

**THE BODY CORPORATE OF ROYAL MAITLAND 1**  
**(Sectional Title Scheme number SS 108/2004)**  
**Annual Financial Statements**  
**for the year ended 30 April 2016**

**The Body Corporate of Royal Maitland 1**  
(Sectional Title Scheme number SS 108/2004)  
Annual Financial Statements for the year ended 30 April 2016

**Index**

---

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

<b>Index</b>	<b>Page</b>
Independent Auditor's Report	2
Administrator's Responsibilities and Approval	3
Administrator's Report	4
Statement of Financial Position	5
Statement of Comprehensive Income	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Accounting Policies	9
Notes to the Annual Financial Statements	10 - 11
The following supplementary information does not form part of the annual financial statements and is unaudited:	
Detailed Income Statement	12

**Independent Auditor's Report**

To the members of The Body Corporate of Royal Maitland 1

We have audited the annual financial statements of The Body Corporate of Royal Maitland 1, as set out on pages 5 to 11, which comprise the statement of financial position as at 30 April 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

**Administrators' Responsibility for the Annual Financial Statements**

The body corporate's administrator is responsible for the preparation and fair presentation of these annual financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and requirements of the Sectional Titles Act, 1986 (Act No. 95 of 1986), and for such internal control as the administrator determine is necessary to enable the preparation of annual financial statements that are free from material misstatements, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these annual financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the body corporate's preparation and fair presentation of the annual financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the annual financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

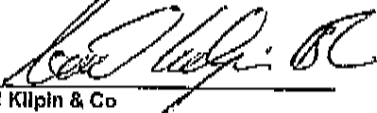
In our opinion, the annual financial statements present fairly, in all material respects, the financial position of The Body Corporate of Royal Maitland 1 as at 30 April 2016, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the requirements of the Sectional Titles Act, 1986 (Act No. 95 of 1986).

**Emphasis of Matter**

Without qualifying our opinion, we draw attention to the fact that we were unable to comment on whether funds available are sufficient for the up-keep, control, management and administration of the body corporate in accordance with Section 37(1)(a) of the Sectional Titles Act No. 95 of 1986 due to the subjective nature thereof.

**Supplementary Information**

Without qualifying our opinion, we draw attention to the fact that supplementary information set out on page 12 does not form part of the annual financial statements and is presented as additional information. We have not audited this information and accordingly do not express an opinion thereon.

  
Cecil Kilpin & Co  
Registered Auditors  
Per Partner: S Schonegevel

Century City  
Date: 13/09/2016

## The Body Corporate of Royal Maitland 1

(Sectional Title Scheme number SS 108/2004)

Annual Financial Statements for the year ended 30 April 2016

### Administrator's Responsibilities and Approval

---

The administrator is required to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is his 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 International Financial Reporting Standard for Small and Medium-sized Entities. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.


The administrator acknowledges 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 administrator to meet these responsibilities, the board 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 administrator is 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 administrator has reviewed the body corporate's cash flow forecast for the year to 30 April 2017 and, in the light of this review and the current financial position, they are satisfied that the body corporate has or had access to adequate resources to continue in operational existence for the foreseeable future.

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 page 2.

The annual financial statements set out on pages 4 to 12, which have been prepared on the going concern basis, were approved by the board and signed by:

  
\_\_\_\_\_  
Administrator

Date: 9/9/2016

**The Body Corporate of Royal Maitland 1**  
(Sectional Title Scheme number SS 108/2004)  
Annual Financial Statements for the year ended 30 April 2016

**Administrator's Report**

---

The administrator submit his report for the year ended 30 April 2016.

**1. Review of activities**

**Main business and operations**

The body corporate is engaged in governing the property and operates principally in South Africa.

The controlling body was established to administer the common property of the Sectional Title Scheme known as Royal Maitland One, situated at Royal Road, Maitland, Cape Town, 7405, for which a Sectional Title Register was opened.

All expenses applicable to the common property and administration are recovered from the various section owners by means of a monthly levy in terms of the rules of the body corporate and are in accordance with the participation quota applicable to each section.

The operating results and state of affairs of the body corporate are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

**2. Events after the reporting period**

The administrator is not aware of any matter or circumstance arising since the end of the financial year that has a material impact on the annual financial statements.

**3. Contributions**

Contributions paid by sections owners and interest earned during the year were sufficient to meet expenditure, resulting in a levy surplus of R 524,794 (2015: R (120,485)).

**4. Managing Agent**

The managing agent of the body corporate is Milward and King Property Brokers CC of:

**Business address**

20 Benjamin Road  
Wynberg  
7800

**Postal address**

PO Box 18205  
Wynberg  
7824

**5. Under administration**

The Body Corporate is currently under administration. The administrator is Sean McGuinness.

**6. Management and conduct rules**

There were no amendments or additions to the management and conduct rules.

