CELTISDAL EXT 20 HOMEOWNERS ASSOCIATION NPC
(Registration number 2004/023722/08)
Trading as Heuwilsig Homeowners Association
Annual financial statements
for the year ended 31 March 2018

SSM

Celtisdal Ext 20 Homeowners Association NPC
(Registration number 2004/023722/08)
Trading as Heuwilsig Homeowners Association
Annual Financial Statements for the year ended 31 March 2018

General Information

Country of incorporation and domicile	South Africa
Directors	R.E. Mbuwe J.M. Pooe I.J. Olien S.M. Maduna T.A. Musekwa N.R.U. Nassuirio L.M. Mphahlele
Registered office	Unit D22 Heuwilsig Ofiice Park Heuwilsig Estate Celtisdal Ext 20 0157
Auditors	Nexia SAB&T Registered Auditors
Company registration number	2004/023722/08
Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.
Preparer	The annual financial statements were internally compiled by: L. Mohlala
Issued	24 January 2019

Directors' Responsibilities and Approval

The directors are required by the Companies Act 71 of 2008, to maintain adequate accounting records and are 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 company 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's 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 directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board 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 company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors 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 annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to 31 March 2019 and, in the light of this review and the current financial position, they are satisfied that the company 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 company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on page 4 and 5.

The annual financial statements set out on page 7, which have been prepared on the going concern basis, were approved by the board on 24 January 2019 and were signed on its behalf by:

Approval of financial statements

Director

Director

Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of Celtisdal Ext 20 Homeowners Association NPC for the year ended 31 March 2018.

1. Nature of business

The company operates as a homeowners association and manages residential estates on behalf of the homeowners and operates principally in South Africa.

There have been no material changes to the nature of the company's business from the prior year.

2. 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 and the requirements of the Companies Act 71 of 2008. 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 company are set out in these annual financial statements.

3. Directors

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

Directors	Changes
D. Copoosamy	Resigned 27 November 2017
M.M. Mlotywa	Resigned 27 November 2017
L.N. Ruxwana	Resigned 27 November 2017
M.P. Shabangu	Resigned 27 November 2017
M.M. Tekana	Resigned 27 November 2017
S.D. Bouwer	Resigned 27 November 2017
Z. Kumalinga	Resigned 27 November 2017
R.E. Mbuwe	
N. Goodchild	Resigned 27 November 2017
J.M. Pooe	Appointed 28 November 2017
I.J. Olien	Appointed 28 November 2017
S.M. Maduna	Appointed 28 November 2017
T.A. Musekwa	Appointed 28 November 2017
N.R.U. Nassuirio	Appointed 28 November 2017
L.M. Mphahlele	Appointed 28 November 2017

4. Events after the reporting period

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

JSM

Directors' Report

5. Going concern

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

6. Liquidity and solvency

The company has performed the required liquidity and solvency test required by the Companies Act 71 of 2008.

Celtisdal Ext 20 Homeowners Association NPC
(Registration number 2004/023722/08)
Trading as Heuwilsig Homeowners Association
Annual Financial Statements for the year ended 31 March 2018

Statement of Financial Position as at 31 March 2018

	Note(s)	2018 R	2017 R
Assets			
Non-Current Assets			
Property, plant and equipment	2	1 746 534	1 379 652
Current Assets			
Trade and other receivables	3	2 138 454	1 580 265
Cash and cash equivalents	4	4 281 757	3 079 248
		6 420 211	**4 659 513**
Total Assets		**8 166 745**	**6 039 165**
Equity and Liabilities			
Equity			
Retained income		5 093 999	2 846 744
Liabilities			
Current Liabilities			
Trade and other payables	6	1 827 699	1 816 765
Other financial liabilities	5	-	208 321
Current tax payable		1 245 047	1 167 335
		3 072 746	**3 192 421**
Total Equity and Liabilities		**8 166 745**	**6 039 165**

JSM

Statement of Comprehensive Income

	Note(s)	2018 R	2017 R
Revenue	7	15 163 022	14 899 785
Other income	8	-	86 968
Operating expenses		(12 901 116)	(12 467 885)
Operating profit	9	**2 261 906**	**2 518 868**
Investment revenue	10	427 046	419 592
Finance costs		(35 401)	(118 553)
Profit before taxation		**2 653 551**	**2 819 907**
Taxation	11	(406 296)	(416 453)
Profit for the year		**2 247 255**	**2 403 454**
Other comprehensive income		-	-
Total comprehensive income for the year		**2 247 255**	**2 403 454**

