

OUBAAI HOME OWNERS ASSOCIATION
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2024



Oubai Home Owners Association
Annual Financial Statements for the year ended 29 February 2024
General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Real Estate Investment & Services
Trustees	J. Kriek - Chairperson W. Marx - Estate Manager C. van Eetveldt - Member Trustee J. Rheeder - Member Trustee G. Hamel - Member Trustee
Registered office	Moore Southern Cape Inc 132 Mitchell Street George 6530
Business address	Oubai Golf Resort Herolds Bay 6530
Bankers	ABSA George
Auditors	Moore Southern Cape Incorporated Registered Auditor
Estate Manager	W. Marx
Tax reference number	9263101165
Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the Constitution of Oubai Home Owners Association.
Preparer	The annual financial statements were independently compiled by: S. Laufs Professional Accountant (S.A.)
Issued	03 June 2024

Oubai Home Owners Association
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The reports and statements set out below comprise the annual financial statements presented to the owners:

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The following supplementary information does not form part of the annual financial statements and is unaudited:

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**Oubaai Home Owners Association
Annual Financial Statements for the year ended 29 February 2024
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 basis of accounting as set out in note 1 of the accounting policies. 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 basis of accounting as set out in note 1 of the accounting policies 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 Home Owners Association 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.

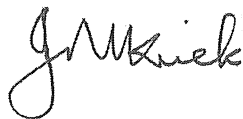
The trustees are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial 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 2025 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 26.

The annual financial statements set out on pages 31 to 51, which have been prepared on the going concern basis, were approved by the board of trustees on 31 May 2024 and were signed on its behalf by:

Approval of annual financial statements



CHAIRMAN OF THE BOARD



VICE CHAIRMAN

Independent Auditor's Report

To the Trustees of Oubai Home Owners Association

Opinion

We have audited the financial statements of Oubai Home Owners Association set out on pages 31 to 49, which comprise the statement of financial position as at 29 February 2024, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Oubai Home Owners Association as at 29 February 2024, and its financial performance and cash flows for the year then ended in accordance with the basis of accounting described in note 1 to the annual financial statements and the requirements of the Constitution of Oubai Home Owners Association.

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 company 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 - Basis of Accounting

We draw attention to note 1 to the annual financial statements, which describes the basis of accounting. The annual financial statements are prepared in accordance with the company's own accounting policies to satisfy the financial information needs of the company's trustees. As a result, the annual financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the document titled "Oubai Home Owners Association Annual Financial Statements for the year ended 29 February 2024", which includes the Trustees' Report as required by the Constitution of Oubai Home Owners Association and the supplementary information as set out on page 52. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 Financial Statements

The trustees are responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Constitution of Oubaai Home Owners Association, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the company'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 company 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 ISAs 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.

A further description of our responsibilities for the audit of the financial statements is included in the Appendix to this auditor's report. This description, which is located at the back of this audit report, forms part of our auditor's report.

A handwritten signature in black ink that reads "Moore Southern Cape Inc." with a period at the end.

Moore Southern Cape Incorporated
C.N. Kelton
Director
Registered Auditor
George
03 June 2024



APPENDIX

Auditor's Responsibilities for the Audit of the Financial Statements

As part of an audit in accordance with ISAs, 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 company'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 company'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 company 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.

Oubaai Home Owners Association
Annual Financial Statements for the year ended 29 February 2024
Trustees' Report

The trustees submit their report for the year ended 29 February 2024.

1. Review of activities

Main business and operations

The operating results and state of affairs of the Home Owners Association are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

2. Going concern

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 obligations and commitments will occur in the ordinary course of business.

3. 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.

4. Trustees

The trustees of the Home Owners Association during the year and to the date of this report are as follows:

Name	Changes
J. Kriek - Chairperson	Appointed 30 June 2023
W. Marx - Estate Manager	
K. Hunter - Member Trustee	Resigned 31 January 2024
C. van Eetveldt - Member Trustee	
J. Rheeder - Member Trustee	
G. Hamel - Member Trustee	
A. Robberts - Chairperson	Resigned 30 June 2023

5. Estate Manager

The Estate Manager of the Home Owners Association is W. Marx.

6. Reserves

The trustees implemented a strategy to ensure that the reserves built up are sufficient to cover future replacement cost. 25% of annual turnover should be kept as retained earnings to cover operational costs and any surplus value over 25% should be transferred to the reserve account.

