

ANNUAL FINANCIAL STATEMENTS

OF

LAKE STEAD

Body Corporate

SS 729/2009

for the year ended

31 OCTOBER 2017

LAKE STEAD

BODY CORPORATE

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2017

<u>CONTENTS</u>	<u>PAGE</u>
Statement of responsibility by the trustees	1
Report of the independent auditors	2-4
Statement of financial position	5
Statement of financial performance	6
Statement of changes in funds and reserves	7
Statement of cash flows	8
Accounting policies and explanatory notes	9
Notes to the financial statements	10-11

LAKE STEAD
BODY CORPORATE

STATEMENT OF RESPONSIBILITY BY THE TRUSTEES AS AT 31 OCTOBER 2017

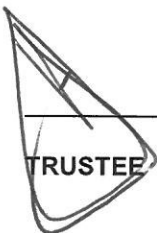
The trustees are responsible for the integrity and fair presentation of the financial statements. The financial statements presented on pages 2 to 11 have been prepared in accordance with the basis of accounting described in note 1 to the annual financial statements, and include amounts based on judgements and estimates made by management. The trustees also prepared the other information included in the annual report, and are responsible for both the accuracy and consistency of the financial statements.

The going concern basis has been adopted in preparing financial statements. The trustees have no reason to believe that the Body Corporate will not be a going concern in the foreseeable future based on the forecast and available cash resources. These financial statements support the viability of the Body Corporate.

The financial statements have been compiled by the independent accountants, MG Taute Tax and Secretarial Services. The audit was done by MG Taute Registered Auditors, whom was given unrestricted access to all financial records and related data, including minutes of all meetings of the trustees. The trustees believe that all representations made to the independent auditors during their audit are valid and appropriate.

The auditors report of MG Taute is presented on pages 2 to 4.

The financial statements were approved by the trustees and signed.



TRUSTEE

09/05/2018

DATE



TRUSTEE

PRETORIA

M.G. TAUTE

GEREGISTREERDE REKENMEESTERS & OUDITEURE
REGISTERED ACCOUNTANTS & AUDITORS

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G.M.TAUTE, MCOM(TAX), STSM(UCT), CA(SA)
C.HAASBROEK, CA(SA)

INDEPENDENT AUDITORS REPORT TO THE TRUSTEES OF THE BODY CORPORATE KNOWN AS LAKE STEAD

We have audited the annual financial statements of the BODY CORPORATE set out on pages 5 to 11, which comprise of the statement of financial position as at **31 OCTOBER 2017**, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the 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 the **BODY CORPORATE** as at **31 OCTOBER 2017**, and its financial performance and cash flows for the year then ended, 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 body corporate 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 of the body corporate in accordance with the Independent Regulatory Board of 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 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

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 body corporate'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.

Going concern

We draw attention to the fact that at **31 OCTOBER 2017**, the Body Corporate's total liabilities exceed its assets.

Other Information

The trustees are responsible for the other information. The other information comprise the Trustees' Report, this does not form part of the financial statements, or 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.

Responsibilities of the 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 body corporate 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 body corporate's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and 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.

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 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 to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the 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 body corporate'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 body corporate'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 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 body corporate 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.

Report on Other Legal and Regulatory Requirements

In accordance with the Management Rules of the body corporate 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 body corporate 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 body corporate 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:

- * The reserve fund did not increase sufficiently.
- * The 10 year repair and maintenance plan has not yet been compiled.

Management of the body corporate'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 body corporate 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 body corporate 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.

M G TAUTE



GUSTAV MARIUS TAUTE

**CHARTERED ACCOUNTANTS (SA)
REGISTERED ACCOUNTANTS & AUDITORS**

PRETORIA

2 May 2018

LAKE STEAD
BODY CORPORATE

STATEMENT OF FINANCIAL POSITION AS AT 31 OCTOBER 2017

	<u>NOTE</u>	<u>2017</u>	<u>2016</u>
ASSETS			
CURRENT ASSETS			
Investment		41,667	1,627
Trust Acc at managing agent		77,802	68,959
Deposit City Council		350	350
Levies in arrear		74,427	28,381
TOTAL ASSETS		<u>194,245</u>	<u>99,316</u>
FUNDS AND LIABILITIES			
Funds and Reserves		(21,333)	(316,738)
CURRENT LIABILITIES			
Creditors	2	157,236	353,251
Levies in advance		58,342	62,803
		<u>215,578</u>	<u>416,055</u>
TOTAL FUNDS AND LIABILITIES		<u>194,245</u>	<u>99,316</u>

