

35 ON MAIN BODY CORPORATE
Annual Financial Statements
for the year ended 30 September 2021

35 ON MAIN BODY CORPORATE

Annual Financial Statements for the year ended 30 September 2021

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Body Corporate
Trustees	K Clark H Wormald M Bester
Domicilium citandi et executandi	6th Floor The Terraces 25 Protea Road Claremont 7708
Bankers	First National Bank
Auditors	LPH Chartered Accountants Inc. Registered Auditors
Managing agent	FMS Property Managers Close Corporation
Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the Sectional Titles Schemes Management Act, 2011.

35 ON MAIN BODY CORPORATE

Annual Financial Statements for the year ended 30 September 2021

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

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

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35 ON MAIN BODY CORPORATE

Annual Financial Statements for the year ended 30 September 2021

Trustees' Responsibilities and Approval

The trustees, supported by a competent, professional managing agent, are required to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the body corporate as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the accounting policies as set out in Note 1 to the financial statements, and in the manner required by the Sectional Titles Schemes Management Act, 2011, the Sectional Titles Schemes Management Regulations, 2016 and the Management Rules of the body corporate.

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

The trustees are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The trustees have reviewed the body corporate's cash flow forecast for the year to 30 September 2022 and, in the light of this review and the current financial position, they are satisfied that the body corporate can continue its operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the body corporate's annual financial statements. The annual financial statements have been examined by the body corporate's external auditors and their report is presented on pages 4 to 6.

The annual financial statements and supplementary information set out on pages 7 to 17, which have been prepared on the going concern basis, were approved by the trustees on 24 November 2021 and were signed on their behalf by:

Trustee

Trustee

Independent Auditor's Report

To the members of 35 on Main Body Corporate

Report on the Audit of the Annual Financial Statements

Unqualified opinion

We have audited the annual financial statements of 35 on Main Body Corporate set out on pages 9 to 16, which comprise the statement of financial position as at 30 September 2021, and the statement of comprehensive income, statement of changes in reserves and statement of cash flows for the year then ended, and the notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of 35 on Main Body Corporate as at 30 September 2021, and its financial performance and cash flows for the year then ended in accordance with the basis of accounting as disclosed in Note 1 to the financial statements and the requirements of the Sectional Titles Schemes Management Act, 2011, the Sectional Titles Schemes Management Regulations, 2016 and the Management Rules of the body corporate 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 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 - Going Concern

Without qualifying our opinion, we draw attention to the trustees' report note 2 to the annual financial statements.

Emphasis of matter - Basis of Accounting

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

Independent Auditor's Report

Other information

The trustees are responsible for the other information. The other information comprises the Trustees' Report as required by the Sectional Titles Schemes Management Act, 2011 and supplementary information set out on page 17, which we obtained prior to the date of this report. Other information does not include the annual financial statements and our auditor's report thereon.

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

The trustees have contracted the services of a competent, professional managing agent, who is responsible for the preparation and fair presentation of the annual financial statements in accordance with the basis of accounting described in Note 1 to the financial statements and the requirements of the Sectional Titles Schemes Management Act, 2011, the Sectional Titles Schemes Management Regulations, 2016 and the Management Rules of the body corporate established in terms thereof, as well as for such internal control as the managing agent determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the managing agent engage with the trustees in assessing the body corporate'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 body corporate or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual 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 International Standards on Auditing 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 annual financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual 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 body corporate's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.

Independent Auditor's Report

- 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 body corporate'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 annual 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 body corporate to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual 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.

Report on other legal and regulatory requirements

In accordance with the Management Rules of the body corporate and in terms of Regulation 6 of the Sectional Titles Schemes Management Regulations 2016, Rules 26(5)(c)(ii), (iii) and (iv), we report as follows:

Compliance findings with accounting requirements (Rule 26(5)(c)(ii))

The trustees are responsible to ensure that the body corporate complies with management rules 21, 24 and 26 adopted in terms of the Sectional Title Schemes Management Regulations 2016, which includes the implementation of systems, processes and internal controls such internal control as the trustees determine is necessary.

