

AVALON SPRINGS BODY CORPORATE

(Registration number SS 28/1988)

ANNUAL FINANCIAL STATEMENTS
for the year ended 28 FEBRUARY 2010

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28 FEBRUARY 2010

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TRUSTEES :

AR JAMES (CHAIRMAN)
A AMOD
W DICKSON
D GORDON
MS JAFFE
M LAWRENCE
R LIPMAN
J SKINNER
M THOMPSON
H UPADHEY

Avalon Springs Body Corporate
(A Body Corporate registered under the Sectional Title Act No 95 of 1986)

TRUSTEES' REPORT FOR THE YEAR ENDED 28 FEBRUARY 2010

TO THE MEMBERS

We have pleasure in submitting our report together with the audited financial statements for the year ended 28 February 2010


1. **GENERAL REVIEW**
The body corporate administers the common property at a timeshare resort known as "Avalon Springs" situated at Montagu, Western Cape.

As a result of the flooding in November 2008, the resort was closed for the period 13 November 2008 to 6 March 2009. The resort was adequately insured for the losses and the operations have returned to normal.
2. **INCOME AND EXPENDITURE**
The body corporate does not operate for profit and all expenses are recoverable from the members.

The current income statement reflects a levy income of R 2,770,054 prior to interest received, taxation charge and transfer to refurbishment reserve fund. The resultant net surplus is R 60,586.
3. **BUDGET FOR THE 2010 FINANCIAL YEAR**
The budget for the year ended 28 February 2010 is set out on page 9.
4. **INSURANCE**
The insured value of the property amounting to R17,335,070 will be reviewed at the forthcoming annual general meeting.
5. **TRUSTEES**
In terms of the rules of the body corporate, the present Board of Trustees, comprising Mr W Dickson, Mr A Amod (Chairman), Mr M S Jaffe, Mr A R James, Mr M Lawrence, Mr R Lipman, Mr J Skinner, Mrs D Gordon, Mr M Thompson and Mr H A Upadhey - will retire from office at the Annual General Meeting and are eligible for re-election.
6. **SUBSEQUENT EVENTS**
There have been no facts or circumstances of a material nature that have occurred between the accounting date and the date of this report.

DATED AT CAPE TOWN THIS 30 JUNE 2010

FOR AND ON BEHALF OF THE BOARD OF TRUSTEES



TRUSTEE



TRUSTEE



INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF
Avalon Springs Body Corporate
(A body corporate registered under the Sectional Title Act No 95 of 1986)

chartered accountants
& business advisers

Report on the Financial Statements

We have audited the accompanying financial statements of Avalon Springs Body Corporate, which comprise the trustee's report, the balance sheet as at 28 February 2010, and the income statement and a summary of significant accounting policies and other explanatory notes, as set out on pages 4 to 8.

Trustee's Responsibility for the Financial Statements

Trustees are responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting as set out in note 1 of the annual financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 entity'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 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 financial statements present fairly, in all material respects, the financial position of the Avalon Springs Body Corporate as at 28 February 2010, and its financial performance for the year then ended in accordance with the basis accounting as set out in note 1 of the annual financial statements.

PKF (Cpt) Inc.
(REG NO 2000/016512/21)
(PAAB NO 913596E)
CHARTERED ACCOUNTANTS (S.A)
REGISTERED ACCOUNTANTS AND AUDITORS

Cape Town
30 June 2010

Tel + 27 0861 000 753 / Int. Tel + 27 21 405 5340 | Fax + 27 21 405 5355
Email info.cpt@pkf.co.za | www.pkf.co.za
21st Floor (Reception) | 2 Long Street | Cape Town 8001 | South Africa
P O Box 7483 / 7498 | Roggebaai 8012 | Docex 26 Cape Town

PKF (Cpt) Inc. Registered Auditors Chartered Accountants (SA) A member firm of PKF International Ltd Reg No. 2000/016512/21.
Directors: JM Nield (Managing) MJ Betts R Campbell SF Cillie DL Cohen H Goussard B Jackson F Mohamed FE Rooknodien
NI Strybis B van der Walt Y Weaver-Sasman
Consultants: MJ Giles AN Ipp

