La Veritas Home Owners' Association

Annual Financial Statements
for the year ended 28 February 2021

Contents

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

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 home owners' association 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 trustees acknowledge that they are ultimately responsible for the system of internal financial control established by the trust and place considerable importance on maintaining a strong control environment. To enable the trustees to meet these responsibilities, the board of 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 home owners' association and all employees are required to maintain the highest ethical standards in ensuring the home owners' association's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the home owners' association is on identifying, assessing, managing and monitoring all known forms of risk across the home owners' association. While operating risk cannot be fully eliminated, the home owners' association 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 home owners' association's cash flow forecast for the year to 28 February 2022 and, in the light of this review and the current financial position, they are satisfied that the home owners' association has or has 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 home owners' association's annual financial statements. The annual financial statements have been examined by the home owners' association's external auditors and their report is presented on page 4.

The annual financial statements set out on page 3 - 12, which have been prepared on the going concern basis, were approved by the board of trustees on 20 April 2021 and were signed on its behalf by:

E Scheepers (Chairperson)	**M Irle (Vice Chairperson)**
J Cozzi	**A Neethling**
G van der Merwe	

Trustees' Report

The trustees have pleasure in submitting their report on the annual financial statements of La Veritas Home Owners' Association for the year ended 28 February 2021.

1. Nature of business

The home owners' association is engaged in governing the property and operates principally in South Africa.

There have been no material changes to the nature of the trust's business from the prior year.

2. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the trust are set out in these annual financial statements.

3. Trustees

The trustees in office at the date of this report are as follows:

Trustees
E Scheepers (Chairperson)
M Irle (Vice Chairperson)
J Cozzi
A Neethling
G van der Merwe

4. Managing Agent

The managing agents of the home owners' association during the year was Nolands Tyg Incorporated.

5. Events after the reporting period

The trustees are not aware of any material event which occurred after the reporting date and up to the date of this report.

6. Going concern

The trustees believe that the trust has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The trustees have satisfied themselves that the trust is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The trustees are not aware of any new material changes that may adversely impact the trust. The trustees are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the trust.

7. Auditors

IJ Smith & Co continued in office as auditors for the home owners' association for 2021.

They will continue in office for the 2022 financial year.

CHARTERED
ACCOUNTANTS

Independent Auditor's Report

To the members of La Veritas Home Owners' Association

Opinion

We have audited the annual financial statements of La Veritas Home Owners' Association set out on pages 6 to 12, which comprise the statement of financial position as at 28 February 2021, and the statement of comprehensive income, statement of changes in equity 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, the annual financial statements present fairly, in all material respects, the financial position of La Veritas Home Owners' Association as at 28 February 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standard for Small and Medium-sized Entities.

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 home owners' association 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.

Other information

The trustees are responsible for the other information. The other information comprises the Trustees' Report as required by the constitution, which we obtained prior to the date of this report. 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.

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 and fair presentation of the annual financial statements in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the constitution, 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 home owners' association'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 home owners' association or to cease operations, or have no realistic alternative but to do so.

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Directors: Izak J Smith CA (SA)

IJS
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Independent Auditor's Report

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 home owners' association'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 home owners' association'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 home owners' association 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.

IJ Smith & ~~Co~~ Incorporated
Registered Auditor

20 April 2021
Durbanville

I J Smith & Co. Incorporated. Reg. No: 2002/018396/21 Practice No: 395 862
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Directors: Izak J Smith CA (SA)

Statement of Financial Position as at 28 February 2021

Figures in Rand	Note(s)	2021	2020
Assets			
Current Assets			
Trade and other receivables	2	174,447	65,646
Cash and cash equivalents	3	788,859	689,490
		963,306	**755,136**
Total Assets		**963,306**	**755,136**
Equity and Liabilities			
Equity			
Reserves		450,000	450,000
Accumulated surplus		363,935	161,651
		813,935	**611,651**
Liabilities			
Current Liabilities			
Trade and other payables	5	149,371	143,485
Total Equity and Liabilities		**963,306**	**755,136**

Statement of Comprehensive Income

Figures in Rand	Note(s)	2021	2020
Revenue	6	1,300,195	1,037,880
Other income		337,167	272,097
Operating expenses		(1,470,683)	(1,218,389)
Operating surplus		**166,679**	**91,588**
Investment revenue		35,605	43,686
Surplus for the year		**202,284**	**135,274**
Other comprehensive income		-	-
Total comprehensive income for the year		**202,284**	**135,274**

