

**NOTICE OF NINTH ANNUAL GENERAL MEETING
TO BE HELD ON THURSDAY, 20 AUGUST 2020
AT 5PM VIA ZOOM**

AGENDA

1. Welcoming and Quorum
2. Approval of the minutes of the previous Annual General Meeting held on 6 June 2019
3. Consideration of the Chairperson's Report on the Business and Affairs of the Association
4. Matters arising from the previous minutes
5. Consideration of the Financial Statements for the year ending 29 February 2020
6. Consideration of the Auditor's Report for the year ending 29 February 2020
7. Appointment of an Auditor
8. Approval of the Budget and Levies for the year ending 28 February 2021
9. Other items as required by the Constitution
 - 9.1 Approval of schedules of common property and civil services infrastructure replacement values.
 - 9.2 Determination of the Domicilium Citandi et Executandi of the Association.
10. Any special business of which due notice has been given
 - 10.1 Amendment of the conduct rules to include a rule relating to noise and the control/management thereof.
11. Election of Trustees
12. Closing

**MINUTES OF EIGHTH ANNUAL GENERAL MEETING
HELD ON 06 JUNE 2019
AT STELLENBOSCH GOLF CLUB, STELLENBOSCH, AT 18:00**

1. WELCOMING AND QUORUM

The Chairperson, Mr Pierre de Villiers, welcomed members to the meeting.

Notice was duly given to all members.

As a quorum was present, the meeting was declared duly constituted.

2. APPROVAL OF THE MINUTES OF PREVIOUS ANNUAL GENERAL MEETING HELD ON 21 JUNE 2018

The Minutes of the previous Annual General Meeting of the Association held on 21 June 2018 were presented to the meeting and were approved.

3. CONSIDERATION OF THE CHAIRPERSON'S REPORT ON THE BUSINESS AND AFFAIRS OF THE ASSOCIATION

The Chairperson's Report as circulated was presented to the members.

The following were highlighted from the report:

- Rehabilitation of the riverbed: Holden Marshall gave feedback on the rehabilitation of the riverbed and outstanding work still to be done
- Security: Holden Marshall gave feedback on security.
- Financial – Reserves: Pierre de Villiers highlighted the reserve levels of the Association at year-end and the deemed adequate levels required.
- Focus areas going forward: Pierre de Villiers made reference to possible measures to be taken to curb speeding in Rivierlaan with the construction of additional traffic circles. The trustee committee has embarked on a project of upgrading estate facilities which entails toilets in the green area and an office at the entrance of the estate at an estimated cost of R500,000. Acknowledgement was given to members' request for more frequent communication which will be addressed by the trustee committee.

4. MATTERS ARISING FROM PREVIOUS MINUTES

All matters were dealt with in the Chairperson's Report.

5. CONSIDERATION OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 28 FEBRUARY 2019

The financial report for the period ending 28 February 2019 was discussed for consideration by the members.

The schedules of replacement values as covered by the insurance of the home owners' association, was noted and approved.

The auditors' report was noted.

The auditors' remuneration as indicated in the financial statements was approved.

6. CONSIDERATION OF THE AUDITOR'S REPORT FOR THE YEAR ENDING 28 FEBRUARY 2019

The auditor's report for the period ending 28 February 2019 was presented to the members for consideration and duly noted.

7. APPROVAL, WITH OR WITHOUT AMENDMENTS, OF THE SCHEDULE OF REPLACEMENT VALUES OF COMMON PROPERTY AND CIVIL SERVICES INFRASTRUCTURE FOR INSURANCE PURPOSES

The insurance value of the common property of R8,375,000 as disclosure in the Trustees' Report of the Financial Statements for the year ending 28 February 2019, was approved by the members.

8. BUDGET AND LEVIES

The budget for the next ensuing financial year was presented and approved.

Monthly levies were increased as from 1 March 2019 to R1,775.

9. APPOINTMENT OF AUDITORS

As no other proposals for the appointment of auditors were received, Theron du Plessis was re-appointed as auditors of the Association for the next ensuing year.

10. DETERMINATION OF THE DOMICILIUM CITANDI ET EXECUTANDI OF THE ASSOCIATION

The domicilium of the Brandwacht aan Rivier Home Owners' Association has been determined as:

c/o Trafalgar Property Management
Unit 12B M5 Park
Eastman Road
Maitland, 7405

11. ELECTION OF TRUSTEES

The following members were elected to serve on the Trustee Committee:

Mr Pierre de Villiers
Mr Holden Marshall
Mr Willem van der Colff
Mr Stefan Crouse
Mr Jan Cilliers
Mr Stephanus Neethling

12. ANY SPECIAL BUSINESS OF WHICH DUE NOTICE HAS BEEN GIVEN

12.1. Approval of rental agreement for common property adjacent to Erf 16165

A report on the background of the proposed resolution was circulated to the owners prior to the meeting. All parties concerned were given an opportunity at the meeting to state their case. It is noted that Mr Prinsloo did not attend the meeting. Members were also given the opportunity to ask questions in this regard and raise any concerns.

