

WATERKLOOF BOULEVARD HOME OWNERS ASSOCIATION
ANNUAL FINANCIAL STATEMENTS
for the year ended 28 February 2006

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for the year ended 28 February 2006

The reports and statements set out below comprise the annual financial statements presented to members:

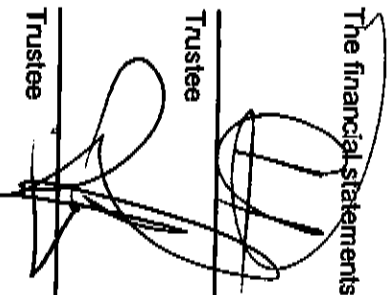
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Special levy reserve	6
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The following supplementary schedule does not form part of the financial statements, and is unaudited.

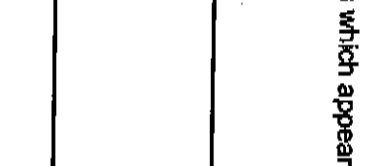
Taxation computation	11
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Approval

The financial statements which appear on pages 3 to 11 were approved by the trustees on 11 June 2006



Trustee



Trustee

Pretoria

11 June 2006

**REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF
WATERKLOOF BOULEVARD HOME OWNERS ASSOCIATION**

I have audited the annual financial statements of Waterloo Boulevard HOA set out on pages 3 to 10 for the year ended 28 February 2006. These financial statements are the responsibility of the home owners' association's trustees. My responsibility is to express an opinion on these financial statements based on my audit.

Scope

I conducted my audit in accordance with statements of South African Auditing Standards. Those standards require that I plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements,
- assessing the accounting principles used and significant estimates made by management, and
- evaluating the overall financial statement presentation.

I believe that my audit provides a reasonable basis for my opinion.

Audit opinion

In my opinion, the financial statements fairly present, in all material respects, the financial position of the home owners' association as at 28 February 2006 and the results of its operations and cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice, appropriate to the business.

Supplementary Information

The supplementary schedule set out on page 11 does not form part of the annual financial statements and is presented as additional information. I have not audited this schedule and accordingly I do not express an opinion on it.

BOSHOFFS

Per:



Handwritten initials: JH Boshoff

REGISTERED ACCOUNTANTS AND AUDITORS
Pretoria
12 June 2006

WATERKLOOF BOULEVARD HOME OWNERS ASSOCIATION
REPORT OF THE TRUSTEES
for the year ended 28 February 2006

The trustees present their report for the year ended 28 February 2006. This report forms part of the audited financial statements.

1. Business and operations

The home owners' association's business and operations and the results thereof are clearly reflected in the attached financial statements. No material fact or circumstance has occurred between the accounting date and the date of this report.

2. Statements of responsibility

The trustees are responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements and related information. The external auditor is responsible for independently auditing and reporting on the fair presentation of financial statements in conformity with South African Auditing Standards. The financial statements have been prepared in accordance with Statements of Generally Accepted Accounting Practice.

The trustees are also responsible for the home owners' association's systems 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 in the functioning of these controls, procedures and systems has occurred during the year under review.

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

3. Managing agent

The managing agent of the home owners' association is Van Silterts, whose business and postal addresses are:

Executive House, Cnr Nelson Mandela Drive and Makou Street
Monumentpark Ext 2
0181

PO Box 26342
Monumentpark
0105

Pretoria

11 June 2006

WATERKLOOF BOULEVARD HOME OWNERS ASSOCIATION

**INCOME STATEMENT
for the year ended 28 February 2006**

	2006 R	2005 R
Gross revenue	1,814,914	1,797,520
Building levy	255,766	194,700
Levies received	1,409,285	1,565,400
Security levies	1,565	-
Non refundable road levy	32,702	17,000
Stand clearing levies	49,154	9,290
Transfer levies	6,442	11,130
Other Income	125,590	47,069
Dumping fines	4,000	-
Interest received	42,017	47,069
Interest from owners	79,573	-
Total Income	1,940,504	1,844,589
Expenditure	1,540,454	1,540,621
Accounting fees	1,895	3,723
Auditors' remuneration	3,275	5,611
Bad debts	-	243,783
Audit fees	3,950	108
Bank charges	17,507	6,268
Collection fees	56	4,889
Cost of clearing stands	50,194	16,590
Consulting fees	-	6,156
Discount allowed	18,161	15,660
Donations	500	-
General expenses	1,517	-
Hire of equipment	10,105	9,015
Insurance	9,837	5,024
Maintenance - Garden	196,837	58,493
Managing agents' fees	85,117	82,505
Meeting cost	5,143	300
Municipal charges	45,857	21,264
Postage	2,430	2,375
Printing and stationery	921	2,590
Repairs and maintenance	75,820	65,055
Salaries	6,337	5,906
Security	981,669	980,896
Secretarial fees	-	418
Telephone and fax	23,326	3,992
Operating profit before taxation	400,050	303,968
Taxation	15,923	13,159
Profit after taxation	384,127	290,809

