

Body Corporate of Forest Hamlet
(Scheme number 133/1995)
Annual Financial Statements
for the year ended 30 June 2021



Body Corporate of Forest Hamlet

(Scheme number: 133/1995)

Annual Financial Statements for the year ended 30 June 2021

General Information

Nature of business and principal activities	The body corporate is engaged in controlling, managing and maintaining a block of sectional title units known as "Forest Hamlet".
Address	51 King George Avenue Forest Hills Hillcrest Kwazulu Natal 3610
Trustees	S Cardona (Chairman) I Stoner J Daly (resigned 31 October 2020) G Gibson R Ingham J Erasmus B Impson M Fenner
Auditors	Saunders Haynes & Stewart Registered Auditor Chartered Accountants (SA)
Managing agent	Maxprop Holdings (Pty) Ltd - Administration
Business address	5 Burnside Office Park 1 Builders Way Hillcrest 3610,
Postal address	PO Box 952 Hillcrest 3650
CSOS registration number	CSOS/REG/16/KZN/002967
Tax reference number	9282055202
Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the Sectional Titles Schemes Management Act, 2011 (Act No. 8 of 2011).
Preparer	The annual financial statements were independently compiled by: Maxprop Holdings (Pty) Ltd - Administration

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

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Trustees' Responsibilities and Approval

The trustees are required 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 body corporate 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 Sectional Titles Schemes Management Act, 2011 (Act No. 8 of 2011).

The annual financial statements are prepared in accordance with the Sectional Titles Schemes Management Act, 2011 (Act No. 8 of 2011) and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

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

The trustees 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 trustees have reviewed the body corporate's cash flow forecast for the year to 30 June 2022 and, in the light of this review and the current financial position, they are satisfied that the body corporate has or has access to adequate resources to continue in operational existence for the foreseeable future.

The trustees are aware of the legislation that was introduced by the Sectional Titles Schemes Management Act, 2011 (Act No. 8 of 2011) and the Community Schemes Ombud Service Act. These legislations require that the body corporate maintain a reserve fund and register with the Community Schemes Ombud respectively.

The external auditors are responsible for independently auditing and reporting on the body corporate's annual financial statements. The annual financial statements have been examined by the body corporate's external auditors and their report is presented on pages 4 to 6.

The annual financial statements set out on pages 7 to 12, which have been prepared on the going concern basis, were approved by the trustees and signed on their behalf by:

Approval of annual financial statements



Trustee

Trustee



**SAUNDERS
HAYNES &
STEWART**

**Chartered Accountants (SA)
Suite 301
1st Building
34 Essex Terrace
WESTVILLE
3 6 2 9**

**031 816 9360
admin@saundershaynes.com**

Independent Auditor's Report

To the Owners of Body Corporate of Forest Hamlet

Opinion

We have audited the annual financial statements of the Body Corporate of Forest Hamlet set out on pages 7 to 10, which comprise the statement of financial position as at 30 June 2021, 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 30 June 2021 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, 2011 (Act No. 8 of 2011), 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 sections 290 and 291 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA Codes) and other independence requirements applicable to performing audits of annual financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively. 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 Detailed Levy Statement and Supplementary Information as set out on pages 11 to 12. 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.



Independent Auditor's Report

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.

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, 2011 (Act No. 8 of 2011), 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.



SAUNDERS
HAYNES &
STEWART

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)(ii))

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

RA Kemp

Partner

Chartered Accountants (SA)

Registered Auditor

30-8-2021

Building 1, Suite 301
34 Essex Terrace
Westville
3629

Body Corporate of Forest Hamlet

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Statement of Financial Position as at 30 June 2021

Figures in Rand	Note(s)	2021	2020
Assets			
Current Assets			
Levies in arrears	2	2 018	3 372
Accounts receivable	3	7 541	7 566
Deposits		13 619	13 619
Taxation		4 270	4 270
Managing agents trust account		142 293	102 236
Cash and cash equivalents	4	287 692	249 089
		457 433	380 152
Total Assets		457 433	380 152
Equity and Liabilities			
Owner's funds and reserves			
Reserve fund	5	261 018	216 223
Administrative fund	5	117 699	106 696
		378 717	322 919
Liabilities			
Current Liabilities			
Trade and other payables	6	26 516	12 274
Levies in advance		52 200	44 959
		78 716	57 233
Total Equity and Liabilities		457 433	380 152

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Levy Statement

Figures in Rand	Note(s)	2021	2020
Revenue		901 029	850 062
Expenses		(845 231)	(676 077)
Surplus for the year		55 798	173 975

