

ST FRANCIS RIPERIAN HOME OWNERS ASSOCIATION
(REGISTRATION NUMBER 2006/017967/08)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

St Francis Riperian Home Owners Association

Financial Statements for the year ended 30 June 2010

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Maintaining the canals in St Francis Bay
Directors	Brian Denis Buckham Anthony Edward Ormond Butler Bernardus Morsink John Garth Robson Daniel Edward Nell Jeffrey Peter Stevens
Registered office	54 Voortrekker Road Humansdorp 6300
Bankers	First National Bank
Auditors	Moore Stephens WK Incorporated Registered Auditors
Company registration number	2006/017967/08
Tax reference number	9528/745/15/2

St Francis Riperian Home Owners Association

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

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Independent Auditors' report

To the shareholder of St Francis Riperian Home Owners Association

We have audited the accompanying financial statements of St Francis Riperian Home Owners Association, which comprise the directors' report, the statement of financial position as at 30 June 2010, the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 6 to 14.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditors' report

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company as of 30 June 2010, and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and in the manner required by the Companies Act of South Africa.

Accounting and Secretarial Duties

Without qualifying our opinion, we draw your attention to the fact that with the written consent of all shareholder, we have performed certain accounting and secretarial duties.

Supplementary Information

We draw your attention to the fact that the supplementary information set out on page 14 does not form part of the financial statements and is presented as additional information. We have not audited this information and accordingly do not express an opinion thereon.

**Moore Stephens WK Incorporated
Registered Auditors**

Per:

20 December 2010

**54 Voortrekker Road
Humansdorp
6300**

St Francis Riperian Home Owners Association

Financial Statements for the year ended 30 June 2010

Directors' Responsibilities and Approval

The directors are required by the Companies Act of South Africa, 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 company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors 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 directors have reviewed the company's cash flow forecast for the year to 30 June 2011 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors is responsible for independently reviewing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditors and their report is presented on page 3.

The financial statements set out on pages 6 to 14, which have been prepared on the going concern basis, were approved by the board on 20 December 2010 and were signed on its behalf by:

Director

Director

Humansdorp

20 December 2010

St Francis Riperian Home Owners Association

Financial Statements for the year ended 30 June 2010

Directors' Report

The directors submit their report for the year ended 30 June 2010.

1. Review of activities

Main business and operations

The company is engaged in maintaining the canals in St Francis Bay and operates principally in South Africa.

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

2. Events after the reporting period

The directors are not aware of any matter or circumstance arising since the end of the financial year.

3. Authorised and issued share capital

There were no changes in the authorised or issued share capital of the company during the year under review.

4. Dividends

No dividends were declared or paid to shareholder during the year.

5. Directors

The directors of the company during the year and to the date of this report are as follows:

Name	Nationality	Changes
Colin Adrian Beckley	South African	
Brian Denis Buckham	South African	
Anthony Edward Ormond Butler	South African	Appointed 14 June 2010
Bernardus Morsink	South African	
John Garth Robson	South African	
Brett John Firth	South African	Resigned 14 June 2010
Sally Margaret Gallarelli	South african	Resigned 14 June 2010
Brendeon Mark Lahana	South African	Resigned 14 June 2010
Daniel Edward Nell	South African	Appointed 14 June 2010
Angelo Perivolaris	South African	Resigned 14 June 2010
Beverley Gail Robson	South African	Resigned 14 June 2010
Jeffrey Peter Stevens	South African	Appointed 14 June 2010

6. Auditors

Moore Stephens WK Incorporated will continue in office in accordance with section 270(2) of the Companies Act.

St Francis Riperian Home Owners Association

Financial Statements for the year ended 30 June 2010

Statement of Financial Position

Figures in Rand	Note(s)	2010	2009
Assets			
Non-Current Assets			
Property, plant and equipment	2	1,511	6,096
Current Assets			
Trade and other receivables	3	230,925	35,786
Cash and cash equivalents	4	1,246,916	1,097,168
		1,477,841	1,132,954
Total Assets		1,479,352	1,139,050
Equity and Liabilities			
Equity			
Retained income		833,385	539,264
Liabilities			
Current Liabilities			
Other financial liabilities	5	539,150	567,150
Trade and other payables	6	106,817	32,636
		645,967	599,786
Total Equity and Liabilities		1,479,352	1,139,050

St Francis Riperian Home Owners Association

Financial Statements for the year ended 30 June 2010

Statement of Comprehensive Income

Figures in Rand	Note(s)	2010	2009
Rendering of services			
Boat licences		243,475	284,430
Mooring fees		141,110	135,436
Levies		534,969	315,677
Temporary permits		48,073	37,830
		967,627	773,373
Other income			
Interest received		63,853	72,697
Operating expenses			
Accounting fees		8,865	1,141
Advertising		5,728	1,200
Auditors remuneration	8	18,000	31,500
Bank charges		907	767
Boat repairs and maintenance		1,299	707
Depreciation, amortisation and impairments		5,112	7,303
Employee costs		202,226	152,857
Entertainment		3,304	-
General expenses		180	241
Jetty and canal repairs and maintenance		407,150	325,180
Lease rentals on operating lease		-	700
Legal expenses		2,200	31,568
Motor vehicle expenses		2,256	466
Petrol and oil		3,119	14,007
Postage		40	50
Printing and stationery		2,324	859
Repairs and maintenance		68,511	8,325
Subscriptions		2,685	1,074
Telephone and fax		3,295	2,018
Uniforms		158	439
		737,359	580,402
Profit for the year		294,121	265,668
Other comprehensive income		-	-
Total comprehensive income		294,121	265,668

