

**Body Corporate of La Luna**  
(Scheme number 50/1996)  
Annual Financial Statements  
for the year ended 30 June 2021

# Body Corporate of La Luna

(Registration number 50/1996)

Annual Financial Statements for the year ended 30 June 2021

## General Information

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<b>Nature of business and principal activities</b>	The body corporate is engaged in controlling, managing and maintaining a block of sectional title units known as "La Luna"
<b>Trustees</b>	L English C Houareau I Leonard P Mostert G Van Beek
<b>Address</b>	24 Ntintini Road Waterfall KwaZulu Natal 3610
<b>Managing Agent</b>	Infinite Property Management Proprietary Limited
<b>Registered address</b>	1 Bishops Court Warrior Road Hillicrest 3610
<b>Postal address</b>	P O Box 13 Kloof 3610
<b>Auditors</b>	D Nundkissore & Co Chartered Accountants (S.A.) Registered Auditor
<b>Ombud service registration number</b>	CSOS/ REG/16/KZN/003401
<b>Tax reference number</b>	9217/726/16/6
<b>Level of assurance</b>	The annual financial statements have been audited in compliance with the applicable requirements of the Sectional Titles Schemes Management Act.
<b>Preparer</b>	The annual financial statements were independently compiled by: LB Tomlinson Professional Accountant (SA)

# Body Corporate of La Luna

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Annual Financial Statements for the year ended 30 June 2021

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

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# Body Corporate of La Luna

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Annual Financial Statements for the year ended 30 June 2021

## Trustees' Responsibilities and Approval

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The trustees are responsible for the maintenance of adequate accounting records and are responsible for the content and integrity of the annual financial statements and related 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 at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with the Sectional Title Schemes Management Act. The external auditor is engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with the Sectional Titles Management Act and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The trustees are also responsible for the system of internal financial control established by the body corporate and place considerable importance on maintaining a strong control environment. The trustees set standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include proper delegation of duties 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 carried out 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 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 control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The external auditor is 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 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 have been signed on their behalf by:

### Approval of financial statements

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Trustee

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Trustee

## **Independent Auditor's Report**

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To the members of Body Corporate of La Luna

**Report on the Audit of the Annual Financial Statements**

### **Opinion**

We have audited the annual financial statements of Body Corporate of La Luna set out on pages 7 to 11, which comprise the statement of financial position as at 30 June 2021, the statement of comprehensive income and statement of changes in equity 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 present fairly, in all material respects, the financial position of Body Corporate of La Luna as at 30 June 2021, and its financial performance and cash flows for the year then ended in accordance with basis of accounting as set out in Note 1 to the financial statements and the requirements of the The Sectional Titles Schemes Management Act.

### **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 Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of annual financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). 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.

We further draw attention to note 13 to the financial statements which indicates that the body corporate has been negatively affected by the outbreak of a novel coronavirus (COVID-19), which was declared a global pandemic by the World Health Organisation in March 2020. Our opinion is not modified in respect of this matter.

### **Other information**

Our opinion on the annual financial statements does not cover the other information set out on page 11 and we do not express an audit opinion or any form of assurance conclusion thereon.

## **Independent Auditor's Report**

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### **Responsibilities of the trustees for the Annual Financial Statements**

The trustees are responsible for the preparation and fair presentation of the annual financial statements in accordance with the requirements of the The Sectional Titles Schemes Management Act, and 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.

### **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.

## **Independent Auditor's Report**

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### **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 control the trustees determine are necessary in the circumstances.

If during the course of our audit of the financial statements of the body corporate we become aware of any instances of non-compliance with the accounting requirements as set out in management rules 21,24 and 26, we required to report our findings. We have identified the following instance of non-compliance with the rules:

The body corporate did not hold its annual general meeting within the prescribed period due to COVID - 19 restrictions.