JSM

Statement of Changes in Equity

	Retained income R	Total equity R
Balance at 01 April 2016	**443 290**	**443 290**
Profit for the year	1 753 576	1 753 576
Other comprehensive income	-	-
Total comprehensive income for the year	**1 753 576**	**1 753 576**
Prior period error	649 878	649 878
Total changes	**649 878**	**649 878**
Balance at 01 April 2017	**2 846 744**	**2 846 744**
Profit for the year	2 247 255	2 247 255
Other comprehensive income	-	-
Total comprehensive income for the year	**2 247 255**	**2 247 255**
Balance at 31 March 2018	**5 093 999**	**5 093 999**

JSM

Statement of Cash Flows

	Note(s)	2018 R	2017 R
Cash flows from operating activities			
Cash generated from operations	12	2 140 450	2 473 841
Interest income		427 046	419 592
Finance costs		(35 401)	(118 553)
Tax paid		(328 584)	(1)
Net cash from operating activities		**2 203 511**	**2 774 879**
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(792 681)	(679 084)
Cash flows from financing activities			
Repayment of other financial liabilities		(208 321)	(844 998)
Net cash from financing activities		**(208 321)**	**(844 998)**
Total cash movement for the year		**1 202 509**	**1 250 797**
Cash at the beginning of the year		3 079 248	1 828 451
Total cash at end of the year	4	**4 281 757**	**3 079 248**

JSM

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, and the Companies Act 71 of 2008. 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 Significant judgements and sources of estimation uncertainty

Critical judgements in applying accounting policies

Management did not make critical judgements in the application of accounting policies, apart from those involving estimations, which would significantly affect the annual financial statements.

Key sources of estimation uncertainty

Impairment testing

The company reviews and tests the carrying value of property, plant and equipment and intangible assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

Provisions

Provisions are inherently based on assumptions and estimates using the best information available.

The provision for bad debts is based on the debtor owing for period of 90 days or longer.

1.2 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
Buildings		50 years
Security equipment		5 years
Storage equipment		10 years
Furniture and fixtures		5 years
Motor vehicles		5 years
Office equipment		3 years
IT equipment		3 years
Estate equipment	Straight line	5 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.

Land is not depreciated

JSM

Accounting Policies

1.2 Property, plant and equipment (continued)

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.

1.3 Financial instruments

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.

Financial instruments at cost

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably are measured at cost less impairment.

Financial instruments at fair value

All other financial instruments, including equity instruments that are publicly traded or whose fair value can otherwise be measured reliably, are measured at fair value through profit and loss.

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.

The tax liability reflects the effect of the possible outcomes of a review by the tax authorities.

Tax expenses

Tax expense is recognised in the same component of total comprehensive income or equity as the transaction or other event that resulted in the tax expense.

1.5 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

1.6 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.

JSM

Accounting Policies

1.6 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.

1.7 Provisions and contingencies

Provisions are recognised when the company has an obligation at the reporting date as a result of a past event; it is probable that the company will be required to transfer economic benefits in settlement; and the amount of the obligation can be estimated reliably.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

Provisions are not recognised for future operating losses.

1.8 Revenue

Revenue is recognised to the extent that the company 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 company. Revenue is measured at the fair value of the consideration received or receivable, excluding value added taxes and discounts.

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

1.9 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

Notes to the Annual Financial Statements

	2018 R	2017 R

2. Property, plant and equipment

	2018			2017		
	Cost	Accumulated depreciation and impairments	Carrying value	Cost	Accumulated depreciation and impairments	Carrying value
Buildings	444 700	(44 642)	400 058	444 700	(35 748)	408 952
Security equipment	8 138 003	(7 175 667)	962 336	7 725 988	(6 891 654)	834 334
Motor vehicles	681 222	(499 540)	181 682	454 122	(422 298)	31 824
Office equipment	171 894	(122 148)	49 746	112 918	(112 900)	18
IT equipment	1 085 737	(1 038 923)	46 814	1 039 783	(1 024 246)	15 537
Storage equipment	23 142	(5 207)	17 935	23 142	(2 893)	20 249
Cellular equipment	3 799	(3 797)	2	3 799	(3 797)	2
Estate equipment	235 426	(147 465)	87 961	186 789	(118 053)	68 736
Total	**10 783 923**	**(9 037 389)**	**1 746 534**	**9 991 241**	**(8 611 589)**	**1 379 652**

