

Millennium Heights Association Inc.

Financial Statements

April 30, 2015

RONALD L. WILKINSON

Chartered Accountant -----

February 24, 2016

Auditor's Report

To the Shareholders of
Millennium Heights Association Inc.

I have audited the accompanying financial statements of Millennium Heights Association Inc., which comprise the statement of financial position as of April 30, 2015, and the statement of income, the statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is 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 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 auditor's judgment, 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 management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Millennium Heights Association Inc. as of April 30, 2015 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.



Chartered Accountant

Millennium Heights Association Inc.

Statement of Financial Position

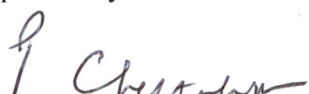
As of April 30, 2015

(amounts expressed in Barbados dollars)

	Notes	2015	2014
Assets			
Current assets			
Cash		\$ 1,016,223	\$ 1,029,098
Common levies receivable		185,360	247,052
Other receivables		<u>27,881</u>	<u>12,180</u>
		1,229,464	1,288,330
Security deposits		42,778	42,778
Property, plant and equipment	3	<u>274,689</u>	<u>242,168</u>
Total assets		<u>\$ 1,546,931</u>	<u>\$ 1,573,276</u>
Liabilities and equity			
Current liabilities			
Accounts payable and accrued liabilities	4	\$ 245,309	\$ 256,569
Due to The Proprietors, Unit Plan # 69		141,765	176,305
Due to The Proprietors, Unit Plan # 70		74,572	71,459
Due to The Proprietors, Unit Plan # 71		54,875	53,421
Due to The Proprietors, Unit Plan # 104		<u>118,759</u>	<u>119,054</u>
		635,280	676,808
Replacement reserve	5	<u>448,732</u>	<u>433,549</u>
Total liabilities		<u>1,084,012</u>	<u>1,110,357</u>
Equity			
Share capital	6	500	500
Common facilities fund	7	462,419	462,419
Retained earnings		<u>-</u>	<u>-</u>
Total equity		<u>462,919</u>	<u>462,919</u>
Total liabilities and equity		<u>\$ 1,546,931</u>	<u>\$ 1,573,276</u>

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

Approved by the Board on February 24, 2016



Director

Millennium Heights Association Inc.**Statement of Changes in Shareholders' Equity****For the year ended April 30, 2015***(amounts expressed in Barbados dollars)*

	Share capital	Common facilities fund	Retained earnings	Total
Balance at April 30, 2013	\$ 500	\$ 462,419	\$ -	\$ 462,919
Surplus for the year	-	-	-	-
Balance at April 30, 2014	500	462,419	-	462,919
Surplus for the year	-	-	-	-
Balance at April 30, 2015	<u>\$ 500</u>	<u>\$ 462,419</u>	<u>\$ -</u>	<u>\$ 462,919</u>

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

Millennium Heights Association Inc.**Statement of Income****For the year ended April 30, 2015***(amounts expressed in Barbados dollars)*

	2015	2014
Income		
Common levies	\$ 1,060,947	\$ 927,562
Other	<u>83,292</u>	<u>84,013</u>
	<u>1,144,239</u>	<u>1,011,575</u>
Operating expenses		
Staff costs	355,850	334,545
Security	166,122	166,128
Depreciation	101,330	91,212
Electricity	100,529	49,942
Management fees	96,697	92,837
Repairs and maintenance	95,885	88,856
Gardening expense	50,394	88,819
Property tax	47,104	-
Water	44,843	12,662
Insurance	20,276	20,139
Sanitation	19,504	18,594
Utilities	13,962	11,271
Administration expense	10,214	15,643
Professional fees	10,179	9,550
Miscellaneous	8,290	8,947
Bank charges	<u>3,060</u>	<u>2,430</u>
	<u>1,144,239</u>	<u>1,011,575</u>
Surplus 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, 2015***(amounts expressed in Barbados dollars)*

	2015	2014
Cash flows from operating activities		
Surplus for the year	\$ -	\$ -
Interest	-	(3,196)
Depreciation	<u>101,330</u>	<u>91,212</u>
	101,330	88,016
Changes in operating assets and liabilities:		
Common levies receivable	61,692	(41,013)
Other receivables	(15,701)	1,779
Accounts payable and accrued liabilities	(11,260)	34,961
Security deposits	-	(2,832)
Amounts due to The Proprietors, Unit Plan # 69	(34,540)	(31,642)
Amounts due to The Proprietors, Unit Plan # 70	3,113	1,603
Amounts due to The Proprietors, Unit Plan # 71	1,454	2,315
Amounts due to The Proprietors, Unit Plan # 104	(295)	19,331
Replacement reserve	<u>15,183</u>	<u>7,594</u>
	120,976	80,112
Interest received	<u>-</u>	<u>3,196</u>
	120,976	83,308
Cash flows from investing activities		
Purchase of plant and equipment	<u>(133,851)</u>	<u>(65,117)</u>
(Decrease) increase in cash for the year	(12,875)	18,191
Cash, beginning of year	<u>1,029,098</u>	<u>1,010,907</u>
Cash, end of year	<u>\$ 1,016,223</u>	<u>\$ 1,029,098</u>

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

Millennium Heights Association Inc.