### **Management of the body corporate's financial affairs and funds Rules 26(5)(c)(iii) and (iv)**

In terms of the relevant International Standards applicable to audit, review and other assurance engagements we were unable to conduct an engagement relating to whether the books of account of the body corporate have been kept and its funds have been 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). We have not performed any audit, review or other assurance engagement in relation to these matters and accordingly we do not express any assurance, opinion of conclusion thereon.

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**D Nundkissore & Co**  
**D Nundkissore**  
**Partner**  
**Chartered Accountants (S.A.)**  
**Registered Auditor**

**13 October 2021**

**Durban**

# Body Corporate of La Luna

(Registration number 50/1996)

Annual Financial Statements for the year ended 30 June 2021

## Statement of Financial Position as at 30 June 2021

Figures in Rand	Notes	2021	2020
<b>Assets</b>			
<b>Current Assets</b>			
Levies in arrears	2	194	-
Accounts receivable		880	880
Deposits		7 411	7 411
Managing agents trust account		386	200
Cash and cash equivalents	3	92 095	81 980
		<b>100 966</b>	<b>90 471</b>
<b>Total Assets</b>		<b>100 966</b>	<b>90 471</b>
<b>Equity and Liabilities</b>			
<b>Owners funds and reserves</b>			
Reserve fund	4	45 269	41 390
Administration fund	4	44 493	31 980
		<b>89 762</b>	<b>73 370</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	5	8 433	8 932
Levies in advance		2 771	8 169
		<b>11 204</b>	<b>17 101</b>
<b>Total Equity and Liabilities</b>		<b>100 966</b>	<b>90 471</b>



## Body Corporate of La Luna

(Registration number 50/1996)

Annual Financial Statements for the year ended 30 June 2021

### Levy statement

Figures in Rand	2021	2020
Revenue	275 263	245 061
Expenses	(258 871)	(191 471)
<b>Surplus for the year</b>	<b>16 392</b>	<b>53 590</b>

### Statement of Changes in Equity

Figures in Rand	Reserve fund	Administration fund	Total equity
<b>Balance at 01 July 2019</b>	<b>7 729</b>	<b>12 051</b>	<b>19 780</b>
Surplus for the year	-	53 590	53 590
Movement between reserves	33 661	(33 661)	-
<b>Balance at 01 July 2020</b>	<b>41 390</b>	<b>31 980</b>	<b>73 370</b>
Surplus for the year	-	16 392	16 392
Movement between reserves	3 879	(3 879)	-
<b>Balance at 30 June 2021</b>	<b>45 269</b>	<b>44 493</b>	<b>89 762</b>

# Body Corporate of La Luna

(Registration number 50/1996)

Annual Financial Statements for the year ended 30 June 2021

## Notes to the Annual Financial Statements

Figures in Rand

2021

2020

### 1. Accounting policies

#### 1.1 Presentation of the Annual Financial Statements

The annual financial statements have been prepared in accordance with the Sectional Titles Schemes Management Act. The Annual Financial Statements have been prepared on the historical cost basis which is consistent with the prior year, and incorporates the accounting policy below.

#### 1.2 Property, plant and equipment

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

### 2. Levies in arrears

Current month	194	-
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A full debtors age analysis is available from the managing agent on request.

### 3. Cash and cash equivalents

Cash and cash equivalents consist of:

Reserve Fund Bank Account	45 269	19 462
Grindrod Fixed Deposits	-	18 854
Standard Bank Current Account	4	4
Standard Bank Savings Account	46 822	43 660
	<b>92 095</b>	<b>81 980</b>

### 4. Reserves

#### Reserve fund

Balance at beginning of year	41 390	7 729
Transfer from (to) administration fund	3 869	33 661
	<b>45 259</b>	<b>41 390</b>

#### Administration fund

Balance at beginning of year	95 058	12 051
Surplus for the year	16 392	53 590
Transfer (to) from reserve fund	(3 869)	29 417
	<b>44 493</b>	<b>95 058</b>
	<b>89 752</b>	<b>136 448</b>

# Body Corporate of La Luna

(Registration number 50/1996)

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## Notes to the Annual Financial Statements