La Veritas Home Owners' Association

Annual Financial Statements for the year ended 28 February 2021

Statement of Changes in Equity

Figures in Rand	Development and contingency reserve	Accumulated surplus	Total equity
Balance at 01 March 2019	**450,000**	**26,377**	**476,377**
Surplus for the year	-	135,274	135,274
Other comprehensive income	-	-	-
Total comprehensive income for the year	**-**	**135,274**	**135,274**
Balance at 01 March 2020	**450,000**	**161,651**	**611,651**
Surplus for the year	-	202,284	202,284
Other comprehensive income	-	-	-
Total comprehensive income for the year	**-**	**202,284**	**202,284**
Balance at 28 February 2021	**450,000**	**363,935**	**813,935**
Note(s)	4		

Statement of Cash Flows

Figures in Rand	Note(s)	2021	2020
Cash flows from operating activities			
Cash generated from (used in) operations	10	63,764	(108,135)
Interest income		35,605	43,686
Tax paid		-	(2,029)
Net cash from operating activities		**99,369**	**(66,478)**
Total cash movement for the year		**99,369**	**(66,478)**
Cash at the beginning of the year		689,490	755,968
Total cash at end of the year	3	**788,859**	**689,490**

Accounting Policies

1. Basis of preparation and summary of significant accounting policies

The annual financial statements have been prepared on a going concern basis in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities. The annual financial statements have been prepared on the historical cost basis, except for biological assets at fair value less point of sale costs, 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

Initial measurement

Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through surplus or deficit) unless the arrangement constitutes, in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial instruments at amortised cost

These include loans, trade receivables and trade payables. Those debt instruments which meet the criteria in section 11.8(b) of the standard, are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

At 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 there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in surplus or deficit.

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.

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

Tax expenses

Tax expense is recognised in the same component of total comprehensive income or equity as the transaction or other event that resulted in the tax expense.

1.3 Revenue

Revenue is measured at the fair value of the considerarion received or receivable, excluding sales and discounts.

The levies receivable are accounted for on a straight-line basis over the financial year and decided amongst the owners. The annual levies are agreed and approved by the owners at the home owners' association's annual general meeting.

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

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

2. Trade and other receivables

Trade receivables	174,447	65,646

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	102,665	141,955
Short-term deposits	686,194	547,535
	788,859	**689,490**

4. Development and contingency reserve

At the option of the members of the HOA	266,800	266,800
At the option of the trustees	183,200	183,200
	450,000	**450,000**

5. Trade and other payables

Trade payables	44,835	37,378
Amounts received in advance	103,836	102,840
Ombud service levy	-	2,567
Deposits received	700	700
	149,371	**143,485**

6. Revenue

Ordinary levies	1,106,370	1,037,880
Special levy	193,825	-
	1,300,195	**1,037,880**

7. Special levy

Special levy raised		
Special levy received - 2021	83,700	-
Special levy accrued - 2021	110,125	-
Special levy accrual - 2022	140,975	-
	334,800	-

Special levy expended 2021		
Roads	158,056	-
Walls	35,769	-
	193,825	-

Balance available 2022		
Walls	16,166	-
Entrance upgrade	124,809	-
	140,975	-

Notes to the Annual Financial Statements

Figures in Rand	2021	2020

8. Insurance

Buildings:
Insurer: Santam Limited
Policy number: 63110103845
Anniversary date: 01/11/2021
Payment basis: Monthly
Sum insured: R1,036,337

Fidelity and Computer Crime:
Insurer: Compass Insurance Company Limited
Policy number: CIA 070-200
Anniversary date: 01/12/2021
Payment basis: Monthly
Sum insured: R756,579

9. Repairs and maintenance

	2021	2020
Property maintenace	49,533	57,338
Roads	158,056	30,899
Plumbing	-	31,323
	207,589	**119,560**

10. Cash generated from (used in) operations

	2021	2020
Surplus before taxation	202,284	135,274
Adjustments for:		
Interest received	(35,605)	(43,686)
Changes in working capital:		
Trade and other receivables	(108,801)	(1,210)
Trade and other payables	5,886	(198,513)
	63,764	**(108,135)**

Detailed Income Statement

Figures in Rand	Note(s)	2021	2020
Revenue			
Levy income		1,106,370	1,037,880
Special levy		193,825	-
	6	**1,300,195**	**1,037,880**
Other income			
Recoveries		336,967	271,597
Tags issued		200	500
Interest received		35,605	43,686
		372,772	**315,783**
Operating expenses			
Accounting fees		5,192	5,894
Auditors remuneration		7,508	6,825
Bank charges		6,600	7,457
Cleaning		2,557	196
Communications		5,261	6,874
Estate manager's remuneration		77,100	72,900
Garden		41,932	22,117
General expenses		3,929	1,155
Insurance	8	36,685	33,798
Managing agents fees		95,379	90,000
Municipal expenses		414,921	296,410
Repairs and maintenance	9	207,589	119,560
Security		566,030	552,241
Wages		-	2,962
		1,470,683	**1,218,389**
Surplus for the year		**202,284**	**135,274**