

**THE BODY CORPORATE OF KNIGHTSBRIDGE MANSIONS**  
**(Sectional Title Scheme number SS 18/1980)**  
**Annual Financial Statements**  
**for the year ended 31 December 2016**

# **The Body Corporate of Knightsbridge Mansions**

(Sectional Title Scheme number SS 18/1980)

Annual Financial Statements for the year ended 31 December 2016

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

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## Independent Auditor's Report

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### To the members of The Body Corporate of Knightsbridge Mansions

We have audited the annual financial statements of The Body Corporate of Knightsbridge Mansions, as set out on pages 7 to 15, which comprise the statement of financial position as at 31 December 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.

### Trustees' Responsibility for the Annual Financial Statements

The body corporate's trustees are 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 trustees 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 qualified audit opinion.

### Basis for Qualified Opinion

We are unable to express an opinion on the occurrence and accuracy of Revenue of R 18,426 (disclosed on the Statement of Comprehensive Income) as an ordinary levy increase of 10% was approved from 01 January 2016 but an increase of 12.3% was actually implemented resulting in an overstatement of R 18,426.

We are unable to express an opinion on the obligation and valuation of the Unknown Deposits for the amount of R 20 816 (disclosed under note 5 Trade and Other Payables in the Notes to the Annual Financial Statements) as management are unable to provide us with any documentation or explanations for this amount.

### Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the annual financial statements present fairly, in all material respects, the financial position of The Body Corporate of Knightsbridge Mansions as at 31 December 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 further 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.

## **Independent Auditor's Report**

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### **Supplementary Information**

Without further qualifying our opinion, we draw attention to the fact that supplementary information set out on page 16 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.

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**Cecil Kilpin & Co**  
**Registered Auditors**  
**Per Partner: M Spencer**

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**Century City**  
**Date:** \_\_\_\_\_

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# **The Body Corporate of Knightsbridge Mansions**

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Annual Financial Statements for the year ended 31 December 2016

## **Trustees' Responsibilities and Approval**

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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 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 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 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 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 body corporate's cash flow forecast for the year to 31 December 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 5 to 16, which have been prepared on the going concern basis, were approved by the board and were signed on its behalf by:

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**Trustee**

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**Trustee**

**Date:** \_\_\_\_\_

# The Body Corporate of Knightsbridge Mansions

(Sectional Title Scheme number SS 18/1980)

Annual Financial Statements for the year ended 31 December 2016

## Trustees' Report

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The trustees submit their report for the year ended 31 December 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 Knightsbridge Mansions, situated at 235 Beach Road, Sea Point, being Erf number 601, 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 trustees are 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 59 915 (2015: R 33 146).

### 4. Trustees

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

#### Name

K Steenkamp  
E West  
L McKenzie  
P Lourandos  
E Niedermayr

### 5. Managing Agent

The managing agent of the body corporate is IHFM (Pty) Ltd of:

#### Business address

8th Floor, 2 On Long  
2 Long Street  
Cape Town  
8001

#### Postal address

PO Box 1212  
Kuilsriver  
7579

### 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.

# **The Body Corporate of Knightsbridge Mansions**

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Annual Financial Statements for the year ended 31 December 2016

## **Trustees' Report**

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### **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 Knightsbridge Mansions

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Annual Financial Statements for the year ended 31 December 2016

## Statement of Financial Position as at 31 December 2016

	Note(s)	2016 R	2015 R
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	2	17 931	17 931
<b>Current Assets</b>			
Trade and other receivables	3	91 717	95 784
Cash and cash equivalents	4	211 650	161 521
		<b>303 367</b>	<b>257 305</b>
<b>Total Assets</b>		<b>321 298</b>	<b>275 236</b>
<b>Equity and Liabilities</b>			
<b>Members' funds and reserves</b>			
Maintenance reserve fund		20 000	20 000
Contingency fund		156 523	96 608
		<b>176 523</b>	<b>116 608</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	5	144 775	158 401
Current tax payable		-	227
		<b>144 775</b>	<b>158 628</b>
<b>Total Equity and Liabilities</b>		<b>321 298</b>	<b>275 236</b>



# The Body Corporate of Knightsbridge Mansions

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Annual Financial Statements for the year ended 31 December 2016

## Statement of Comprehensive Income

	Note(s)	2016 R	2015 R
Revenue	6	893 785	796 375
Other income		376 680	320 144
Operating expenses		(1 218 384)	(1 083 373)
<b>Operating surplus</b>		<b>52 081</b>	<b>33 146</b>
Investment revenue	7	7 834	-
<b>Surplus for the year</b>		<b>59 915</b>	<b>33 146</b>