7. Insurance policy details

Fidelity cover (PMR23(7) and Reg 15 of CSOSA)

Insurance company	Compass Insurance Company Limited
Policy Number	CIA 117-604
Expiry date	01/11/2024
Total replacement value	30,000,000

8. Auditors

Moore Southern Cape Incorporated will continue in office for the next financial period.

Oubai Home Owners Association
Annual Financial Statements for the year ended 29 February 2024
Trustees' Report

9. Date of authorisation for issue of annual financial statements

The annual financial statements have been authorised for issue by the Trustees on 31 May 2024. No authority was given to anyone to amend the annual financial statements after the date of issue.

Oubai Home Owners Association
Annual Financial Statements for the year ended 29 February 2024
Statement of Financial Position as at 29 February 2024

Figures in Rand	Notes	2024	2023
Assets			
Non-Current Assets			
Property, plant and equipment	2	4,581,215	4,580,431
Investments in subsidiaries	3	100	-
		<u>4,581,315</u>	<u>4,580,431</u>
Current Assets			
Sundry and other receivables	4	3,098,026	3,608,985
Other financial assets	5	45,378,070	42,768,626
Cash and cash equivalents	6	1,631,472	1,129,809
		<u>50,107,568</u>	<u>47,507,420</u>
Total Assets		<u>54,688,883</u>	<u>52,087,851</u>
Equity and Liabilities			
Owner's funds and reserves			
Reserves	7	46,137,163	43,542,732
Accumulated surplus		4,425,946	5,281,180
		<u>50,563,109</u>	<u>48,823,912</u>
Liabilities			
Current Liabilities			
Sundry and other payables	8	2,328,101	2,473,102
Current tax payable	9	1,526,246	524,642
Provisions	10	271,427	266,195
		<u>4,125,774</u>	<u>3,263,939</u>
Total Equity and Liabilities		<u>54,688,883</u>	<u>52,087,851</u>

Oubai Home Owners Association
Annual Financial Statements for the year ended 29 February 2024
Statement of Comprehensive Income

Figures in Rand	Notes	2024	2023
Revenue	11	19,721,427	17,903,623
Other income		15,678,335	15,396,005
Operating expenses	12	(36,199,344)	(34,079,196)
Operating deficit		(799,582)	(779,568)
Investment revenue	13	3,540,383	2,912,979
Surplus before taxation		2,740,801	2,133,411
Taxation	14	(1,001,604)	(848,225)
Surplus for the year		1,739,197	1,285,186
Other comprehensive income		-	-
Total comprehensive income for the year		1,739,197	1,285,186

Oubai Home Owners Association
Annual Financial Statements for the year ended 29 February 2024
Statement of Changes in Equity

Figures in Rand	Capital improve- ment reserve	Capital expenditure reserve	Total reserves	Retained income	Total equity
Balance at 01 March 2022	25,048,142	17,123,083	42,171,225	5,367,501	47,538,726
Surplus for the year	-	-	-	1,285,186	1,285,186
Total comprehensive income for the year	-	-	-	1,285,186	1,285,186
Transfer between reserves	-	-	-	(1,371,507)	(1,371,507)
Portion of levies	980,582	844,469	1,825,051	-	1,825,051
Fixed assets acquired	(442,763)	(1,748,245)	(2,191,008)	-	(2,191,008)
Non-refundable deposit	220,200	-	220,200	-	220,200
Interest earned on investments	2,430,140	-	2,430,140	-	2,430,140
Less taxation payable	(912,876)	-	(912,876)	-	(912,876)
Total changes	2,275,283	(903,776)	1,371,507	(1,371,507)	-
Balance at 01 March 2023	27,323,425	16,219,307	43,542,732	5,281,180	48,823,912
Surplus for the year	-	-	-	1,739,197	1,739,197
Total comprehensive income for the year	-	-	-	1,739,197	1,739,197
Transfer between reserves	-	-	-	(2,594,431)	(2,594,431)
Portion of levies	1,195,238	935,706	2,130,944	-	2,130,944
Fixed assets acquired	(513,528)	(1,610,792)	(2,124,320)	-	(2,124,320)
Non-refundable deposit	194,200	-	194,200	-	194,200
Interest earned on investments	3,350,741	-	3,350,741	-	3,350,741
Less taxation payable	(957,134)	-	(957,134)	-	(957,134)
Total changes	3,269,517	(675,086)	2,594,431	(2,594,431)	-
Balance at 29 February 2024	30,592,942	15,544,221	46,137,163	4,425,946	50,563,109
Note	7				

