

BODY CORPORATE OF WESTPOINT

Scheme number 112/2001

Annual Financial Statements
for the year ended 28 February 2023

BODY CORPORATE OF WESTPOINT

(Scheme number: 112/2001)

Annual Financial Statements for the year ended 28 February 2023

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 "Westpoint". |
| Address | 45 and 45A Westmead Road Pinetown Durban Kwazulu Natal 3600 |
| Trustees | N Clavel T Zeiss C Walker T Whelan I Mbatha |
| Auditors | Baker Tilly Morrison Murray Registered Auditor Chartered Accountants (SA) |
| Managing agent | Property Management Ignite |
| Business address | The Office Block, Grand Birches 100 Entabeni Road Pinetown Kwazulu Natal 3610 |
| Postal address | PostNet Suite #31 Private Bag X17 Westville 3629 |
| CSOS registration number | CSOS/REG/16/KZN/002720 |
| Tax reference number | 9053/777/17/4 |
| Level of assurance | These financial statements have been audited in compliance with the applicable requirements of the Sectional Titles Schemes Management Act, the Sectional Titles Schemes Management Regulations and the Management Rules. |

BODY CORPORATE OF WESTPOINT

(Scheme number: 112/2001)

Annual Financial Statements for the year ended 28 February 2023

INDEX

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

| | Page |
|--|-------------|
| Trustees' Responsibilities and Approval | 3 |
| Independent Auditor's Report | 4 - 6 |
| Balance Sheet | 7 |
| Levy Statement | 8 |
| Statement of Changes in Reserves | 9 |
| Accounting Policies | 10 |
| Notes to the Annual Financial Statements | 10 - 12 |

BODY CORPORATE OF WESTPOINT

(Scheme number: 112/2001)

Annual Financial Statements for the year ended 28 February 2023

TRUSTEES' RESPONSIBILITIES AND APPROVAL

The trustees are required to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the 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 for the period then ended, in conformity with the basis of accounting as described in Note 1 to the financial statements and the requirements of the Sectional Titles Schemes Management Act, Sectional Titles Schemes Management Regulations and the Management Rules of the body corporate established in terms thereof.

The financial statements are prepared in accordance with the basis of accounting as described in Note 1 to the financial statements and are based upon appropriate accounting policies consistently applied 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.

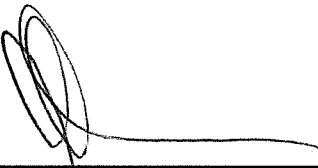
The trustees are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The trustees are aware of the legislation that was introduced by the Sectional Titles Schemes Management Act 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 auditor is responsible for independently auditing and reporting on the body corporate's financial statements. The financial statements have been examined by the body corporate's external auditor and their report is presented on pages 4 to 6.

The 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 financial statements



Trustee
Date: 19/4/2023



Trustee
Date: 19/4/23

Registered Auditors
Chartered Accountants (SA)

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PO Box 1098, Westville, 3630
South Africa

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INDEPENDENT AUDITOR'S REPORT

To the members of Body Corporate of Westpoint

Opinion

We have audited the financial statements of the Body Corporate of Westpoint set out on pages 7 to 12, which comprise the Balance Sheet as at 28 February 2023, and the Levy Statement, the Statement of Changes in Reserves for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements of Body Corporate of Westpoint for the year ended 28 February 2023, are prepared, in all material respects, in accordance with the basis of accounting as described in Note 1 to the financial statements and the requirements of the Sectional Titles Schemes Management Act, 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 (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 opinion.

Emphasis of matter

We draw attention to Note 1 to the 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.

INDEPENDENT AUDITOR'S REPORT

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 basis of accounting as described in Note 1 to the financial statements and the requirements of the Sectional Titles Schemes Management Act, 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 financial statements, including the disclosures, and whether the 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

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 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 identified the following instances of non-compliances with the Rules:

- The body corporate did not hold its annual general meeting within the prescribed period.

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 or conclusion thereon.

