

Millennium Heights Association Inc.

Financial Statements

April 30, 2017

RONALD L. WILKINSON

Chartered Accountant -----

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Millennium Heights Association Inc.

Opinion

I have audited the accompanying financial statements of Millennium Heights Association Inc., which comprise the statement of financial position as of April 30, 2017, the statement of changes in shareholders' equity, the statement of comprehensive income, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the company as at April 30, 2017 and 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 (IFRS for SME's).

Basis for Opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the company in accordance with the ethical requirements that are relevant to my audit of the financial statements in Barbados, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS for SME's and for such internal control as management 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, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of the auditor's responsibilities for the audit of the financial statements is located at the Institute of Chartered Accountants of Barbados' website at: <http://www.icab.bb/about-icab/auditing>. This description forms part of my auditor's report.



Chartered Accountant

Barbados

March 15, 2018

Millennium Heights Association Inc.

Statement of Financial Position


As of April 30, 2017

(amounts expressed in Barbados dollars)

	Notes	2017	2016
Assets			
Current assets			
Cash		\$ 1,132,235	\$ 1,095,847
Common levies receivable		215,262	158,413
Other receivables		<u>27,410</u>	<u>87,599</u>
		1,374,907	1,341,859
Security deposits		50,826	49,289
Property, plant and equipment	3	<u>463,113</u>	<u>460,723</u>
Total assets		<u>\$ 1,888,846</u>	<u>\$ 1,851,871</u>
Liabilities and equity			
Current liabilities			
Accounts payable	4	\$ 149,435	\$ 210,631
Due to The Proprietors, Unit Plan # 69		312,619	211,759
Due to The Proprietors, Unit Plan # 70		103,661	87,303
Due to The Proprietors, Unit Plan # 71		81,493	65,831
Due to The Proprietors, Unit Plan # 104		<u>206,897</u>	<u>144,817</u>
		854,105	720,341
Loan payable	5	202,764	219,879
Replacement reserve	6	<u>369,052</u>	<u>448,732</u>
Total liabilities		<u>1,425,921</u>	<u>1,388,952</u>
Equity			
Share capital	7	506	500
Common facilities fund	8	462,419	462,419
Retained earnings		<u>-</u>	<u>-</u>
Total equity		<u>462,925</u>	<u>462,919</u>
Total liabilities and equity		<u>\$ 1,888,846</u>	<u>\$ 1,851,871</u>

The accompanying notes form an integral part of these financial statements.

Approved by the Board on March 15, 2018



Director

Millennium Heights Association Inc.**Statement of Changes in Shareholders' Equity****For the year ended April 30, 2017***(amounts expressed in Barbados dollars)*

	Share capital	Common facilities fund	Retained earnings	Total
Balance at April 30, 2015	\$ 500	\$ 462,419	\$ -	\$ 462,919
Comprehensive income for the year	-	-	-	-
Balance at April 30, 2016	500	462,419	-	462,919
Shares issued	6			6
Comprehensive income for the year	-	-	-	-
Balance at April 30, 2017	<u>\$ 506</u>	<u>\$ 462,419</u>	<u>\$ -</u>	<u>\$ 462,925</u>

The accompanying notes form an integral part of these financial statements.

Millennium Heights Association Inc.**Statement of Comprehensive Income****For the year ended April 30, 2017***(amounts expressed in Barbados dollars)*

	2017	2016
Income		
Common levies	\$ 1,090,894	\$ 1,022,092
Other	<u>79,804</u>	<u>94,079</u>
	<u>1,170,698</u>	<u>1,116,171</u>
Operating expenses		
Staff costs	359,681	378,028
Security	223,858	185,630
Depreciation	118,125	113,401
Repairs and maintenance	120,621	93,667
Management fees	97,469	97,469
Gardening expense	48,497	43,794
Electricity	31,642	64,378
Miscellaneous	30,077	8,740
Insurance	23,261	25,991
Sanitation	22,880	19,728
Professional fees	21,566	14,882
Interest and bank charges	19,269	7,856
Administration expense	19,150	7,806
Communications	13,293	13,473
Water	12,961	31,832
Property tax	8,348	8,348
Loss on disposal of plant and equipment	-	1,148
	<u>1,170,698</u>	<u>1,116,171</u>
Net comprehensive income for the year	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes form an integral part of these financial statements.

