

***Millennium Heights Association Inc.***

***Financial Statements***

***April 30, 2016***

# 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, 2016, 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, 2016 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.

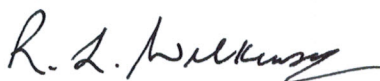
In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or 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  
June 28, 2017

# Millennium Heights Association Inc.

## Statement of Financial Position


As of April 30, 2016

(amounts expressed in Barbados dollars)

	Notes	2016	2015
<b>Assets</b>			
Current assets			
Cash		\$ 1,095,847	\$ 1,016,223
Common levies receivable		158,413	185,360
Other receivables		<u>87,599</u>	<u>27,881</u>
		1,341,859	1,229,464
Security deposits		49,289	42,778
Property, plant and equipment	3	<u>460,723</u>	<u>274,689</u>
<b>Total assets</b>		<u><u>\$ 1,851,871</u></u>	<u><u>\$ 1,546,931</u></u>
<b>Liabilities and equity</b>			
Current liabilities			
Accounts payable	4	\$ 210,631	\$ 245,309
Due to The Proprietors, Unit Plan # 69		211,759	141,765
Due to The Proprietors, Unit Plan # 70		87,303	74,572
Due to The Proprietors, Unit Plan # 71		65,831	54,875
Due to The Proprietors, Unit Plan # 104		<u>144,817</u>	<u>118,759</u>
		720,341	635,280
Loan payable	5	219,879	-
Replacement reserve	6	<u>448,732</u>	<u>448,732</u>
<b>Total liabilities</b>		<u><u>1,388,952</u></u>	<u><u>1,084,012</u></u>
<b>Equity</b>			
Share capital	7	500	500
Common facilities fund	8	462,419	462,419
Retained earnings		<u>-</u>	<u>-</u>
<b>Total equity</b>		<u><u>462,919</u></u>	<u><u>462,919</u></u>
<b>Total liabilities and equity</b>		<u><u>\$ 1,851,871</u></u>	<u><u>\$ 1,546,931</u></u>

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

Approved by the Board on June 28, 2017



Director

**Millennium Heights Association Inc.****Statement of Changes in Shareholders' Equity****For the year ended April 30, 2016***(amounts expressed in Barbados dollars)*

	<b>Share capital</b>	<b>Common facilities fund</b>	<b>Retained earnings</b>	<b>Total</b>
Balance at April 30, 2014	\$ 500	\$ 462,419	\$ -	\$ 462,919
Comprehensive income for the year	-	-	-	-
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

*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, 2016***(amounts expressed in Barbados dollars)*

	2016	2015
<b>Income</b>		
Common levies	\$ 1,022,092	\$ 1,060,947
Other	<u>94,079</u>	<u>83,292</u>
	<u>1,116,171</u>	<u>1,144,239</u>
<b>Operating expenses</b>		
Staff costs	378,028	355,850
Security	185,630	166,122
Depreciation	113,401	101,330
Management fees	97,469	96,697
Repairs and maintenance	93,667	95,885
Electricity	64,378	100,529
Gardening expense	43,794	50,394
Water	31,832	44,843
Insurance	25,991	20,276
Sanitation	19,728	19,504
Professional fees	14,882	10,179
Communications	13,473	13,962
Miscellaneous	8,740	8,290
Property tax	8,348	47,104
Interest and bank charges	7,856	3,060
Administration expense	7,806	10,214
Loss on disposal of plant and equipment	<u>1,148</u>	<u>-</u>
	<u>1,116,171</u>	<u>1,144,239</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, 2016***(amounts expressed in Barbados dollars)*

	2016	2015
Cash flows from operating activities		
Net comprehensive income for the year	\$ -	\$ -
Loss on disposal of plant and equipment	1,148	-
Depreciation	<u>113,401</u>	<u>101,330</u>
	114,549	101,330
Changes in operating assets and liabilities:		
Common levies receivable	26,947	61,692
Other receivables	(59,718)	(15,701)
Accounts payable	(34,678)	(11,260)
Security deposits	(6,511)	-
Amounts due to The Proprietors, Unit Plan # 69	69,994	(34,540)
Amounts due to The Proprietors, Unit Plan # 70	12,731	3,113
Amounts due to The Proprietors, Unit Plan # 71	10,956	1,454
Amounts due to The Proprietors, Unit Plan # 104	26,058	(295)
Replacement reserve	<u>-</u>	<u>15,183</u>
	<u>160,328</u>	<u>120,976</u>
Cash flows from investing activities		
Loan, net of repayments	219,879	-
Purchase of plant and equipment	<u>(300,583)</u>	<u>(133,851)</u>
	<u>(80,704)</u>	<u>(133,851)</u>
Increase (decrease) in cash for the year	79,624	(12,875)
Cash, beginning of year	<u>1,016,223</u>	<u>1,029,098</u>
Cash, end of year	<u>\$ 1,095,847</u>	<u>\$ 1,016,223</u>