LAKE STEAD
BODY CORPORATE

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 OCTOBER 2017

	<u>NOTE</u>	<u>2017</u>	<u>2016</u>
INCOME		800,582	904,361
Levy Income		775,704	892,971
Normal levies		723,132	701,220
Special levies		52,572	191,751
Recovered Income		9,252	-
CSOS recovered		9,252	-
Taxable Income		15,626	11,390
Interest received		3,111	1,136
Interest - levies in arrear		12,515	10,255
LESS: EXPENSES		505,177	588,825
Administration costs	3	83,320	80,664
Contracts	4	83,158	76,282
Insurance		57,621	51,677
Maintenance & Repairs	5	178,353	(8,141)
Municipal charges		102,725	388,343
- Adjustment		-	15,191
- Electricity		1,621	3,843
- Sanitation		37,792	115,004
- Water		63,312	254,305
SURPLUS (DEFICIT) FOR THE YEAR		295,405	315,536

LAKE STEAD

BODY CORPORATE

STATEMENT OF CHANGES IN FUNDS AND RESERVES FOR THE YEAR ENDED 31 OCTOBER 2017

Surplus (Deficit) for the year	295,405	315,536
Retained earnings at beginning of year	(316,738)	(705,268)
Adjustments previous year	-	72,994
Retained earnings at end of the year	<u>(21,333)</u>	<u>(316,738)</u>

LAKE STEAD
BODY CORPORATE

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 OCTOBER 2017

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus (Deficit) before taxation	295,405	315,536
Adjustments for:		
Interest received	(15,626)	(11,390)
Prior year	-	72,994
Operating surplus (deficit) before changes in working capital	279,779	377,140
Working capital changes:	(246,522)	(378,741)
(Increase)/Decrease in debtors	(46,046)	137,713
Increase / (Decrease) in creditors	(200,477)	(516,454)
Cash generated from operations	33,257	(1,601)
Interest received	15,626	11,390
Net cash generated by operations	48,883	9,789
NET INCREASE(DECREASE) IN CASH AND CASH EQUIVALENTS	48,883	9,789
BEGINNING OF THE YEAR	70,585	60,797
END OF THE YEAR	119,469	70,585

LAKE STEAD

BODY CORPORATE

ACCOUNTING POLICIES AND EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2017

1.1 Presentation of Annual Financial Statements

The annual financial statements have been prepared on the historical cost basis and in accordance with entity specifics applicable to bodies corporate established in terms of the Sectional Titles Act, 8 of 2011 in South Africa and in the manner required by the rules of the body corporate and incorporate the following principal accounting policies.

1.2 Income Tax

Current tax is recognised as income or an expense and included in the surplus or deficit for the period. The Body Corporate is taxed in terms of Section 10(1)(e) of the Income Tax Act.

1.3 Trade and other receivables

Trade debtors represent unpaid levies from owners. Managing agents can close on different dates which causes differences in levies that are in arrear.

1.4 Trade payables

Trade payables represent levies paid in advance by owners. Managing agents can close on different dates which causes differences in levies that were paid in advance. Further payables normally comprise municipal accounts and sundry creditors.

LAKE STEAD
BODY CORPORATE

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 OCTOBER 2017

	<u>2017</u>	<u>2016</u>
2. CREDITORS		
Auditors remuneration	3,280	2,930
CSOS contribution	925	-
Municipal charges	(1,759)	63,893
Loan - Propell	126,745	168,382
Sundry creditors	28,046	118,046
	157,236	353,251
3. ADMINISTRATION COSTS		
Auditors remuneration	3,280	2,930
Bank charges	6,927	6,448
Bouquets	-	10,381
CSOS contribution	9,252	-
Interest paid	23,787	25,558
Internet	400	-
Management fee	35,460	32,234
Postage & faxes	47	47
Secretarial fees	969	2,280
Income tax returns	2,451	-
Stationery & printing	747	787
	83,320	80,664
4. CONTRACTS		
Garden services	83,158	76,132
Other refuse services	-	150
	83,158	76,282

5. MAINTENANCE & REPAIRS

Buildings	170,702	(15,516)
Electrical	-	(3,563)
Fire equipment	502	702
Garden equipment	3,250	-
Gardens	2,500	-
Plumbing	1,399	10,235
	<u>178,353</u>	<u>(8,141)</u>

6. TAX CALCULATION

REF: 9386/180/187

Additional Income	15,626
Less SARS Rebate	(50,000)
	<u>-</u>
Taxable Income	<u>-</u>