Millennium Heights Association Inc.**Statement of Cash Flows****For the year ended April 30, 2017***(amounts expressed in Barbados dollars)*

	2017	2016
Cash flows from operating activities		
Net comprehensive income for the year	\$ -	\$ -
Loss on disposal of plant and equipment	-	1,148
Depreciation	<u>118,125</u>	<u>113,401</u>
	118,125	114,549
Changes in operating assets and liabilities:		
Common levies receivable	(56,849)	26,947
Other receivables	60,189	(59,718)
Accounts payable	(61,196)	(34,678)
Security deposits	(1,537)	(6,511)
Amounts due to The Proprietors, Unit Plan # 69	100,860	69,994
Amounts due to The Proprietors, Unit Plan # 70	16,358	12,731
Amounts due to The Proprietors, Unit Plan # 71	15,662	10,956
Amounts due to The Proprietors, Unit Plan # 104	62,080	26,058
Replacement reserve	<u>(79,680)</u>	<u>-</u>
	<u>174,012</u>	<u>160,328</u>
Cash flows from investing/financing activities		
Loan, net of repayments	(17,115)	219,879
Issue of shares	6	-
Purchase of plant and equipment	<u>(120,515)</u>	<u>(300,583)</u>
	<u>(137,624)</u>	<u>(80,704)</u>
Increase in cash for the year	36,388	79,624
Cash, beginning of year	<u>1,095,847</u>	<u>1,016,223</u>
Cash, end of year	<u>\$ 1,132,235</u>	<u>\$ 1,095,847</u>

The accompanying notes form an integral part of these financial statements.

Millennium Heights Association Inc.

Notes to the Financial Statements

April 30, 2017

(amounts expressed in Barbados dollars)

1. General information

The company was incorporated on August 30, 2000 under the Companies Act of Barbados and commenced operations on September 1, 2001. The principal activity of the company is to manage and administer the common property and phases of the development at Millennium Heights located at Welches, St. Thomas.

2. Basis of preparation and accounting policies

Basis of preparation

The financial statements are prepared in accordance with the International Financial Reporting Standards for Small and Medium-sized Entities issued by the International Accounting Standards Board. They are presented in Barbados dollars.

Plant and equipment

Items of plant and equipment are measured at cost less accumulated depreciation.

Depreciation is charged so as to allocate the cost of assets, less their residual values, over their estimated useful lives, using the straight line method.

The following annual rates are used:

Computer equipment	33%
Equipment	12.5%
Furniture	10%

Income recognition

Income derived from contributions levied are recognised on the accrual basis.

Other income is recognised on an accrual basis.

Interest income is recognised using the effective interest method.

Common levies

Common levies are charged monthly to each unit owner to fund expenses of maintaining the unit and common property and are based on the number of shares owned by members. Common levies are recorded on the accrual basis.

Common expenses

Expenses are recognised on the accrual basis and are incurred by Millennium Heights Association Inc. as common expenses with other Proprietors' Unit Plans within the Millennium Heights development, except for costs which are specifically related to a Proprietors' Unit Plan. The common expenses are allocated on the basis of number of shares in accordance with the approved budget.

Millennium Heights Association Inc.
Notes to the Financial Statements, continued
April 30, 2017
(amounts expressed in Barbados dollars)

2. Significant accounting policies....continued

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases. Deferred tax liabilities are recognised for all temporary differences that are expected to increase profit in the future. Deferred tax assets are recognised for all temporary differences that are expected to reduce taxable profit in the future, and any unused tax losses or unused tax credits. Deferred tax assets are measured at the highest amount that, on the basis of current or estimated future taxable profit, is more likely than not to be recovered.

The net carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. Any adjustments are recognised in profit or loss.

Foreign currencies

The financial statements are presented in Barbados dollars, which is the Company's functional and presentation currency. Assets and liabilities denominated in other currencies are translated into Barbados dollars at the rates prevailing at the balance sheet date. Gains and losses on exchange transactions and translations are included in the statement of income.

Provisions

Provisions are recognised when the company has a legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation.

Millennium Heights Association Inc.
Notes to the Financial Statements, continued
April 30, 2017
(amounts expressed in Barbados dollars)

3. Property, plant and equipment

	Common Property	Equipment	Computer Equipment	Furniture	Total
Cost					
Beginning of year	\$ 10	\$ 1,290,306	\$ 6,904	\$ 129,189	\$ 1,426,409
Additions	-	115,585	1,550	3,380	120,515
Disposals	-	-	-	-	-
End of year	10	1,405,891	8,454	132,569	1,546,924
Accumulated depreciation					
Beginning of year	-	893,469	3,917	68,300	965,686
Charge for year	-	104,692	2,203	11,230	118,125
Disposals	-	-	-	-	-
End of year	-	998,161	6,120	79,530	1,083,811
Net book amount	\$ 10	\$ 407,730	\$ 2,334	\$ 53,039	\$ 463,113

Effective March 2002, Millennium Heights Development Ltd. conveyed to the company, all the land situated at Millennium Heights designated as the Common Area. The agreement specified that the common area shall not be used other than as common area of the Millennium Heights residential development.

