

**Villa Valencia Body Corporate
(Scheme number SS 158/1991)
Financial Statements
for the year ended 31 October 2022**



Villa Valencia Body Corporate

(Scheme number: SS 158/1991)

Financial Statements for the year ended 31 October 2022

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Controlling, managing and maintaining a block of sectional title units known as "Villa Valencia"
Trustees	R Anderson M Dick C Rose - Deceased 25 May 2022 S Sangham - Resigned 08 September 2022 J Sherwood
Business address	588 Town Bush Road Oak Park Pietermaritzburg KwaZulu-Natal 3201
Auditors	Saunders Haynes & Stewart Registered Auditor Chartered Accountants (SA)
Managing agent	Infinite Property Management Proprietary Limited
Tax reference number	9730/190/21/3
CSOS registration number	CSOS/REG/16/KZN/003570
Level of assurance	These financial statements have been audited in compliance with the applicable requirements of the Sectional Titles Schemes Management Act, 2011.
Preparer	The financial statements were independently compiled by: Infinite Property Management Proprietary Limited

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The reports and statements set out below comprise the financial statements and supplementary information presented to the owners:

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**SAUNDERS
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STEWART**

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SAUNDERS HAYNES & STEWART (Pty) Ltd

Independent Auditor's Report

To the Owners of Body Corporate of Villa Valencia

Opinion

We have audited the annual financial statements of the Body Corporate of Villa Valencia set out on pages 8 to 18, which comprise the statement of financial position as at 31 October 2022, and the levy statement, statement of changes in reserves 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 for the year ended 31 October 2022 are prepared, in all material respects, in accordance with the basis of accounting as disclosed in Note 1 to the annual financial statements and the requirements of the Sectional Titles Schemes Management Act, the Sectional Titles Schemes Management Regulations 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. 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 body corporate 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 corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). 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 annual 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.

Other Information

The trustees are responsible for the other information. The other information comprises the Trustee's 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.



Independent Auditor's Report

Responsibilities of the trustees for the Financial Statements

The trustees are responsible for the preparation and fair presentation of the annual financial statements in accordance with the basis of accounting as described in Note 1 and the requirements of the Sectional Titles Schemes Management Act, the Sectional Titles Schemes Management Regulations 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 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 body corporate'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 scheme or to cease operations, or have no realistic alternative but to do so.

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 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 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 body corporate 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.



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Independent Auditor's Report

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, Rules 26(5)(c)(ii), (iii) and (iv), we report as follows:

Compliance findings with accounting requirements (Rule 26(5)(c)(iii))

The trustees are responsible to ensure that the body corporate complies with management rules 21, 24 and 26 adopted in terms of the Sectional Title Schemes Management Regulations, including the implementation of systems, processes and internal controls the trustees determine are necessary in the circumstances.

If during the course of our audit of the annual 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 have nothing to report in this regard.

Management of the body corporate's financial affairs and funds (Rules 26(5)(c)(iii) and (iv))

During the course of our audit of the financial statements of the body corporate we did not become aware of any instances of non-compliance relating to whether the books of accounts of the body corporate have been kept and its funds have been properly 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).

Saunders Haynes & Stewart

Saunders Haynes & Stewart
Per: RA Kemp
Partner
Chartered Accountants (SA)
Registered Auditor

17-1-2023

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3629

Villa Valencia Body Corporate

(Scheme number: SS 158/1991)

Financial Statements for the year ended 31 October 2022

Statement of Financial Position

Figures in Rand	Notes	2022	2021
Assets			
Non-Current Assets			
Equipment	2	40,030	53,752
Current Assets			
Levies in arrears	3	4,449	-
Other receivables	4	56,942	29,606
Cash and cash equivalents	5	258,404	252,258
		<u>319,795</u>	<u>281,864</u>
Total Assets		<u>359,825</u>	<u>335,616</u>
Funds and Liabilities			
Owners' funds and reserves			
Maintenance reserve	6	248,867	98,867
Accumulated levy surplus		58,661	181,019
		<u>307,528</u>	<u>279,886</u>
Liabilities			
Current Liabilities			
Trade and other payables	7	26,608	23,935
Levies received in advance		25,689	31,795
		<u>52,297</u>	<u>55,730</u>
Total Funds and Liabilities		<u>359,825</u>	<u>335,616</u>

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Statement of Financial Performance

