



BIG BAY MASTER PROPERTY OWNER ASSOCIATION

Notice is hereby given that the **Second Annual General Meeting** of Big Bay Master Property Owners Association (MPOA) will be held on :

DATE : Wednesday, 31st March 2010
TIME : 18H00
VENUE : Big Bay Life Saving Club, Big Bay

AGENDA

1. Welcome
2. Presentation and background of the MPOA by the Chairman.
3. Approval of the minutes of the annual general meeting held on the 18th of September 2007
4. Approval of Audited Financial Statements for the year ended 30th June 2009
5. Consideration of anticipated Income and Expenditure of MPOA for ensuing year (the budget)
6. Appointment of auditor
7. Introduction of the trustees of each Sector
8. Constitution – Proposed changes (Discussion only)
 - a. Process of election of trustee
 - b. Proposed voting rights
9. Closure of meeting



CORNELL WAGENAAR : PORT FOLIO MANAGER
TOPNOTCH PROPERTY SERVICES cc

BIG BAY MASTER PROPERTY OWNER'S ASSOCIATION

MINUTES OF THE INAUGURAL GENERAL MEETING HELD ON TUESDAY, 18 SEPTEMBER 2007 AT 16:00 AT THE BIG BAY LIFE SAVING CLUB, BIG BAY

PRESENT: Mr C Green (In the Chair)

And owners present in person or by proxy as per the attendance register.

IN ATTENDANCE: Mrs T Cothill (Representing Rabie Property Administrators)
Mrs L Metcalf (Representing Rabie Property Administrators)

1.	<u>WELCOME</u>
	<p>Colin Green of Rabcav Joint Venture, the Development Facilitator for Big Bay welcomed all present and noted that in terms of Clause 20.2 a quorum was not present.</p> <p>Colin Green took the opportunity of thanking the Big Bay Life Saving Club for the use of their facilities as well as thanking those owners present who took the time to attend the meeting.</p> <p>It was further queried whether adequate notice was provided for to the Owners upon which time Clause 19 was referred to whereby it stated that 14 days notice was required to be given, by way of a notice published in one issue of an Afrikaans and one issue of an English local newspaper.</p>
2.	<u>PRESENTATION AND BACKGROUND OF THE MPOA BY COLIN GREEN OF RABCAV</u>
	<p>Colin Green commenced with a power point presentation and the following summary is what was discussed in his presentation:--</p> <p><u>Why an MPOA</u></p> <p>Due to the fact that there is a high level of infrastructure by way of landscaping, conservation areas and public amenities and the fact that the local authority would only be providing a basic level of maintenance to the area it was necessary to establish a Master Property Owners Association to manage these areas and supplement the level of service provided by the local authority.</p> <p>The MPOA was established in accordance with the Land Use Planning Ordinance Act and is limited to the Big Bay area with specific reference to the public areas, road reserves and Public Open Spaces.</p> <p>Its function was not to take over the responsibility of the Local Authority but essentially to provide a top-up facility to maintain a higher standard for the common</p>

	<p>areas, whereas Council will still be responsible to provide the basic services.</p> <p>Charging of Levies</p> <p>The structure and constitution of the MPOA has been draw up in conjunction with the City of Cape Town and from the start it was envisaged that the City would collect the levies from all property owners together with their annual rates. However, during the implementation phase the City then declined to perform this function and despite all efforts to enforce the original intentions, the City has maintained their stance. A decision was recently taken for the trustee committee to collect the levies in terms of clause 5.14 and the intention is to outsource this to a specialist service provider.</p> <p>The levies were linked to property rates as it was deemed to be the most equitable system that could deal with different land uses and was inflationary linked.</p> <p>The early assumptions made established the levy payable by each property owner to the MPOA at a rate of 9.75% of the annual rates payable for each property. This figure may be assessed annually and amended if necessary by the Board of Trustees.</p> <p>The target for the commencement of collection of all levies would be October 2007 and this would be done by way of outsourcing the function to Propel, who guarantee the full levy upfront at the beginning of each month. This would guarantee the MPOA the full income from commencement and to assist with cash flow and budgetary purposes.</p>
3.	<u>CONSIDERATION OF ANTICIPATED INCOME AND EXPENDITURE OF THE MPOA FOR THE ENSUING YEAR (THE BUDGET)</u>
3.1	<p>Income</p> <p>Colin Green noted that the budget was very much driven by the fact that the Income for the ensuing year was limited to the 9.75% of rates and as a result the MPOA was very much governed by what would potentially be received in order to determine the budget.</p>
3.2	<p>Expenses</p> <p>General discussion was held with regards the budget established and in light of the contracts that were to be "taken-over" by the MPOA and it was agreed to allow the Trustee committee elect to take on the responsibility of scrutinising the budget in detail and assessing the relevant contracts.</p>
4.	<u>TAKING CESSION OF CONTRACTS AS ENTERED INTO BY THE DEVELOPMENT FACILITATOR FOR THE MANAGEMENT, CONTROL & ADMINISTRATION OF THE MPOA</u>
4.1	Administration – Rabie Property Administrators

