehicle expenses		62 181	56 749
Onbud paid		28 080	56 160
Printing and stationery		5 998	19 574
Repair & maintenance - Alien eradication		23 355	30 483
Repair & maintenance - Buildings		21 653	7 569
Repair & maintenance - Boardwalk & Bird hides		22 204	27 594
Repair & maintenance - Equipment		8 729	11 979
Repair & maintenance - Fences		-	22 177
Repair & maintenance - Roads		64 473	96 502
Repair & maintenance - Water		1 130	818
Repair & maintenance - Fire Breaks and Hydrants		13 504	13 927
Salaries and wages, including contract employees		717 394	627 069
Security		57 589	52 408
Sewage and refuge		44 656	32 459
Staff training		5 534	8 671
Staff uniforms		5 370	6 893
Staff welfare		-	3 960
Subscriptions including website		11 073	1 053
Telephone, fax and internet		44 383	51 904
Travel and subsistence		28 947	20 999
Total Expenses		1 502 367	1 535 073

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Statement of Cash Flows

for the year ended 30 September

	Note	2019 R	2018 R
Generated from :-			
Operating activities		1 140 637	847 154
Operations	A	957 048	662 292
Levies and other income	1.1	2 386 218	2 110 197
(Paid to) staff and suppliers		(1 429 170)	(1 447 905)
Net interest earned	10	105 360	95 603
Investment income	4	67 095	77 879
Scrutiny fee income		11 134	9 880
Gate house sales		-	1 500
Investment activities		(313 399)	(769 072)
Decrease(Increase) in investments	4	(67 095)	(277 879)
Improvements to communal property	2	(183 319)	(455 732)
Acquisition of fixed assets	3	(62 985)	(35 461)
Financing activities		(65 736)	(75 869)
(Decrease) in long term loans	8	(65 736)	(75 869)
Net inflow		761 502	2 213
Cash and cash equivalents :-			
- at the beginning of the year		1 085 189	1 082 976
- at the end of the year		1 846 691	1 085 189

A. Reconciliation of the net surplus with the cash generated from operations :

Cash generated from the surplus		855 520	672 032
Net surplus before interest		798 607	619 489
Adjusted for depreciation		68 047	63 923
Other income		(11 134)	(11 380)
Decrease in working capital requirements		101 528	(9 740)
Decrease in levies outstanding		96 378	(32 985)
(Increase) in staff loans		(1 770)	-
Increase(Decrease) in accounts payable	9	6 920	23 245
Cash generated from operations		957 048	662 292

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Notes to the Annual Financial Statements

1. Accounting policies

The financial statements are prepared on the historical cost basis and the principal accounting policies which are consistently applied are :

1.1 Recognition of income

Levies are approved annually by the members for the next calendar year.

The levy is due and payable for a calendar year in advance when invoiced, and is recognised in full on the invoice date.

1.2 Fixed assets

Property is expected to increase in value over time and is stated at cost.

Other fixed assets are stated at cost less accumulated depreciation.

Depreciation is calculated on the straight line basis at 10 percent per annum which is considered adequate to write each asset down to its expected residual value at the end of its economic life.

1.3 Investments

Investments are stated at cost including realised investment returns.

1.4 Deviation from generally accepted accounting practice

Reserve accounting

The association capitalise investment income earned on investments (note 4) associated with designated reserves (note 7) directly to these reserves without recognising the income through the income statement.

2. Fixed property

	2019	2018
	R	R
Cost - opening balance	5 069 464	4 613 732
Improvements during the year - Fences	-	-
Improvements during the year - Roads	171 459	447 022
Improvements during the year - Water	11 860	8 710
Communal property - Springerbaai farm	5 252 783	5 069 464

