

***Millennium Heights Association Inc.***

***Financial Statements***

***April 30, 2014***

# RONALD L. WILKINSON

Chartered Accountant -----

December 16, 2014

## **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, 2014, 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, 2014 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, 2014

(amounts expressed in Barbados dollars)

	Notes	2014	2013
<b>Assets</b>			
Current assets			
Cash		\$ 1,029,098	\$ 1,010,907
Common levies receivable		247,052	206,039
Trade and other receivables		<u>12,180</u>	<u>13,959</u>
		1,288,330	1,230,905
Security deposits		42,778	39,946
Property, plant and equipment	3	<u>242,168</u>	<u>268,263</u>
<b>Total assets</b>		<u>\$ 1,573,276</u>	<u>\$ 1,539,114</u>
<b>Liabilities and equity</b>			
Current liabilities			
Trade and other payables	4	\$ 256,569	\$ 221,608
Due to The Proprietors, Unit Plan # 69		176,305	207,947
Due to The Proprietors, Unit Plan # 70		71,459	69,856
Due to The Proprietors, Unit Plan # 71		53,421	51,106
Due to The Proprietors, Unit Plan # 104		<u>119,054</u>	<u>99,723</u>
		676,808	650,240
Replacement reserve	5	<u>433,549</u>	<u>425,955</u>
<b>Total liabilities</b>		<u>1,110,357</u>	<u>1,076,195</u>
<b>Equity</b>			
Share capital	6	500	500
Common facilities fund	7	<u>462,419</u>	<u>462,419</u>
<b>Total equity</b>		<u>462,919</u>	<u>462,919</u>
<b>Total liabilities and equity</b>		<u>\$ 1,573,276</u>	<u>\$ 1,539,114</u>

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

Approved by the Board on December 16, 2014

  
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Director

**Millennium Heights Association Inc.****Statement of Changes in Shareholders' Equity****For the year ended April 30, 2014***(amounts expressed in Barbados dollars)*

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	<b>Share capital</b>	<b>Common facilities fund</b>	<b>Retained earnings</b>	<b>Total</b>
Balance at April 30, 2012	\$ 500	\$ 462,419	\$ 8,239	\$ 471,158
Net loss for the year	-	-	(8,239)	(8,239)
Balance at April 30, 2013	500	462,419	-	462,919
Net income for the year	-	-	-	-
Balance at April 30, 2014	<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, 2014

*(amounts expressed in Barbados dollars)*

	2014	2013
<b>Income</b>		
Common levies	\$ 927,562	\$ 885,658
Other income	<u>84,013</u>	<u>77,907</u>
	<u>1,011,575</u>	<u>963,565</u>
<b>Operating expenses</b>		
Staff costs	334,545	311,700
Security	166,128	163,782
Management fees	92,837	92,100
Depreciation	91,212	83,761
Gardening expense	88,819	81,654
Repairs and maintenance	88,856	74,010
Electricity	49,942	51,551
Administration expense	15,643	27,540
Insurance	20,139	20,049
Water	12,662	19,628
Sanitation	18,594	16,919
Utilities	11,271	13,041
Professional fees	9,550	9,550
Miscellaneous	8,947	4,240
Bank charges	<u>2,430</u>	<u>2,279</u>
	<u>1,011,575</u>	<u>971,804</u>
Net income (loss) for the year	<u>\$ -</u>	<u>\$ (8,239)</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, 2014

(amounts expressed in Barbados dollars)

	2014	2013
Cash flows from operating activities		
Net income (loss) for the year	\$ -	\$ (8,239)
Interest income	(3,196)	(3,064)
Depreciation	<u>91,212</u>	<u>83,761</u>
	88,016	72,458
Changes in operating assets and liabilities:		
Common levies receivable	(41,013)	(60,488)
Trade and other receivables	1,779	2,983
Trade and other payables	34,961	71,387
Security deposits	(2,832)	(2,724)
Amounts due to The Proprietors, Unit Plan # 69	(31,642)	(32,138)
Amounts due to The Proprietors, Unit Plan # 70	1,603	5,948
Amounts due to The Proprietors, Unit Plan # 71	2,315	1,233
Amounts due to The Proprietors, Unit Plan # 104	19,331	(72,651)
Replacement reserve	<u>7,594</u>	<u>-</u>
	80,112	(13,992)
Interest received	<u>3,196</u>	<u>3,064</u>
	83,308	(10,928)
Cash flows from investing activities		
Purchase of plant and equipment	<u>(65,117)</u>	<u>(81,277)</u>
Increase (decrease) in cash for the year	18,191	(92,205)
Cash, beginning of year	<u>1,010,907</u>	<u>1,103,112</u>
Cash, end of year	<u>\$ 1,029,098</u>	<u>\$ 1,010,907</u>