# The Body Corporate of Knightsbridge Mansions

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Annual Financial Statements for the year ended 31 December 2016

## Statement of Changes in Equity

	Maintenance reserve fund R	Contingency fund R	Total equity R
Balance at 01 January 2015	20 000	63 462	83 462
Surplus for the year	-	33 146	33 146
Balance at 01 January 2016	20 000	96 608	116 608
Surplus for the year	-	59 915	59 915
Balance at 31 December 2016	20 000	156 523	176 523

Note(s)

# The Body Corporate of Knightsbridge Mansions

(Sectional Title Scheme number SS 18/1980)

Annual Financial Statements for the year ended 31 December 2016

## Statement of Cash Flows

	Note(s)	2016 R	2015 R
<b>Cash flows from operating activities</b>			
Cash generated from (used in) operations	12	42 524	(44 510)
Interest income		7 834	-
Tax paid	13	(227)	-
<b>Net cash from operating activities</b>		<b>50 131</b>	<b>(44 510)</b>
<b>Total cash movement for the year</b>		<b>50 131</b>	<b>(44 510)</b>
Cash at the beginning of the year		161 521	206 031
<b>Total cash at end of the year</b>	4	<b>211 652</b>	<b>161 521</b>

# The Body Corporate of Knightsbridge Mansions

(Sectional Title Scheme number SS 18/1980)

Annual Financial Statements for the year ended 31 December 2016

## Accounting Policies

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### 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 Property, plant and equipment

Property, plant and equipment are tangible items that are held for use in the production or supply of goods or services, or for rental to others or for administrative purposes; and are expected to be used during more than one period.

Property, plant and equipment is carried at cost less accumulated depreciation and accumulated impairment losses.

Cost include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Depreciation is provided using the straight-line method to write down the cost, less estimated residual value over the useful life of the property, plant and equipment as follows:

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Item	Average useful life
Land and buildings	indefinite
Security cameras	5 years

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The residual value, depreciation method and useful life of each asset are reviewed only where there is an indication that there has been a significant change from the previous estimate.

#### 1.2 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.

#### 1.3 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.

##### 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.

#### 1.4 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.

#### 1.5 Provisions and contingencies

Provisions are recognised when:

# **The Body Corporate of Knightsbridge Mansions**

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Annual Financial Statements for the year ended 31 December 2016

## **Accounting Policies**

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### **1.5 Provisions and contingencies (continued)**

- 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.

### **1.6 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 Knightsbridge Mansions

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Annual Financial Statements for the year ended 31 December 2016

## Notes to the Annual Financial Statements

	2016 R	2015 R
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### 2. Property, plant and equipment

	2016			2015		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Land and buildings	17 931	-	17 931	17 931	-	17 931
Security cameras	-	-	-	30 268	(30 268)	-
<b>Total</b>	<b>17 931</b>	<b>-</b>	<b>17 931</b>	<b>48 199</b>	<b>(30 268)</b>	<b>17 931</b>

#### Reconciliation of property, plant and equipment - 2016

	Opening balance	Total
Land and buildings	17 931	17 931

#### Reconciliation of property, plant and equipment - 2015

	Opening balance	Depreciation	Impairment loss	Total
Land and buildings	17 931	-	-	17 931
Security cameras	14 135	(6 054)	(8 081)	-
	<b>32 066</b>	<b>(6 054)</b>	<b>(8 081)</b>	<b>17 931</b>

#### Details of properties

Sections 23; 36; 37; 42; 55 and 59 as shown on the sectional plan No. SS18/1980 in the scheme known as The Body Corporate of Knightsbridge Mansions, in respect of land and buildings situated at Sea Point West, City of Cape Town. The floor area is 57; 18; 6; 6; 6 and 6 square metres in extent respectively and an undivided share in the common property in the scheme apportioned to the said sections in accordance with the participation quota as endorsed on the said Sectional Plan.