If during the course of our audit of the annual financial statements of the body corporate we become aware of any instances of non-compliance with the accounting requirements set out in management rules 21, 24 and 26, we are required to report our findings. We have noted the following instances of non-compliance:

- Non-compliance with Rule 24(5) as the body corporate had to use funds designated for the purpose of the reserve fund to settle administrative expenditure as they become due.

Management of the body corporate's financial affairs and funds (Rules 26(5)(c)(iii) and (iv))

In terms of relevant International Standards on Auditing we did not conduct an engagement relating to whether the financial records of the body corporate have been kept and its funds have been managed so as to provide a reasonable level of protection against theft or fraud, and whether the financial affairs of the body corporate appear to be effectively managed, as required by Rules 26(5)(c)(iii) and (iv). We have not gathered evidence to express any assurance opinion or conclusion thereon.

LPH Chartered Accountants Inc.
Registered Auditors
Per: ER Livesey
Associate
Chartered Accountant (SA)
Registered Auditor

Cape Town

35 ON MAIN BODY CORPORATE

Annual Financial Statements for the year ended 30 September 2021

Trustees' Report

The trustees submit their report for the year ended 30 September 2021.

1. Review of activities

Main business and operations

"35 on Main" is situated in 35 Main Road, Green Point, Cape Town, for which a sectional title register has been opened. The body corporate administers the common property of the complex. The body corporate does not operate for profit. Expenditure is set-off by levies collected from the section owners.

All expenses applicable to common property and administration are recovered from the various section owners by means of a monthly levy, approved at the Annual General Meeting.

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

2. Going concern

We draw attention to the fact that at 30 September 2021, the body corporate had an accumulated deficit of R 462 575 in the administrative fund(2020: deficit of R 231 024).

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 expenditure and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of activities.

The ability of the body corporate to continue as a going concern is dependent on a number of factors. The most significant of these is that the trustees have the ability to raise special levies under Rule 21(3)(a) if required.

3. Events after the reporting period

The trustees are not aware of any matter or circumstance arising since the end of the financial year, up to and including the date the financial statements were approved, not otherwise dealt with in this report or the annual financial statements, that would significantly affect the operations of the body corporate or the result of those operations.

4. Levies

Levies paid by section owners and other income earned during the year were insufficient to meet expenditure, resulting in a levy deficit of R (231 551)(2020: levy deficit of R(231 024)).

5. Trustees

The trustees of the body corporate, are as follows:

Name
K Clark
H Wormald
M Bester

35 ON MAIN BODY CORPORATE

Annual Financial Statements for the year ended 30 September 2021

Trustees' Report

6. Managing Agent

The managing agent of the body corporate is FMS Property Managers Close Corporation of:

Business address

6th Floor
The Terraces
25 Protea Road
Claremont
7708

Postal address

P O Box 13214
Mowbray
7705

7. Insurance policy details

At the date of this report the body corporate had the following insurance policy in place:

Building insurance

Insurance company:	Compass Insurance Company Ltd
Insurance broker:	McCallum Brokers CC
Policy Number:	CIA 091-337
Period cover:	1 April 2021 to 31 March 2022
Term of payment:	Monthly
Total building replacement value:	R112 931 712

The insurance policy in effect at the date of this report has an anniversary date of 1 April 2022.

8. Auditors

LPH Chartered Accountants Inc. will continue in office until the next Annual General Meeting.

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Statement of Financial Position

Figures in Rand	Note(s)	2021	2020
Assets			
Current Assets			
Accounts receivable	2	100 264	51 594
Cash and cash equivalents	3	100 122	18 444
		200 386	70 038
Total Assets		200 386	70 038
Reserves and Liabilities			
Members' funds and reserves			
Reserve fund	4	373 979	213 616
Administrative fund		(462 575)	(231 024)
		(88 596)	(17 408)
Liabilities			
Current Liabilities			
Accounts payable	5	288 982	87 446
Total Reserves and Liabilities		200 386	70 038

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Annual Financial Statements for the year ended 30 September 2021