On conclusion of the above a vote was taken by the members on the resolution of approving a rental agreement for common property adjacent to Erf 16165. The members voted unanimously in favour of the resolution of a rental agreement for the common property adjacent to Erf 16165 and madated the trustees to conclude a rental agreement in accordance of the reolved resolution.

13. CLOSING

The meeting closed at 18:55.

Certified as correct and signed on _____.

CHAIRPERSON

Approved at the following General Meeting of the Association held on _____ 20__

CHAIRMAN

DATE

TRUSTEE

DATE

ATTENDANCE REGISTER: MEMBERS

J & C van Zyl	Erf 16046	L R van den Berg	Erf 16052
J S W Haddad	Erf 16053	J E & H E Nel	Erf 16055
J D & K van Niekerk	Erf 16057	J Hattingh	Erf 16059
S J Kriek	Erf 16060	F S & V J van den Berg	Erf 16062
H & E Leibbrandt	Erf 16075	W C S & M C van der Merwe	Erf 16079
P S de Villiers	Erf 16080	A C Cilliers	Erf 16083
E van der Colff	Erf 16085	L Roberts	Erf 16086
P D W la Grange	Erf 16094	W G J & M Joubert	Erf 16096
S J & R D Neethling	Erf 16098	B W Senekal	Erf 16101
A de Villiers	Erf 16104	E Hobbs	Erf 16114
T Erasmus	Erf 16118	R & J A Looms	Erf 16123
W & A T H Striebeck	Erf 16124	J & A Barkhuysen	Erf 16126
D J Louw & E Henn	Erf 16133	T G & L Mödinger	Erf 16136
P R & J Louw	Erf 16156	H P & V L Prinsloo	Erf 16157
C T & C J Malherbe	Erf 16165		

APOLOGY:

E D Prins	Erf 16054	The Onamor Family Trust	Erf 16097
M J Momberg	Erf 16102	G A Aschmann	Erf 16153
Maresa Knoesen Trust	Erf 16155	Ike Family Trust	Erf 16159

OTHER:

U van Heerden	(Managing Agent)
M Fourie	(Managing Agent)

PROXIES:

C Louw	Erf 16065	in favour of	E A N de Waal
Dewvest (Pty) Ltd	Erf 16072	in favour of	E A N de Waal
M C J & S van Schalkwyk	Erf 16077	in favour of	P de Villiers
J Potgieter	Erf 16082	in favour of	A Cilliers
Izak Pieterse Familietrust (Erf 16088, 16089, 16134, 16135, 16154)		in favour of	E A N de Waal
M J Momberg	Erf 16102	in favour of	R Neethling
M R Burger	Erf 16105	in favour of	B Burger
C R Heys	Erf 16106	in favour of	P de Villiers
J S & D M van Graan	Erf 16131	in favour of	P de Villiers
Winners-Circle 153 (Pty) Ltd	Erf 16132	in favour of	G du Preez
K van Schaik	Erf 16138	in favour of	P de Villiers
I M Crooks	Erf 16149	in favour of	C Malherbe
Trident Adventures (Pty) Ltd	Erf 16151	in favour of	E A N de Waal
Maresa Knoesen Trust	Erf 16155	in favour of	P de Villiers
Joal Property Trust	Erf 16160	in favour of	H Marshall
J G Moolman	Erf 16163	in favour of	P de Villiers

2020 CHAIRPERSON'S REPORT

29 July 2020

Ninth Annual General meeting

It is an honor for me as chairperson of the Trustee Committee of Brandwacht Aan Rivier and to report at the ninth annual general meeting on the state of affairs of the Association during the period under review.

At the previous AGM which was held on 6 June 2019, the following trustees were elected.

- Pierre de Villiers
- Jan Cilliers
- Stefan Crouse
- Willem van der Colff
- Fanie Neethling
- Holden Marshall

During the year under review there were 8 Trustee Committee meetings and I would like to deal with several subjects of interest under the following key headings:

1. Rehabilitation of the riverbed

Riverbed stabilisation phase 1 and special levies

The Trustee Committee is pleased to confirm that the riverbed stabilization (Phase 1) has been successfully completed within the allowed timeframe and budget of R2 000 000. The total cost of phase 1 amounted to R1 938 849.

The riverbed will continue to be closely monitored and further phases may be implemented if needed. To date there has been no indication that further phases will be required in the short/medium term.

The Committee thanks Gary and his team for all their hard work and contributions, especially with regard to the erecting of the balustrades at the 2nd and 3rd structures as well as the planting and rehabilitation along the riverbank.

During April 2020, to provide some relief to the members due to the Covid-19 pandemic, the Trustee Committee decided to suspend the last three special levies (R500 per month) for April, May, and June 2020 until further notice.