Figures in Rand	2021	2020
<b>5. Accounts payable</b>		
Accounting fees - current	750	899
Accounting fees - prior	720	438
Audit fees	3 500	3 200
CSOS levies	400	595
Employee costs	50	46
Ex owners refund	874	874
Arrear admin fee	38	-
Managing agent	594	-
Municipal charges	-	1 072
Ombuds service annual fee	690	835
Printing and stationery	-	1 992
Repairs and maintenance	818	-
	<b>8 433</b>	<b>8 932</b>
<b>6. General expenses</b>		
CSOS annual returns	1 380	650
Sundries	750	25
	<b>2 130</b>	<b>675</b>
<b>7. Insurance</b>		
Building insurance		
The body corporate is insured with Hollard Insurance Company Limited. Policy number DBN/HSTMP/000149050. The premiums are payable monthly and the policy is renewable on 1 January 2022.		
Fidelity insurance		
The body corporate is insured with Compass Insurance Company Limited. Policy number CIA 071-123. The premium is payable annually and the policy is renewable on 1 March 2022.		
The body corporate fidelity insurance is held under a blanket cover in the name of Infinite Property Management (Proprietary) Limited.		
The property was valued on 31 January 2019.		
<b>8. Municipal charges</b>		
Electricity	2 017	1 827
Water	43 083	45 664
	<b>45 100</b>	<b>47 491</b>

# Body Corporate of La Luna

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## Notes to the Annual Financial Statements

Figures in Rand	2021	2020
<b>9. Repairs and maintenance</b>		
Electrical	580	72
Fire equipment	1 055	989
Garden expenses and fuel	3 032	5 135
General	13 025	5 520
Insurance (claims)excess	-	1 999
Pest control	11 000	3 570
Plumbing	989	6 233
Security	5 134	4 250
Treefelling	2 900	-
	<b>37 715</b>	<b>27 768</b>
<b>10. Repairs and maintenance - special</b>		
Plumbing	-	19 550
Retaining wall	66 550	-
	<b>66 550</b>	<b>19 550</b>

### 11. Taxation

No provision has been made for 2021 tax as the body corporate is exempt in terms of Section 10(1) e of the income tax act.

### 12. Cash flow statement

No cash flow statement has been presented as it is not considered to be useful or meaningful.

### 13. Going concern and events after the reporting period

On 11 March 2020 the World Health Organisation declared the novel strain of the coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. This has led to the President of South Africa to impose a nationwide lockdown from 27 March 2020. While the disruption is currently expected to be temporary, there is uncertainty around the duration as well as the recovery timeline. Therefore, while the body corporate expects this matter to negatively impact on its cash flow, results of operations and financial position, the related financial impact cannot be reasonably estimated at this time.

Notwithstanding the operational and financial effects of the nation-wide lockdown, the trustees believe that the body corporate has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

# Body Corporate of La Luna

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## Detailed Levy Statement

Figures in Rand	Notes	2021	2020
<b>Revenue</b>			
Levies receivable - ordinary		140 552	127 104
Levies receivable - CSOS levy		1 423	1 149
Levies receivable - maintenance		86 574	52 512
Levies receivable - special		-	25 070
Interest on arrear levies		23	16
Interest received		2 779	2 106
Water recoveries		43 912	37 104
		<b>275 263</b>	<b>245 061</b>
<b>Expenses</b>			
Accounting fees		1 000	899
Audit fees		3 500	3 200
Bank charges		4 708	3 842
CSOS levies		1 423	1 149
Employee costs		32 936	28 228
General expenses	6	2 130	675
Insurance	7	42 354	38 976
Management fees		18 796	17 404
Municipal charges	8	45 100	47 491
Printing and stationery		1 944	1 994
Repairs and maintenance - ordinary	9	37 715	27 125
Repairs and maintenance - special	10	66 550	19 550
Telephone		715	938
		<b>258 871</b>	<b>191 471</b>
<b>Surplus for the year</b>		<b>16 392</b>	<b>53 590</b>