Oubai Home Owners Association
Annual Financial Statements for the year ended 29 February 2024
Statement of Cash Flows

Figures in Rand	Notes	2024	2023
Cash flows from operating activities			
Cash generated from operations	15	1,736,395	765,954
Interest income		2,966,464	2,529,511
Dividends received		573,919	383,468
Tax paid	16	-	(368,364)
Net cash from operating activities		<u>5,276,778</u>	<u>3,310,569</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(2,124,319)	(2,176,018)
Sale of property, plant and equipment	2	45	259
Acquisition of subsidiary		(100)	-
Sale of other financial assets		(3,732,374)	(3,082,703)
Purchase of financial assets		6,383,114	-
Net cash from investing activities		<u>(4,775,115)</u>	<u>(5,258,462)</u>
Total cash movement for the year		501,663	(1,947,893)
Cash at the beginning of the year		<u>1,129,809</u>	<u>3,077,702</u>
Total cash at end of the year	6	<u>1,631,472</u>	<u>1,129,809</u>

Oubaa Home Owners Association
Annual Financial Statements for the year ended 29 February 2024
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 principal accounting policies as set out below, and the Constitution of Oubaa Home Owners Association. 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 assets which the Home Owners Association holds for use in the production or supply of goods or services, or for rental to others or for administrative purposes and which are expected to be used for more than one period.

Property, plant and equipment is initially measured at cost.

Cost includes 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.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the body corporate and the cost can be measured reliably. Day to day servicing costs are included in surplus or deficit in the period in which they are incurred.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the body corporate.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Landscape and infrastructure improvements	Straight line	5 years
Plant and machinery	Straight line	5 years
Furniture and fixtures	Straight line	5 years
Motor vehicles	Straight line	4 years
Office equipment	Straight line	5 years
IT equipment	Straight line	3 years
Leasehold improvements	Straight line	5 years
Temporary offices	Straight line	5 years
Security equipment	Straight line	5 years

The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

Where major components of an item of property, plant and equipment have significantly different patterns of consumption of economic benefits, the cost of the asset is allocated to the components and they are depreciated separately over each component's useful life.

1.1 Property, plant and equipment (continued)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.2 Investments in subsidiaries

Investments in subsidiaries are measured at cost less any accumulated impairment losses.

1.3 Financial instruments

Classification

The Home Owners Association classifies financial assets and financial liabilities into the following categories:

Financial assets measured at amortised cost comprising of sundry and other receivables and cash.
Financial liabilities measured at amortised cost comprising of sundry and other payables.
Financial assets measured at fair value through profit or loss comprise of investments held.

The classification depends on the nature and purpose of the financial assets and liabilities and is determined at initial recognition.

Financial instruments are initially recognised when the Home Owners Association becomes a party to the contractual provisions of the instruments.

The Home Owners Association classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement. Financial assets and liabilities are initially measured at fair value plus any transaction costs.

Loans receivable are classified as current if the entity expects to receive repayment within 12 months after the reporting date. All other loans receivable are classified as non-current.

Loans payable are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Subsequent measurement

Financial assets are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Investments are measured at fair value through profit or loss.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Derecognition

Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the home owners association has transferred substantially all risks and rewards of ownership. On derecognition, the difference between the carrying amount of the financial asset and the proceeds receivable are included in profit or loss.

Financial liabilities (or a portion thereof) are derecognized when the obligation specified in the contract is discharged, cancelled or expires. On derecognition, the difference between the carrying amount of the financial liability, including related unamortized costs, and the amount paid for it is included in profit or loss.

1.3 Financial instruments (continued)

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Appropriate allowances for estimated irrecoverable amounts are recognized in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered to be indicators that the asset is impaired. The allowance recognized is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in profit or loss within operating expenses. When rent receivable is uncollectable, it is written off against the allowance account for rent receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

1.4 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. Taxation is calculated in terms of s10(1)(e) of the Income Tax Act No. 58 of 1962.

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

1.5 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. All other leases are operating leases.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term unless:

- another systematic basis is representative of the time pattern of the benefit from the leased asset, even if the payments are not on that basis, or
- the payments are structured to increase in line with expected general inflation (based on published indexes or statistics) to compensate for the lessor's expected inflationary cost increases.

Any contingent rents are expensed in the period they are incurred.

