

WATERKLOOF BOULEVARD HOME OWNERS ASSOCIATION
(Registration number 1996/013332/08)
ANNUAL FINANCIAL STATEMENTS
for the year ended 29 February 2008

Van Stiererts
Chartered Accountants (S.A.)
Registered Accountants and Auditors
Issued 18 September 2008

WATERKLOOF BOULEVARD HOME OWNERS ASSOCIATION
ANNUAL FINANCIAL STATEMENTS
for the year ended 29 February 2008

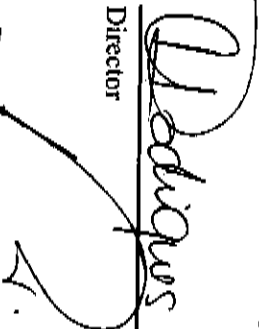
The reports and statements set out below comprise the annual financial statements presented to members:

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Approval

The financial statements which appear on pages 3 to 11 were approved by the directors on 18 September 2008.

Director



~~Director~~

Pretoria

18 September 2008

WATERKLOOF BOULEVARD HOME OWNERS ASSOCIATION
REPORT OF THE DIRECTORS
for the year ended 29 February 2008

The directors present their report for the year ended 29 February 2008. 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 directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements and related information. The external auditors are 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 and in the manner required by the Companies Act in South Africa.

The directors are also responsible for the home owners association's system 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 directors 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 directors 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 agents

The managing agents of the home owners association is Jotam Management Services, whose business and postal addresses are:

75 Kruger Avenue
Lytelton
Centurion
2196

PO Box 16959
Lytelton
0140

4. Auditors

Van Siterits will continue in office in accordance with section 270(2) of the Companies Act.

Pretoria

18 September 2008

**WATERKLOOF BOULEVARD HOME OWNERS ASSOCIATION
BALANCE SHEET
as at 29 February 2008**

| | Notes | 2008 R | 2007 R |
|--------------------------------------|-------|-------------------------|-------------------------|
| Assets | | | |
| Current assets | | | |
| Trade and other receivables | 6 | 672,902 | 975,749 |
| Taxation | | - | 2,119 |
| Cash and cash equivalents | 7 | 1,886,254 | 1,386,061 |
| Total assets | | <u><u>2,559,156</u></u> | <u><u>2,363,929</u></u> |
| Capital and liabilities | | | |
| Capital and reserves | | 2,328,315 | 2,127,907 |
| Special levy reserve | | 279,708 | 279,708 |
| Levy surplus | | 2,048,607 | 1,848,199 |
| Current liabilities | | 230,841 | 236,022 |
| Taxation | | 43,786 | - |
| Trade and other payables | 8 | 187,055 | 236,022 |
| Total capital and liabilities | | <u><u>2,559,156</u></u> | <u><u>2,363,929</u></u> |

WATERKLOOF BOULEVARD HOME OWNERS ASSOCIATION
INCOME STATEMENT
for the year ended 29 February 2008

| | 2008 | 2007 |
|---|-------------------------|-------------------------|
| | R | R |
| Gross revenue | 2,003,951 | 1,935,815 |
| Ordinary levies | 1,902,687 | 1,482,601 |
| Access cards levies | 3,449 | - |
| Non refundable road levy | 84,982 | 420,227 |
| Stand clearing levy | 8,400 | 24,487 |
| Transfer levy | - | 8,500 |
| Pavement levies | 4,433 | - |
| Other income | 134,610 | 187,711 |
| Interest received | 134,610 | 64,466 |
| Interest from members | - | 121,595 |
| Other income | - | 1,650 |
| Total income | <u>2,138,561</u> | <u>2,123,526</u> |
| Expenditure (Refer to page 6) | 1,899,880 | 1,685,377 |
| Profit before taxation | 238,681 | 438,149 |
| Taxation | 38,273 | 50,952 |
| Profit after taxation | 200,408 | 387,197 |
| Retained profit at beginning of year | 1,848,199 | 1,461,002 |
| Retained profit at end of year | <u><u>2,048,607</u></u> | <u><u>1,848,199</u></u> |