St Francis Riperian Home Owners Association

Financial Statements for the year ended 30 June 2010

Statement of changes in equity

Figures in Rand	Share capital	Retained income	Total equity
Balance at 01 July 2008	-	273,596	273,596
Changes in equity			
Total comprehensive income for the year	-	265,668	265,668
Total changes	-	265,668	265,668
Balance at 01 July 2009	-	539,264	539,264
Changes in equity			
Total comprehensive income for the year	-	294,121	294,121
Total changes	-	294,121	294,121
Balance at 30 June 2010	-	833,385	833,385

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Financial Statements for the year ended 30 June 2010

Statement of Cash Flows

Figures in Rand	Note(s)	2010	2009
Cash flows from operating activities			
Cash receipts from customers		772,488	779,406
Cash paid to suppliers and employees		(658,064)	(624,793)
Cash generated from operations	9	114,424	154,613
Interest income		63,853	72,697
Net cash from operating activities		178,277	227,310
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(527)	(13,399)
Cash flows from financing activities			
Repayment of other financial liabilities		(28,000)	(6,850)
Net cash from financing activities		(28,000)	(6,850)
Total cash movement for the year		149,750	207,061
Cash at the beginning of the year		1,097,168	890,107
Total cash at end of the year	4	1,246,918	1,097,168

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Financial Statements for the year ended 30 June 2010

Accounting Policies

1. Presentation of Financial Statements

The financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Companies Act of South Africa. 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.

These accounting policies are consistent with the previous period, except for the changes set out in note 10 First-time adoption of the International Financial Reporting Standard for Small and Medium-sized Entities.

1.1 Property, plant and equipment

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

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

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

Item	Average useful life
Plant and machinery	1 year

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

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item and have significantly different patterns of consumption of economical benefits is depreciated separately over its useful life.

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

1.2 Financial instruments

Financial instruments at amortised cost

Financial instruments may be designated to be measured at amortised cost less any impairment using the effective interest method. These include cash, trade and other receivables, loans and trade 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.

1.3 Impairment of assets

The company assesses at each reporting period date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

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.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount (selling price less costs to complete and sell, in the case of inventories), but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior years. A reversal of impairment is recognised immediately in profit or loss.

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Financial Statements for the year ended 30 June 2010

Accounting Policies

1.4 Revenue

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Interest is recognised, in profit or loss, using the effective interest rate method.

1.5 Borrowing costs

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

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Notes to the Financial Statements

Figures in Rand 2010 2009

2. Property, plant and equipment

	2010			2009		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Plant and machinery	13,926	(12,415)	1,511	13,399	(7,303)	6,096

Reconciliation of property, plant and equipment - 2010

	Opening Balance	Additions	Depreciation	Total
Plant and machinery	6,096	527	(5,112)	1,511

Reconciliation of property, plant and equipment - 2009

	Opening Balance	Additions	Depreciation	Total
Plant and machinery	-	13,399	(7,303)	6,096

3. Trade and other receivables

Trade receivables	225,499	35,786
VAT	5,426	-
	230,925	35,786

4. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	1,914	1,914
Bank balances	1,245,002	1,095,254
	1,246,916	1,097,168

5. Other financial liabilities

At amortised cost

Home owners	539,150	567,150
The loans are unsecured, interest-free and have no fixed terms of repayment.		

Current liabilities

At amortised cost	539,150	567,150
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6. Trade and other payables

VAT	-	273
Accruals	106,817	32,363
	106,817	32,636

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Financial Statements for the year ended 30 June 2010

Notes to the Financial Statements

Figures in Rand	2010	2009
7. Operating profit		
Operating profit for the year is stated after accounting for the following:		
Operating lease charges		
Lease rentals on operating lease		
• Contractual amounts	-	700
Depreciation on property, plant and equipment	5,112	7,303
Employee costs	202,226	152,857
8. Auditors' remuneration		
Fees	18,000	16,500
Adjustment for previous year	-	15,000
	18,000	31,500
9. Cash generated from operations		
Profit before taxation	294,121	265,668
Adjustments for:		
Depreciation and amortisation	5,112	7,303
Interest received	(63,853)	(72,697)
Changes in working capital:		
Trade and other receivables	(195,137)	17,306
Trade and other payables	74,181	(62,967)
	114,424	154,613

10. First-time adoption of the International Financial Reporting Standard for Small and Medium-sized Entities.

The company has applied the International Financial Reporting Standard for Small and Medium-sized Entities, for the first time for the 2010 year end. On principle this standard has been applied retrospectively and the 2009 comparatives contained in these financial statements does not differ from those published in the financial statements for the year ended 30 June 2009. The standard gives certain mandatory exemptions from this principle, and certain optional exemptions which have been detailed below. No adjustments were made to the opening comparative statement of financial position.

The date of transition was 01 July 2008 and it had a nil effect.