Statement of Changes in Reserves

Figures in Rand	Reserve fund	Administrative fund	Total owner's funds and reserves
Balance at 01 July 2019	142 895	6 049	148 944
Surplus for the year	-	173 975	173 975
Transfer between reserves	73 328	(73 328)	-
Total changes	73 328	(73 328)	-
Balance at 01 July 2020	216 223	106 696	322 919
Surplus for the year	-	55 798	55 798
Transfer between reserves	44 795	(44 795)	-
Total changes	44 795	(44 795)	-
Balance at 30 June 2021	261 018	117 699	378 717

Note(s)

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Annual Financial Statements for the year ended 30 June 2021

Notes to the Annual Financial Statements

Figures in Rand	2021	2020
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1. Accounting policies

The annual financial statements have been prepared on a going concern basis in accordance with the Sectional Titles Schemes Management Act, 2011 (Act No. 8 of 2011), the Sectional Titles Schemes Management Regulations and the Management Rules of the body corporate. 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.

1.1 Property, plant and equipment

Property, plant and equipment are written off in the year of acquisition.

2. Levies in arrears

Current month	1 507	3 188
30 days	511	184
	2 018	3 372

A full debtors age analysis is available from the managing agent upon request.

3. Accounts receivable

Prepaid insurance	7 541	6 133
Municipal credit	-	1 433
	7 541	7 566

4. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	-	5 550
Bank balance	26 674	27 316
Reserve fund bank balance	261 018	216 223
	287 692	249 089

5. Reserves

Reserve fund		
Balance at beginning of the year	216 223	142 895
Transfer from Administrative fund	44 795	73 328
	261 018	216 223

Administrative fund		
Balance at beginning of the year	106 696	6 049
Surplus for the year	55 798	173 975
Transfer to Reserve fund	(44 795)	(73 328)
	117 699	106 696
	378 717	322 919

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Notes to the Annual Financial Statements

Figures in Rand	2021	2020
6. Trade and other payables		
Audit fees	5 980	-
Municipal charges	13 849	8 666
Repairs and maintenance	1 800	-
Secretarial fees	1 173	-
Sundry	3 714	3 608
	26 516	12 274

7. Insurance policy details

Buildings insurance

Insurance company	Compass Insurance Company Limited
Policy number	CIA 005-778
Renewal date	01 March 2022
Premiums paid	Monthly
Date of last property valuation	17 March 2020

Fidelity insurance

Insurance company	Guardrisk Insurance Company Limited
Policy number	SB/FG535805
Renewal date	01 February 2022
Premiums paid	Annually

8. Taxation

No provision has been made for 2021 tax as the body corporate has no taxable income in terms of Section 10(1)(e) of the Income Tax Act.

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Detailed Levy Statement

Figures in Rand	Note(s)	2021	2020
Revenue			
Levies receivable - ordinary		634 951	602 728
Levies receivable - ombud service		7 779	7 134
Levies receivable - reserves		65 928	64 932
Penalties on arrear levies		540	602
Recoveries - insurance		354	-
Recoveries - municipal charges		185 214	165 666
Interest received		6 263	8 990
		901 029	850 052
Expenses			
Auditors remuneration		5 980	8 223
Bank charges		4 968	4 600
Employee costs		259 884	222 779
Garden		43 869	34 469
Insurance	7	75 951	56 851
Levies - ombud service		7 779	7 134
Management fees		76 579	85 404
Municipal charges	SI 1	189 318	180 793
Professional fees		-	4 048
Repairs and maintenance - ordinary	SI 2	86 548	48 611
Repairs and maintenance - 10 year plan	SI 3	64 400	-
Secretarial fees		13 070	8 671
Security		6 355	6 340
Telephone		3 324	2 858
Travel		7 206	5 296
		845 231	676 077
Surplus for the year		55 798	173 975

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Supplementary Information

1. Municipal charges

Electricity	4 532	4 124
Water and sewerage	184 786	176 669
	189 318	180 793

2. Repairs and maintenance - ordinary

Building	46 592	19 981
Electrical	3 323	1 568
Fence	1 450	3 222
Fire equipment	300	791
Gates and intercom	6 919	11 353
General	1 420	1 143
Insurance claims	-	2 000
Painting	23 115	5 647
Pest control	-	500
Plumbing	3 429	2 406
	86 548	48 611

3. Repairs and maintenance - 10 year plan

CCTV equipment	38 525	-
Gate and intercom	25 875	-
	64 400	-
