

Millennium Heights Association Inc.

Financial Statements

April 30, 2018

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, 2018, 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, 2018 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
August 20, 2018

Millennium Heights Association Inc.

Statement of Financial Position


As at April 30, 2018

(amounts expressed in Barbados dollars)

	Notes	2018	2017
Assets			
Current assets			
Cash		\$ 1,119,221	\$ 1,132,235
Common levies receivable		258,717	215,262
Other receivables		<u>33,990</u>	<u>27,410</u>
		1,411,928	1,374,907
Security deposits		52,413	50,826
Property, plant and equipment	3	<u>404,885</u>	<u>463,113</u>
Total assets		<u>\$ 1,869,226</u>	<u>\$ 1,888,846</u>
Liabilities and equity			
Current liabilities			
Accounts payable	4	\$ 148,480	\$ 149,435
Due to The Proprietors, Unit Plan # 69		289,491	312,619
Due to The Proprietors, Unit Plan # 70		121,424	103,661
Due to The Proprietors, Unit Plan # 71		92,850	81,493
Due to The Proprietors, Unit Plan # 104		263,370	206,897
Current portion of loan payable	5	<u>19,388</u>	<u>19,735</u>
		935,003	873,840
Loan payable	5	163,641	183,029
Replacement reserve	6	<u>307,657</u>	<u>369,052</u>
Total liabilities		<u>1,406,301</u>	<u>1,425,921</u>
Equity			
Share capital	7	506	506
Common facilities fund	8	462,419	462,419
Retained earnings		<u>-</u>	<u>-</u>
Total equity		<u>462,925</u>	<u>462,925</u>
Total liabilities and equity		<u>\$ 1,869,226</u>	<u>\$ 1,888,846</u>

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

Approved by the Board on August 20, 2018


Director

Millennium Heights Association Inc.**Statement of Changes in Shareholders' Equity****For the year ended April 30, 2018***(amounts expressed in Barbados dollars)*

	Share capital	Common facilities fund	Retained earnings	Total
Balance at April 30, 2016	\$ 500	\$ 462,419	\$ -	\$ 462,919
Shares issued	6			6
Comprehensive income for the year	-	-	-	-
Balance at April 30, 2017	506	462,419	-	462,925
Comprehensive income for the year	-	-	-	-
Balance at April 30, 2018	<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, 2018***(amounts expressed in Barbados dollars)*

	2018	2017
Income		
Common levies	\$ 990,710	\$ 1,090,894
Other	<u>103,108</u>	<u>79,804</u>
	<u>1,093,818</u>	<u>1,170,698</u>
Operating expenses		
Staff costs	366,772	359,681
Security	220,298	223,858
Depreciation	113,479	118,125
Repairs and maintenance	108,288	120,621
Management fees	97,469	97,469
Gardening expense	34,205	48,497
Water	26,498	12,961
Sanitation	26,398	22,880
Insurance	20,135	23,261
Interest and bank charges	16,929	19,269
Communications	15,775	13,293
Administration expense	12,761	19,150
Electricity	11,684	31,642
Professional fees	10,190	21,566
Property tax	8,348	8,348
Miscellaneous	<u>4,589</u>	<u>30,077</u>
	<u>1,093,818</u>	<u>1,170,698</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, 2018***(amounts expressed in Barbados dollars)*

	2018	2017
Cash flows from operating activities		
Net comprehensive income for the year	\$ -	\$ -
Depreciation	<u>113,479</u>	<u>118,125</u>
	113,479	118,125
Changes in operating assets and liabilities:		
Common levies receivable	(43,455)	(56,849)
Other receivables	(6,580)	60,189
Accounts payable	(955)	(61,196)
Security deposits	(1,587)	(1,537)
Amounts due to The Proprietors, Unit Plan # 69	(23,128)	100,860
Amounts due to The Proprietors, Unit Plan # 70	17,763	16,358
Amounts due to The Proprietors, Unit Plan # 71	11,357	15,662
Amounts due to The Proprietors, Unit Plan # 104	56,473	62,080
Replacement reserve	<u>(61,395)</u>	<u>(79,680)</u>
	<u>61,972</u>	<u>174,012</u>
Cash flows from investing/financing activities		
Loan repayments	(19,735)	(17,115)
Issue of shares	-	6
Purchase of plant and equipment	<u>(55,251)</u>	<u>(120,515)</u>
	<u>(74,986)</u>	<u>(137,624)</u>
(Decrease) increase in cash for the year	(13,014)	36,388
Cash, beginning of year	<u>1,132,235</u>	<u>1,095,847</u>
Cash, end of year	<u>\$ 1,119,221</u>	<u>\$ 1,132,235</u>

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

Millennium Heights Association Inc.