North bank erosion repairs

With regard to the stabilization of the north bank, the Trustee Committee is pleased to report that the stabilization/repair of the badly eroded bank (opposite Slot 4) was successfully completed in December 2019 with the design assistance of a resident specialist engineer, from existing financial resources. The cost incurred for the north bank erosion repairs amounted to R343 814 (Trustee Committee approved R350 000 for this repair). Refer to note 14 of the financial statements.

Engagement with Stellenbosch Municipality and further work required

The Trustee Committee's ongoing engagement with the Municipality with regard to their responsibility to improve, repair and maintain the storm water runoff system from Brandwacht suburb (to our north) has been successful in that the Municipality has:

1. Accepted responsibility to effect upgrades and repairs to the storm water outlets into the river.

2. The Municipality have appointed a specialist engineering firm (JG Africa Engineers) to assess and design solutions to the storm water along the North bank.
3. Gary, Holden and our engineer met with the Municipality's responsible person and their consultants on site to brief them of our concerns.
4. The Trustees await the first draft of their proposal which has been delayed due to Covid19.
5. The Municipality have confirmed that the repairs have been earmarked as a high priority from their side and have undertaken to affect the repairs prior to the next rain season.
6. The Trustee Committee will continue to maintain pressure on the Municipality to ensure compliance with their undertakings.

Once the Municipal repairs have been affected the Trustees together with our engineer will assess the north bank and undertake any remaining structural and/or cosmetic repairs, which are expected to be executed within the specific existing budget. As a high level estimate, further repairs required could cost between R500 000 and R1 000 000.

We also thank Residents for their co-operation and value add during the process.

2. SECURITY

The Committee is pleased to confirm that there have been zero breaches to the perimeter security and that the system continues to operate in terms of the specifications

The software is currently being upgraded, within existing budget, to ensure that the entire system continues to operate optimally

That said, the Committee reminds all residents that security remains the responsibility of all and appeals to all residents to remain vigilant and report any suspicious events.

3. FINANCIAL

The Association's financial position is healthy. For more information, please refer to the audited financial statements.

Financial position: Before considering the River Rehabilitation project and building penalties, the Association made a surplus after tax of R11 943.

River Rehabilitation: Cumulative incurred project cost of R1 938 849 was incurred and cumulative special levies of R1 202 000 was collected for phase 1 during the past 2 years. The project was completed within the approved budget of R2 000 000. In addition, R343 814 was incurred to repair erosion opposite Vierde Slot. Due to the Covid-19 pandemic, the special levy relating to the months of April, May and June 2020 was suspended until further notice.

Other income: The Association earned interest of R122 652 and building penalties of R97 900.

Operating expenses: Excluding Water (R305 806 (2019: R187 625) which is recovered from the members, the operating expenses increased by 7.2% from R2 618 178 to R2 807 074. The increase is largely due to increased cost of maintaining the estate and security costs. The association received a credit of ±R33 938 from the managing agent (Trafalgar)

for three months management fees as a gesture of goodwill due to service delivery issues.

Reserve levels: At 29 February 2020, the Association's reserves amounted to R1 739 959 (R14 499 per member). The 1% contribution of properties being sold during the year contributed R308 250 to the reserves. The Association aims to have a reserve level of between 3 to 6 months of ordinary levy income (thus between R675 000 to R1 350 000 calculated using the 2020/21 levy income). The capital reserves are deemed adequate. The Committee continues to monitor the medium- and long-term capital replacement requirements of the Association.

The Association budgeted for a break-even position for the next financial year (total operating expenses, excluding water, of R2 864 909.

The monthly levy was increased by 5.6% from R1 775 to R1 875 per member per month.

4. OUTSTANDING LEVIES

Regrettably, there is an owner whose outstanding levies amounts to ±R52 631. A process is underway to determine the options available to recover the outstanding levies.

5. NOISE

It has come to the Trustees' attention that there is a great deal of uncertainty regarding the rules on noise levels on the estate. Refer to the separate document for a resolution to amend the Estate Rules.

6. BUILDING PROJECTS

There are currently 2 vacant erven in the estate and the penalty levy is being applied.

7. GOING FORWARD AND ACKNOWLEDGMENTS

The Trustee Committee will continue monitoring Stellenbosch Municipality's progress towards the repair and upgrade of their storm water systems to the north of BAR.

We are thankful for the contributions of Lauren de Freitas from Trafalgar, who was appointed as our portfolio manager since August 2019.

This is my last report as chairperson of the Committee. Looking back on the last 5 years, I would like to express my sincerest thanks to our estate manager Gary, with whom I have worked closely during this time. I am especially grateful for his energy, motivation, and the fact that he cares deeply for BAR.