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

# **Millennium Heights Association Inc.**

## **Notes to the Financial Statements**

**April 30, 2016**

*(amounts expressed in Barbados dollars)*

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### **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, 2016**  
*(amounts expressed in Barbados dollars)*

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**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, 2016**  
*(amounts expressed in Barbados dollars)*

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**3. Property, plant and equipment**

	<b>Common Property</b>	<b>Equipment</b>	<b>Computer Equipment</b>	<b>Furniture</b>	<b>Total</b>
<b>Cost</b>					
Beginning of year	\$ 10	\$ 1,132,467	\$ 8,676	\$ 80,867	\$ 1,222,020
Additions	-	245,144	3,899	51,540	300,583
Disposals	-	(87,305)	(5,671)	(3,218)	(96,194)
End of year	10	1,290,306	6,904	129,189	1,426,409
<b>Accumulated depreciation</b>					
Beginning of year	-	879,809	7,902	59,620	947,331
Charge for year	-	100,525	1,686	11,190	113,401
Disposals	-	(86,865)	(5,671)	(2,510)	(95,046)
End of year	-	893,469	3,917	68,300	965,686
<b>Net book amount</b>	<u>\$ 10</u>	<u>\$ 396,837</u>	<u>\$ 2,987</u>	<u>\$ 60,889</u>	<u>\$ 460,723</u>

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**

	<b>2016</b>	<b>2015</b>
Trade	\$ 145,554	\$ 106,114
Advance payments by members	65,077	62,152
Other amounts due to members	-	77,043
	<u>\$ 210,631</u>	<u>\$ 245,309</u>

**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 interest 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.

**Millennium Heights Association Inc.**  
**Notes to the Financial Statements, continued**  
**April 30, 2016**  
*(amounts expressed in Barbados dollars)*

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**6. Replacement reserve.... continued**

Movement in the replacement reserve:

	2016	2015
Balance, beginning of year	\$ 448,732	\$ 433,549
Direct contributions	-	15,183
Balance, end of year	<u>\$ 448,732</u>	<u>\$ 448,732</u>

**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, no shares were issued and as at April 30, 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 \$ 31,323 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, 2016**

*(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, 2016, levies assessed and common expenses incurred were allocated as follows:-

<b>Income</b>	<b>PUP 69</b>	<b>PUP 70</b>	<b>PUP 71</b>	<b>PUP 104</b>	<b>Water- Townhouses</b>	<b>Association</b>	<b>Total</b>
Common levies	\$ 325,462	\$ 41,478	\$ 41,478	\$ 194,467	\$ 11,000	\$ 1,022,092	\$ 1,635,977
Other	1,839	342	270	978	-	94,079	97,508
	<u>327,301</u>	<u>41,820</u>	<u>41,748</u>	<u>195,445</u>	<u>11,000</u>	<u>1,116,171</u>	<u>1,733,485</u>
<b>Operating expenses</b>							
Staff costs	36,924	4,308	4,308	16,000	-	378,028	439,568
Security	-	-	-	-	-	185,630	185,630
Depreciation	-	-	-	-	-	113,401	113,401
Management fees	19,494	2,274	2,274	8,447	-	97,469	129,958
Repairs and maintenance	72,483	3,806	3,822	28,598	-	93,667	202,376
Electricity	7,926	2,455	4,142	3,878	-	64,378	82,779
Gardening expense	-	-	-	-	-	43,794	43,794
Water	12,600	1,400	1,400	1,010	11,000	31,832	59,242
Insurance	103,020	12,981	12,981	48,480	-	25,991	203,453
Sanitation	-	-	-	1,087	-	19,728	20,815
Professional fees	2,789	1,623	1,623	11,169	-	14,882	32,086
Communications	425	50	50	184	-	13,473	14,182
Miscellaneous	-	-	-	-	-	8,740	8,740
Property tax	-	-	-	46,373	-	8,348	54,721
Interest and bank charges	-	-	-	-	-	7,856	7,856
Administration expense	1,646	192	192	4,161	-	7,806	13,997
Loss on disposal of plant and equipment	-	-	-	-	-	1,148	1,148
	<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 income for the year	\$ 69,994	\$ 12,731	\$ 10,956	\$ 26,058	\$ -	\$ -	\$ 119,739

For the year ended April 30, 2015 levies assessed and common expenses incurred were allocated as follows:

Income	\$ 281,935	\$ 39,753	\$ 39,568	\$ 174,426	\$ 33,000	\$ 1,144,239	\$ 1,712,921
Operating expenses	316,475	36,640	38,114	174,721	33,000	1,144,239	1,743,189
Net income (loss) for the year	<u>\$ (34,540)</u>	<u>\$ 3,113</u>	<u>\$ 1,454</u>	<u>\$ (295)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (30,268)</u>