

VILLA MONTEGO
Body Corporate
(Registration Number SS 681/2007)
Annual Financial Statements
for the year ended 30 April 2022

Audited Financial Statements

in compliance with the Sectional Title Schemes Management Act of South Africa

Prepared by: Radipalo Accounting Services

VILLA MONTEGO

Body Corporate

(Registration Number SS 681/2007)

Annual Financial Statements for the year ended 30 April 2022

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VILLA MONTEGO

(Registration Number SS 681/2007)

Annual Financial Statements for the year ended 30 April 2022

General Information

Country of Incorporation and Domicile	South Africa
Registration Number	SS 681/2007
Nature of Business and Principal Activities	A Sectional Title Scheme
Managing Agent	Mafadi Management
Insurance	OneSure ARDST/746984
Business Address	7 Langeveld road Vorna Valley Ext 80 Johannesburg 0001
Level of Assurance	These financial statements have been audited in compliance with the applicable requirements of the Sectional Title Schemes Management Act of South Africa.
Chartered Accountants CA(SA)	MG Taute Registered Auditors 321 Justice Mahomed street Brooklyn Pretoria 0181

VILLA MONTEGO

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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 satisfy the financial reporting standards as to form and content in the presentation of the statement of financial position, results of operations of the body corporate, and explain the transactions and financial position of the business of the body corporate at the end of the financial year. The annual financial statements are based upon appropriate accounting policies consistently applied throughout the body corporate and supported by reasonable and prudent judgements 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 set 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 going-concern basis has been adopted in preparing the financial statements. Based on forecasts and available cash resources the trustees have no reason to believe that the body corporate will not be a going concern in the foreseeable future. The financial statements support the viability of the body corporate.

The annual financial statements have been audited by the independent auditing firm, MG Taute Registered Auditors, who have been given unrestricted access to all financial records and related data. The trustees believe that all representations made to the independent auditor during the audit were valid and appropriate. The external auditor's qualified audit report is presented on pages 5 to 7.

The annual financial statements set out on pages 8 to 14 were approved by the trustees and were signed on 21 June 2023.



Trustee

21 June 2023

Date



Trustee

Pretoria

VILLA MONTEGO

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Trustees' Report

The trustees present their report for the year ended 30 April 2022.

1. Review of activities

Main business and operations

The principal activity of the body corporate is a sectional title scheme. There were no major changes herein during the year.

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

2. Going concern

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, contingent obligations and commitments will occur in the ordinary course of business.

3. Events after reporting date

All events subsequent to the date of the annual financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.

The trustees are not aware of any matter or circumstance arising since the end of the financial year to the date of this report that could have a material effect on the financial position of the body corporate.

4. Trustees

The trustees of the body corporate during the year and up to the date of this report are as follows:

Trustee

Trustee

5. Independent Auditors

MG Taute Registered Auditors were the independent auditors for the year under review.



MG TAUTE

REGISTERED AUDITORS / GEREgistREERDE OUDITEURE

GM TAUTE MCOM(TAX) CA(SA)
C HAASBROEK CA(SA)

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Independent Auditor's Report

To the Members of VILLA MONTEGO

Report on the Audit of the Annual Financial Statements

Qualified Opinion

We have audited the annual financial statements of VILLA MONTEGO set out on pages 8 to 14, which comprise the statement of financial position as at 30 April 2022, and the statement of comprehensive income, the statement of changes in reserves and statement of cash flows for the year then ended, and notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effect of the matter described in the Basis for Qualified Opinion section of our report, the financial statements of VILLA MONTEGO for the year ended 30 April 2022 are prepared, in all material respects, in accordance with the basis of accounting described in note 1 to the financial statements and the requirements of the Sectional Title Schemes Management Act of South Africa and the Sectional Titles Schemes Management Regulations, 2016.

Basis for Qualified Opinion

We were unable to obtain sufficient appropriate audit evidence to confirm the cash at bank amount of R44,454 as shown in note 3 to the financial statements.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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 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 corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of Matter – Basis of Accounting

We draw attention to note 1 to the annual financial statements, which describes the basis of accounting. The annual 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 annual 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 information included in the document titled "VILLA MONTEGO Annual Report for the year ended 30 April 2022", but 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.