	<p>The meeting queried as to the protocol surrounding this appointment, whereby Colin Green informed all present that prior to the election of trustees, the Development Facilitator was entitled to carry out all the functions and duties of the trustee committee, and in this regard the MPOA had been functioning since the first transfers which took place in February 2003.</p> <p>The meeting also queried the monthly rate charged for providing this service. Leigh Metcalf explained the functions, responsibilities and services provided and indicated that the rate was open to further negotiation if the trustees required a reduced service or were willing to employ their own personnel. It was agreed that this would be further investigated by the trustees.</p>
4.2	<p>Cleaning – Korserv</p> <p>Colin Green confirmed that Korserv had been contracted for a period of 1 year from October 2007, to clean and sweep the public roads and keep the open spaces free of litter.</p>
4.3	<p>Levy Collection – Propel</p> <p>Propel, at a fee of 5% of the levies collected, had been contracted for a period of 1 year to collect the levies from each owner. The contract was based on the fact that Propel would deposit the full monthly levy on the first of each month into the Managing Agent's trust account and the MPOA would not be involved in any further administration of the arrears and legal matters.</p>
4.4	<p>Garden / Landscaping – Vula Environmental</p> <p>Colin Green noted that Vula Environmental was the original contractors for the relevant landscaped and dune areas and that as they were familiar with the design details, working closely with the ELC and already on site they were contracted for a 1 year period as well.</p>
4.5	<p>General discussion was held with regards to the cession of these contracts and it was agreed that the Trustees elected would assess each contract to ensure that they familiarised themselves with the terms and conditions but they would be bound by these contracts. Colin Green noted that breach provisions had been included in these contracts and that the Trustees would be able to give notice if the contractors did not perform in accordance with the requirements.</p>
5.	<u>APPOINTMENT OF AUDITOR / ACCOUNTING OFFICER</u>
5.1	<p>Colin Green proposed Moores Rowland, however, after further discussion it was resolved by the owners present that the Trustees elected would undertake the appointment of the auditor at the first Trustees' meeting.</p>
6.	<u>ELECTION OF TRUSTEES</u>
6.1	<p>Colin Green noted that in terms of the Constitution a nomination was required from</p>

	<p>each Development Block. The following members were duly nominated and seconded as Trustees:-</p> <p>Block A (4 trustee positions) Geoff Chiat Geoff Chiat further elected to appoint his fellow trustees at a later stage once his developments were transferred and the relevant Bodies Corporate/POA's were formed.</p> <p>Block B (1 trustee position) Gary Slabbert from Seaside Village</p> <p>Block C (1 trustee position) Morne Weyers from Sandown Estate</p> <p>Block D (1 trustee position) Tertia Mdunge from Dune Ridge Estate</p> <p>Block E (1 trustee position) Cornell Wagenaar from Bengula Beach</p> <p>Block F (1 trustee position) Richard Seiler from Nautilus</p> <p>Developer (1 trustee position) Colin Green of Rabcav Joint Venture</p>
7.	<u>ELECTION OF TRUSTEES</u>
7.1	After further discussion it was ratified by all present that the Trustees would be restricted to 10% of the budget.
8.	<u>DETERMINATION OF THE <i>Domicilium citandi et executandi</i></u>
8.1	<p>It was agreed that the following would be the Domicilium :</p> <p>Suit G18, Colosseum Century Way CENTURY CITY 7446</p>
9.	<u>GENERAL</u>
	Geoff Chiat raised concern whereby the city needed to take over the ablution facilities at the Life Saving Club as it is being abused by members of the public frequenting the beaches.