Oubai Home Owners Association
Annual Financial Statements for the year ended 29 February 2024
Accounting Policies

1.6 Impairment of assets

The Home Owners Association's assesses at each reporting date whether there is any indication that any assets may be impaired.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

The impairment will equal the difference between the book value and the higher of its fair value less costs to sell and its value in use.

1.7 Reserves

Reserves consist of the capital improvement reserve and the capital expenditure reserve which are funded through the capital levy and available surplus funds.

1.8 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as leave pay and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

1.9 Provisions and contingencies

Provisions are recognised when the Home Owners Association has an obligation at the reporting date as a result of a past event; it is probable that the Home Owners Association will be required to transfer economic benefits in settlement; and the amount of the obligation can be estimated reliably.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

1.10 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 owners and are disclosed with the expenses to which they relate. When the inflow of cash and cash equivalents is deferred, the fair value of the consideration receivable is the present value of all future receipts using the imputed rate of interest.

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.

1.11 Other income

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

Dividends are recognised, in surplus or deficit, when the Home Owners Association's right to receive payment has been established.

Recoveries are measured at the fair value of the consideration received or receivable.

Oubaai Home Owners Association
Annual Financial Statements for the year ended 29 February 2024
Notes to the Annual Financial Statements

Figures in Rand	2024			2023		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Landscape and infrastructure	10,669,028	(7,683,729)	2,985,299	9,735,079	(6,703,691)	3,031,388
Plant and machinery	1,731,527	(1,166,059)	565,468	1,450,147	(834,953)	615,194
Furniture and fixtures	122,949	(97,197)	25,752	122,949	(75,186)	47,763
Motor vehicles	824,485	(824,481)	4	824,485	(824,481)	4
Office equipment	441,916	(295,195)	146,721	388,865	(223,014)	165,851
IT equipment	2,277,849	(1,939,239)	338,610	2,160,947	(1,860,892)	300,055
Leasehold improvements	211,869	(211,861)	8	211,869	(211,861)	8
Security equipment	3,507,357	(2,988,024)	519,333	4,126,807	(3,706,659)	420,148
Temporary offices	290,155	(290,144)	11	290,155	(290,144)	11
Fixed property	9	-	9	9	-	9
Total	20,077,144	(15,495,929)	4,581,215	19,311,312	(14,730,881)	4,580,431

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Depreciation	Closing balance
Landscape and infrastructure	3,031,388	1,106,970	(8)	(1,153,051)	2,985,299
Plant and machinery	615,194	281,380	-	(331,106)	565,468
Furniture and fixtures	47,763	-	-	(22,011)	25,752
Motor vehicles	4	-	-	-	4
Office equipment	165,851	55,419	(5)	(74,544)	146,721
IT equipment	300,055	215,491	(10)	(176,926)	338,610
Leasehold improvements	8	-	-	-	8
Security equipment	420,148	326,212	(22)	(227,005)	519,333
Temporary offices	11	-	-	-	11
Fixed property	9	138,847	(138,847)	-	9
	4,580,431	2,124,319	(138,892)	(1,984,643)	4,581,215

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Depreciation	Closing balance
Landscape and infrastructure	2,620,707	1,564,162	(71)	(1,153,410)	3,031,388
Plant and machinery	901,309	-	(8)	(286,107)	615,194
Furniture and fixtures	49,070	31,870	(18)	(33,159)	47,763
Motor vehicles	4	-	-	-	4
Office equipment	23,124	181,243	(66)	(38,450)	165,851
IT equipment	158,331	327,010	(52)	(185,234)	300,055
Leasehold improvements	8	-	-	-	8
Security equipment	617,749	71,724	(43)	(269,282)	420,148
Temporary offices	12	-	(1)	-	11
Fixed property	-	9	-	-	9
	4,370,314	2,176,018	(259)	(1,965,642)	4,580,431

Oubaai Home Owners Association
Annual Financial Statements for the year ended 29 February 2024
Notes to the Annual Financial Statements