The PKF International Association is an association of legally Independent firms. PKF in Southern Africa practise as separate incorporated entities in Bloemfontein, Cape Town, Durban, George, Johannesburg, Port Elizabeth, Pretoria, Welkom, Namibia, and Swaziland

Avalon Springs Body Corporate
(A Body Corporate registered under the Sectional Title Act No 95 of 1986)

BALANCE SHEET AT 28 FEBRUARY 2010

	NOTE	2010 R	2009 R
ASSETS			
CURRENT ASSETS			
Trade and other receivables	2	134,434	866,097
Cash and cash equivalents		1,881,168	506,883
South African Revenue Service		18,445	-
TOTAL ASSETS		2,034,047	1,372,980
RESERVES AND LIABILITIES			
RESERVES			
Accumulated surplus		172,509	111,926
Refurbishment reserve fund	3	397,108	215,793
Bathroom refurbishment reserve fund	4	597	597
CURRENT LIABILITIES		1,463,833	1,044,664
Trade and other payables	5	1,015,377	1,022,317
Loan from Montagu Springs (Pty) Ltd		448,456	-
South African Revenue Services		-	22,347
TOTAL RESERVES AND LIABILITIES		2,034,047	1,372,980

AVALON SPRINGS BODY CORPORATE
(A Body Corporate registered under the Sectional Title Act No 95 of 1986)

INCOME STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2010

	NOTE	2010 R	2009 R
INCOME		2,824,369	2,565,792
Levies	1.1	2,770,054	1,911,168
Insurance claim		54,315	654,624
EXPENDITURE		2,422,789	2,149,737
Audit fees	6	18,565	16,165
Bank charges		7,693	8,460
Cleaning materials		80,500	62,200
Consumables and toiletries		117,000	95,834
Electricity		134,696	92,272
Hire of equipment		85,032	96,901
Insurance		98,936	67,507
Interest		98	1,164
Laundry expenses		131,000	105,000
Licences		5,675	4,737
Lift maintenance		28,202	25,279
Maintenance levies	7	54,315	50,294
Managing agent's fee		275,000	275,000
Meeting expenses		6,722	3,255
Printing, stationery and postages		15,792	7,768
Professional fees		27,060	24,788
Protective clothing		5,277	3,841
Rates and taxes		124,579	116,319
Repairs and maintenance		117,614	91,326
Resident/Guest access bands		6,517	4,109
Security		62,880	67,031
Staff costs		964,321	884,255
Telephone		18,000	18,000
Water		37,315	28,232
LEVY SURPLUS		401,580	416,055
Interest Received		173,656	235,344
- Members		32,667	78,601
- Investments		140,989	156,743
NET SURPLUS BEFORE TAXATION		575,236	651,399
TAXATION	8	(25,476)	(44,982)
Less: Transfer to refurbishment reserve fund		(450,000)	(330,000)
Less: Transfer to bathroom refurbishment fund		(39,174)	(251,000)
NET SURPLUS FOR THE YEAR		60,586	25,417

Avalon Springs Body Corporate
(A Body Corporate registered under the Sectional Title Act No 95 of 1986)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2010

1. The policies applied are specific to the body corporate and are set out below.
The financial statements are prepared on the historical cost basis which is consistent with previous years.

1.1 LEVIES RECEIVABLE

Levies received are recognised to the extent that the economic benefits will flow to the Body Corporate and the levies can be reliably measured.

1.2 TRADE AND OTHER RECEIVABLES

Trade and other receivables are stated net of any provisions at their recoverable amounts.

1.3 TRADE AND OTHER PAYABLES

Trade and other payables are stated at their nominal values.

1.4 REFURBISHMENT RESERVE FUNDS

A specified amount is allocated from net surplus after taxation to the refurbishment reserve funds which can then be utilised for major repairs.