Statement of Comprehensive Income

Figures in Rand	Note(s)	2021	2020
Revenue			
Administration levies		1 054 549	1 406 066
Reserve fund levies		160 212	213 616
CSOS levies		6 699	13 323
Parking bay levies		13 200	17 521
Store room levies		-	1 280
		1 234 660	1 651 806
Other income			
Access disks		900	2 510
Hot water heating recoveries		130 763	117 916
Interest received	6	2 866	15 314
Penalty income		5 500	-
Water and sewerage recoveries		169 200	94 714
		309 229	230 454
Operating expenses			
Auditor's remuneration		15 295	14 490
Bank charges		2 337	2 566
CSOS levy expense		6 699	13 323
Cameras		25 883	-
Cleaning		112 084	141 617
Electricity		181 493	288 452
Employee costs		55 000	45 000
Insurance		85 752	100 767
Interest paid		226	1 163
Lift maintenance		136 883	39 100
Management fees		69 328	70 240
Meter reading		25 668	27 807
Repairs and maintenance		126 581	79 233
Reserve fund expense		160 212	213 616
Security		669 861	761 032
Sewerage		23 051	38 599
Sewerage credits (relating to prior year)		(13 467)	-
Stationery and postage		-	385
Water		194 036	275 894
Water credits (relating to prior year)		(101 482)	-
		1 775 440	2 113 284
Deficit before taxation		(231 551)	(231 024)
Taxation	7	-	-
Deficit for the year		(231 551)	(231 024)

35 ON MAIN BODY CORPORATE

Annual Financial Statements for the year ended 30 September 2021

Statement of Changes in Reserves

	Reserve fund	Administrative fund	Total members' funds and reserves
Figures in Rand			
Deficit for the year	-	(231 024)	(231 024)
Contribution to reserve fund	213 616	-	213 616
Total changes	213 616	-	213 616
Balance at 01 October 2020	213 616	(231 024)	(17 408)
Deficit for the year	-	(231 551)	(231 551)
Contribution to reserve fund	160 363	-	160 363
Total changes	160 363	-	160 363
Balance at 30 September 2021	373 979	(462 575)	(88 596)
Note(s)	4		

35 ON MAIN BODY CORPORATE

Annual Financial Statements for the year ended 30 September 2021

Statement of Cash Flows

Figures in Rand	Note(s)	2021	2020
Cash flows from operating activities			
Cash generated from operations	8	78 812	3 130
Interest income		2 866	15 314
Net cash from operating activities		81 678	18 444
Total cash movement for the year		81 678	18 444
Cash at the beginning of the year		18 444	-
Total cash at end of the year	3	100 122	18 444

35 ON MAIN BODY CORPORATE

Annual Financial Statements for the year ended 30 September 2021

Accounting Policies

1. Basis of preparation and summary of significant accounting policies

The annual financial statements have been prepared on the going concern basis in accordance with the accounting policies set out below and the Sectional Titles Schemes Management Act, 2011. They are presented in South African Rands.

1.1 Financial instruments

Initial recognition and measurement

The body corporate 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 recognised on the body corporate's statement of financial position when the body corporate becomes party to the contractual provisions of the instrument.

Accounts receivable

Accounts receivable are initially measured at cash cost, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for the estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired.

Accounts payable

Accounts payable are initially measured at cash cost, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits. These are initially and subsequently recorded at fair value.

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.

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.

Tax expenses

The body corporate is taxed in terms of section 10(1)(e) of the Income Tax Act, 1962. In terms of this section, levy income and recoveries are fully exempt. All other income is exempt up to a maximum of R50,000 per annum. Therefore, taxation is calculated and provided for on investment income and other income greater than R50,000 per annum less a portion of deductible administrative expenses.

35 ON MAIN BODY CORPORATE

Annual Financial Statements for the year ended 30 September 2021

Accounting Policies

1.3 Provisions and contingencies

Provisions are recognised when:

- the body corporate has an obligation at the reporting date as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

Provisions are raised to the amount estimated in the approved budget to settle the liability.