4. Accounts payable

	2017	2016
Trade	\$ 82,047	\$ 145,554
Advance payments by members	67,388	65,077
	\$ 149,435	\$ 210,631

5. Loan payable

This loan is secured against the photovoltaic system installed, bears interest at prime less 2% (currently equals 6%) and is repayable over ten years in blended monthly instalments of inter and principal of \$2,487 starting January 2016.

6. Replacement reserve

This reserve is established to cover the cost of major property maintenance and refurbishment. The fund is established by direct contributions from property owners at the time of conveyance, and an annual contribution as determined by the Board of Directors.

Movement in the replacement reserves:

	2017	2016
Balance, beginning of year	\$ 448,732	\$ 448,732
Utilised in the year-offset of deficits due from members	(101,558)	-
Direct contributions	21,878	-
Balance, end of year	\$ 369,052	\$ 448,732

Millennium Heights Association Inc.

Notes to the Financial Statements, continued

April 30, 2017

(amounts expressed in Barbados dollars)

7. Share capital

The company is authorised to issue such number of common shares, without nominal or par value, which would permit the owner of the fee simple interest in the lots shown on the plan of the development to be allotted. During the year, 6 (2016 - nil) shares were issued and as at April 30, 2017, 506 (2016 - 500) shares were issued and outstanding.

8. Common facilities fund

The directors have allocated \$462,419, being the total cost incurred for the purchase of property, plant and equipment for common use within the Millennium Heights development as at August 31, 2005, to a common facilities fund, which is shown as part of shareholders' equity. Subsequent additions are funded by the company's operations or by specific levies raised for that purpose.

9. Taxation

The company has tax losses of \$ 37,158 which may be carried forward and set off against taxable income during the seven years following the year in which they were incurred.

No deferred tax asset has been recorded because of the lack of a clear probability that a tax benefit will be realised.

Millennium Heights Association Inc.
Notes to the Financial Statements, continued
April 30, 2017
(amounts expressed in Barbados dollars)

10. Income and expense allocation

Millennium Heights Association Inc. is charged with the responsibility of managing and maintaining all of the common areas of Millennium Heights Development For the year ended April 30, 2017, levies assessed and common expenses incurred were allocated as follows:-

Income	PUP 69	PUP 70	PUP 71	PUP 104	Water- Townhouses	Association	Total
Common levies	\$ 349,664	\$ 42,693	\$ 42,786	\$ 205,764	\$ -	\$ 1,090,894	\$ 1,731,801
Other income	1,000	-	-	-	-	79,804	80,804
	<u>350,664</u>	<u>42,693</u>	<u>42,786</u>	<u>205,764</u>	-	<u>1,170,698</u>	<u>1,812,605</u>
Operating expenses							
Staff costs	35,132	4,099	4,099	15,224	-	359,681	418,235
Security	-	-	-	-	-	223,858	223,858
Repairs and maintenance	67,886	3,795	4,584	25,640	-	120,621	222,526
Insurance	83,704	10,547	10,547	39,390	-	23,261	167,449
Management fees	19,494	2,274	2,274	8,447	-	97,469	129,958
Depreciation	-	-	-	-	-	118,125	118,125
Electricity	31,460	2,596	2,596	3,691	-	31,642	71,985
Property tax	-	-	-	46,373	-	8,348	54,721
Gardening expense	-	-	-	-	-	48,497	48,497
Professional fees	6,656	2,504	2,504	2,922	-	21,566	36,152
Miscellaneous	-	-	-	-	-	30,077	30,077
Administration expense	4,037	471	471	1,749	-	19,150	25,878
Sanitation	-	-	-	-	-	22,880	22,880
Interest and bank charges	-	-	-	-	-	19,269	19,269
Communications	1,435	49	49	182	-	13,293	15,008
Water	-	-	-	66	-	12,961	13,027
	<u>249,804</u>	<u>26,335</u>	<u>27,124</u>	<u>143,684</u>	-	<u>1,170,698</u>	<u>1,617,645</u>
Comprehensive income for the year	\$ 100,860	\$ 16,358	\$ 15,662	\$ 62,080	\$ -	\$ -	\$ 194,960

For the year ended April 30, 2016 levies assessed and common expenses incurred were allocated as follows:

Income	\$ 327,301	\$ 41,820	\$ 41,748	\$ 195,445	\$ 11,000	\$ 1,116,171	\$ 1,733,485
Operating expenses	<u>257,307</u>	<u>29,089</u>	<u>30,792</u>	<u>169,387</u>	<u>11,000</u>	<u>1,116,171</u>	<u>1,613,746</u>
Net comprehensive income for the year	\$ 69,994	\$ 12,731	\$ 10,956	\$ 26,058	\$ -	\$ -	\$ 119,739