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WATERKLOOF BOULEVARD HOME OWNERS ASSOCIATION
INCOME STATEMENT
for the year ended 29 February 2008

| | 2008 | 2007 |
|-----------------------------------|-----------|-----------|
| | R | R |
| Expenditure | | 1,685,377 |
| Accounting fees | - | 3,519 |
| Auditors' remuneration | 7,425 | 10,441 |
| Bank charges | 25,198 | 16,152 |
| Cleaning | 2,648 | - |
| Collection fees | - | 24,487 |
| Cost of clearing stands | 6,279 | 23,258 |
| Donations and gifts | 1,760 | 386 |
| Electricity | 36,507 | 83,183 |
| General expenses | 1,450 | 76,443 |
| Insurance | 8,863 | 8,621 |
| Intercom telephone | 27,485 | 30,057 |
| Interest | 149 | - |
| Legal expenses | 4,371 | 13,365 |
| Maintenance - Garden improvements | 128,576 | 116,892 |
| Maintenance - Garden service | 250,440 | 216,222 |
| Managing agents fees | 238,726 | 149,085 |
| Meeting costs | 1,450 | 495 |
| Printing and stationery | 14,448 | 694 |
| Repairs and maintenance | 84,148 | 85,083 |
| Security | 1,049,968 | 825,360 |
| Staff welfare | 161 | - |
| Sundry expenses | 9,828 | 1,634 |
| | 1,899,880 | 1,685,377 |

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WATERKLOOF BOULEVARD HOME OWNERS ASSOCIATION
STATEMENT OF CHANGES IN EQUITY
for the year ended 29 February 2008

| | Special levy reserve R | Levy reserve R | Total R |
|-----------------------------|------------------------------|-------------------|------------------|
| Balance at 01 March 2006 | 279,708 | 1,461,002 | 1,740,710 |
| Net surplus for the year | 387,197 | 387,197 | 387,197 |
| Balance at 01 March 2007 | 279,708 | 1,848,199 | 2,127,907 |
| Net surplus for the year | 200,408 | 200,408 | 200,408 |
| Balance at 29 February 2008 | <u>279,708</u> | <u>2,048,607</u> | <u>2,328,315</u> |

WATERKLOOF BOULEVARD HOME OWNERS ASSOCIATION
CASH FLOW STATEMENT
for the year ended 29 February 2008

| | 2008 | 2007 |
|--|--------------------|--------------------|
| | R | R |
| | Notes | R |
| Cash flows from operating activities | | |
| Cash receipts from customers | 2,386,465 | 1,883,348 |
| Cash paid to suppliers | <u>(2,028,365)</u> | <u>(1,846,396)</u> |
| Cash generated by operating activities | 358,100 | 36,952 |
| Interest received | 134,610 | 186,061 |
| Interest paid | (149) | 42,022 |
| Taxation refunded/(paid) | 7,632 | (47,403) |
| Net cash from operating activities | <u>500,193</u> | <u>217,632</u> |
| Increase in cash and cash equivalents | 500,193 | 217,632 |
| Cash and cash equivalents at beginning of the year | 1,386,061 | 1,168,429 |
| Cash and cash equivalents at end of the year | <u>1,886,254</u> | <u>1,386,061</u> |

WATERKLOOF BOULEVARD HOME OWNERS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 29 February 2008

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 levy income tax provided that the body corporate applies to its local Revenue office for such exemption.

2. Provision for audit fees

Audit fees are remuneration for the audit and compilation of the financial statements for the current financial year of R 5,900 and R1,525 for an underprovision for the 2007 year (2007 R 10,441).