Notes to the Financial Statements

April 30, 2015

(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, 2015
(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 any taxable surplus 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 the statement of income.

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, 2015
(amounts expressed in Barbados dollars)

3. Property, plant and equipment

	Common Property	Equipment	Computer Equipment	Furniture	Total
Cost					
Beginning of year	\$ 10	\$ 1,012,159	\$ 7,516	\$ 68,484	\$ 1,088,169
Additions	-	120,308	1,160	12,383	133,851
Disposals	-	-	-	-	-
End of year	<u>10</u>	<u>1,132,467</u>	<u>8,676</u>	<u>80,867</u>	<u>1,222,020</u>
Accumulated depreciation					
Beginning of year	-	786,129	7,324	52,548	846,001
Charge for year	-	93,680	578	7,072	101,330
Disposals	-	-	-	-	-
End of year	<u>-</u>	<u>879,809</u>	<u>7,902</u>	<u>59,620</u>	<u>947,331</u>
Net book amount	<u>\$ 10</u>	<u>\$ 252,658</u>	<u>\$ 774</u>	<u>\$ 21,247</u>	<u>\$ 274,689</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 and accrued liabilities

	2015	2014
Accrued liabilities	\$ 106,114	\$ 92,598
Advance payments by members	62,152	54,110
Other amounts due to members	<u>77,043</u>	<u>109,861</u>
	<u>\$ 245,309</u>	<u>\$ 256,569</u>

5. 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:

	2015	2014
Balance, beginning of year	\$ 433,549	\$ 425,955
Direct contributions	<u>15,183</u>	<u>7,594</u>
Balance, end of year	<u>\$ 448,732</u>	<u>\$ 433,549</u>

Millennium Heights Association Inc.
Notes to the Financial Statements, continued
April 30, 2015
(amounts expressed in Barbados dollars)

6. 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, 2015, 500 shares were issued and outstanding.

7. 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.

8. Taxation

The company has tax losses of \$ 22,892 which may be carried forward and set off against taxable income during the nine 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, 2015
(amounts expressed in Barbados dollars)

9. 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, 2015, levies assessed and common expenses incurred were allocated as follows:-

	PUP 69	PUP 70	PUP 71	PUP 104	Water- Townhouses	Association	Total
Income							
Common levies	\$ 277,058	\$ 38,861	\$ 38,861	\$ 171,872	\$ 33,000	\$ 1,060,947	\$ 1,620,599
Other	4,877	892	707	2,554	-	83,292	92,322
	<u>281,935</u>	<u>39,753</u>	<u>39,568</u>	<u>174,426</u>	<u>33,000</u>	<u>1,144,239</u>	<u>1,712,921</u>
Operating expenses							
Staff costs	34,758	4,055	4,055	15,062	-	355,850	413,780
Repairs and maintenance	103,400	7,135	5,410	40,458	-	95,885	252,288
Insurance	106,883	13,467	13,467	50,298	-	20,276	204,391
Security	-	-	-	-	-	166,122	166,122
Management fees	19,339	2,256	2,256	8,380	-	96,697	128,928
Water	37,800	4,200	4,200	2,299	33,000	44,843	126,342
Electricity	8,908	2,947	6,146	4,525	-	100,529	123,055
Depreciation	-	-	-	-	-	101,330	101,330
Property tax	-	-	-	48,858	-	47,104	95,962
Gardening expense	1,063	-	-	1,575	-	50,394	53,032
Professional fees	2,350	2,350	2,350	2,350	-	10,179	19,579
Sanitation	-	-	-	-	-	19,504	19,504
Utilities	441	51	51	191	-	13,962	14,696
Administration expense	1,533	179	179	725	-	10,214	12,830
Miscellaneous	-	-	-	-	-	8,290	8,290
Bank charges	-	-	-	-	-	3,060	3,060
	<u>316,475</u>	<u>36,640</u>	<u>38,114</u>	<u>174,721</u>	<u>33,000</u>	<u>1,144,239</u>	<u>1,743,189</u>
Surplus (deficit) for the year	\$ (34,540)	\$ 3,113	\$ 1,454	\$ (295)	\$ -	\$ -	\$ (30,268)

For the year ended April 30, 2014 levies assessed and common expenses incurred were allocated as follows:

Income	\$ 283,303	\$ 39,965	\$ 39,735	\$ 175,032	\$ 33,000	\$ 1,011,575	\$ 1,582,610
Operating expenses	314,945	38,361	37,420	155,701	33,000	1,011,575	1,591,002
Surplus (deficit) for the year	<u>\$ (31,642)</u>	<u>\$ 1,604</u>	<u>\$ 2,315</u>	<u>\$ 19,331</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (8,392)</u>