**7. Estimates of Income and expenditure for the 2017 financial year**

A budget for the next financial year will be presented for approval at the forthcoming annual general meeting.

**8. Insured replacement values**

A schedule of the present replacement values of all the units will be tabled for approval at the forthcoming annual general meeting.

**9. Auditors**

Cecil Kilpin & Co was the auditor for the year under review and their re-appointment is dependent on a resolution taken to that effect by the section owners at the forthcoming annual general meeting.

# The Body Corporate of Royal Maitland 1

(Sectional Title Scheme number SS 108/2004)

Annual Financial Statements for the year ended 30 April 2016

## Statement of Financial Position as at 30 April 2016

	Note(s)	2016 R	2015 R
<b>Assets</b>			
<b>Current Assets</b>			
Current tax receivable		8	8
Trade and other receivables	2	433,746	47,031
Cash and cash equivalents	3	2,437	921
		<b>436,191</b>	<b>47,960</b>
<b>Total Assets</b>		<b>436,191</b>	<b>47,960</b>
<b>Equity and Liabilities</b>			
<b>Owners' funds and reserves</b>			
Maintenance reserve fund		28,000	28,000
Contingency fund		398,142	(126,652)
		<b>426,142</b>	<b>(98,652)</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	4	10,049	146,612
<b>Total Equity and Liabilities</b>		<b>436,191</b>	<b>47,960</b>

# The Body Corporate of Royal Maitland 1

(Sectional Title Scheme number SS 108/2004)

Annual Financial Statements for the year ended 30 April 2016

## Statement of Comprehensive Income

	Note(s)	2016 R	2015 R
Revenue	5	1,398,856	1,859,006
Other income	6	612,380	5,026
Operating expenses		(1,489,305)	(1,986,295)
<b>Operating surplus (deficit)</b>		<b>521,931</b>	<b>(122,263)</b>
Investment revenue	7	2,863	1,778
<b>Surplus (deficit) for the year</b>		<b>524,794</b>	<b>(120,485)</b>

# The Body Corporate of Royal Maitland 1

(Sectional Title Scheme number SS 108/2004)

Annual Financial Statements for the year ended 30 April 2016

## Statement of Changes in Equity

	Maintenance reserve R	Contingency fund R	Total equity R
Balance at 01 May 2014	28,000	(6,167)	21,833
Deficit for the year	-	(120,485)	(120,485)
Balance at 01 May 2015	28,000	(126,652)	(98,652)
Surplus for the year	-	524,794	524,794
Balance at 30 April 2016	28,000	398,142	426,142

Note(s)



**The Body Corporate of Royal Maitland 1**  
 (Sectional Title Scheme number SS 108/2004)  
 Annual Financial Statements for the year ended 30 April 2016

**Statement of Cash Flows**

	Note(s)	2016 R	2015 R
<b>Cash flows from operating activities</b>			
Cash used in operations	12	(1,347)	(2,561)
Interest income		2,863	1,778
<b>Net cash from operating activities</b>		<b>1,516</b>	<b>(783)</b>
<b>Total cash movement for the year</b>		<b>1,516</b>	<b>(783)</b>
Cash at the beginning of the year		921	1,706
<b>Total cash at end of the year</b>	3	<b>2,437</b>	<b>923</b>

# The Body Corporate of Royal Maitland 1

(Sectional Title Scheme number SS 108/2004)

Annual Financial Statements for the year ended 30 April 2016

## Accounting Policies

---

### 1. Presentation of annual financial statements

The annual financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Sectional Titles Act, 1986 (Act No. 95 of 1986). 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.

These accounting policies are consistent with the previous period.

#### 1.1 Financial Instruments

##### Financial instruments at amortised cost

Financial instruments may be designated to be measured at amortised cost less any impairment using the effective interest method. These include trade and other receivables, loans and trade and other payables. At the end of each reporting date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If so, an impairment loss is recognised.

#### 1.2 Tax

##### Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

##### Tax expenses

Provision for taxation is made at the company rate on investment income earned by the body corporate, less allowable deductions.

The body corporate is taxed in terms of Section 10(1)(e) of the Income Tax Act.

#### 1.3 Impairment of assets

The body corporate assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the body corporate estimates the recoverable amount of the asset.

#### 1.4 Provisions and contingencies

Provisions are recognised when:

- the body corporate has an obligation at the reporting date as a result of a past event;
- it is probable that the body corporate will be required to transfer economic benefits in settlement; and
- the amount of the obligation can be estimated reliably.

Contingent assets and contingent liabilities are not recognised.