3. Gross revenue

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

| | | |
|--|------|------|
| | 2008 | 2007 |
| | R | R |

4. Interest received

| | | |
|----------------------------------|----------------|----------------|
| Interest income | | |
| - Interest received | 134,610 | 64,466 |
| - Interest received from members | - | 121,595 |
| | <u>134,610</u> | <u>186,061</u> |

| | | |
|--|------|------|
| | 2008 | 2007 |
| | R | R |

5. Taxation

| | | |
|--------------------------|---------------|---------------|
| South African normal tax | | |
| - Current tax | 38,273 | 50,952 |
| | <u>38,273</u> | <u>50,952</u> |

| | | |
|--|------|------|
| | 2008 | 2007 |
| | R | R |

6. Trade and other receivables

| | | |
|----------------------|----------------|----------------|
| Arrear levy accounts | | |
| Municipal deposits | 669,449 | 972,296 |
| | 3,453 | 3,453 |
| | <u>672,902</u> | <u>975,749</u> |

WATERKLOOF BOULEVARD HOME OWNERS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 29 February 2008

| | | | | |
|---|------------------|-------------|------------------|-------------|
| 7. Cash and cash equivalents | | 2008 | | 2007 |
| | | R | | R |
| Trust account, managed by Jotam | 179,712 | | 86,404 | |
| Nedbank - 7517501038(2), managed by Directors | 467,621 | | 433,567 | |
| Nedbank - 7517501038(1), managed by Directors | 1,224,653 | | 854,839 | |
| Petty cash | 2,000 | | - | |
| Investment held by Van Zyl, Le Roux & Hurter Inc | 12,268 | | 11,251 | |
| | <u>1,886,254</u> | | <u>1,386,061</u> | |
| | 2008 | | 2007 | |
| | R | | R | |
| 8. Trade and other payables | | | | |
| Provision for municipal accounts | 10,869 | | 33,089 | |
| Estate agents deposits | 90,000 | | 90,000 | |
| Provision for audit fees | 5,900 | | - | |
| Levies received in advance | 67,581 | | - | |
| Refundable pavement levies | - | | 107,500 | |
| VAT control | 12,705 | | 5,433 | |
| | <u>187,055</u> | | <u>236,022</u> | |
| | 2008 | | 2007 | |
| | R | | R | |
| 9. Repairs and maintenance | | | | |
| Buildings | 26,225 | | 85,083 | |
| Electrical | 4,624 | | - | |
| Plumbing | 3,460 | | - | |
| Security equipment | 49,839 | | - | |
| | <u>84,148</u> | | <u>85,083</u> | |
| 10. Security | | | | |
| Guards | 2,328 | | - | |
| Magnum Shield - Current year | 1,011,430 | | 825,360 | |
| Magnum Shield - Increase with regards to prior year | 36,210 | | - | |
| | <u>1,049,968</u> | | <u>825,360</u> | |
| 11. General expenses | | | | |
| 2007 general expenses include property expenses to the park & park areas of R 59 750. | | | | |
| | 2008 | | 2007 | |
| | R | | R | |
| 12. Comparative figures | | | | |

Certain comparative figures have been reclassified.

WATERLOOF BOULEVARD HOME OWNERS ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 29 February 2008

13. Notes to the cash flow statement

| | 2008 | 2007 |
|--|------|------|
| | R | R |

13.1 Cash generated by operating activities

| | | |
|--|----------------|----------------|
| Net profit before taxation | 238,681 | 438,149 |
| Adjustments for: | | |
| Interest received | (134,610) | (186,061) |
| Finance costs | 149 | - |
| Net finance costs | - | (42,022) |
| Special levy expense | - | (14,613) |
| | <u>104,220</u> | <u>195,453</u> |
| Movements in working capital | | |
| Decrease/(increase) in accounts receivable | 302,847 | (109,582) |
| Decrease in accounts payable | (48,967) | (1,012) |
| Decrease in tenants deposits / levies in advance | - | (49,362) |
| Increase in provision for audit fees | - | 1,455 |
| | <u>358,100</u> | <u>36,952</u> |
| | 2008 | 2007 |
| | R | R |

13.2 Reconciliation of taxation paid during year

| | | |
|----------------------------------|--------------|-----------------|
| Charge in income statement | (38,273) | (50,952) |
| Movement in taxation balance | 45,905 | 3,549 |
| Amounts refunded/(payments made) | <u>7,632</u> | <u>(47,403)</u> |
| | 2008 | 2007 |
| | R | R |

13.3 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 | <u>1,886,254</u> | <u>1,386,061</u> |