1.4 Revenue

Levies and recoveries are recognised as revenue once owners are invoiced. Levies are invoiced monthly, based on the proportional amount as per the approved budget. Recoveries are recognised as and when due by the owners and are disclosed with the expenses to which they relate.

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. Interest on arrear levy contributions is recognised in terms of the prescribed management rule 21(3)(c).

1.5 Reserve fund

The reserve fund balance, as disclosed in the statement of changes in reserves, represents amounts set aside by the body corporate to meet future maintenance costs as further detailed in the body corporate's ten year maintenance plan. As such, contributions made to the reserve fund is accounted for as an expense, through the statement of comprehensive income, when such contributions are made. Consequently, any maintenance, performed in accordance with the body corporate's ten year maintenance plan, is accounted for as a reduction of the reserve fund balance through the statement of changes in reserves.

35 ON MAIN BODY CORPORATE

Annual Financial Statements for the year ended 30 September 2021

Notes to the Annual Financial Statements

Figures in Rand	2021	2020
2. Accounts receivable		
Levies in arrears	23 577	40 904
Deposits	5 771	5 771
Insurance claims	4 918	4 919
Prepayment - Municipalities	65 998	-
	100 264	51 594

A detailed schedule of amounts due to the body corporate by the members is included in the supplementary information set out on page 17.

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Current account	73 269	18 444
Reserve fund account	26 853	-
	100 122	18 444

4. Reserve fund

Reserve fund summary - 2021

	Available reserve (as % of cost)	Estimated cost	Amounts available for maintenance, repair and replacement	Surplus (deficit)
Painting and repairs	66,39 %	193 834	128 687	(65 147)
Roof areas	66,39 %	121 805	80 867	(40 938)
Water tanks and pumps	66,39 %	54 108	35 922	(18 186)
Heating and cooling systems	66,39 %	90 180	59 871	(30 309)
Other capital items	66,39 %	103 376	68 632	(34 744)
Total		563 303	373 979	(189 324)

Reconciliation of the reserve fund - 2021

	Opening balance	Levy allocated to fund	Interest received	Utilisation	Closing balance
Total	213 616	160 212	151	-	373 979

Reconciliation of the reserve fund - 2020

	Opening balance	Levy allocated to fund	Interest received	Utilisation	Closing balance
Total	-	213 616	-	-	213 616

35 ON MAIN BODY CORPORATE

Annual Financial Statements for the year ended 30 September 2021

Notes to the Annual Financial Statements

Figures in Rand	2021	2020
4. Reserve fund (continued)		
The body corporate has an obligation to provide for future maintenance and repair of common property. The reserve fund represents the trustees' best estimate of the body corporate's liabilities for future maintenance and repair cost of common property.		
5. Accounts payable		
Accrued expense - Audit fee	15 295	14 490
Accrued expense - CSOS levies	1 110	3 332
Accrued expense - Eco clean	(1 932)	-
Accrued expense - Security	202 326	-
Insurance claims	4 025	10 500
Levies received in advance	68 158	48 290
Suspense liability	-	10 834
	288 982	87 446
6. Interest received		
Interest received		
Bank	295	2 495
Levies in arrears	2 571	12 819
	2 866	15 314
7. Taxation		
Major components of the tax expense		
Current taxation		
Local income tax - current year	-	-
The body corporate is taxed in accordance with Section 10(1)(e) of the Income Tax Act.		
8. Cash (used in) generated from operations		
Deficit before taxation	(231 551)	(231 024)
Adjustments for:		
Interest received	(2 866)	(15 314)
Contribution to reserve fund	160 363	213 616
Changes in working capital:		
Accounts receivable	(48 670)	(51 594)
Accounts payable	201 536	87 446
	78 812	3 130

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Annual Financial Statements for the year ended 30 September 2021

Amounts due to the Body Corporate by Members

Figures in Rand

2021

Extract from age analysis

Member	Total
IBR001-S306	8 526
350002-S105	1 878
HOD001-S101	1 734
350004-S405	1 705
LBR001-S304	1 543
350009-S601	1 502
MBE001-S204	1 495
RAJ001-S104	1 480
JEM001-S206	1 058
NEW001-S403	808
HEI001-S402	701
APA001-S302	640
ABN001-S404	473
350011-SS1&2&3&4	28
HJQ001-S305	4
350003-S401	2
	<hr/>
	23 577