Notes to the Financial Statements

April 30, 2018

(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, 2018
(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, 2018
(amounts expressed in Barbados dollars)

3. Property, plant and equipment

	Common Property	Equipment	Computer Equipment	Furniture	Total
Cost					
Beginning of year	\$ 10	\$ 1,405,891	\$ 8,454	\$ 132,569	\$ 1,546,924
Additions	-	39,955	-	15,296	55,251
Disposals	-	-	-	-	-
End of year	<u>10</u>	<u>1,445,846</u>	<u>8,454</u>	<u>147,865</u>	<u>1,602,175</u>
Accumulated depreciation					
Beginning of year	-	998,161	6,120	79,530	1,083,811
Charge for year	-	98,766	1,817	12,896	113,479
Disposals	-	-	-	-	-
End of year	<u>-</u>	<u>1,096,927</u>	<u>7,937</u>	<u>92,426</u>	<u>1,197,290</u>
Net book amount	<u>\$ 10</u>	<u>\$ 348,919</u>	<u>\$ 517</u>	<u>\$ 55,439</u>	<u>\$ 404,885</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

	2018	2017
Trade	\$ 89,338	\$ 82,047
Advance payments by members	<u>59,142</u>	<u>67,388</u>
	<u>\$ 148,480</u>	<u>\$ 149,435</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, which started 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:

	2018	2017
Balance, beginning of year	\$ 369,052	\$ 448,732
Utilised in the year—offset of deficits due from members	(61,395)	(101,558)
Direct contributions	<u>-</u>	<u>21,878</u>
Balance, end of year	<u>\$ 307,657</u>	<u>\$ 369,052</u>

Millennium Heights Association Inc.
Notes to the Financial Statements, continued
April 30, 2018
(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.

As at April 30, 2018, 506 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 \$ 35,850 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, 2018

(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, 2018, levies assessed and common expenses incurred were allocated as follows:-

	PUP 69	PUP 70	PUP 71	PUP 104	Association	Total
Income						
Common levies	\$ 372,792	\$ 25,023	\$ 31,428	\$ 149,291	\$ 990,710	\$ 1,569,244
Other	-	-	-	-	103,108	103,108
	<u>372,792</u>	<u>25,023</u>	<u>31,428</u>	<u>149,291</u>	<u>1,093,818</u>	<u>1,672,352</u>
Operating expenses						
Staff costs	35,824	4,179	4,179	15,524	366,772	426,478
Repairs and maintenance	195,819	3,306	8,073	30,899	108,288	346,385
Security	-	-	-	-	220,298	220,298
Insurance	77,690	9,910	10,910	35,648	20,135	154,293
Management fees	19,494	2,274	2,274	8,447	97,469	129,958
Depreciation	-	-	-	-	113,479	113,479
Electricity	35,029	2,513	2,513	5,012	11,684	56,751
Property tax	-	-	-	46,373	8,348	54,721
Gardening expense	340	-	-	-	34,205	34,545
Water	-	-	638	-	26,498	27,136
Sanitation	-	-	-	-	26,398	26,398
Professional fees	4,234	2,570	2,570	3,166	10,190	22,730
Administration expense	1,822	213	213	4,006	12,761	19,015
Communications	2,540	58	58	216	15,775	18,647
Interest and bank charges	-	-	-	-	16,929	16,929
Miscellaneous	-	-	-	-	4,589	4,589
	<u>372,792</u>	<u>25,023</u>	<u>31,428</u>	<u>149,291</u>	<u>1,093,818</u>	<u>1,672,352</u>
Comprehensive income for the year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

For the year ended April 30, 2017 levies assessed and common expenses incurred were allocated as follows:

Income	\$ 350,664	\$ 42,693	\$ 42,786	\$ 205,764	\$ 1,170,698	\$ 1,812,605
Operating expenses	249,804	26,335	27,124	143,684	1,170,698	1,617,645
Net comprehensive income for the year	<u>\$ 100,860</u>	<u>\$ 16,358</u>	<u>\$ 15,662</u>	<u>\$ 62,080</u>	<u>\$ -</u>	<u>\$ 194,960</u>