Baker Tilly Morrison Murray

**Partner: Johannes Verburg CA(SA)
Registered Auditor**

Westville

Date: 24 April 2023

BODY CORPORATE OF WESTPOINT

(Scheme number: 112/2001)

Annual Financial Statements for the year ended 28 February 2023

BALANCE SHEET AS AT 28 FEBRUARY 2023

| Figures in Rand | Notes | 2023 | 2022 |
|---------------------------------------|-------|----------------|----------------|
| Assets | | | |
| Non-Current Assets | | | |
| Deposits | | 2 906 | 2 906 |
| Current Assets | | | |
| Levies in arrears | 2 | 90 369 | 42 528 |
| Accounts receivable | 3 | 183 | - |
| Cash and cash equivalents | 4 | 171 010 | 355 501 |
| | | 261 562 | 398 029 |
| Total Assets | | 264 468 | 400 935 |
| Reserves and Liabilities | | | |
| Owners' funds and reserves | | | |
| Reserve fund | 5 | 120 409 | 273 862 |
| Administrative fund | 5 | 17 171 | 83 530 |
| | | 137 580 | 357 392 |
| Liabilities | | | |
| Current Liabilities | | | |
| Accounts payable | 6 | 111 122 | 28 714 |
| Levies in advance | | 15 766 | 14 829 |
| | | 126 888 | 43 543 |
| Total Reserves and Liabilities | | 264 468 | 400 935 |

BODY CORPORATE OF WESTPOINT

(Scheme number: 112/2001)

Annual Financial Statements for the year ended 28 February 2023

LEVY STATEMENT

| Figures in Rand | Notes | 2023 | 2022 |
|---------------------------------------|-------|------------------|------------------|
| Revenue | | | |
| Levies receivable - ordinary | | 1 068 365 | 1 061 080 |
| Levies receivable - ombud service | | 8 640 | 8 640 |
| Levies receivable - reserves | | 40 347 | - |
| Penalties on arrear levies | | 6 441 | 830 |
| Recoveries - municipal charges | | 219 366 | 216 563 |
| Recoveries - repairs and maintenance | | 20 336 | - |
| Interest received | | 7 359 | 3 570 |
| | | 1 370 854 | 1 290 683 |
| Expenses | | | |
| Audit fees | | 7 326 | 7 475 |
| Bank charges | | 2 827 | 2 495 |
| Insurance | 7 | 241 567 | 204 468 |
| Levies - ombud service | | 8 640 | 8 640 |
| Managing agents fees | | 39 828 | 39 240 |
| Meter reading fees | | - | 6 341 |
| Municipal charges | 8 | 341 456 | 333 110 |
| Repairs and maintenance - ordinary | 9 | 121 415 | 114 326 |
| Repairs and maintenance - special | 10 | 399 534 | 15 065 |
| Security | | 426 900 | 466 800 |
| Taxation fees | | 1 173 | 1 898 |
| | | 1 590 666 | 1 199 858 |
| (Deficit) surplus for the year | | (219 812) | 90 825 |

BODY CORPORATE OF WESTPOINT

(Scheme number: 112/2001)

Annual Financial Statements for the year ended 28 February 2023

STATEMENT OF CHANGES IN RESERVES

| | Reserve fund | Administrative fund | Total owners' funds and reserves |
|------------------------------------|----------------|---------------------|----------------------------------|
| Figures in Rand | | | |
| Balance at 01 March 2021 | 266 567 | - | 266 567 |
| Surplus for the year | - | 90 825 | 90 825 |
| Transfer between reserves | 7 295 | (7 295) | - |
| Balance at 01 March 2022 | 273 862 | 83 530 | 357 392 |
| Deficit for the year | - | (219 812) | (219 812) |
| Transfer between reserves | (153 453) | 153 453 | - |
| Balance at 28 February 2023 | 120 409 | 17 171 | 137 580 |

BODY CORPORATE OF WESTPOINT

(Scheme number: 112/2001)

Annual Financial Statements for the year ended 28 February 2023

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

| | | |
|-----------------|------|------|
| Figures in Rand | 2023 | 2022 |
|-----------------|------|------|

1. Accounting policies

The financial statements have been prepared on a going concern basis in accordance with the requirements of the Sectional Titles Schemes Management Act, Sectional Titles Schemes Management Regulations and the Management Rules of the body corporate established in terms thereof. The 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 is written off in the year of acquisition.

1.2 Financial instruments

Financial instruments are measured at cost less impairment. These include levies in arrears, accounts receivables, cash and cash equivalents, loans, levies in advance and accounts payable.