Figures in Rand	2024	2023		
2. Property, plant and equipment (continued)				
Fixed Property Description				
Erf 930 Herolds Bay includes Erven 1258, 1259, 1265, 1266, 1268, 1333, 1392, 1557, 1327				
3. Investments in subsidiaries				
Name of subsidiary	% holding 2024	% holding 2023	Carrying amount 2024	Carrying amount 2023
The Members Club Oubaai (Pty) Ltd	100.00 %	- %	100	-
The entity is incorporated in South Africa and share the year end of the Home Owners Association.				
The carrying amount of the subsidiary is shown gross of impairment losses.				
4. Sundry and other receivables				
Trade receivables			1,959,543	2,685,431
Prepayments			-	1,725
Provision for water and electricity			1,138,483	921,829
			<u>3,098,026</u>	<u>3,608,985</u>
5. Other financial assets				
At fair value				
Ninety One Investment			6,686,269	6,186,021
This is an equity portfolio that receives dividends.				
At amortised cost				
ABSA Money Market			5,442,169	5,792,660
Account held at ABSA Bank, interest monthly compounded at interest linked to prime.				
Investec Fixed Deposit			33,249,632	30,789,945
Two fixed deposits held at Investec, interest monthly compounded at interest linked to prime.				
			<u>38,691,801</u>	<u>36,582,605</u>
Total other financial assets			<u>45,378,070</u>	<u>42,768,626</u>
Current assets				
At fair value			6,686,269	6,186,021
At amortised cost			38,691,801	36,582,605
			<u>45,378,070</u>	<u>42,768,626</u>

Oubai Home Owners Association
Annual Financial Statements for the year ended 29 February 2024
Notes to the Annual Financial Statements

Figures in Rand	2024	2023
6. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	554	545
Bank balances	1,630,918	1,129,264
	<u>1,631,472</u>	<u>1,129,809</u>
7. Reserves		
The trustees proposed that 25% of annual turnover should be kept as retained earnings to cover operational costs and any surplus value over 25% should be transferred to the reserve account.		
There has been a transfer of R2,594,431 from retained earnings to reserves during the current financial year (2023: R1,371,507).		
Capital improvement reserve	30,592,942	27,323,425
Capital expenditure reserve	15,544,221	16,219,307
	<u>46,137,163</u>	<u>43,542,732</u>
8. Sundry and other payables		
Trade payables	1,373,524	1,510,249
Accrued expense - Other	33,060	32,960
Accrued leave pay	112,015	88,217
Amounts received in advance	528,423	502,772
Deposits received	281,079	338,904
	<u>2,328,101</u>	<u>2,473,102</u>
9. Current tax receivable (payable)		
Normal tax	<u>(1,526,246)</u>	<u>(524,642)</u>
Net current tax receivable (payable)		
Current liabilities	<u>(1,526,246)</u>	<u>(524,642)</u>
10. Provisions		
Reconciliation of provisions		
	Provision for bonuses	Closing balance
At 01 March 2022	64,222	64,222
Additions	266,195	266,195
Utilised during the year	(64,222)	(64,222)
At 28 February 2023	<u>266,195</u>	<u>266,195</u>
Additions	271,427	271,427
Utilised during the year	(266,195)	(266,195)
At 29 February 2024	<u>271,427</u>	<u>271,427</u>

Oubaai Home Owners Association
Annual Financial Statements for the year ended 29 February 2024
Notes to the Annual Financial Statements

Figures in Rand	2024	2023
11. Revenue		
Levies from Home Owners	12,053,925	11,057,656
Levies from Village Owners	4,742,591	4,345,650
Levies from Developer - Erven	-	11,694
Non-compliance penalty levy	935,706	844,468
Village defined levy - Members	1,791,089	1,446,408
Community Schemes Ombud Service Levy	198,116	197,747
	<u>19,721,427</u>	<u>17,903,623</u>
12. Operating expenses		
Operating expenses include the following expenses:		
Operating lease charges		
Office premises		
• Contractual amounts	<u>125,244</u>	<u>123,644</u>
Loss on sale of assets	138,847	-
Depreciation	1,984,687	1,965,901
Employee costs	<u>4,182,995</u>	<u>3,717,557</u>
13. Investment revenue		
Dividend revenue		
Ninety One Investment	<u>573,919</u>	<u>383,468</u>
Interest revenue		
Financial institutions	2,809,195	2,430,140
Outstanding levies	157,269	99,371
	<u>2,966,464</u>	<u>2,529,511</u>
	<u>3,540,383</u>	<u>2,912,979</u>
14. Taxation		
Major components of the tax expense		
Current taxation		
South African normal tax - year	<u>1,001,604</u>	<u>848,225</u>

Oubai Home Owners Association
Annual Financial Statements for the year ended 29 February 2024
Notes to the Annual Financial Statements