	It was also questioned by various members why Bloubergstrand residents were not contributing towards the levies when they received the benefits. Colin Green explained that they fell out of the Big Bay precinct and there was currently no way of forcing Bloubergstrand residents to pay a levy. The Big Bay precinct was different in that all properties had been sold with a legal obligation to be a member of the MPOA and to pay a levy. The Big Bay precinct included a substantial area of landscaped open space which if not maintained would degrade rapidly. The property owners in Big Bay would be the ultimate beneficiaries of a well maintained suburb and increased property prices.
	A concern was raised with regards to the informal settlements that had popped up whereby Colin Green notified all present that various communications had been sent through to the relevant officials, but encouraged each development/association to send through their complaints as well in order to put further pressure on the officials. These informal settlements fell outside of the Big Bay precinct.
	A query was raised from the members as to whether this was the only MPOA in the Cape whereby Colin Green explained that various developments had been done in this way for example Royal Ascot in Milnerton. The concept was originally based on the City Improvement District (CID).
	Certain items regarding the constitution were raised and following further discussions, it was mentioned that in the event there are clauses that the Trustees wished to change, it could be done in terms of the process defined in the Constitution.
	Discussions were had on the rates valuations being too high for certain properties and that the MPOA levy was based on the inflated valuation. Councillor Neilson responded by informing all present that the Council were currently in the process of assessing these objections and that it was anticipated that this would be completed by the end of the year. He further confirmed that should the rates be reduced in turn the MPOA levy would also be reduced (retrospective).
10.	<u>DATE OF FIRST TRUSTEES MEETING</u>
10.1	It was agreed that the Trustees would set a mutually convenient date for the first trustees meeting as soon as possible.

As no further items pertaining to the agenda were raised, Colin Green thanked all for their attendance and declared the meeting closed at 17:28.

CERTIFIED AS TRUE AND CORRECT

COLIN GREEN
CHAIRMAN



Cecil Kilpin & Co.

CHARTERED ACCOUNTANTS (SA)

Report of the Independent Auditors

To the members of Big Bay Master Property Owners' Association

We have audited the accompanying annual financial statements of **Big Bay Master Property Owners' Association**, which comprise the members' report, the balance sheet as at 30 June 2009, the income statement, the statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 4 to 11.

Trustees' Responsibility for the Financial Statements

The home owners' association's members are responsible for the preparation and fair presentation of these annual financial statements in accordance with the South African Statement of Generally Accepted Accounting Practice, and in the manner required In Terms of Section 29 of the Land Use Planning Ordinance, No 15 of 1985. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of annual financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these annual financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the annual 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 annual 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 the members, as well as evaluating the overall presentation of the annual financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of the home owners' association as of 30 June 2009, and of its financial performance and its cash flows for the year then ended in accordance with the South African Statement of Generally Accepted Accounting Practice, and in the manner required In Terms of Section 29 of the Land Use Planning Ordinance, No 15 of 1985.

Supplementary Information

We draw your attention to the fact that the supplementary information set out on page 12 and Annexures A - B does not form part of the annual financial statements and is presented as additional information. We have not audited this information and accordingly do not express an opinion thereon.

Cecil Kilpin & Co.
Registered Auditors
Per partner: Ms M Spencer

Century City
Date: _____

1 WATERFORD MEWS, CENTURY BOULEVARD, CENTURY CITY, 7441, PO BOX 74, CENTURY CITY, 7446
TEL: 021 527 4060 FAX: 021 551 0508 E-MAIL: info@cecilkilpin.co.za

A Minné (CA)SA RA, N Nyback B.Com CA(SA) RA, M Branders B.Acc (Hons) CA(SA) RA,
S Schonegevel B.Com (Hons) CA(SA) RA, M Spencer B.Com (Hons) CA(SA) RA

Big Bay Master Property Owners' Association

Annual Financial Statements for the year ended 30 June 2009

Index

The reports and statements set out below comprise the annual financial statements presented to the members:

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The following supplementary information does not form part of the annual financial statements and is unaudited:

Detailed Income statement	12
Debtors age analysis as at 30 June 2009	Annexure A
Estimates of income and expenditure for the year ended 30 June 2010	Annexure B