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Annual Financial Statements for the year ended 30 September 2021

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Nature of business and principal activities	Body Corporate
Trustees	K Clark H Wormald M Bester
Domicilium citandi et executandi	6th Floor The Terraces 25 Protea Road Claremont 7708
Bankers	First National Bank
Auditors	LPH Chartered Accountants Inc. Registered Auditors
Managing agent	FMS Property Managers Close Corporation
Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the Sectional Titles Schemes Management Act, 2011.

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

The trustees are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The trustees have reviewed the body corporate's cash flow forecast for the year to 30 September 2022 and, in the light of this review and the current financial position, they are satisfied that the body corporate can continue its operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the body corporate's annual financial statements. The annual financial statements have been examined by the body corporate's external auditors and their report is presented on pages 4 to 6.

The annual financial statements and supplementary information set out on pages 7 to 17, which have been prepared on the going concern basis, were approved by the trustees on 24 November 2021 and were signed on their behalf by:

Trustee

Trustee

Independent Auditor's Report

To the members of 35 on Main Body Corporate

Report on the Audit of the Annual Financial Statements

Unqualified opinion

We have audited the annual financial statements of 35 on Main Body Corporate set out on pages 9 to 16, which comprise the statement of financial position as at 30 September 2021, and the statement of comprehensive income, statement of changes in reserves and statement of cash flows for the year then ended, and the notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of 35 on Main Body Corporate as at 30 September 2021, and its financial performance and cash flows for the year then ended in accordance with the basis of accounting as disclosed in Note 1 to the financial statements and the requirements of the Sectional Titles Schemes Management Act, 2011, the Sectional Titles Schemes Management Regulations, 2016 and the Management Rules of the body corporate 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 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 - Going Concern

Without qualifying our opinion, we draw attention to the trustees' report note 2 to the annual financial statements.

Emphasis of matter - Basis of Accounting

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

Independent Auditor's Report

Other information

The trustees are responsible for the other information. The other information comprises the Trustees' Report as required by the Sectional Titles Schemes Management Act, 2011 and supplementary information set out on page 17, which we obtained prior to the date of this report. Other information does not include the annual financial statements and our auditor's report thereon.

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

The trustees have contracted the services of a competent, professional managing agent, who is responsible for the preparation and fair presentation of the annual financial statements in accordance with the basis of accounting described in Note 1 to the financial statements and the requirements of the Sectional Titles Schemes Management Act, 2011, the Sectional Titles Schemes Management Regulations, 2016 and the Management Rules of the body corporate established in terms thereof, as well as for such internal control as the managing agent determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the managing agent engage with the trustees in assessing the body corporate'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 body corporate or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual 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 International Standards on Auditing 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 annual financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual 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 body corporate's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.

Independent Auditor's Report

- 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 body corporate'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 annual 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 body corporate to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual 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.

Report on other legal and regulatory requirements

In accordance with the Management Rules of the body corporate and in terms of Regulation 6 of the Sectional Titles Schemes Management Regulations 2016, Rules 26(5)(c)(ii), (iii) and (iv), we report as follows:

Compliance findings with accounting requirements (Rule 26(5)(c)(ii))

The trustees are responsible to ensure that the body corporate complies with management rules 21, 24 and 26 adopted in terms of the Sectional Title Schemes Management Regulations 2016, which includes the implementation of systems, processes and internal controls such internal control as the trustees determine is necessary.

If during the course of our audit of the annual financial statements of the body corporate we become aware of any instances of non-compliance with the accounting requirements set out in management rules 21, 24 and 26, we are required to report our findings. We have noted the following instances of non-compliance:

- Non-compliance with Rule 24(5) as the body corporate had to use funds designated for the purpose of the reserve fund to settle administrative expenditure as they become due.