Figures in Rand	2024	2023
14. Taxation (continued)		
Reconciliation of the tax expense		
Accounting surplus	2,740,801	2,133,411
Tax at the applicable tax rate of 27% (2023: 28%)	740,016	597,355
Tax effect of adjustments on taxable income		
Exempt income		
Exempt income s10(1)(e)	(9,265,340)	(9,109,173)
Exempt income s10(1)(e) Basic exemption	(13,500)	(14,000)
Exempt income - Dividends	(154,958)	(107,371)
	<u>(9,433,798)</u>	<u>(9,230,544)</u>
Non-deductible expenses		
Non-deductible expense	9,695,385	9,481,414
	<u>9,695,385</u>	<u>9,481,414</u>
	<u>1,001,603</u>	<u>848,225</u>
The income tax rate of 28% in 2023 was reduced to 27% in 2024.		
15. Cash generated from operations		
Surplus before taxation	2,740,801	2,133,411
Adjustments for:		
Depreciation and amortisation	1,984,643	1,965,642
Deficit on sale of assets	138,847	-
Dividends received	(573,919)	(383,468)
Investment income	(2,966,464)	(2,529,511)
Fair value adjustments	41,297	(41,200)
Movements in provisions	5,232	201,973
Changes in working capital:		
Sundry and other receivables	510,959	(798,960)
Sundry and other payables	(145,001)	218,067
	<u>1,736,395</u>	<u>765,954</u>
16. Tax paid		
Balance at beginning of the year	(524,642)	(44,781)
Current tax for the year recognised in profit or loss	(1,001,604)	(848,225)
Balance at end of the year	1,526,246	524,642
	<u>-</u>	<u>(368,364)</u>

Oubai Home Owners Association
Annual Financial Statements for the year ended 29 February 2024
Notes to the Annual Financial Statements

Figures in Rand	2024	2023
16. Tax paid (continued)		
17. Construction activities		
Builders income	345,144	359,594
Fines	9,200	5,000
Scrutiny fees	161,220	254,775
Electrical connection	121,800	75,400
Non-refundable builders deposit	194,200	220,200
	831,564	914,969
18. Recoveries		
Access cards	246,420	251,201
Consent letter	44,150	65,690
Control room	-	75,023
Electricity	9,964,714	10,042,843
Estate agency registration fee	13,000	22,000
Fibre installation recovery	15,545	27,320
Fibre router recovery	91,100	103,860
Golf cart registration charges	3,380	6,720
Infrastructure	11,239	559,787
Infrastructure repairs	-	3,100
Legal collection charges	182,394	160,873
Printing expense	456	3,946
Sewerage charges	178,190	169,224
Special water & electricity meter readings	8,500	5,750
Unknown levy recoveries	-	24,598
Village levy maintenance	177,756	166,164
Water	3,745,543	2,646,187
	14,682,387	14,334,286

Oubaai Home Owners Association
Annual Financial Statements for the year ended 29 February 2024
Notes to the Annual Financial Statements

Figures in Rand	2024	2023
19. Administration		
AGM meetings	70,539	41,213
Bank charges	61,607	32,736
COVID 19	3,460	3,554
Cleaning expenses	10,169	6,710
Comprehensive insurance	510,110	512,623
Computer, fax & printer maintenance	6,558	1,530
DRC scrutiny fees	40,151	104,457
Donations	68,840	64,336
Golf cart registration fees	3,002	3,915
Health and safety	36,508	30,450
Insurance claim costs	4,795	-
Membership fee	14,415	13,093
Staff refreshments	19,802	12,339
Staff training	14,390	8,000
Telephone and fax	108,318	94,589
Trustee meetings	39,958	31,663
Vehicle running expenses	51,150	153,265
Website and IT support	130,564	116,472
Wildlife medical cost	2,765	14,575
	1,197,101	1,245,520
20. Auditor's remuneration		
Audit fees	128,790	18,607
Other services	8,954	8,527
	137,744	27,134
21. Civil infrastructure maintenance		
Bollards and signage	2,854	3,709
Builders expense	13,425	13,075
Home Owners maintenance expenses	-	416,456
Infrastructure maintenance	575,084	396,390
Plumbing contractors	2,766	4,785
	594,129	834,415
22. Electrical maintenance		
Electrical engineers	114,000	114,000
Electrical maintenance	182,897	122,145
House connections	-	219,049
Reticulation repairs	50,752	98,290
	347,649	553,484