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Depreciation	Total
Buildings	408 952	-	(8 894)	400 058
Security equipment	834 334	412 015	(284 013)	962 336
Motor vehicles	31 824	227 100	(77 242)	181 682
Office equipment	18	58 976	(9 248)	49 746
IT equipment	15 537	45 954	(14 677)	46 814
Storage equipment	20 249	-	(2 314)	17 935
Cellular equipment	2	-	-	2
Estate equipment	68 736	48 636	(29 411)	87 961
	1 379 652	**792 681**	**(425 799)**	**1 746 534**

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Depreciation	Total
Buildings	417 846	-	(8 894)	408 952
Security equipment	1 038 957	605 766	(810 389)	834 334
Motor vehicles	92 675	-	(60 851)	31 824
Office equipment	18	-	-	18
IT equipment	10 003	12 768	(7 234)	15 537
Storage equipment	22 563	-	(2 314)	20 249
Cellular equipment	1	800	(799)	2
Estate equipment	36 624	59 750	(27 638)	68 736
	1 618 687	**679 084**	**(918 119)**	**1 379 652**

3. Trade and other receivables

	2018 R	2017 R
Trade receivables	6 228 043	4 983 336
Deposits	31 350	-
Provision for bad debts	(4 120 939)	(3 403 071)
	2 138 454	**1 580 265**

JSM

Notes to the Annual Financial Statements

	2018 R	2017 R

4. Cash and cash equivalents

Cash and cash equivalents consist of:

	2018 R	2017 R
Cash on hand	3 000	2 841
Bank balances	4 278 757	3 076 407
	4 281 757	**3 079 248**

5. Other financial liabilities

At amortised cost

	2018 R	2017 R
Loan - Propell The loan bears interest at 15.9% per annum, calculated yearly with the interest payable monthly in arrears. The capital portion of the loan is repayable over 32 months. The loan is secured by a cession of levy income. The loan has been paid fully during the perid under review.	-	208 321

Current liabilities

	2018 R	2017 R
At amortised cost	-	208 321

6. Trade and other payables

	2018 R	2017 R
Trade payables	-	12 939
Amounts received in advance	938 498	860 738
Holland-Muter and Associates	40 000	140 000
Deposits received	455 420	460 420
Other payables	393 781	342 668
	1 827 699	**1 816 765**

7. Revenue

	2018 R	2017 R
Accreditation fees	27 250	10 740
Boardroom rental	1 700	6 500
Levies	14 085 000	13 817 420
Non-Development penalty	708 000	736 500
Recoveries	337 872	317 525
Sidewalk income received	3 200	11 100
	15 163 022	**14 899 785**

8. Other income

	2018 R	2017 R
Provison for bad debts	-	28 515
Fines and penalties	-	58 453
	-	**86 968**

TSM

Notes to the Annual Financial Statements

	2018 R	2017 R

9. Operating profit

Operating profit for the year is stated after accounting for the following:

	2018 R	2017 R
Operating lease charges		
Premises		
• Contractual amounts	432 156	404 926
Depreciation on property, plant and equipment	425 801	918 120
Employee costs	7 524 306	7 001 451

10. Investment revenue

	2018 R	2017 R
Interest revenue		
Bank	140 484	83 415
Interest charged on trade and other receivables	286 562	336 177
	427 046	**419 592**

11. Taxation

Major components of the tax expense

	2018 R	2017 R
Current		
Local income tax - current period	406 296	416 453

12. Cash generated from operations

	2018 R	2017 R
Profit before taxation	2 653 551	2 819 907
Adjustments for:		
Depreciation and amortisation	425 801	918 120
Interest received	(427 046)	(419 592)
Finance costs	35 401	118 553
Changes in working capital:		
Trade and other receivables	(558 191)	(746 214)
Trade and other payables	10 934	(216 933)
	2 140 450	**2 473 841**

13. Contingencies

Litigation is in process against the company relating to a dispute with the previous general manager who alleges that the company dismissed him unfairly and is seeking damages. The company's management are uncertain of the outcome of this litigation.

14. Directors' remuneration

No emoluments were paid to the directors or any individuals holding a prescribed office during the year.

SSM

Notes to the Annual Financial Statements

	2018 R	2017 R

15. Prior period errors

Property, plant and equipment were over depreciated by R649 878 in the prior period.

The correction of the error(s) results in adjustments as follows:

	2018 R	2017 R
Statement of Financial Position		
Property, plant and equipment	-	649 878
Profit or Loss		
Depreciation expense	-	(649 878)

JSM