

**WATERKLOOF BOULEVARD
ANNUAL FINANCIAL STATEMENTS
for the year ended 28 February 2007**

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

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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 July 2007

Trustee

Trustee

Pretoria

11 July 2007

**REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF
WATERKLOOF BOULEVARD**

I have audited the annual financial statements of Waterkloof Boulevard HOA set out on pages 3 to 10 for the year ended 28 February 2007. 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 2007 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:



REGISTERED ACCOUNTANTS AND AUDITORS
Pretoria
10 July 2007

In assosiasie met / In assosiation with:

Drotsky Geregistred Auditors/Geregistreeerde Ouditeure

Willems du Toit Ouditeur/Auditors

Suite 100 Waterkloof Heights Sentrum/Centre, Clubham 103 Club Avenue, Waterkloof Heights 0181 Pretoria

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Alleenpraktisyn/Sole Practitioner: JH Boshoff

WATERKLOOF BOULEVARD
REPORT OF THE TRUSTEES
for the year ended 28 February 2007

The trustees present their report for the year ended 28 February 2007. 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 Sittens, 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 July 2007

**WATERKLOOF BOULEVARD
BALANCE SHEET
as at 28 February 2007**

	Notes	2007 R	2006 R
<u>Assets</u>			
<u>Current assets</u>			
Trade and other receivables		1,044,864	923,282
Taxation		2,119	5,668
Cash and cash equivalents	4.3	1,386,061	1,168,429
<u>Total assets</u>		<u>2,433,044</u>	<u>2,097,379</u>
<u>Funds and liabilities</u>			
<u>Funds and reserves</u>		2,127,907	1,755,323
Special levy reserve		279,708	294,321
Surplus		1,848,199	1,461,002
<u>Current liabilities</u>		305,137	342,056
Trade and other payables		215,137	216,149
Estate agents' deposits		90,000	78,000
Provision for audit fees		-	(1,455)
Levies received in advance		-	49,362
<u>Total funds and liabilities</u>		<u>2,433,044</u>	<u>2,097,379</u>

Breakdown.

**WATERKLOOF BOULEVARD
INCOME STATEMENT
for the year ended 28 February 2007**

	2007 R	2006 R
Gross revenue	1,935,815	1,814,914
Building levy 7%	411,578	256,766
Levies received	1,481,681	1,469,285
Security levies	920	1,565
Non refundable road levy	8,649	32,702
Stand clearing levies	24,487	49,154
Transfer levies	8,500	6,442
	187,711	126,590
Other Income	-	4,000
Dumping fines	64,466	42,017
Interest received	(21,595)	79,573
Interest from owners	1,080	-
Damage fines	570	-
Building levy - admin fee	-	-
Total income	2,123,526	1,940,504
	1,685,377	1,540,454
Expenditure	(3,519)	1,895
Accounting fees	(10,441)	7,225
Auditors' remuneration	16,152	17,507
Bank charges	8,617	56
Collection fees	24,487	50,194
Cost of clearing stands	23,258	18,161
Discount allowed	386	500
Donations	(76,443)	(1,517)
General expenses	4,748	10,105
Hire of equipment	8,621	9,837
Insurance	4,683	-
Internet	216,222	196,837
Maintenance - Garden	89,290	85,117
Managing agents' fees	495	5,143
Meeting cost	83,183	45,857
Municipal charges	1,634	2,430
Postage	694	921
Printing and stationery	116,892	-
Property expenses - grass and plants	85,083	75,820
Repairs and maintenance	825,360	6,337
Salaries	(59,750)	981,669
Security	45	-
Secretarial fees	(25,374)	23,326
Sub-contractor (Fork)	-	-
Telephone and fax	-	-
	438,149	400,050
Operating profit before taxation	50,952	15,923
Taxation	-	-
Profit after taxation	387,197	384,127

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WATERKLOOF BOULEVARD
SPECIAL LEVY RESERVE

for the year ended 28 February 2007

	2007	2006
Opening balance		R
Guardhouses built	R	545,771
Electric fence levies	294,321	(365,462)
Electric fence expenses	(14,613)	517,500
	-	(403,488)
Total	<u>279,708</u>	<u>294,321</u>

WATERKLOOF BOULEVARD
STATEMENT OF CHANGES IN EQUITY
for the year ended 28 February 2007

	Special levy reserve R	Distributable reserve R	Total R
<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 01 March 2006</u>	294,321	1,461,002	1,755,323
Net surplus for the year		387,197	387,197
Expenses incurred	(14,613)		(14,613)
<u>Balance at 28 February 2007</u>	279,708	1,848,199	2,127,907