I would also like to thank all the trustees who have served on the Committee. In particular, I would like to acknowledge the contributions of Holden Marshall and Willem van der Colff to the HOA. Holden played a big role in the security upgrade and river rehabilitation project; Willem assisted with disputes and was instrumental in the Airbnb special meeting. Thank you very much, fellow trustees!

Pierre de Villiers

Chairperson: Brandwacht aan Rivier HOA

Brandwacht Aan Rivier Homeowners' Association
Financial statements
for the year ended 29 February 2020

Financial Statements for the year ended 29 February 2020

Country of incorporation and domicile

Nature of business and principal activities

Trustees

Mr Stephanus Neethling

Auditors

Chartered Accountants (S.A.)

Managing Agent

Trafalgar Property Management Proprietary Limited

Tax reference number

9098461180

Level of assurance

These financial statements have been audited in compliance with the applicable requirements of the Western Cape Land Use Planning Act, 2014 and the Management Rules of the home owners' association established in terms thereof.

Preparer

L Theron AGA(SA)

Insurance policy

Policy renewal date: 01/03/2020

Brandwacht Aan Rivier Homeowners' Association

Financial Statements for the year ended 29 February 2020

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

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The following supplementary information does not form part of the financial statements and is unaudited:	
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Brandwacht Aan Rivier Homeowners' Association

Financial Statements for the year ended 29 February 2020

Trustees' Responsibilities and Approval

The trustees are required to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the 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 to the financial statements. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with the basis of accounting as set out in Note 1 to the financial statements 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 trustees set 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 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 2021 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 financial statements. The financial statements have been examined by the home owners association's external auditors and their report is presented on pages 4 - 5.

The financial statements set out on pages 8 to 16, which have been prepared on the going concern basis, were approved by the trustees and were signed by:

Trustee

Trustee

Stellenbosch

Date: _____

Independent Auditor's Report

To the members of Brandwacht Aan Rivier Homeowners' Association

We have audited the financial statements of Brandwacht Aan Rivier Homeowners' Association, as set out on page 8, which comprise the statement of financial position as at 29 February 2020, and the statement of comprehensive income, statement of changes in members' reserves and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present, in all material respects, the financial position of Brandwacht Aan Rivier Homeowners' Association as at 29 February 2020, and its financial performance and cash flows for the year then ended in accordance with the basis of accounting disclosed in note 1 to the financial statements and the requirements of the Western Cape Land Use Planning Act, 2014 and the Management Rules of the homeowner association established in terms thereof.

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 home owners association in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

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

Without qualifying our opinion, we draw attention to the fact that we are unable to comment on whether funds are sufficient for the up-keep, control, management and administration of the home owner's association.

Other Information

The trustees are responsible for the other information. The other information comprises the Trustees' Report set out on pages 6 to 7, but 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. Please refer to the emphasis of matter with this regard.

Trustees' Responsibility for the Financial Statements

The trustee committee is responsible for the preparation of the financial statements in accordance with the basis of accounting described in note 1 and the requirements of the WC Land Use Planning Act, 2014 and the Management Rules of the homeowners' association established in terms thereof, as well as for such internal control as the trustee committee determines 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 trustee committee is responsible for assessing the homeowners' association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustee committee either intends to liquidate the scheme or to cease operations or has no realistic alternative but to do so.

Independent Auditor's Report

Auditors' Responsibility

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.

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 home owners association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the home owners association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the home owners association to cease to continue as a going concern.

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.

Theron du Plessis Durbanville Inc.
Registered Auditors
Per: Bjorn Swenson
Chartered Accountant (SA)
Registered Auditor

Cape Town

Brandwacht Aan Rivier Homeowners' Association

Financial Statements for the year ended 29 February 2020

Trustees' Report

The trustees submit their report for the year ended 29 February 2020.

1. Review of activities

Main business and operations

The homeowners' association is engaged in governing the common area of a residential area known as Brandwacht Aan Rivier and operates principally in South Africa.

The operating results and state of affairs of the home owners association are fully set out in the attached 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

To provide some relief to the members due to the Covid-19 pandemic, the trustee committee has decided to suspend the R500 per month special levy for the three months April, May and June 2020.

4. Contributions

Expenditure relating to the River Rehabilitation project (refer to note 14 of Notes to the Annual Financial Statements) is excluded as the majority of the cost will be covered by the special levy as approved.

5. Trustees

The trustees of the home owners association during the year and to the date of this report are as follows:

Mr Pierre de Villiers	Reappointed 06 June 2019
Mr Holden Marshall	Reappointed 06 June 2019
Mr Willem van der Colff	Reappointed 06 June 2019
Mr Stefan Crouse	Reappointed 06 June 2019
Mr Jan Cilliers	Appointed 06 June 2019
Mr Stephanus Neethling	Appointed 06 June 2019

6. Managing Agent

The managing agent of the home owners association is Trafalgar Property Management Proprietary Limited:

Business address

Unit 12, M5 Park
Eastman Road
Maitland
Cape Town
7405

Postal address

PO Box 2847
Cape Town
8000

Brandwacht Aan Rivier Homeowners' Association

Financial Statements for the year ended 29 February 2020

Trustees' Report

7. Auditors

Theron du Plessis Durbanville Inc. were the Auditors 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.