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Notes to the Annual Financial Statements

for the year ended 30 September

		2019	2018
		R	R
	Depreciation for the year		
3. Fixed assets		-	
3.1 Office furniture, equipment and computers		43 126	52 100
Cost - opening balance		89 736	57 380
Additions		-	32 356
Accumulated depreciation		(46 610)	(37 636)
Opening balance		(37 636)	(29 438)
Depreciation for the year 10%	8 974	(8 974)	(8 198)
3.2 Garden equipment and sign boards		69 390	15 478
Cost - opening balance		51 218	51 218
Additions		62 320	
Accumulated depreciation		(44 148)	(35 740)
Opening balance		(35 740)	(30 618)
Depreciation for the year 10%	8 408	(8 408)	(5 122)
3.3 Vehicles		144 330	176 790
Cost - opening balance		324 650	324 650
Accumulated depreciation		(180 320)	(147 860)
Opening balance		(147 860)	(115 400)
Depreciation for the year 10%	32 460	(32 460)	(32 460)
3.4 Gate security equipment		97 100	114 640
Cost - opening balance		184 272	181 167
Additions		665	3 105
Accumulated depreciation 10%		(87 837)	(69 632)
Opening balance		(69 632)	(51 489)
Depreciation for the year 10%	18 205	(18 205)	(18 143)
	68 047	353 946	359 008

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Notes to the Annual Financial Statements

for the year ended 30 September

	2019	2018
	R	R
4. Investments		
4.1 Standard Bank Equity Derivatives - at cost		
At the beginning of the year		232 000
(Withdrawn)Advanced during the year		(232 000)
Proceeds transferred to 4.2 ABSA Fixed Deposit		(265 150)
Capital Gain		33 150
4.2 ABSA Fixed Deposit - Contingency fund	831 923	783 102
At the beginning of the year	783 102	541 286
Transferred from 4.1 Standard bank equity	-	-
Transferred from general reserves	-	200 000
Interest earned	48 821	41 816
4.3 ABSA Fixed Deposit - Revag fund	286 337	268 063
Opening balance	268 063	265 150
Interest earned	18 274	2 913
Special Contributions invested - note 7	1 118 260	1 051 165
5. Receivable from owners		
	Per Unit	
Outstanding at the beginning of the year	116 610	83 625
Levy income invoiced for the year(117 units)	2 223 000	2 081 712
117 units (2018 : 113units)	19 000.00	2 223 000
0 (2018: 4) empty plots reduced levies	-	45 056
117 units - amounts received	(2 319 378)	(2 048 727)
Outstanding at the end of the year	20 232	116 610
Amounts overdue for more than a year	-	<u>51 438</u>
6. Bank and Cash		
Absa Money Market*	1 547 080	867 931
Absa Cheque account	295 665	214 878
Cash on hand	3 946	2 380
	1 846 691	1 085 189

* The Money market account earns interest at 6.47% p.a. (2018 : 6.97%) calculated on the daily balance and capitalised monthly.

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Notes to the Annual Financial Statements

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		2019	2018
		R	R
7. Special capital contributions	Units		
7.1 Contingency contribution fund		831 923	783 102
At the beginning of the year		783 102	541 286
Transferred from general reserves		-	200 000
Investment proceeds for the year - note 4.2		48 821	41 816
7.2 REVAG Fund		286 337	268 063
Contributions - R2,000 per unit	116	232 000	232 000
Investment proceeds to date		18 274	36 063
		1 118 260	1 051 165
8. Long term loan			
Absa Vehicle Finance			
Opening balance		65 736	141 605
Interest		3 178	6 882
Repaid during the year		(68 914)	(82 751)
		-	65 736
Monthly instalments			6 889
Months remaining			10
Effective interest rate per annum			10.35
Repaid during the year			
9. Accounts payable and provisions			
Suppliers		83 742	69 636
Accounting Review fee accrual		10 860	10 860
Builders deposit		-	5 000
Owners with credit balances		10 023	11 348
Salary accruals		3 340	4 201
Leave provision		26 000	26 000
Amount outstanding at year end		133 965	127 045
10. Net interest earned(paid)			
ABSA Vehicle finance(paid) - note 8		(3 178)	(6 882)
Money market account		89 702	82 493
Levy arrears		18 836	19 992
		105 360	95 603