WATERKLOOF BOULEVARD
CASH FLOW STATEMENT
for the year ended 28 February 2007

	2007	2006
Notes	R	R
<u>Cash flows from operating activities</u>		
Cash receipts from owners	1,883,348	1,812,119
Cash paid to suppliers	<u>(1,846,396)</u>	<u>(1,808,548)</u>
Cash generated by operating activities	36,952	3,571
Interest received	186,061	121,590
Interest paid	42,022	-
Taxation paid	<u>(47,403)</u>	<u>(12,515)</u>
Net cash from operating activities	<u>217,632</u>	<u>112,646</u>
<u>Increase in cash and cash equivalents</u>		
<u>Cash and cash equivalents at beginning of the year</u>	<u>217,632</u>	<u>112,647</u>
	<u>1,168,429</u>	<u>1,055,782</u>
<u>Cash and cash equivalents at end of the year</u>	<u><u>1,386,061</u></u>	<u><u>1,168,429</u></u>

WATERKLOOF BOULEVARD
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 28 February 2007

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.

	2007	2006
	R	R

3. Operating profit

Operating profit is stated after:

<u>Expenditure</u>		
Auditors' remuneration	10,441	7,225
Audit fee	-	-
	<u>10,441</u>	<u>7,225</u>

4. Notes to the cash flow statement

4.1 Cash generated by operating activities

Net profit before taxation	438,149	400,050
Adjustments for:		
Interest received	(186,061)	(42,017)
Net finance costs	(42,022)	-
Special levy income -Net	-	517,500
Special levy expenses	(14,613)	(768,950)
	<u>195,453</u>	<u>106,583</u>
Movements in working capital		
Increase in accounts receivable	(109,582)	(158,233)
(Decrease)/increase in accounts payable	(1,012)	133,339
Increase in provision for audit fees	1,455	-
(Decrease)/increase in levies received in advance	(49,362)	1,455
	<u>36,952</u>	<u>83,144</u>

4.2 Reconciliation of taxation paid during year

Charge in income statement	(50,952)	(15,923)
Movement in taxation balance	3,549	3,408
Payments made	<u>(47,403)</u>	<u>(12,515)</u>

WATERKLOOF BOULEVARD
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 28 February 2007

2007
R2006
R**4.3 Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand and balances with banks. Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

Cash and cash equivalents	97,655	143,237
Investment call account	854,839	614,015
Investment call account - Hill's Guard House	433,567	411,177
	<u>1,386,061</u>	<u>1,168,429</u>

WATERKLOOF BOULEVARD HOA
NOTES TO THE FINANCIAL STATEMENTS
 for the year ended 28 February 2007

5. TAXATION ON BODY CORPORATE:

	2007	2006
	R	R
INCOME		
INTEREST RECEIVED - UNITHOLDERS	121,595.00	79,572.75 A
INTEREST RECEIVED	64,466.00	42,017.06 A
DUMPING FINES		4,000.00 A
LEVIES RECEIVED	1,481,681.00	1,469,284.78
	1,080.00	
	570.00	
BUILDING LEVY ADMIN FEE		132,000.00
ROAD AND ESTATE AGENCY LEVIES	8,500.00	6,442.12
TRANSFER LEVIES	8,649.00	32,701.65
LEVIES - SPECIAL LEVY	411,578.00	265,765.90
LEVIES - UNBUILT STANDS	920.00	1,565.44
SECURITY LEVIES	24,487.00	49,154.06
STAND CLEARANCE RECOVERIES		
TOTAL INCOME	<u>2,123,526.00</u>	<u>2,072,503.76 B</u>
ALLOWABLE DEDUCTIONS		
ACCOUNTING FEES	3,519.00	1,895.20
AUDIT FEES	-	7,225.00
BANK CHARGES	16,152.00	17,507.33
MANAGEMENT FEES	89,290.00	85,117.12
LEGAL FEES	8,617.00	-
STATIONERY AND PRINTING	694.00	921.11
TOTAL ALLOWABLE DEDUCTIONS	<u>118,272.00</u>	<u>112,665.76 C</u>
APPORTIONMENT OF ALLOWABLE DEDUCTIONS		
A x C/B	<u>10,362.86</u>	<u>6,827.33 D</u>
TAXABLE INCOME		
OTHER INCOME: FINES	64,466.00	42,000.00 A
INTEREST RECEIVED:	121,595.00	79,572.75 A
INTEREST FROM OWNERS	(10,362.86)	(6,827.33) D
LESS: APPORTIONMENT OF ALLOWABLE DEDUCTIONS	<u>175,698.14</u>	<u>118,762.48 E</u>
	50,952.46	34,441.12
	-	229.88
TAXATION @ 29%	<u>50,952.46</u>	<u>34,671.00</u>
PRIOR YEAR ADJUSTMENT		
TAXATION PAYABLE		