8. Insurance

The common property has been insured for R10,000,000. The policy is renewable on 01 March 2020.

Insurance represents the following cover:

- Building construction:	R10,000,000
- Electrical infrastructure:	R2,300,000
- Computer equipment:	R37,700
- Public liability:	R2,500,000

Brandwacht Aan Rivier Homeowners' Association

Financial Statements for the year ended 29 February 2020

Statement of Financial Position as at 29 February 2020

Figures in Rand	Note(s)	2020	2019
Assets			
Current Assets			
Trade and other receivables	2	134,926	228,548
Cash and cash equivalents	3	2,105,430	2,004,843
		2,240,356	2,233,391
Total Assets		2,240,356	2,233,391
Reserves and Liabilities			
Members reserves			
Capital reserves		1,739,959	1,650,767
Liabilities			
Current Liabilities			
Current tax payable		122,919	147,727
Trade and other payables	4	377,478	434,897
		500,397	582,624
Total Reserves and Liabilities		2,240,356	2,233,391

Brandwacht Aan Rivier Homeowners' Association

Financial Statements for the year ended 29 February 2020

Statement of Comprehensive Income

Figures in Rand	Note(s)	2020	2019
Levies			
Levy income	12	2,520,000	2,343,528
Other income			
Building penalties		97,900	76,900
Fines and penalties		-	14,050
Income derived from the disposal of portion of Erf 16143		-	325,000
Interest received	5	122,652	160,631
Other income		1,200	1,116
Recoveries	13	480,971	265,469
		702,723	843,166
Operating expenses			
Accounting fees		2,875	-
Annual CSOS fee		1,180	1,083
Auditors remuneration	6	7,250	6,750
Bank charges		30,510	30,410
CSOS levies		36,000	32,498
Cleaning		5,569	3,809
Computer expenses		5,001	8,236
Consulting and professional fees		8,050	43,356
Debt collecting fees		49	338
Employee costs		632,637	581,881
Entertainment and refreshments		3,677	3,264
Insurance		22,120	18,594
Management fees		100,511	127,277
Meeting costs		2,240	3,000
Meter reading		92,040	91,515
Postage		-	576
Printing and stationery		527	1,136
Protective clothing		3,897	2,459
Repairs and maintenance	10	540,455	384,552
Security		1,177,615	1,120,358
Small assets		-	23,856
Telephone and fax		22,311	26,872
Utilities	11	412,366	293,983
Write back of prior period fines		6,000	-
		3,112,880	2,805,803
Operating surplus		109,843	380,891
Finance costs		(410)	(267)
Special levies		722,000	480,000
Special project - River rehabilitation	14	(1,018,694)	(1,263,696)
Special project - Ablution and storeroom		(11,635)	-
		(308,739)	(783,963)
Deficit before taxation		(198,896)	(403,072)
Taxation		(20,162)	(102,757)
Deficit for the year		(219,058)	(505,829)

Brandwacht Aan Rivier Homeowners' Association

Financial Statements for the year ended 29 February 2020

Statement of Changes in Members' Reserves

Figures in Rand	Capital reserves	Operational reserves	Total equity
Balance at 01 March 2018	1,872,382	207,214	2,079,596
Deficit for the year	-	(505,829)	(505,829)
Contribution from erf sales - note 9	77,000	-	77,000
Transfer between reserves	(298,615)	298,615	-
Balance at 01 March 2019	1,650,767	-	1,650,767
Deficit for the year	-	(219,058)	(219,058)
Contribution from erf sales - note 9	308,250	-	308,250
Transfer between reserves	(219,058)	219,058	-
Balance at 29 February 2020	1,739,959	-	1,739,959

Brandwacht Aan Rivier Homeowners' Association

Financial Statements for the year ended 29 February 2020

Statement of Cash Flows

Figures in Rand	Note(s)	2020	2019
Cash flows from operating activities			
Cash used in operations	7	(284,935)	(577,164)
Interest income		122,652	160,631
Finance costs		(410)	(267)
Tax paid	8	(44,970)	(54,367)
Net cash from operating activities		(207,663)	(471,167)
Cash flow from capital activities			
Contributions to reserves through erf sales		308,250	77,000
Total cash movement for the year		100,587	(394,167)
Cash at the beginning of the year		2,004,843	2,399,010
Total cash at end of the year	3	2,105,430	2,004,843

Brandwacht Aan Rivier Homeowners' Association

Financial Statements for the year ended 29 February 2020

Accounting Policies

1. Presentation of Financial Statements

The financial statements have been prepared in accordance with the accounting policies set out below. The 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. 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 home owners association.