Management of the body corporate's financial affairs and funds (Rules 26(5)(c)(iii) and (iv))

In terms of relevant International Standards on Auditing we did not conduct an engagement relating to whether the financial records of the body corporate have been kept and its funds have been managed so as to provide a reasonable level of protection against theft or fraud, and whether the financial affairs of the body corporate appear to be effectively managed, as required by Rules 26(5)(c)(iii) and (iv). We have not gathered evidence to express any assurance opinion or conclusion thereon.

LPH Chartered Accountants Inc.
Registered Auditors
Per: ER Livesey
Associate
Chartered Accountant (SA)
Registered Auditor

Cape Town

35 ON MAIN BODY CORPORATE

Annual Financial Statements for the year ended 30 September 2021

Trustees' Report

The trustees submit their report for the year ended 30 September 2021.

1. Review of activities

Main business and operations

"35 on Main" is situated in 35 Main Road, Green Point, Cape Town, for which a sectional title register has been opened. The body corporate administers the common property of the complex. The body corporate does not operate for profit. Expenditure is set-off by levies collected from the section owners.

All expenses applicable to common property and administration are recovered from the various section owners by means of a monthly levy, approved at the Annual General Meeting.

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

2. Going concern

We draw attention to the fact that at 30 September 2021, the body corporate had an accumulated deficit of R 462 575 in the administrative fund(2020: deficit of R 231 024).

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 expenditure and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of activities.

The ability of the body corporate to continue as a going concern is dependent on a number of factors. The most significant of these is that the trustees have the ability to raise special levies under Rule 21(3)(a) if required.

3. Events after the reporting period

The trustees are not aware of any matter or circumstance arising since the end of the financial year, up to and including the date the financial statements were approved, not otherwise dealt with in this report or the annual financial statements, that would significantly affect the operations of the body corporate or the result of those operations.

4. Levies

Levies paid by section owners and other income earned during the year were insufficient to meet expenditure, resulting in a levy deficit of R (231 551)(2020: levy deficit of R(231 024)).

5. Trustees

The trustees of the body corporate, are as follows:

Name
K Clark
H Wormald
M Bester

35 ON MAIN BODY CORPORATE

Annual Financial Statements for the year ended 30 September 2021

Trustees' Report

6. Managing Agent

The managing agent of the body corporate is FMS Property Managers Close Corporation of:

Business address

6th Floor
The Terraces
25 Protea Road
Claremont
7708

Postal address

P O Box 13214
Mowbray
7705

7. Insurance policy details

At the date of this report the body corporate had the following insurance policy in place:

Building insurance

Insurance company:	Compass Insurance Company Ltd
Insurance broker:	McCallum Brokers CC
Policy Number:	CIA 091-337
Period cover:	1 April 2021 to 31 March 2022
Term of payment:	Monthly
Total building replacement value:	R112 931 712

The insurance policy in effect at the date of this report has an anniversary date of 1 April 2022.

8. Auditors

LPH Chartered Accountants Inc. will continue in office until the next Annual General Meeting.

35 ON MAIN BODY CORPORATE

Annual Financial Statements for the year ended 30 September 2021

Statement of Financial Position

Figures in Rand	Note(s)	2021	2020
Assets			
Current Assets			
Accounts receivable	2	100 264	51 594
Cash and cash equivalents	3	100 122	18 444
		200 386	70 038
Total Assets		200 386	70 038
Reserves and Liabilities			
Members' funds and reserves			
Reserve fund	4	373 979	213 616
Administrative fund		(462 575)	(231 024)
		(88 596)	(17 408)
Liabilities			
Current Liabilities			
Accounts payable	5	288 982	87 446
Total Reserves and Liabilities		200 386	70 038