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 Annual Financial Statements

The trustees are responsible for the preparation of the annual financial statements in accordance with the basis of accounting described in note 1 to the financial statements and the requirements of the Sectional Title Schemes Management Act of South Africa, for determining that the basis of preparation is acceptable in the circumstances, 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 unless the trustees either intend to liquidate the body corporate 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 ISAs 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 ISAs, 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.

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.

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, 2016, Management Rules 26(5)(c)(ii), (iii) and (iv), we report as follows:

Compliance findings with accounting requirements (Management 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 Titles Schemes Management Regulations, 2016, 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 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 identified the following instances of non-compliance with the Rules:

- The 10 year repair and maintenance plan has been compiled, but not yet approved at a general meeting.
- The budget for the current financial year was not approved / compiled.

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

The assurance engagements, or part of an assurance engagement, as contemplated in Management Rules 26(5)(c)(iii) and (iv) do not meet the preconditions for an assurance engagement as determined by the relevant International Standards applicable to audit, review and other assurance engagements: The subject matters are not appropriate and there are no suitable criteria for their evaluation or measurement. We were therefore unable to accept an assurance 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 Management 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 or conclusion thereon.

MG Taute Registered Auditors

22 June 2023



321 Justice Mahomed street
Brooklyn
Pretoria
0011

Per: Gustav Marius Taute
Chartered Accountant (SA)

VILLA MONTEGO

Body Corporate

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Statement of Financial Position

Figures in R	Notes	2022	2021
Current assets			
Trade and other receivables	2	3,285	50,957
Levies in arrears		370,512	315,265
Cash and cash equivalents	3	984,017	559,392
Total current assets		1,357,814	925,614
Total assets		1,357,814	925,614
Funds and Liabilities			
Funds and Reserves		446,901	200,789
Reserve Fund	4	723,961	502,554
Total equity		1,170,862	703,343
Liabilities			
Current liabilities			
Trade payables	5	133,972	168,136
Levies in advance		52,980	54,135
Total current liabilities		186,952	222,271
Total liabilities		186,952	222,271
Total equity and liabilities		1,357,814	925,614

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Statement of Comprehensive Income

Figures in R	Notes	2022	2021
Levy Income			
Ordinary levies		1,580,635	1,576,554
Reserve fund levies		221,407	221,831
Total levy income		1,802,042	1,798,385
Recoveries			
Insurance recovered		5,700	-
Total recoveries		5,700	-
Total Income		1,807,742	1,798,385
Administrative expenses	6	(120,580)	(120,045)
Contracts	10	(389,878)	(353,615)
Employee costs - salaries	7	(186,154)	(181,197)
Insurance		(121,997)	(133,393)
Insurance claims		6,000	-
Municipal charges	8	(506,862)	(533,573)
Repairs and maintenance	9	(71,076)	(165,456)
Special projects	11	-	(160,200)
Total expenses		(1,390,547)	(1,647,479)
Surplus from operating activities		417,195	150,906
Finance income			
Interest from members		-	9,666
Interest received		31,033	3,342
Total finance income		31,033	13,008
Prior year adjustments		19,291	7,934
Surplus for the year		467,519	171,848

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Statement of Changes in Reserves

Figures in R

	Reserve fund	Admin fund	Total
Balance at 1 May 2020	437,581	93,914	531,495
Changes in equity			
Surplus for the year	-	171,848	171,848
Transfers between equity	64,973	(64,973)	-
Balance at 30 April 2021	502,554	200,789	703,343
Balance at 1 May 2021	502,554	200,789	703,343
Changes in equity			
Surplus for the year	-	467,519	467,519
Transfers between equity	221,407	(221,407)	-
Balance at 30 April 2022	723,961	446,901	1,170,862

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Statement of Cash Flows

Figures in R

Note

2022

2021

Cash flows from operations

Surplus for the year

467,519

171,848

Adjustments to reconcile surplus

Adjustments for finance income

(31,033)

(13,008)

Adjustments for (increase) / decrease in levies in arrear

(55,247)

10,464

Adjustments for decrease in other operating receivables

47,672

109,614

Adjustments for (decrease) / increase in levies in advance

(1,155)