### 3. Trade and other receivables

Levies in arrears	87 815	74 304
Debtors for legal fees due	-	15 846
Accrued rental income	-	3 600
Prepayments	3 902	-
Sundry debtor	-	2 034
	<b>91 717</b>	<b>95 784</b>

#### Ageing of levies

	Current	30 days	60 days	90+ days		
Levies in arrears	12 161	5 452	6 137	64 064	87 815	74 304

### 4. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	211 650	161 521
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# The Body Corporate of Knightsbridge Mansions

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## Notes to the Annual Financial Statements

					2016 R	2015 R
<b>5. Trade and other payables</b>						
	<b>Current</b>	<b>30 days</b>	<b>60 days</b>	<b>90+ days</b>		
Levies received in advance	78 412	-	-	-	78 412	94 506
Cecil Kilpin & Co	6 646	-	-	-	6 646	6 042
Deposits held - building maintenance	-	-	-	5 000	5 000	10 000
Deposit received	-	-	-	7 500	7 500	5 000
IHFM (Pty) Ltd	-	-	60	-	60	-
Henri Grove & Partners	-	-	-	-	-	1 683
Unknown deposit	-	-	-	20 816	20 816	20 816
Accruals:						
City of Cape Town	19 371	-	-	-	19 371	16 323
Legal fees	-	-	6 970	-	6 970	-
Repairs and maintenance	-	-	-	-	-	4 031
					<b>144 775</b>	<b>158 401</b>
<b>6. Revenue</b>						
Ordinary levies					893 785	796 375
<b>7. Investment revenue</b>						
<b>Interest revenue</b>						
Bank					672	-
Overdue owners accounts					7 162	-
					<b>7 834</b>	<b>-</b>
<b>8. Auditor's remuneration</b>						
Fees					6 646	6 042
Adjustment for previous year					(657)	-
					<b>5 989</b>	<b>6 042</b>
<b>9. Insurance</b>						
Insurer:	Compass Insurance Company Limited					
Policy number:	CIA 0000-39071					
Period of cover:	01/09/2016 to 31/08/2017					
Policy expiry date:	31/08/2017					
Payment basis:	Monthly					
Sum insured:	R 114 175 264 (Property)					

# The Body Corporate of Knightsbridge Mansions

(Sectional Title Scheme number SS 18/1980)

Annual Financial Statements for the year ended 31 December 2016

## Notes to the Annual Financial Statements

	2016 R	2015 R
<b>10. Repairs and maintenance</b>		
Building	-	165 643
Cleaning	9 993	3 778
Electrical	119 188	27 463
Fire equipment	1 231	3 109
Gardening	16 709	10 676
Gate/ door	-	2 230
General building	80 539	-
Insurance refund	(4 000)	16 908
Keys and locks	1 050	-
Pest control	4 421	12 873
Plumbing	18 436	36 304
Replace intercom system	-	1 178
Security	450	2 997
Tags	2 822	-
Wastepipes project	12 312	30 030
Water extraction	-	8 223
Windows	13 690	28 483
	<b>276 841</b>	<b>349 895</b>
<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 generated from (used in) operations</b>		
Surplus before taxation	59 915	33 146
<b>Adjustments for:</b>		
Interest received	(7 834)	-
<b>Changes in working capital:</b>		
Trade and other receivables	4 069	(33 412)
Trade and other payables	(13 626)	(44 244)
	<b>42 524</b>	<b>(44 510)</b>
<b>13. Tax paid</b>		
Balance at beginning of the year	(227)	(227)
Balance at end of the year	-	227
	<b>(227)</b>	<b>-</b>



# The Body Corporate of Knightsbridge Mansions

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## Detailed Income Statement

	Note(s)	2016 R	2015 R
<b>Revenue</b>			
Ordinary levies		893 785	796 375
<b>Other income</b>			
Debtors balances written off		19 790	-
Interest received	7	7 834	-
Recoveries		330 490	312 944
Rental income		26 400	7 200
		<b>384 514</b>	<b>320 144</b>
<b>Operating expenses</b>			
Accounting fees		1 710	1 683
Auditors remuneration	8	5 989	6 042
Bank charges		10 183	10 297
Electricity		61 420	54 604
Employee costs		71 456	69 031
Insurance	9	97 356	85 294
Legal expenses		162 424	65 093
Lift maintenance		43 841	41 181
Management fees		28 955	30 391
Meeting costs		5 769	-
Postage		-	95
Printing and stationery		828	418
Rates		5 086	-
Refuse		25 701	22 114
Repairs and maintenance	10	276 841	349 895
Retirement funding - GJ Sokomani		6 000	7 000
Security		328 426	301 714
Sewerage		20 425	15 410
Sundry debtors balances written off		3 006	-
Telephone and fax		5 435	3 060
Water		57 533	20 051
		<b>1 218 384</b>	<b>1 083 373</b>
<b>Surplus for the year</b>		<b>59 915</b>	<b>33 146</b>