35 ON MAIN BODY CORPORATE

Annual Financial Statements for the year ended 30 September 2021

Statement of Comprehensive Income

Figures in Rand	Note(s)	2021	2020
Revenue			
Administration levies		1 054 549	1 406 066
Reserve fund levies		160 212	213 616
CSOS levies		6 699	13 323
Parking bay levies		13 200	17 521
Store room levies		-	1 280
		1 234 660	1 651 806
Other income			
Access disks		900	2 510
Hot water heating recoveries		130 763	117 916
Interest received	6	2 866	15 314
Penalty income		5 500	-
Water and sewerage recoveries		169 200	94 714
		309 229	230 454
Operating expenses			
Auditor's remuneration		15 295	14 490
Bank charges		2 337	2 566
CSOS levy expense		6 699	13 323
Cameras		25 883	-
Cleaning		112 084	141 617
Electricity		181 493	288 452
Employee costs		55 000	45 000
Insurance		85 752	100 767
Interest paid		226	1 163
Lift maintenance		136 883	39 100
Management fees		69 328	70 240
Meter reading		25 668	27 807
Repairs and maintenance		126 581	79 233
Reserve fund expense		160 212	213 616
Security		669 861	761 032
Sewerage		23 051	38 599
Sewerage credits (relating to prior year)		(13 467)	-
Stationery and postage		-	385
Water		194 036	275 894
Water credits (relating to prior year)		(101 482)	-
		1 775 440	2 113 284
Deficit before taxation		(231 551)	(231 024)
Taxation	7	-	-
Deficit for the year		(231 551)	(231 024)

35 ON MAIN BODY CORPORATE

Annual Financial Statements for the year ended 30 September 2021

Statement of Changes in Reserves

	Reserve fund	Administrative fund	Total members' funds and reserves
Figures in Rand			
Deficit for the year	-	(231 024)	(231 024)
Contribution to reserve fund	213 616	-	213 616
Total changes	213 616	-	213 616
Balance at 01 October 2020	213 616	(231 024)	(17 408)
Deficit for the year	-	(231 551)	(231 551)
Contribution to reserve fund	160 363	-	160 363
Total changes	160 363	-	160 363
Balance at 30 September 2021	373 979	(462 575)	(88 596)
Note(s)	4		

35 ON MAIN BODY CORPORATE

Annual Financial Statements for the year ended 30 September 2021

Statement of Cash Flows

Figures in Rand	Note(s)	2021	2020
Cash flows from operating activities			
Cash generated from operations	8	78 812	3 130
Interest income		2 866	15 314
Net cash from operating activities		81 678	18 444
Total cash movement for the year		81 678	18 444
Cash at the beginning of the year		18 444	-
Total cash at end of the year	3	100 122	18 444

35 ON MAIN BODY CORPORATE

Annual Financial Statements for the year ended 30 September 2021

Accounting Policies

1. Basis of preparation and summary of significant accounting policies

The annual financial statements have been prepared on the going concern basis in accordance with the accounting policies set out below and the Sectional Titles Schemes Management Act, 2011. They are presented in South African Rands.

1.1 Financial instruments

Initial recognition and measurement

The body corporate 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 recognised on the body corporate's statement of financial position when the body corporate becomes party to the contractual provisions of the instrument.

Accounts receivable

Accounts receivable are initially measured at cash cost, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for the estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired.

Accounts payable

Accounts payable are initially measured at cash cost, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits. These are initially and subsequently recorded at fair value.

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.

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.

Tax expenses

The body corporate is taxed in terms of section 10(1)(e) of the Income Tax Act, 1962. In terms of this section, levy income and recoveries are fully exempt. All other income is exempt up to a maximum of R50,000 per annum. Therefore, taxation is calculated and provided for on investment income and other income greater than R50,000 per annum less a portion of deductible administrative expenses.

35 ON MAIN BODY CORPORATE

Annual Financial Statements for the year ended 30 September 2021

Accounting Policies

1.3 Provisions and contingencies

Provisions are recognised when:

- the body corporate has an obligation at the reporting date as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

Provisions are raised to the amount estimated in the approved budget to settle the liability.

1.4 Revenue

Levies and recoveries are recognised as revenue once owners are invoiced. Levies are invoiced monthly, based on the proportional amount as per the approved budget. Recoveries are recognised as and when due by the owners and are disclosed with the expenses to which they relate.

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. Interest on arrear levy contributions is recognised in terms of the prescribed management rule 21(3)(c).