Big Bay Master Property Owners' Association

Annual Financial Statements for the year ended 30 June 2009

Members' Responsibilities and Approval

The members are required to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the home owners' association as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the South African Statement of Generally Accepted Accounting Practice. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with the South African Statement of Generally Accepted Accounting Practice and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The members acknowledge that they are ultimately responsible for the system of internal financial control established by the home owners' association and place considerable importance on maintaining a strong control environment. To enable the members to meet these responsibilities, the members sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the home owners' association and all employees are required to maintain the highest ethical standards in ensuring the home owners' association's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the home owners' association is on identifying, assessing, managing and monitoring all known forms of risk across the home owners' association. While operating risk cannot be fully eliminated, the home owners' association endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The members are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The members have reviewed the home owners' association's cash flow forecast for the year to 30 June 2010 and, in the light of this review and the current financial position, they are satisfied that the home owners' association has or has access to adequate resources to continue in operational existence for the foreseeable future.

Although the members are primarily responsible for the financial affairs of the home owners' association, they are supported by the home owners' association's external auditors.

The external auditors are responsible for independently reviewing and reporting on the home owners' association's annual financial statements. The annual financial statements have been examined by the home owners' association's external auditors and their report is presented on page 2.

The annual financial statements set out on pages 4 to 12, together with Annexures A - B, which have been prepared on the going concern basis, were approved by the members and signed by:

Member

Member

Cape Town

Date: _____

Big Bay Master Property Owners' Association

Annual Financial Statements for the year ended 30 June 2009

Members' Report

The members submit their report for the year ended 30 June 2009.

1. Review of activities

Main business and operations

The home owners' association is engaged in governing the property and operates principally in South Africa.

The operating results and state of affairs of the home owners' association are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

2. Contributions

Contributions paid by sections owners and interest earned during the year were sufficient to meet expenditure, resulting in a levy surplus of R 332,191 (2008 : R -).

3. Members' remuneration

No remuneration has been paid or credited to the trustees during the year under review.

4. Members

The members of the home owners' association during the year and to the date of this report are as follows:

Name

Geoff Chait
Colin Green
Pieter Groenewald
Belinda Ketel
Tertia Mdunge
Richard Seiler
Gary Slabbert
Diane Smyly
Morne Weyers

5. Managing Agent

The managing agent of the home owners' association is Topnotch Sectional Title Administrators CC of:

Business address

6 Dianthus Road
Table View
7441

Postal address

PO Box 11230
Bloubergstrand
7443

6. Auditors

Cecil Kilpin & Co. has been appointed as auditor and will continue in office for the next financial period.

7. Estimates of income and expenditure for the 2010 financial year.

A budget for the next financial year will be presented for approval at the forthcoming annual general meeting.

Big Bay Master Property Owners' Association

Annual Financial Statements for the year ended 30 June 2009

Balance Sheet

	Note(s)	2009 R
Assets		
Current Assets		
Trade and other receivables	2	357,970
Cash and cash equivalents	3	150,559
		<u>508,529</u>
Total Assets		<u>508,529</u>
Equity and Liabilities		
Funds and reserves		
Levy Trust Fund surplus		<u>332,191</u>
Liabilities		
Current Liabilities		
Trade and other payables	4	176,338
Total Equity and Liabilities		<u>508,529</u>

Big Bay Master Property Owners' Association
Annual Financial Statements for the year ended 30 June 2009

Income Statement

	Note(s)	2009 R
Levy income		745,635
Operating expenses		(413,873)
Operating surplus		331,762
Investment revenue		429
Surplus for the year		332,191

Big Bay Master Property Owners' Association
Annual Financial Statements for the year ended 30 June 2009

Statement of Changes in Equity

	Levy Trust Fund surplus R	Total equity R
Balance at 01 July 2008	-	-
Changes in equity		
Surplus for the year	332,191	332,191
Total changes	332,191	332,191
Balance at 30 June 2009	332,191	332,191

Big Bay Master Property Owners' Association
Annual Financial Statements for the year ended 30 June 2009

Cash Flow Statement

	Note(s)	2009 R
Cash flows from operating activities		
Cash generated from operations	6	150,130
Interest income		429
Net cash from operating activities		<u>150,559</u>
Total cash movement for the year		150,559
Cash at the beginning of the year		-
Total cash at end of the year	3	<u>150,559</u>

Big Bay Master Property Owners' Association

Annual Financial Statements for the year ended 30 June 2009

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the South African Statement of Generally Accepted Accounting Practice ("SA GAAP"). The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below.