Figures in Rand	Notes	2022	2021
Revenue			
Levies - Ordinary		404,892	383,814
Levies - CSOS		6,147	5,756
		<u>411,039</u>	<u>389,570</u>
Other income			
Interest - arrears		513	-
Interest - bank		8,285	3,704
Recoveries - roof		14,400	6,000
Sundry income		400	400
		<u>23,598</u>	<u>10,104</u>
Total income		<u>434,637</u>	<u>399,674</u>
Operating expenses			
Accounting fees		2,050	-
Administration and management fees		18,560	13,800
Auditor's remuneration		5,635	7,000
Bank charges		2,402	3,270
CSOS annual return		700	-
CSOS levies		6,147	5,717
Depreciation		13,722	13,722
Garden services		46,293	48,647
General expenses		1,230	2,450
Insurance - building and fidelity	8	55,736	53,849
Meeting fees		5,331	1,461
Payroll fees		304	-
Printing and stationery		2,246	3,367
Security		10,304	15,985
Telephone		5,613	7,287
		<u>176,273</u>	<u>176,555</u>
Employee costs			
Employee costs - salaried staff	9	32,901	28,693
		<u>32,901</u>	<u>28,693</u>
Municipal charges			
Electricity		23,398	21,102
Sewerage		11,288	-
Water		112,245	128,545
Water - recovered from owners		(115,496)	(93,417)
		<u>31,435</u>	<u>56,230</u>

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Statement of Financial Performance

Figures in Rand	Notes	2022	2021
Repairs and maintenance			
Electrical		39,415	5,491
Fire equipment and services		1,621	-
Garden maintenance		2,742	-
Gate and intercom		21,470	2,374
General building		19,134	8,564
Roads		3,789	-
Roof repairs		13,825	-
Security		4,445	-
Sewerage and plumbing		9,692	3,379
Swimming pool		11,779	10,100
		127,912	29,908
Total operating expenses		368,521	291,386
Surplus for the year		66,116	108,288

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Reserve Fund Statement

Figures in Rand	2022	2021
Income		
Interest received - bank	2,027	-
Expenses		
Bank charges	87	-
CCTV installation	-	16,632
Electrical	-	2,263
Gates	-	6,016
Plumbing	-	13,994
Pool renovation and equipment	-	6,410
Property and driveway maintenance	40,414	43,744
	<u>40,501</u>	<u>89,059</u>
Reserve Fund surplus / (deficit) for the year	<u>(38,474)</u>	<u>(89,059)</u>

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Statement of Cash Flows

Figures in Rand	Notes	2022	2021
Cash flows from operating activities			
Cash receipts from owners		536,886	489,387
Cash paid to suppliers and employees		(541,565)	(416,417)
Cash (used in) / generated from operations	11	(4,679)	72,970
Interest received		10,825	3,704
Net cash generated from operating activities		6,146	76,674
Total cash movement for the year		6,146	76,674
Cash at the beginning of the year		252,258	175,584
Total cash at the end of the year	5	258,404	252,258

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Financial Statements for the year ended 31 October 2022

Accounting Policies

1. Presentation of Financial Statements

The financial statements have been prepared on a going concern basis and is presented in South African Rand. The financial statements have been prepared on the historical cost basis, except for the measurement of certain financial instruments at fair value or amortised cost, and in accordance with the generally accepted accounting practice applicable to body corporates, established in terms of the Sectional Title Schemes Management Act, 2011, the Sectional Titles Schemes Management Regulations, 2016 and the Management Rules of the body corporate established in terms thereof, and incorporate the following principal accounting policies.

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results in the future could differ from these estimates which may be material to the financial statements. Significant judgements include:

Useful lives of equipment

The body corporate reviews the estimated useful lives of equipment when changing circumstances indicate that they may have changed since the most recent reporting date.

Provisions

The body corporate reviews provisions at each reporting date and adjusts them to reflect the current best estimate of the amount that would be required to settle the obligation at that reporting date. Any adjustments to the amounts previously recognised are recognised in surplus or deficit.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The body corporate recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax provisions in the period in which such determination is made.

1.2 Equipment

An item of equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the body corporate, and the cost of the item can be measured reliably.

Equipment is carried at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes costs incurred initially to acquire an item of 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 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 equipment, which is as follows:

Item	Average useful life
CCTV Equipment	5 years

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

When indicators are present that the useful lives and residual values of items of equipment have changed since the most recent annual reporting date, they are reassessed. Any changes are accounted for prospectively as a change in accounting estimate.

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Accounting Policies

1.3 Financial instruments

Levies and other receivables

Levies and other receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimates irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired.

Trade and other payables

Trade and other payables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and balances in bank accounts. These are initially and subsequently recorded at fair value.

1.4 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities / (assets) for the current and prior periods are measured at the amount expected to be paid to / (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

Tax expense

Current tax is charged or credited directly to funds if the tax relates to items that are credited or charged, in the same or different period, directly to funds.

The body corporate is taxed in terms of section 10(1)(e) of the Income Tax Act.

1.5 Revenue and interest

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.

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

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

1.6 Reserves and maintenance expenditure

Maintenance expenditure is written off against the levy statement.

A reserve for maintenance expenditure is provided for. This reserve is intended to provide for the maintenance expenditure regarded by the trustees as being beyond the scope of the normal maintenance component of levy expenditure. Levies collected annually include an amount in respect of the reserve for maintenance expenditure and transfers are made to and from this reserve, having regard to net levy surpluses or deficits in the levy operating statement and to amounts expended in respect of maintenance expenditure.