1.5 Reserve fund

The reserve fund balance, as disclosed in the statement of changes in reserves, represents amounts set aside by the body corporate to meet future maintenance costs as further detailed in the body corporate's ten year maintenance plan. As such, contributions made to the reserve fund is accounted for as an expense, through the statement of comprehensive income, when such contributions are made. Consequently, any maintenance, performed in accordance with the body corporate's ten year maintenance plan, is accounted for as a reduction of the reserve fund balance through the statement of changes in reserves.

35 ON MAIN BODY CORPORATE

Annual Financial Statements for the year ended 30 September 2021

Notes to the Annual Financial Statements

Figures in Rand	2021	2020
2. Accounts receivable		
Levies in arrears	23 577	40 904
Deposits	5 771	5 771
Insurance claims	4 918	4 919
Prepayment - Municipalities	65 998	-
	100 264	51 594

A detailed schedule of amounts due to the body corporate by the members is included in the supplementary information set out on page 17.

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Current account	73 269	18 444
Reserve fund account	26 853	-
	100 122	18 444

4. Reserve fund

Reserve fund summary - 2021

	Available reserve (as % of cost)	Estimated cost	Amounts available for maintenance, repair and replacement	Surplus (deficit)
Painting and repairs	66,39 %	193 834	128 687	(65 147)
Roof areas	66,39 %	121 805	80 867	(40 938)
Water tanks and pumps	66,39 %	54 108	35 922	(18 186)
Heating and cooling systems	66,39 %	90 180	59 871	(30 309)
Other capital items	66,39 %	103 376	68 632	(34 744)
Total		563 303	373 979	(189 324)

Reconciliation of the reserve fund - 2021

	Opening balance	Levy allocated to fund	Interest received	Utilisation	Closing balance
Total	213 616	160 212	151	-	373 979

Reconciliation of the reserve fund - 2020

	Opening balance	Levy allocated to fund	Interest received	Utilisation	Closing balance
Total	-	213 616	-	-	213 616

35 ON MAIN BODY CORPORATE

Annual Financial Statements for the year ended 30 September 2021

Notes to the Annual Financial Statements

Figures in Rand

	2021	2020
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4. Reserve fund (continued)

The body corporate has an obligation to provide for future maintenance and repair of common property. The reserve fund represents the trustees' best estimate of the body corporate's liabilities for future maintenance and repair cost of common property.

5. Accounts payable

Accrued expense - Audit fee	15 295	14 490
Accrued expense - CSOS levies	1 110	3 332
Accrued expense - Eco clean	(1 932)	-
Accrued expense - Security	202 326	-
Insurance claims	4 025	10 500
Levies received in advance	68 158	48 290
Suspense liability	-	10 834
	288 982	87 446

6. Interest received

Interest received

Bank	295	2 495
Levies in arrears	2 571	12 819
	2 866	15 314

7. Taxation

Major components of the tax expense

Current taxation

Local income tax - current year	-	-
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The body corporate is taxed in accordance with Section 10(1)(e) of the Income Tax Act.

8. Cash (used in) generated from operations

Deficit before taxation	(231 551)	(231 024)
Adjustments for:		
Interest received	(2 866)	(15 314)
Contribution to reserve fund	160 363	213 616
Changes in working capital:		
Accounts receivable	(48 670)	(51 594)
Accounts payable	201 536	87 446
	78 812	3 130

35 ON MAIN BODY CORPORATE

Annual Financial Statements for the year ended 30 September 2021

Amounts due to the Body Corporate by Members

Figures in Rand

2021

Extract from age analysis

Member	Total
IBR001-S306	8 526
350002-S105	1 878
HOD001-S101	1 734
350004-S405	1 705
LBR001-S304	1 543
350009-S601	1 502
MBE001-S204	1 495
RAJ001-S104	1 480
JEM001-S206	1 058
NEW001-S403	808
HEI001-S402	701
APA001-S302	640
ABN001-S404	473
350011-SS1&2&3&4	28
HJQ001-S305	4
350003-S401	2
	<hr/>
	23 577