These accounting policies are consistent with the previous period.

1.1 Financial instruments

Initial recognition and measurement

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 other payables. At the end of each reporting period 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.

Financial instruments at amortised cost

Debt instruments, as defined in the standard, are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

At 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

1.2 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Tax expenses

Tax expense is recognised in the same component of total comprehensive income or equity as the transaction or other event that resulted in the tax expense. The home owners association is taxed in terms of Section 10(1)(e) of the Income Tax Act. This section provides for the exemption of levies from income tax provided that the home owners association applies to its local Revenue office for such exemption. Other income is taxed at the company rate in South Africa after the deduction of a proportioned share of the deductible expenses. As of the commencement of years of assessment ending on or after 1 January 2009, R50,000 of other income is exempt from taxation.

No deferred tax is provided.

1.3 Impairment of assets

The home owners association assesses at each reporting date whether there is any indication that an asset may be impaired. If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

1.4 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.

Brandwacht Aan Rivier Homeowners' Association

Financial Statements for the year ended 29 February 2020

Accounting Policies

1.5 Revenue

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

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

1.6 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

Brandwacht Aan Rivier Homeowners' Association

Financial Statements for the year ended 29 February 2020

Notes to the Financial Statements

Figures in Rand	2020	2019
2. Trade and other receivables		
Deposit - Municipality	6,000	6,000
Insurance control	(162)	1,046
Levies in arrears	40,799	32,394
Building deposit due in trust	34,351	151,588
Trade receivables	19,999	37,520
Management fee refund	33,939	-
	134,926	228,548
3. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Trafalgar Property Management Proprietary Limited - trust account	88,870	55,088
Petty cash	2,200	2,200
Call accounts	2,014,360	1,947,555
	2,105,430	2,004,843
4. Trade and other payables		
Accounts payable	38,603	32,867
Accounts payable - municipal	103,894	43,373
Building deposit due in trust	34,351	151,588
Creditors control	1,696	-
Levies in advance	198,934	207,069
	377,478	434,897
5. Interest revenue		
Interest received - bank	122,019	160,423
Interest received - members	633	208
	122,652	160,631
6. Auditors remuneration		
Fees	7,250	6,750
7. Cash used in operations		
Deficit before taxation	(198,896)	(403,072)
Adjustments for:		
Interest received	(122,652)	(160,631)
Finance costs	410	267
Changes in working capital:		
Trade and other receivables	93,622	58,428
Trade and other payables	(57,419)	(72,156)
	(284,935)	(577,164)
8. Tax paid		
Balance at beginning of the year	(147,727)	(99,337)
Current tax for the year recognised in surplus or deficit	(20,162)	(102,757)
Balance at end of the year	122,919	147,727
	(44,970)	(54,367)

Brandwacht Aan Rivier Homeowners' Association

Financial Statements for the year ended 29 February 2020

Notes to the Financial Statements

Figures in Rand	2020	2019
9. Contribution from erf sales		
Number of transactions	3	1
Total sales levy at 1% of the gross sales value	308,250	77,000
10. Repairs and maintenance		
Building	98,768	35,674
Electrical	62,868	36,199
Fire services	77	1,186
Garden	213,529	162,012
General	-	6,380
Glass/windows	-	975
Pest control	3,715	-
Painting	-	15,770
Petrol, diesel and oil	4,259	3,992
Plumbing	12,040	4,541
Refuse removal	31,300	26,000
Security	113,899	91,823
	540,455	384,552
11. Utilities		
Electricity	113,943	95,682
Municipal charges	(17,867)	832
Rates	10,484	9,844
Water	305,806	187,625
	412,366	293,983
12. Levy income		
Normal levy	2,520,000	2,343,528

Normal levies are received from members to fund the operational activities of the homeowners' association. This represented an amount of R1 750 (2019: R1 650) per member per month.

Brandwacht Aan Rivier Homeowners' Association

Financial Statements for the year ended 29 February 2020

Notes to the Financial Statements

Figures in Rand	2020	2019
13. Recoveries		
Water on charge to members	371,076	215,224
Maintenance costs	73,895	17,724
CSOS levies	36,000	32,521
	480,971	265,469

Water is recovered from members based on actual consumption and a water tariff similar to that charged by the Stellenbosch Municipality.

Maintenance costs and inspection fees are recovered from other parties on a cost basis as per the agreement with those parties.

14. River rehabilitation project

Phase 1

Special levies collected (phase 1)	722,000	480,000
Costs incurred (phase 1)	(674,880)	(1,263,969)
Cumulative levies collected (phase 1)	1,202,000	480,000
Cumulative costs incurred (phase 1)	(1,938,849)	(1,296,969)
	(689,729)	(1,600,938)

At a members meeting on 21 June 2018 the members approved a budget of R2,000,000 for the River Rehabilitation. A special levy of R12 000 per member was introduced payable from 1 July 2018 over a period of 24 months. Approximately 72% of the River Rehabilitation Project to be funded by a special levy and around 28% by the Association's existing reserves.