	2010 R	2009 R
2. TRADE AND OTHER RECEIVABLES		
Arrear levies - members	97,076	86,694
VAT	33,337	124,779
Insurance refund receivable	-	654,624
Sundry debtors	4,021	-
	<u>134,434</u>	<u>866,097</u>

AVALON SPRINGS BODY CORPORATE
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2010

	2010 R	2009 R
3. REFURBISHMENT RESERVE FUND		
Balance at the beginning of the year	215,793	269,236
Provision for the year	<u>450,000</u>	<u>330,000</u>
	665,793	599,236
Less: Expenditure	<u>(268,684)</u>	<u>(383,443)</u>
Balance at the end of the year	<u><u>397,109</u></u>	<u><u>215,793</u></u>
4. BATHROOM REFURBISHMENT RESERVE FUND		
Balance at the beginning of the year	597	577
Provision for the year	<u>39,174</u>	<u>251,000</u>
	39,771	251,577
Less: Expenditure	<u>(39,174)</u>	<u>(250,980)</u>
Balance at the end of the year	<u><u>597</u></u>	<u><u>597</u></u>
5. TRADE AND OTHER PAYABLES		
Levies received in advance	971,470	58,239
Levies refund payable	-	780,621
Sundry creditors	<u>43,907</u>	<u>183,457</u>
	<u><u>1,015,377</u></u>	<u><u>1,022,317</u></u>
6. AUDIT FEES		
Fees for audit	14,000	14,250
For other services	1,800	1,915
Under-provision prior period	<u>2,765</u>	<u>16,165</u>
	<u><u>18,565</u></u>	<u><u>16,165</u></u>
7. MAINTENANCE LEVIES		
This represents reimbursed levies for 1 week when the units are unavailable due to maintenance work.	<u><u>54,315</u></u>	<u><u>50,294</u></u>

AVALON SPRINGS BODY CORPORATE
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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2010

	2010 R	2009 R
8. TAXATION		
In terms of Section 10(1)(e) of the Income Tax Act the income earned by the body corporate is exempt from taxation as far as transaction with the members are concerned.		
Current provision	<u>(25,476)</u>	<u>(44,982)</u>

AVALON SPRINGS BODY CORPORATE
(A Body Corporate registered under the Sectional Title Act No 95 of 1986)

BUDGET OF INCOME AND EXPENDITURE FOR THE YEAR ENDED 28 FEBRUARY 2010

	NOTE	BUDGET 2010 R	ACTUAL 2010 R
INCOME		2,824,503	2,824,369
Levies		2,824,503	2,770,054
Insurance claim		-	54,315
EXPENDITURE		2,457,282	2,422,789
Audit fees		14,000	18,565
Bank charges		9,135	7,693
Cleaning materials		80,500	80,500
Consumables and toiletries		117,000	117,000
Electricity		125,000	134,696
Hire of equipment		97,000	85,032
Insurance		85,000	98,936
Interest		-	98
Laundry expenses		131,000	131,000
Licences		6,000	5,675
Lift maintenance		30,920	28,202
Maintenance levies		54,317	54,315
Managing agent's fee		275,000	275,000
Meeting expenses		8,000	6,722
Printing, stationery and postages		16,000	15,792
Professional fees		27,160	27,060
Protective clothing		9,500	5,277
Rates and taxes		129,000	124,579
Repairs and maintenance		129,050	117,614
Resident/Guest access bands		7,900	6,517
Security		70,800	62,880
Staff costs		978,000	964,321
Telephone		18,000	18,000
Water		39,000	37,315
LEVY SURPLUS		367,221	401,580
Interest Received		125,000	173,656
NET SURPLUS BEFORE TAXATION		492,221	575,236
TAXATION		(35,000)	(25,476)
		457,221	549,760
Less: Transfer to refurbishment reserve fund		(450,000)	(450,000)
Less: Transfer to bathroom refurbishment fund		-	(39,174)
NET SURPLUS FOR THE YEAR		7,221	60,586