

**THE BODY CORPORATE OF KNIGHTSBRIDGE MANSIONS**  
**(Sectional Title Scheme number SS 18/1980)**  
**Annual Financial Statements**  
**for the year ended 31 December 2015**

# The Body Corporate of Knightsbridge Mansions

(Sectional Title Scheme number SS 18/1980)

Annual Financial Statements for the year ended 31 December 2015

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

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### Level of assurance

These annual financial statements have been audited in compliance with the applicable requirements of the Sectional Titles Act, 1986 (Act No. 95 of 1986).

## Independent Auditors' 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 6 to 14, which comprise the statement of financial position as at 31 December 2015, 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.

### Auditors' 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 auditors' 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 entity'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 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 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 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 2015, 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 Auditors' 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 15 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**

(Sectional Title Scheme number SS 18/1980)

Annual Financial Statements for the year ended 31 December 2015

## **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 2016 and, in the light of this review and the current financial position, they are satisfied that the body corporate 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 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 15, which have been prepared on the going concern basis, were approved and signed on its behalf by:

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Trustee

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Trustee

# The Body Corporate of Knightsbridge Mansions

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Annual Financial Statements for the year ended 31 December 2015

## Trustees' Report

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The trustees submit their report for the year ended 31 December 2015.

### 1. Review of activities

#### Main business and operations

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.

### 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 33 146 (2014: R (61 617)).

### 4. Trustees

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

#### Name

Phillip Lourandous  
L McKenzie  
Pierre Sarembok  
Kim Steenkamp  
Ed West

### 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 2016 financial year

A budget for the next 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.

### 9. Auditors

Cecil Kilpin & Co. was appointed 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 2015

## Statement of Financial Position as at 31 December 2015

	Note(s)	2015 R	2014 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	95 781	62 374
Cash and cash equivalents	4	161 521	206 026
		<b>257 302</b>	<b>268 400</b>
<b>Total Assets</b>		<b>275 233</b>	<b>286 331</b>
<b>Equity and Liabilities</b>			
<b>Members' funds and reserves</b>			
Contingency fund		96 605	63 459
Maintenance reserve fund		20 000	20 000
		<b>116 605</b>	<b>83 459</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Current tax payable		227	227
Trade and other payables	5	158 401	202 645
		<b>158 628</b>	<b>202 872</b>
<b>Total Equity and Liabilities</b>		<b>275 233</b>	<b>286 331</b>

# The Body Corporate of Knightsbridge Mansions

(Sectional Title Scheme number SS 18/1980)

Annual Financial Statements for the year ended 31 December 2015

## Statement of Comprehensive Income

	Note(s)	2015 R	2014 R
Revenue		796 375	2 944 618
Other income		320 144	276 017
Operating expenses		(1 083 373)	(3 317 921)
<b>Operating surplus (deficit)</b>		<b>33 146</b>	<b>(97 286)</b>
Investment revenue		-	35 896
<b>Surplus (deficit) before taxation</b>		<b>33 146</b>	<b>(61 390)</b>
Taxation	9	-	(227)
<b>Surplus (deficit) for the year</b>		<b>33 146</b>	<b>(61 617)</b>



# The Body Corporate of Knightsbridge Mansions

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## Statement of Changes in Equity

	Maintenance reserve fund R	Contingency fund R	Total equity R
Balance at 01 January 2014	20 000	125 076	145 076
Deficit for the year	-	(61 617)	(61 617)
Balance at 01 January 2015	20 000	63 459	83 459
Surplus for the year	-	33 146	33 146
Balance at 31 December 2015	20 000	96 605	116 605

Note(s)

# The Body Corporate of Knightsbridge Mansions

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Annual Financial Statements for the year ended 31 December 2015

## Statement of Cash Flows

	Note(s)	2015 R	2014 R
<b>Cash flows from operating activities</b>			
Cash used in operations	10	(44 505)	(68 170)
Interest income		-	35 896
<b>Net cash from operating activities</b>		<b>(44 505)</b>	<b>(32 274)</b>
<b>Total cash movement for the year</b>		<b>(44 505)</b>	<b>(32 274)</b>
Cash at the beginning of the year		206 026	238 300
<b>Total cash at end of the year</b>	4	<b>161 521</b>	<b>206 026</b>

# The Body Corporate of Knightsbridge Mansions

(Sectional Title Scheme number SS 18/1980)

Annual Financial Statements for the year ended 31 December 2015

## 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. 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, for rental to others or for administrative purposes; and
- are expected to be used during more than one period.

Property, plant and equipment also include investment property for which fair value cannot be determined without undue cost or effort on an ongoing basis.

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

Cost includes all costs incurred to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Costs 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, which is as follows:

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

The residual value, depreciation method and useful life of each asset are reviewed at each annual reporting period if there are indicators present that there has been a significant change from the previous estimate.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss in the period.