To provide some relief to the members due to the Covid-19 pandemic, the trustee committee has temporarily suspended the special levy for the three months for April, May and June 2020. The 3 months special levies suspension will be reviewed in future once the full impact of the Covid 19 impact is understood.

On 19 November 2019, the Trustee Committee approved an additional R350,000 to be incurred to rehabilitate the North bank erosion caused primarily by water flow from the adjacent Brandwacht neighbourhood. The actual cost incurred amounted to R343,814 and was funded by current reserves.

After the Municipality of Stellenbosch has rebuild stormwater outlets in the adjacent Brandwacht neighbourhood, the home owners' association will assess further repairs required which are estimated between R500,000 to R1,000,000 which forms part of the new budget and requires no further special levy.

North bank erosion repairs

Costs incurred	343,814	-
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Brandwacht Aan Rivier Homeowners' Association

Financial Statements for the year ended 29 February 2020

Tax Computation

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Taxable income

Interest received - from owners	633
Interest received - from investments	122,019
Other income	-

122,652

Less section 10(1)(e) exemption

(50,000)

Income subject to tax (A)

72,652

Allowable expenditure

Audit fee	7,250
Bank charges	30,510

Allowable expenditure (B)

37,760

Total income (C)

4,246,973

TAX CALCULATION

Calculation of Allowable Deduction

<u>(A) Income subject to tax</u> 1	X	<u>(B) Allowable expenditure</u> (C) Total Income	
<u>72,652</u> 1	X	<u>37,760</u> 4,246,973	=
			646

Calculation of taxable income

Income subject to tax (A)	-	Allowable Deduction (B)	=	72,006
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Tax liability

Amount owing/(prepaid) at the beginning of year	147,727
Amount refunded/(paid) in respect of prior year	(44,970)
Amount owing/(prepaid) in respect of prior year	102,757

Tax owing/(prepaid) for the current year

Normal tax

20,162

Per calculation

20,162

Amount owing/(prepaid) at the end of year

122,919

BRANDWACHT AAN RIVIER HOA
 BUILDING CODE : 684G
 YEAR END : 28 FEBRUARY 2021
 Summary Administrative Budget- Detailed

GL CODE	INCOME	NOTE	BUDGET	ACTUAL	BUDGET
			2021	2020	2020
			3,164,909	3,118,774	3,023,240
5067	Levies	1	2,661,246	2,520,000	2,504,880
5014	Other Income		-	1,151	-
5147	Water	3	300,000	371,077	325,248
5543	Repairs and Maintenance	4	60,000	73,894	76,388
5007	CSOS Levy Recovery	5	38,825	36,000	51,120
5050	Interest received- members		-	633	2,700
5049	Interest received- bank/ investment	6	104,838	122,019	52,254
5109	Penalty Income		-	(6,000)	10,650
	EXPENDITURE		3,164,909	3,127,404	3,004,942
6003	Accounting/Secretarial Fees	7	3,004	2,875	-
6019	Audit Fees	8	7,576	7,250	7,155
6031	Bank Charges	9	31,707	30,510	19,908
6161	Meeting Costs	10	1,520	2,240	-
6061	Cleaning - Other	11	4,500	5,569	3,180
6098	Computer Expenses	12	1,500	5,001	-
6087	Consulting/Professional Fees	13	15,000	8,050	55,000
6120	CSOS Levy	14	38,825	36,000	51,120
6121	Entertainment/Refreshments	15	3,200	3,677	-
6367	General Expenses		0	5,229	-
6145	Insurance - Building	16	24,527	22,120	21,192
6271	Management Fees - Trafalgar	17	142,517	100,511	130,512
6277	Meter Reading	18	92,040	92,040	99,216
6013	Mun Exp - Ass Rates	19	12,000	10,484	11,728
6115	Mun Exp - Electricity	20	150,000	113,943	109,560
6397	Mun Exp - Water	21	300,000	305,806	295,680
6293	Mun Exp - Municipal Charges	22	2,009	(17,867)	-
6355	Printing and Stationery	23	3,000	527	3,144
6313	Protective Clothing/Uniforms	24	4,500	3,897	-
6175	R&M - Building	25	66,000	93,539	64,000
6181	R&M - Electrical	26	80,400	62,868	12,000
6193	R&M - Fire Fighting Equipment		-	77	-
6199	R&M - Garden maintenance	27	78,046	213,529	181,500
6206	R&M - Irrigation	28	80,000	-	-
6223	Contract - Energized Fencing & Systems	29	23,072	21,663	22,800
6225	R&M - Pest Control	30	3,900	3,715	-
6229	R&M - Petrol/Diesel/Oil	31	4,200	4,259	-
6241	R&M - Plumbing	32	9,000	12,040	10,000
6249	R&M - Refuse Removal	33	36,000	31,300	-
6259	R&M - Security	34	100,000	113,899	126,000
6343	S&W - Permanent Staff	35	651,600	625,734	584,092
6399	S&W - Workmens Compensation	36	3,500	5,403	2,555
6349	Security (Contract)	37	1,168,525	1,155,952	1,162,800
6354	Staff Training/Welfare		0	1,500	-
6385	Telephone - Fixed Line	38	15,965	13,049	31,800
6579	Telephone - Cellular	39	6,000	9,262	-
6379	Taxation		-	20,573	-
6977	CSOS Annual Return Fee	40	1,274	1,180	-
Total Surplus (Deficit) from Operating Activities			(0)	(8,630)	18,298