At the end of each reporting period, the carrying amount of the assets held in each category are reviewed to determine whether there is any objective evidence of impairment. If so, an impairment loss is recognised.

1.3 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.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

The tax liability reflects the effect of the possible outcomes of a review by the tax authorities.

1.4 Revenue

Levies and recoveries are recognised as revenue once owners are invoiced. Ordinary levies are invoiced monthly, based on the proportional amount as per the approved budget. Other recoveries are recognised as and when due by the owner.

Levies have been accounted for on the accrual basis and therefore includes outstanding amounts owing by the owners.

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

2. Levies in arrears

| | | |
|---------------|---------------|---------------|
| Current month | 13 346 | 16 833 |
| 30 days | 11 607 | 5 395 |
| 60 days | 9 299 | 7 133 |
| 90+ days | 7 798 | 7 124 |
| 120+ days | 48 319 | 6 043 |
| | <u>90 369</u> | <u>42 528</u> |

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

3. Accounts receivable

| | | |
|------------|------------|----------|
| Legal fees | <u>183</u> | <u>-</u> |
|------------|------------|----------|

BODY CORPORATE OF WESTPOINT

(Scheme number: 112/2001)

Annual Financial Statements for the year ended 28 February 2023

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

| Figures in Rand | 2023 | 2022 |
|---------------------------------------|----------------|----------------|
| 4. Cash and cash equivalents | | |
| Cash and cash equivalents consist of: | | |
| Bank balance | 50 601 | 81 639 |
| Reserve fund bank balance | 120 409 | 273 862 |
| | <u>171 010</u> | <u>355 501</u> |
| 5. Reserves | | |
| Reserve fund | | |
| Balance at beginning of the year | 273 862 | 266 567 |
| Transfer from Administrative fund | 198 375 | 3 725 |
| Levies received | 40 347 | - |
| Interest received | 7 359 | 3 570 |
| Reserve funds utilised | (399 534) | - |
| | <u>120 409</u> | <u>273 862</u> |
| Administrative fund | | |
| Balance at beginning of the year | 83 530 | - |
| (Deficit) surplus for the year | (219 812) | 90 825 |
| Transfer to Reserve fund | 153 453 | (7 295) |
| | <u>17 171</u> | <u>83 530</u> |
| | <u>137 580</u> | <u>357 392</u> |
| 6. Accounts payable | | |
| Audit fees | 7 325 | 7 015 |
| Levies - ombud service | 1 440 | 1 440 |
| Municipal charges | 32 207 | 20 145 |
| Security | 70 150 | - |
| Sundry | - | 114 |
| | <u>111 122</u> | <u>28 714</u> |

A full creditors age analysis is available from the managing agent on request.

7. Insurance policy details

Buildings insurance

| | |
|---------------------------------|-----------------------------------|
| Insurance company | Compass Insurance Company Limited |
| Policy number | CIA 019-476 |
| Renewal date | 01 October 2023 |
| Premiums paid | Monthly |
| Date of last property valuation | 21 July 2020 |

Fidelity insurance

| | |
|-------------------|-------------------------------------|
| Insurance company | Guardrisk Insurance Company Limited |
| Policy number | SBIFG559983 |
| Renewal date | 01 April 2023 |
| Premiums paid | Monthly |

BODY CORPORATE OF WESTPOINT

(Scheme number: 112/2001)

Annual Financial Statements for the year ended 28 February 2023

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

| Figures in Rand | 2023 | 2022 |
|--|----------------|----------------|
| 8. Municipal charges | | |
| Electricity | 11 609 | 12 658 |
| Refuse removal | 50 563 | 49 633 |
| Water and sewerage | 279 284 | 270 819 |
| | <u>341 456</u> | <u>333 110</u> |
| 9. Repairs and maintenance - ordinary | | |
| Building | 21 749 | 21 596 |
| Electric fence and monitoring | 39 300 | 24 200 |
| Fire equipment | 3 943 | - |
| Garden and cleaning | 52 555 | 46 800 |
| Plumbing | 3 868 | 21 730 |
| | <u>121 415</u> | <u>114 326</u> |
| 10. Repairs and maintenance - special | | |
| Buildings | <u>399 534</u> | <u>15 065</u> |

11. Taxation

No provision has been made for 2023 tax as the body corporate has no taxable income in terms of Section 10(1)(e) of the Income Tax Act.

12. Going concern

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