12,806

Adjustments for decrease in other operating payables

(34,164)

(77,018)

Total adjustments to reconcile surplus

(73,927)

42,858

Net cash flows from operations

393,592

214,706

Interest received

31,033

13,008

Net cash flows from operating activities

424,625

227,714

Net increase in cash and cash equivalents

424,625

227,714

Cash and cash equivalents at beginning of the year

559,392

331,678

Cash and cash equivalents at end of the year

3

984,017

559,392

VILLA MONTEGO

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Accounting Policies

1. Basis of preparation and summary of significant accounting policies

The financial statements of VILLA MONTEGO have been prepared in accordance with the basis of accounting set out below, the Sectional Title Schemes Management Act of South Africa and the Sectional Titles Schemes Management Regulations, 2016. The financial statements have been prepared under the historical cost convention. They are presented in South African Rand.

The principal accounting policies applied in the preparation of these annual financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 Financial instruments

Trade and other receivables

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the body corporate will not be able to collect all amounts due according to the original terms of the receivables.

Levies in arrears

Levies in arrears are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of levies in arrears is established when there is objective evidence that the body corporate will not be able to collect all amounts due according to the original terms.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown in current liabilities on the statement of financial position.

Trade Payables

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Levies in advance

Levies in advance are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

1.2 Tax

Current tax is recognised as income or an expense and included in the surplus or deficit for the period. The Body Corporate is taxed in terms of Section 10(1)(e) of the Income Tax Act.

1.3 Revenue

The ordinary levies receivable are accounted for on a straight-line basis over the financial year and decided amongst the trustees on a participation quota basis. The annual ordinary levies are agreed and approved by the trustees at the body corporate's annual general meeting. Interest is recognised, in surplus or deficit, using the effective interest rate method. Interest on arrear levy contributions is recognised in terms of prescribed management rule 21(3)(c).

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Figures in R

2022

2021

2. Trade and other receivables

Sundry debtors	-	47,672
Deposits	3,285	3,285
Total trade and other receivables	3,285	50,957

3. Cash and cash equivalents

Cash at Bank	44,454	44,554
Reserve Fund	620,754	302,334
Trust account	318,809	212,504
Net cash and cash equivalents	984,017	559,392

4. Reserve Fund

Balance	502,554	437,581
Levies charged	221,407	225,173
Projects	-	(160,200)
Total Reserve Fund	723,961	502,554

5. Trade payables

Sundry creditors	-	69,176
Owners deposits	40,908	40,908
Unclaimed funds	9,900	9,900
Audit fee	8,000	13,000
Municipal	62,716	32,382
CSOS	2,605	-
Salaries	2,770	2,770
Protea Metering	7,073	-
Total creditors	133,972	168,136

6. Administrative expenses

Management fees paid	98,821	99,920
Meeting fees	-	1,000
Auditors remuneration - fees	8,000	11,500
Bank charges	2,295	1,704
CSOS	-	805
Legal fees	11,464	-
Secretarial fees	-	4,131
Printing and stationery	-	985
Total administrative expenses	120,580	120,045

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Figures in R	2022	2021
7. Salaries		
Employees	186,154	181,197
Total salaries	186,154	181,197
8. Municipal charges		
Electricity	27,738	26,035
	27,738	26,035
Sewerage	543,802	509,327
	543,802	509,327
Water	142,630	193,855
Water recovered	(207,453)	(196,371)
	(64,823)	(2,516)
Adjustment previous years	145	727
	145	727
Total municipal charges	506,862	533,573
9. Repairs and maintenance		
Repairs and maintenance	20,941	49,206
Cleaning	2,200	8,870
Electrical maintenance	1,024	11,889
Fire equipment & maintenance	5,203	10,434
Security maintenance	17,678	9,210
Plumbing maintenance	19,680	74,934
Garden and pool	4,350	913
Total repairs and maintenance	71,076	165,456
10. Contracts		
Security services	389,878	353,615
Total contracts	389,878	353,615
11. Special projects		
Project - painting	-	160,200
Total special projects	-	160,200

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Income Tax Computation

Figures in R

2022

Other Income	31,033
Less: Basic exemption S 10(1)(e)(ii)	(50,000)
Taxable Income	<u><u>-</u></u>