Capital Activities Budget

CAPITAL CONTRIBUTIONS			240,000	819,900	768,000
5073	Special Levies	2	240,000	722,000	720,000
5072	Building Penalty		0	97,900	48,000
5091	Stabiliseringsfonds		-	-	-
CAPITAL PROJECTS			700,000	1,030,328	1,758,000
6205	River rehabilitation, storeroom & ablusion project	41	700,000	1,030,328	1,758,000
Total Surplus (Deficit) from Capital Activities			(460,000)	(210,428)	(990,000)
Total Surplus (Deficit) for the year			(460,000)	(219,058)	(971,702)
			FORECAST 2021	FORECAST 2020	
Opening Total Reserves			1,471,709	1,690,767	
Total Surplus (Deficit) from Operating Activities			(0)	(8,630)	
Total Surplus (Deficit) from Capital Activities			(460,000)	(210,428)	
Closing Total Reserves			1,011,709	1,471,709	
Minimum Total Reserve levels (6 months)			1,432,454	1,260,000	
Available Total Reserves			(420,745)	211,709	

RESOLUTION OF TRUST FOR A TRUST / CC / COMPANY

NAME _____

NUMBER _____

RESOLVED THAT: -

_____ in his/her capacity as a Trustee/Member/Director of the said Trust/Pty/CC be and is hereby authorised to attend meetings, vote at these meeting and sign any and all documents which may be necessary or requisite in relation to this Resolution on behalf of the Trust/CC/Pty.

SIGNED BY THE TRUSTEES / MEMBERS / DIRECTORS AT _____ **ON THE**

_____ **DAY OF** _____ **20** _____.

_____	_____
_____	_____
_____	_____

Please confirm your Domicilium Address: **Postal or Email**

BRANDWACHT AAN RIVIER HOME OWNERS' ASSOCIATION

NOMINATION FORM

I, _____, being the registered owner of erf _____ house _____ **BRANDWACHT AAN RIVIER OWNERS' ASSOCIATION**
hereby propose the following people for election as Trustees of the Home Owners' Association at the Annual General Meeting of the Home Owners' Association to be held on **Thursday, 20 August 2020**

	NOMINEE/S	SIGNATURE/S	EMAIL	CONTACT NUMBERS
1.				
2.				
3.				
4.				
5.				
6.				

Signed by me this _____ day of _____ 20 _____

Signature of Proposer

NOTES:

1. Each Nominee by his signature above makes the following declaration:

I declare that I accept this nomination for election as a Trustee and that I meet the requirements for being a Trustee in terms of the Constitution of Brandwacht aan Rivier Home Owners' Association

2. This nomination form must be in the hands of the Managing Agents at least 48 hours before the start of the meeting. Post: Trafalgar Property Management, PO Box 2847, Cape Town, 8000 or Email: laurend@trafalgar.co.za

3. Trustees are also capable of being elected by way of nominations given at the meeting itself (with the consent of the nominee), should insufficient written nominations be received prior to the meeting.

BRANDWACHT AAN RIVIER HOME OWNERS' ASSOCIATION

PROXY FORM

Remember that if the stand is owned by more than one person or a Company/CC/Trust, proxy must be given to one person for the meeting.

This proxy form must then be accompanied by a resolution to this effect.

I _____,

being the registered owner of erf _____ **BRANDWACHT AAN RIVIER**, and accordingly being a member of the Association, hereby appoint

_____ or, in his/her absence, the Chairman of the meeting, as my Proxy to attend the meeting and vote on my behalf at the Annual General Meeting of the Association to be held on **THURSDAY, 20 AUGUST 2020**, or any adjournment thereof.

Unless otherwise instructed, my proxy may vote as he/she thinks fit. I hereby revoke any previous instruments signed by me appointing a proxy for the abovementioned meeting and acknowledge that proxies are not transferable.

Signed this _____ day of _____ 20____

Signature of owner

PLEASE SIGN AND RETURN THIS FORM IMMEDIATELY TO:

**Trafalgar Property Management
PO Box 2847
Cape Town
8001**

Email : carolines@trafalgar.co.za