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**STATEMENT OF CHANGES IN EQUITY
for the year ended 28 February 2006**

	Special levy reserve R	Distributable reserve R	Total R
<u>Balance at 01 March 2004</u>	481,340	796,066	1,267,406
Increase in special levy reserve not recognised in the income statement	835,000		835,000
Net gains and losses not recognised in the income statement	835,000		835,000
Net surplus for the year		290,809	290,809
Expenses incurred	(770,569)		(770,569)
<u>Balance at 01 March 2005</u>	545,771	1,076,875	1,622,646
Electric fence levies	517,500		517,500
Net surplus for the year		384,127	384,127
Expenses incurred	(768,950)		(768,950)
<u>Balance at 28 February 2006</u>	294,321	1,461,002	1,755,323

WATERKLOOF BOULEVARD HOME OWNERS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 28 February 2006

1 Basis of preparation

The financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice. The financial statements are prepared under the historical cost convention.

1.1 Taxation

The home owners' association is taxed in terms of section 10(1)(e) of the Income Tax Act of 1962. This section provides for the exemption of income tax on levies provided that the body corporate applies to its local Revenue office for such exemption.

2 Gross revenue

Gross revenue comprises levies, which excludes value-added tax and represents the levies recovered from owners.

	2006	2005
	R	R

3 Operating profit

Operating profit is stated after:

<u>Expenditure</u>	2006	2005
Auditors' remuneration	7,225	5,611
Audit fee	3,275	4,730
Prior year under-provision	3,950	881
	14,450	11,222

4 Notes to the cash flow statement

4.1 Cash generated by operating activities

Net profit before taxation	400,050	303,968
Adjustments for:		
Interest received	(121,590)	(47,069)
Special levy income -Net	517,500	835,000
Special levy expenses	(768,950)	(770,569)
	27,010	321,330
Movements in working capital (Increase)/decrease in accounts receivable	(158,233)	5,008
Increase in accounts payable	133,339	7,670
Increase in provision for audit fees	-	230
Increase in levies received in advance	1,455	9,319
	3,571	343,557

4.2 Reconciliation of taxation paid during year

Charge in income statement	(15,923)	(13,159)
Movement in taxation balance	3,408	(42,496)
Payments made	(12,515)	(55,655)

WATERLOOF BOULEVARD HOA
NOTES TO THE FINANCIAL STATEMENTS
 for the year ended 28 February 2006

5. TAXATION ON BODY CORPORATE:

	2006	2005
<u>INCOME</u>	<u>R</u>	<u>R</u>
INTEREST RECEIVED - UNITHOLDERS	79,572.75	47,068.62 A
INTEREST RECEIVED	42,017.06	- A
DUMPING FINES	4,000.00	- A
LEVIES RECEIVED	1,489,284.78	1,565,400.00 A
ROAD AND ESTATE AGENCY LEVIES	132,000.00	-
TRANSFER LEVIES	6,442.12	11,130.00
LEVIES - SPECIAL LEVY	32,701.65	17,000.00
LEVIES - UNBUILT STANDS	255,765.90	194,700.00
SECURITY LEVIES	1,565.44	-
STAND CLEARANCE RECOVERIES	49,154.06	9,290.00
TOTAL INCOME	2,072,503.76	1,844,588.62 B

ALLOWABLE DEDUCTIONS

ACCOUNTING FEES	1,895.20	-
AUDIT FEES	7,225.00	5,691.00
BANK CHARGES	17,507.33	6,268.42
MANAGEMENT FEES	85,117.12	82,504.58
SECRETARIAL FEES	-	338.20
STATIONERY AND PRINTING	921.11	2,589.81
TOTAL ALLOWABLE DEDUCTIONS	112,665.76	97,392.01 C

APPORTIONMENT OF ALLOWABLE DEDUCTIONS

A x CB	6,927.33	2,485.17 D
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TAXABLE INCOME

OTHER INCOME: FINES	4,000.00	-	A
INTEREST RECEIVED :	42,017.06	47,068.62	A
INTEREST FROM OWNERS	79,572.75	-	A
LESS : APPORTIONMENT OF ALLOWABLE DEDUCTIONS	(6,827.33)	(2,485.17)	D
	<u>39,189.73</u>	<u>44,583.45</u>	E

TAXATION @ 29%

	<u>11,365.02</u>	<u>12,929.20</u>
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PRIOR YEAR ADJUSTMENT

	<u>229.88</u>	<u>0</u>
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TAXATION PAYABLE

	<u>11,594.90</u>	<u>12,929.20</u>
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