#### 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.

# **The Body Corporate of Knightsbridge Mansions**

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Annual Financial Statements for the year ended 31 December 2015

## **Accounting Policies**

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### **1.3 Tax (continued)**

#### **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 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 owner 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

(Sectional Title Scheme number SS 18/1980)

Annual Financial Statements for the year ended 31 December 2015

## Notes to the Annual Financial Statements

	2015 R	2014 R
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### 2. Property, plant and equipment

	2015			2014		
	Cost	Accumulated depreciation and impairments	Carrying value	Cost	Accumulated depreciation and impairments	Carrying value
Land and buildings	17 931	-	17 931	17 931	-	17 931
Security cameras	30 268	(30 268)	-	30 268	(30 268)	-
<b>Total</b>	<b>48 199</b>	<b>(30 268)</b>	<b>17 931</b>	<b>48 199</b>	<b>(30 268)</b>	<b>17 931</b>

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

	Opening balance	Total
Land and buildings	17 931	17 931

#### Reconciliation of property, plant and equipment - 2014

	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 36; 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 18; 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	74 301	60 340
Accrued rental income	3 600	-
Debtors for legal fees due	15 846	-
Sundry debtors	2 034	2 034
	<b>95 781</b>	<b>62 374</b>

#### Ageing of levies

	Current	30 days	60 days	90+ days		
Levies in arrears	25 981	16 725	13 021	18 574	74 301	60 340

# The Body Corporate of Knightsbridge Mansions

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## Notes to the Annual Financial Statements

					2015 R	2014 R
<b>4. Cash and cash equivalents</b>						
Cash and cash equivalents consist of:						
Bank balances					161 521	206 026
<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	94 506	-	-	-	94 506	83 177
Cecil Kilpin & Co	6 042	-	-	-	6 042	5 700
Deposits held - building maintenance	-	-	-	10 000	10 000	16 000
Deposit received	-	-	-	5 000	5 000	-
Henri Grove & Partners	-	-	-	1 683	1 683	17 948
Unknown deposit	-	-	-	20 816	20 816	20 816
Accruals:						
- City of Cape Town	9 544	6 779	-	-	16 323	18 402
- Legal fees	-	-	-	-	-	9 242
- Repairs and maintenance	-	-	4 031	-	4 031	31 360
					<b>158 401</b>	<b>202 645</b>
<b>6. Auditors' remuneration</b>						
Fees					6 042	5 700
Adjustment for previous year					-	1 463
					<b>6 042</b>	<b>7 163</b>
<b>7. Insurance</b>						
Insurer:	Compass Insurance Company Limited					
Policy number:	CIA 0000 - 39071					
Period of cover:	01/09/2015 to 31/08/2016					
Policy expiry date:	31/08/2016					
Payment basis:	Monthly					
Sum insured:	R 103 795 696 (Property)					

# The Body Corporate of Knightsbridge Mansions

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## Notes to the Annual Financial Statements

	2015 R	2014 R
<b>8. Repairs and maintenance</b>		
Building	165 643	23 201
Cleaning	3 778	3 671
Electrical	27 463	20 948
Fire equipment	3 109	-
Gardening	10 676	13 020
Gate/ door	2 230	7 719
General	-	22 391
Globes/ lights	-	1 110
Insurance claims	16 908	(13 678)
Keys and locks	-	1 000
Operational expenses	-	(2 580)
Pest control	12 873	5 835
Plumbing	36 303	21 050
Replace intercom system	1 178	20 106
Security	2 997	5 186
Windows	28 484	-
Wastepipes project	30 030	2 348 184
Water extraction	8 223	71 079
	<b>349 895</b>	<b>2 548 242</b>
<b>9. Taxation</b>		
<b>Major components of the tax expense</b>		
Current		
Local income tax - recognised in current tax for prior periods	-	227
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 2015 tax as the body corporate has no taxable income.		
<b>10. Cash used in operations</b>		
Surplus (deficit) before taxation	33 146	(61 390)
Adjustments for:		
Depreciation and amortisation	-	14 135
Interest received - investment	-	(35 896)
Changes in working capital:		
Trade and other receivables	(33 412)	(53 634)
Trade and other payables	(44 239)	68 615
	<b>(44 505)</b>	<b>(68 170)</b>
<b>11. Tax refunded</b>		
Balance at beginning of the year	(227)	-
Current tax for the year recognised in surplus or deficit	-	(227)
Balance at end of the year	227	227
	-	-

# The Body Corporate of Knightsbridge Mansions

(Sectional Title Scheme number SS 18/1980)

Annual Financial Statements for the year ended 31 December 2015

## Detailed Income Statement

	Note(s)	2015 R	2014 R
<b>Revenue</b>			
Ordinary levies		796 375	722 618
Special levies		-	2 222 000
		<b>796 375</b>	<b>2 944 618</b>
<b>Other income</b>			
Interest received		-	35 896
Recoveries		312 944	269 780
Rental income		7 200	6 237
		<b>320 144</b>	<b>311 913</b>
<b>Operating expenses</b>			
Accounting fees		1 683	-
Administration fees		-	25 331
Auditors remuneration	6	6 042	7 163
Bank charges		10 297	12 431
Depreciation, amortisation and impairments		-	14 135
Electricity		54 604	47 460
Employee costs		69 031	58 789
Insurance	7	85 294	70 120
Legal expenses		65 093	77 229
Lift maintenance		41 181	48 958
Management fees		30 391	28 673
Postage		95	108
Printing and stationery		418	1 435
Refuse		22 114	23 302
Repairs and maintenance	8	349 895	2 548 242
Retirement funding - GJ Sokomani		7 000	2 500
Security		301 714	272 441
Special levies paid		-	15 554
Sewerage		15 410	22 426
Telephone and fax		3 060	6 945
Water		20 051	34 679
		<b>1 083 373</b>	<b>3 317 921</b>
<b>Surplus (deficit) before taxation</b>		<b>33 146</b>	<b>(61 390)</b>
Taxation	9	-	(227)
<b>Surplus (deficit) for the year</b>		<b>33 146</b>	<b>(61 617)</b>