Oubai Home Owners Association
Annual Financial Statements for the year ended 29 February 2024
Notes to the Annual Financial Statements

Figures in Rand	2024	2023
23. Employee cost		
Employee costs		
Basic	4,153,964	3,529,500
Leave pay provision charge/ (reversal)	23,798	(13,916)
Provision for bonuses	5,233	201,973
	<u>4,182,995</u>	<u>3,717,557</u>
24. Environmental maintenance		
Alien eradication and trail clearing	181,740	258,006
Environmental maintenance	37,800	-
	<u>219,540</u>	<u>258,006</u>
25. Fair value adjustments		
Other financial assets	(41,297)	41,200
	<u>(41,297)</u>	<u>41,200</u>
26. Fibre network and POP		
Fibre network maintenance and routers	95,538	93,406
Pos/ pop vodacom	1,257,020	1,257,020
	<u>1,352,558</u>	<u>1,350,426</u>
27. Landscape maintenance		
Bark compost and topsoil	65,287	34,750
Cascade labour	181,740	175,146
Estate maintenance	1,817,400	1,663,424
Maintenance of village gardens	1,251,986	1,183,966
Poisons and pesticides	986	2,928
Trees and plants	6,195	-
	<u>3,323,594</u>	<u>3,060,214</u>
28. Legal and professional		
Legal fees	424,489	616,442
Professional fees	13,245	-
	<u>437,734</u>	<u>616,442</u>
29. Municipal expenses		
Electricity	9,535,934	8,763,509
Rates and taxes	104,030	77,795
Water	3,770,813	3,547,614
	<u>13,410,777</u>	<u>12,388,918</u>

Oubai Home Owners Association
Annual Financial Statements for the year ended 29 February 2024
Notes to the Annual Financial Statements

Figures in Rand	2024	2023
30. Postage, courier, printing and stationery		
Courier	19,120	16,547
Postage	425	670
Printing	8,521	13,100
Security stationery	11,952	14,739
Stationery	13,035	9,346
	<u>53,053</u>	<u>54,402</u>
31. Pumpstation and telemetry maintenance		
Recirculation pumps	-	7,433
Raw water pumps	30,980	35,956
	<u>30,980</u>	<u>43,389</u>
32. Security		
Access cards purchases	59,984	41,492
Access control visitor comm	152,667	99,370
Control room	864,859	823,033
Guarding contractors	3,322,582	3,024,598
Security alarm monitoring	12,978	13,461
Security equipment maintenance	44,757	65,069
Security patrol services	170,330	167,810
	<u>4,628,157</u>	<u>4,234,833</u>
33. Security equipment maintenance		
Fire extinguishers repairs	10,509	4,617
Security generator maintenance	20,993	11,903
	<u>31,502</u>	<u>16,520</u>
34. Sewerage maintenance		
Chemical Laboratory	55,223	67,830
Sewerage chemicals	67,783	56,406
Sewerage pump service	133,278	108,848
	<u>256,284</u>	<u>233,084</u>
35. Street cleaning and refuse maintenance		
Hire of skips	17,100	22,763
Refuse removal contractor	511,824	313,399
Rental refuse bins	227,700	207,250
Street cleaning contractor	395,162	372,787
	<u>1,151,786</u>	<u>916,199</u>

Oubaai Home Owners Association
Annual Financial Statements for the year ended 29 February 2024
Notes to the Annual Financial Statements

Figures in Rand	2024	2023
36. Village maintenance		
Contractor - cleaning	526,384	506,295
Contractor - repairs and maintenance	1,055,969	1,123,634
	<u>1,582,353</u>	<u>1,629,929</u>
37. Categories of financial instruments		
Financial assets at fair value through profit or loss		
Ninety One Investment	6,686,269	6,186,021
Debt instruments at amortised cost		
Cash and cash equivalents	1,631,472	1,129,809
Other financial assets	38,691,801	36,582,605
Trade and other receivables	1,959,543	2,685,431
	<u>42,282,816</u>	<u>40,397,845</u>
Financial liabilities at amortised cost		
Trade and other payables	1,373,526	1,510,250

Oubai Home Owners Association
Annual Financial Statements for the year ended 29 February 2024
Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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38. Going concern

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 obligations and commitments will occur in the ordinary course of business.

The trustees believe that the Home Owners Association 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 Home Owners Association 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 Home Owners Association. 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 Home Owners Association.

