

***Millennium Heights Association Inc.***

***Financial Statements***

***April 30, 2013***

# 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, 2013, 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, 2013 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

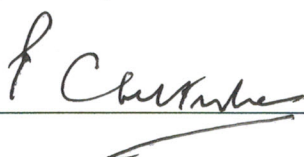
As of April 30, 2013

(amounts expressed in Barbados dollars)

	Notes	2013	2012
<b>Assets</b>			
Current assets			
Cash		\$ 1,010,907	\$ 1,103,112
Common levies receivable		206,039	145,551
Trade and other receivables		<u>13,959</u>	<u>16,942</u>
		1,230,905	1,265,605
Security deposits		39,946	37,222
Property, plant and equipment	3	<u>268,263</u>	<u>270,747</u>
<b>Total assets</b>		<u>\$ 1,539,114</u>	<u>\$ 1,573,574</u>
<b>Liabilities and equity</b>			
Current liabilities			
Trade and other payables	4	\$ 221,608	\$ 150,221
Due to The Proprietors, Unit Plan # 69		207,947	240,085
Due to The Proprietors, Unit Plan # 70		69,856	63,908
Due to The Proprietors, Unit Plan # 71		51,106	49,873
Due to The Proprietors, Unit Plan # 104		<u>99,723</u>	<u>172,374</u>
		650,240	676,461
Replacement reserve	5	<u>425,955</u>	<u>425,955</u>
<b>Total liabilities</b>		<u>1,076,195</u>	<u>1,102,416</u>
<b>Equity</b>			
Share capital	6	500	500
Common facilities fund	7	462,419	462,419
Retained earnings		<u>-</u>	<u>8,239</u>
<b>Total equity</b>		<u>462,919</u>	<u>471,158</u>
<b>Total liabilities and equity</b>		<u>\$ 1,539,114</u>	<u>\$ 1,573,574</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, 2013**  
*(amounts expressed in Barbados dollars)*

	Share capital	Common facilities fund	Retained earnings	Total
Balance at April 30, 2011	\$ 486	\$ 462,419	\$ 17,550	\$ 480,455
Net loss for the year	-	-	(9,311)	(9,311)
Issued during year	14	-	-	14
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

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

# Millennium Heights Association Inc.

## Statement of Income

For the year ended April 30, 2013

*(amounts expressed in Barbados dollars)*

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	2013	2012
<b>Income</b>		
Common levies	\$ 885,658	\$ 947,064
Other income	<u>77,907</u>	<u>75,911</u>
	<u>963,565</u>	<u>1,022,975</u>
<b>Operating expenses</b>		
Staff costs	311,700	300,338
Security	163,782	159,029
Management fees	92,100	83,996
Depreciation	83,761	76,812
Gardening expense	81,654	93,669
Repairs and maintenance	74,010	100,372
Electricity	51,551	31,760
Administration expense	27,540	23,442
Insurance	20,049	19,537
Water	19,628	90,703
Sanitation	16,919	17,912
Utilities	13,041	11,255
Professional fees	9,550	9,550
Miscellaneous	4,240	11,510
Bank charges	<u>2,279</u>	<u>2,401</u>
	<u>971,804</u>	<u>1,032,286</u>
Net loss for the year	<u>\$ (8,239)</u>	<u>\$ (9,311)</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, 2013

(amounts expressed in Barbados dollars)

	2013	2012
Cash flows from operating activities		
Net loss for the year	\$ (8,239)	\$ (9,311)
Interest income	(3,064)	(2,774)
Depreciation	<u>83,761</u>	<u>76,812</u>
	72,458	64,727
Changes in operating assets and liabilities:		
Common levies receivable	(60,488)	38,702
Trade and other receivables	2,983	7,047
Trade and other payables	71,387	(4,474)
Security deposits	(2,724)	(2,458)
Amounts due to The Proprietors, Unit Plan # 69	(32,138)	(108,923)
Amounts due to The Proprietors, Unit Plan # 70	5,948	(1,075)
Amounts due to The Proprietors, Unit Plan # 71	1,233	(1,609)
Amounts due to The Proprietors, Unit Plan # 104	(72,651)	(13,691)
Replacement reserve	<u>-</u>	<u>22,777</u>
	(13,992)	1,023
Interest received	<u>3,064</u>	<u>2,774</u>
	(10,928)	3,797
Cash flows from investing activities		
Purchase of plant and equipment	<u>(81,277)</u>	<u>(139,465)</u>
Cash flows from financing activities		
Issuance of common shares	<u>-</u>	<u>14</u>
Decrease in cash for the year	(92,205)	(135,654)
Cash, beginning of year	<u>1,103,112</u>	<u>1,238,766</u>
Cash, end of year	<u>\$ 1,010,907</u>	<u>\$ 1,103,112</u>