Accounting policies

All expenses applicable to the common property and administration are recovered from the various section owners by means of an annual levy in terms of the rules of the home owners' association.

The Home Owners' Association

Big Bay Master Property Owners' Association is constituted as an association in terms of Section 29 of the Land Use Planning Ordinance No15 of 1985 in accordance with the conditions imposed by the Ordinance of the subdivision of Erf 1 Big Bay.

1.1 Financial instruments

Initial recognition

The home owners' association classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Trade and other receivables

Trade and other receivables are carried at original invoice amount less the provision for impairment of these receivables. Such provisions for impairment of trade and other receivables is established if there is objective evidence that the home owners' association will not be able to collect all amounts due to the original terms of receivables.

Trade and other payables

Trade and other payables are carried at the fair value of the consideration paid in future for services that have been received, supplied, invoiced or formally agreed at fair value.

Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

1.2 Tax

Tax expenses

Provisions for taxation is made at the company rate on net investment income earned by the home owners' association, less allowable expenses applicable to home owners' associations.

The home owners' association is taxed in terms of Section 10(1)(e) of the Income Tax Act.

1.3 Provisions

Provisions are recognised when:

- the home owners' association has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

Big Bay Master Property Owners' Association
Annual Financial Statements for the year ended 30 June 2009

Accounting Policies

1.4 Revenue

The ordinary levies receivable are accounted for on a straight-line basis over the financial year and decided amongst the section owners. The annual ordinary levies are agreed and approved by the members at the home owners' association's annual general meeting.

Interest is recognised, in profit or loss, using the effective interest rate method.

Big Bay Master Property Owners' Association

Annual Financial Statements for the year ended 30 June 2009

Notes to the Annual Financial Statements

	2009 R
2. Trade and other receivables	
Debtors for levies due	342,580
Prepayments	15,390
	<u>357,970</u>
3. Cash and cash equivalents	
Cash and cash equivalents consist of:	
Absa Bank Account	54,130
Absa Money Market Account	96,429
	<u>150,559</u>
4. Trade and other payables	
Cecil Kilpin & Co	14,820
Levies received in advance	103,823
Rabie Prop	18,945
Topnotch Sectional Title Administrators	5,891
Accruals	
- Refuse	14,609
- Repairs and maintenance	18,250
	<u>176,338</u>
5. Taxation	
Major components of the tax expense	
The home owners' association is subject to tax at the company rate of 28% on the net investment income, in excess of R50,000, in terms of Section 10(1)(e) of the Income Tax Act.	
No provision has been made for 2009 tax as the home owners' association has no taxable income.	
6. Cash generated from operations	
Surplus before taxation	332,191
Adjustments for:	
Interest received	(429)
Changes in working capital:	
Trade and other receivables	(357,970)
Trade and other payables	176,338
	<u>150,130</u>
7. Comparative figures	
No comparative figures have been presented as these are the first annual financial statements of the home owners' association. The Home Owners Association has been in operation since 1 September 2008.	

Big Bay Master Property Owners' Association

Annual Financial Statements for the year ended 30 June 2009

Detailed Income statement

	Note(s)	2009 R
Revenue		
Ordinary levies		745,635
Other income		
Interest received		429
Operating expenses		
Auditors remuneration		14,820
Bank charges		1,869
Cleaning		373
Cleaning contract		121,312
Environmental maintenance		115,947
General expenses		9,154
Managing agent fees		123,120
Printing and stationery		6,502
Refuse		20,776
		413,873
Surplus for the year		332,191

Budget Big Bay MPOA

**Proposed Budget
2009/2010**

Income

Monthly Levy	1036377
Interest received	8000
Other Income	

Total 1044377

Expenses

ELC

Management Fees	199455
Professional Fees	13422
Sundry Administration:	
<i>Environmental Audit Fees</i>	40000
<i>Financial Audit</i>	10000
<i>Bank Charges</i>	3000
<i>Printing Stationery</i>	15000
<i>Sundries</i>	10000

Maintenance

<i>Contract Cleaning</i>	300000
<i>Irrigation</i>	25000
<i>Garden Maintenance</i>	350000
<i>Cleaning Materials</i>	3500
<i>General</i>	25000
<i>Refuse</i>	20000
<i>Flags and Painting</i>	30000

Total 1044377