39. Events after the reporting period

The trustees are not aware of any matters or circumstances arising since the end of the financial year that has a material impact on the annual financial statements.

Oubaa Home Owners Association
Annual Financial Statements for the year ended 29 February 2024
Detailed Income Statement

Figures in Rand	Notes	2024	2023
Revenue			
Levies	11	<u>19,721,427</u>	<u>17,903,623</u>
Other income			
Access tags and cards		17,250	-
Construction activities	17	831,564	914,969
Fair value gains	25	-	41,200
Fines and penalties		134,100	94,750
Insurance recoveries		13,034	-
Proceed on sale of wildlife		-	10,800
Recoveries	18	<u>14,682,387</u>	<u>14,334,286</u>
		<u>15,678,335</u>	<u>15,396,005</u>
Expenses (Refer to page 51)		<u>(36,199,344)</u>	<u>(34,079,196)</u>
Operating deficit		<u>(799,582)</u>	<u>(779,568)</u>
Investment income	13	<u>3,540,383</u>	<u>2,912,979</u>
Surplus before taxation		<u>2,740,801</u>	<u>2,133,411</u>
Taxation	14	<u>(1,001,604)</u>	<u>(848,225)</u>
Surplus for the year		<u>1,739,197</u>	<u>1,285,186</u>

Oubai Home Owners Association
Annual Financial Statements for the year ended 29 February 2024
Detailed Income Statement

Figures in Rand	Notes	2024	2023
Operating expenses			
Administration and management fees	19	1,197,101	1,245,520
Auditors remuneration	20	137,744	27,134
Civil infrastructure maintenance	21	594,129	834,415
Community Ombud Service Levy		197,760	230,720
Depreciation	2	1,984,687	1,965,901
Diesel costs		285,493	168,703
Electrical maintenance	22	347,649	553,484
Employee costs	23	4,182,995	3,717,557
Environmental maintenance	24	219,540	258,006
Fair value losses	25	41,297	-
Fibre Network and POP	26	1,352,558	1,350,426
Landscape maintenance	27	3,323,594	3,060,214
Lease rentals on operating lease		125,244	123,644
Legal and professional fees	28	437,734	616,442
Loss on sale of property		138,847	-
Marketing expenses		-	978
Members function		386,488	379,344
Municipal expenses	29	13,410,777	12,388,918
Printing and stationery	30	53,053	54,402
Pumpstation and telemetry maintenance	31	30,980	43,389
Salary related expenses		101,592	29,434
Security	32	4,628,157	4,234,833
Security equipment maintenance	33	31,502	16,520
Sewerage maintenance	34	256,284	233,084
Street cleaning and refuse maintenance	35	1,151,786	916,199
Village maintenance	36	1,582,353	1,629,929
		<u>36,199,344</u>	<u>34,079,196</u>

Oubaai Home Owners Association

(Taxpayer reference number 9263101165)

Annual Financial Statements for the year ended 29 February 2024

Tax computation for Body Corporates

Figures in Rand	2024
Levies and recoveries	
Levies	
Ordinary levies	19,721,427
	19,721,427
Amounts recovered from members	
Recoveries	13,894,018
Construction activities	670,344
Access cards and tags	17,250
Insurance recovery	13,034
	14,594,646
	-
Total levies and recoveries	34,316,073
Less: Exemption in terms of section 10(1)(e) of the Income Tax Act	34,316,073
	-
Taxable levies and recoveries	-
Taxable receipts and accruals	
Interest received (Trading)	2,966,464
Speeding fines	10,700
Fines	123,400
Scrutiny fees	161,220
Recoveries	788,370
	4,050,154
Less: Basic exemption, limited to R50 000 of taxable receipts and accruals	(50,000)
Income subject to income tax	4,000,154
Allowable deductions	
Administration and management fees	(133,558)
Scrutiny fees	(40,151)
Auditors remuneration	(16,357)
Legal expenses	(30,321)
Printing and stationery	(6,300)
Access cards	(42,734)
Scrapping loss	(5)
Builders expenses	(1,594)
Municipal expenses	(3,001)
Loss on sale of asset	(16,488)
Less: Apportioned general expenditure	(290,509)
Taxable income	3,709,645
Tax thereon @ 27% in the Rand	1,001,604
Tax liability	
Tax owing per calculation	1,001,604
Less payments made:	
Amount owing (prepaid) at the beginning of the year	524,642
	524,642
Amount owing (prepaid) at the end of the year	1,526,246