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

# Millennium Heights Association Inc.

## Notes to the Financial Statements

April 30, 2013

*(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, 2013**  
*(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, 2013**  
*(amounts expressed in Barbados dollars)*

**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	\$ 870,682	\$ 6,941	\$ 64,142	\$ 941,775
Additions	-	77,038	575	3,664	81,277
Disposals	-	-	-	-	-
End of year	<u>10</u>	<u>947,720</u>	<u>7,516</u>	<u>67,806</u>	<u>1,023,052</u>
<b>Accumulated depreciation</b>					
Beginning of year	-	622,675	5,712	42,641	671,028
Charge for year	-	78,146	806	4,809	83,761
Disposals	-	-	-	-	-
End of year	<u>-</u>	<u>700,821</u>	<u>6,518</u>	<u>47,450</u>	<u>754,789</u>
<b>Net book amount</b>	<u>\$ 10</u>	<u>\$ 246,899</u>	<u>\$ 998</u>	<u>\$ 20,356</u>	<u>\$ 268,263</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>2013</b>	<b>2012</b>
Trade	\$ 75,868	\$ 81,080
Advance payments by members	70,341	69,141
Other amounts due to members	<u>75,399</u>	<u>-</u>
	<u>\$ 221,608</u>	<u>\$ 150,221</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>2013</b>	<b>2012</b>
Balance, beginning of year	\$ 425,955	\$ 403,178
Direct contributions	<u>-</u>	<u>22,777</u>
Balance, end of year	<u>\$ 425,955</u>	<u>\$ 425,955</u>

**Millennium Heights Association Inc.**  
**Notes to the Financial Statements, continued**  
**April 30, 2013**

*(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 \$ 23,347 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, 2013**

*(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, 2013, 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	\$ 885,658	\$ 1,445,310
Other income	5,488	986	781	2,824	-	77,907	87,986
	<u>282,546</u>	<u>39,847</u>	<u>39,642</u>	<u>174,696</u>	<u>33,000</u>	<u>963,565</u>	<u>1,533,296</u>
<b>Operating expenses</b>							
Staff costs	30,445	3,552	3,552	13,193	-	311,700	362,442
Repairs and maintenance	55,396	2,828	7,338	109,933	-	74,010	249,505
Insurance	122,336	15,414	15,414	57,570	-	20,049	230,783
Security	-	-	-	-	-	163,782	163,782
Management fees	18,420	2,149	2,149	7,982	-	92,100	122,800
Electricity	44,899	3,052	3,052	5,370	-	51,551	107,924
Water	37,800	4,200	4,200	2,994	33,000	19,628	101,822
Depreciation	-	-	-	-	-	83,761	83,761
Gardening expense	-	-	-	-	-	81,654	81,654
Property tax	-	-	-	45,504	-	-	45,504
Administration expense	1,126	131	131	488	-	27,540	29,416
Professional fees	3,850	2,525	2,525	3,000	-	9,550	21,450
Sanitation	-	-	-	1,110	-	16,919	18,029
Utilities	412	48	48	178	-	13,041	13,727
Miscellaneous	-	-	-	25	-	4,240	4,265
Bank charges	-	-	-	-	-	2,279	2,279
	<u>314,684</u>	<u>33,899</u>	<u>38,409</u>	<u>247,347</u>	<u>33,000</u>	<u>971,804</u>	<u>1,639,143</u>
Net income (loss) for the year	<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>

For the year ended April 30, 2012 levies assessed and common expenses incurred were allocated as follows:

Income	\$ 277,058	\$ 38,861	\$ 38,861	\$ 171,872	\$ 33,000	\$ 1,022,975	\$ 1,582,627
Operating expenses	385,981	39,936	40,470	185,563	33,000	1,032,286	1,717,236
Net income (loss) for the year	<u>\$ (108,923)</u>	<u>\$ (1,075)</u>	<u>\$ (1,609)</u>	<u>\$ (13,691)</u>	<u>\$ -</u>	<u>\$ (9,311)</u>	<u>\$ (134,609)</u>