#### 1.5 Revenue

The ordinary levies are accounted for on a straight-line basis over the financial year and decided amongst the section owners on a participation quota basis. The annual ordinary levies are agreed and approved by the members at the body corporate's annual general meeting.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

# The Body Corporate of Royal Maitland 1

(Sectional Title Scheme number SS 108/2004)

Annual Financial Statements for the year ended 30 April 2016

## Notes to the Annual Financial Statements

		2016 R	2015 R			
<b>2. Trade and other receivables</b>						
Milward and King Property Brokers - Trust account		382,359	47,031			
Prepayments		23,256	-			
Water recoverable from owners		28,131	-			
		<b>433,746</b>	<b>47,031</b>			
<b>3. Cash and cash equivalents</b>						
Cash and cash equivalents consist of:						
Bank balances		605	789			
Petty cash		1,832	132			
		<b>2,437</b>	<b>921</b>			
<b>4. Trade and other payables</b>						
	<b>Current</b>	<b>30 days</b>	<b>60 days</b>	<b>90+ days</b>		
Cecil Kilpin & Co.	10,049	-	-	-	10,049	9,304
Accruals:						
Municipal services	-	-	-	-	-	134,786
Telephone and fax	-	-	-	-	-	2,522
<b>5. Revenue</b>						
Ordinary levies		1,398,856	1,859,006			
<b>6. Other income</b>						
Fines		1,000	-			
Laundry income		4,231	5,026			
Meter recoveries		268,092	-			
Water recoveries		339,057	-			
		<b>612,380</b>	<b>5,026</b>			
<b>7. Investment revenue</b>						
Interest revenue						
Interest - Bank		2,863	1,778			
<b>8. Auditor's remuneration</b>						
Fees		10,050	9,305			
Adjustment for previous year		43	-			
		<b>10,093</b>	<b>9,305</b>			

# The Body Corporate of Royal Maitland 1

(Sectional Title Scheme number SS 108/2004)

Annual Financial Statements for the year ended 30 April 2016

## Notes to the Annual Financial Statements

	2016 R	2015 R
<b>9. Insurance</b>		
Insurer:	Centriq Insurance Company Limited	
Policy number:	SEC66890	
Period of cover:	01/10/2015 to 30/09/2016	
Policy expiry date:	30/09/2016	
Payment basis:	Monthly	
Sum insured:	R 137,940,000 (Property)	
<b>10. Repairs and maintenance</b>		
Repairs and maintenance	128,989	191,079
<b>11. Taxation</b>		
The body corporate is subject to tax at the company rate of 28% on the net investment income, in excess of R 50,000, in terms of Section 10(1)(e) of the Income Tax Act.		
No provision has been made for 2016 tax as the body corporate has no taxable income.		
<b>12. Cash used in operations</b>		
Surplus (deficit) before taxation	524,794	(120,485)
Adjustments for:		
Interest received	(2,863)	(1,778)
<b>Changes in working capital:</b>		
Trade and other receivables	(386,715)	94,760
Trade and other payables	(136,563)	24,942
	<u>(1,347)</u>	<u>(2,561)</u>
<b>13. Tax refunded</b>		
Balance at beginning of the year	8	8
Balance at end of the year	(8)	(8)
	-	-
<b>14. Propell Sectional Title Solution (Pty) Ltd</b>		
The Body Corporate has factored all levies receivable to Propell Sectional Title solution (Pty) Ltd. In the event of the Body Corporate cancelling their agreement with Propell Sectional Title solution (Pty) Ltd, any amounts not received by Propell Sectional Title solution (Pty) Ltd from unit owners will be recoverable from the Body Corporate.		

# The Body Corporate of Royal Maitland 1

(Sectional Title Scheme number SS 108/2004)

Annual Financial Statements for the year ended 30 April 2016

## Detailed Income Statement

	Note(s)	2016 R	2015 R
<b>Revenue</b>			
Ordinary levies		1,398,856	1,859,006
<b>Other income</b>			
Fines		1,000	-
Interest received	7	2,863	1,778
Meter recoveries		268,092	-
Other income		4,231	5,026
Water recoveries		339,057	-
		<b>615,243</b>	<b>6,804</b>
<b>Operating expenses</b>			
Accounting fees		-	2,052
Administration and management fees		93,240	96,000
Auditors remuneration	8	10,093	9,305
Bank charges		3,588	3,221
Cleaning		60,184	77,870
Commission paid		87,951	102,562
Computer expenses		875	450
Courier and postage		135	1,525
Electricity		31,000	26,000
Insurance	9	147,936	142,872
Interest paid		-	2,977
Lease water meters		279,072	-
Legal fees		345	23,121
Municipal installments on arrears		20,000	80,000
Municipal services		51,344	729,600
Pest control		22,005	15,142
Printing and stationery		4,438	5,207
Professional fees		77,250	65,100
Repairs and maintenance	10	128,989	191,079
Salaries and wages		-	835
Security		450,754	388,267
Sundry expenses		808	4,116
Telephone and fax		19,298	18,994
		<b>1,469,305</b>	<b>1,986,295</b>
<b>Surplus (deficit) for the year</b>		<b>524,794</b>	<b>(120,485)</b>