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

# **Millennium Heights Association Inc.**

## **Notes to the Financial Statements**

**April 30, 2014**

*(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, 2014**

*(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, 2014**  
*(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	\$ 947,720	\$ 7,516	\$ 67,806	\$ 1,023,052
Additions	-	64,439	-	678	65,117
Disposals	-	-	-	-	-
End of year	10	1,012,159	7,516	68,484	1,088,169
<b>Accumulated depreciation</b>					
Beginning of year	-	700,821	6,518	47,450	754,789
Charge for year	-	85,308	806	5,098	91,212
Disposals	-	-	-	-	-
End of year	-	786,129	7,324	52,548	846,001
<b>Net book amount</b>	<u>\$ 10</u>	<u>\$ 226,030</u>	<u>\$ 192</u>	<u>\$ 15,936</u>	<u>\$ 242,168</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. Trade and other payables**

	<b>2014</b>	<b>2013</b>
Trade	\$ 92,598	\$ 75,868
Advance payments by members	54,110	70,341
Other amounts due to members	109,861	75,399
	<u>\$ 256,569</u>	<u>\$ 221,608</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:

	<b>2014</b>	<b>2013</b>
Balance, beginning of year	\$ 425,955	\$ 425,955
Direct contributions	7,594	-
Balance, end of year	<u>\$ 433,549</u>	<u>\$ 425,955</u>

## **Millennium Heights Association Inc.**

### **Notes to the Financial Statements, continued**

**April 30, 2014**

*(amounts expressed in Barbados dollars)*

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#### **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. At the balance sheet date, 500 shares had been issued.

#### **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 \$ 2,819 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, 2014**

*(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, 2014, 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	\$ 277,058	\$ 38,861	\$ 38,861	\$ 171,872	\$ 33,000	\$ 927,562	\$ 1,487,214
Other income	6,245	1,104	874	3,160	-	84,013	95,396
	<u>283,303</u>	<u>39,965</u>	<u>39,735</u>	<u>175,032</u>	<u>33,000</u>	<u>1,011,575</u>	<u>1,582,610</u>
<b>Operating expenses</b>							
Staff costs	32,677	3,812	3,812	14,160	-	334,545	389,006
Insurance	122,336	15,414	15,414	57,570	-	20,139	230,873
Security	-	-	-	-	-	166,128	166,128
Repairs and maintenance	43,566	2,467	3,641	19,822	-	88,856	158,352
Management fees	18,567	2,166	2,166	8,046	-	92,837	123,782
Electricity	54,421	7,575	5,460	4,846	-	49,942	122,244
Water	37,800	4,200	4,200	1,417	33,000	12,662	93,279
Depreciation	-	-	-	-	-	91,212	91,212
Gardening expense	-	-	-	588	-	88,819	89,407
Property tax	-	-	-	45,504	-	-	45,504
Professional fees	3,850	2,525	2,525	3,000	-	9,550	21,450
Sanitation	-	-	-	-	-	18,594	18,594
Administration expense	1,372	160	160	594	-	15,643	17,929
Utilities	356	42	42	154	-	11,271	11,865
Miscellaneous	-	-	-	-	-	8,947	8,947
Bank charges	-	-	-	-	-	2,430	2,430
	<u>314,945</u>	<u>38,361</u>	<u>37,420</u>	<u>155,701</u>	<u>33,000</u>	<u>1,011,575</u>	<u>1,591,002</u>
<b>Net income (loss) for the year</b>	<u>\$ (31,642)</u>	<u>\$ 1,604</u>	<u>\$ 2,315</u>	<u>\$ 19,331</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (8,392)</u>

For the year ended April 30, 2013 levies assessed and common expenses incurred were allocated as follows:

Income	\$ 282,546	\$ 39,847	\$ 39,642	\$ 174,696	\$ 33,000	\$ 963,565	\$ 1,533,296
Operating expenses	314,684	33,899	38,409	247,347	33,000	971,804	1,639,143
<b>Net income (loss) for the year</b>	<u>\$ (32,138)</u>	<u>\$ 5,948</u>	<u>\$ 1,233</u>	<u>\$ (72,651)</u>	<u>\$ -</u>	<u>\$ (8,239)</u>	<u>\$ (105,847)</u>