

# **Apes Hill Club Homeowners Association Inc.**

Financial Statements

**December 31, 2021**

(expressed in Barbados dollars)



## Independent auditor's report

To the members of Apes Hill Club Homeowners Association Inc.

### Disclaimer of opinion

We do not express an opinion on the financial statements of Apes Hill Club Homeowners Association Inc. (the Association). Because of the significance of the matters described in the *Basis for disclaimer of opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

We were engaged to audit the financial statements of the Association, which comprise:

- the balance sheet as at December 31, 2021;
- the statement of changes in equity for the year then ended;
- the statement of comprehensive income for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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### Basis for disclaimer of opinion

We were unable to confirm or verify by alternative means homeowners accounts receivable balances of \$801,202 included in the balance sheet as at December 31, 2021. In addition, while the Association has security over these balances through a covenant on the acquisition of the property by the homeowner, management have been unable to determine the present value impact on the accounts receivable balances outstanding due to the uncertainty over the timing of settlement of the balances.

Homeowners accounts receivable of \$400,930 arose from the recording of membership dues in the current year, however, due to the uncertainty over the existence through the lack of settlement of these balances or the failure to obtain accounts receivable confirmations from the homeowners and the present value issue as noted above, we have not been able to conclude on the Association's ability to recognise \$400,930 as part of the income in the statement of comprehensive income of \$845,105 in accordance with the International Financial Reporting Standard Small and Medium-sized Entities Section 23.

Further we were unable to determine the impact, if any, of the trade and other receivables and income matters noted above on the surplus of \$875,118 at December 31, 2021.

As a result of these matters, we were unable to determine whether any adjustments might have been found necessary in respect of recorded or unrecorded trade and other receivables, surplus, income and the related elements making up the statements of comprehensive income, changes in equity and cash flows.



In the prior year, the Association recognized homeowners accounts receivable of \$566,171 and members dues of \$764,041 in the balance sheet and statement of comprehensive loss respectively. During our audit procedures, we encountered difficulty in obtaining sufficient audit evidence pertaining to the existence and valuation of the homeowners accounts receivable and by extension the recognition of the associated revenue. There were no satisfactory audit procedures that we could have performed to obtain reasonable assurance that the homeowners accounts receivable, and the members due financial statement line items noted above were properly recorded. As a result, we were unable to determine whether any adjustments would have been required to financial statement line items or the related elements making up the statements of comprehensive loss, changes in equity and cash flows relating to the comparative information as disclosed in these financial statements.

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### **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 the International Financial Reporting Standard for Small and Medium-Sized Entities (IFRS for SMEs), and for such internal control as management determines is necessary to enable the preparation of the 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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

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### **Auditor's responsibilities for the audit of the financial statements**

Our responsibility is to conduct an audit of the Association's financial statements in accordance with International Standards on Auditing and to issue an auditor's report. However, because of the matter described in the *Basis for disclaimer of opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

#### ***Independence***

We are independent of the Association in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.



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**Other matter**

This report is made solely to the Association's members, as a body, in accordance with Section 147 of the Companies Act of Barbados. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members, as a body, for our audit work, for this report, or for the disclaimer of opinion we have formed.

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*PricewaterhouseCoopers SRL*

Bridgetown, Barbados  
April 5, 2022

# Apes Hill Club Homeowners Association Inc.

## Balance Sheet

As of December 31, 2021

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(expressed in Barbados dollars)

	2021 \$	2020 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents (note 4)	128,107	258,967
Trade and other receivables (note 5)	961,333	733,755
<b>Total assets</b>	<b>1,089,440</b>	<b>992,722</b>
<b>Liabilities and equity</b>		
<b>Current liabilities</b>		
Trade and other payables (note 6)	75,181	30,324
Due to Plantation Sanctuary Inc. (note 7)	139,141	139,141
<b>Total liabilities</b>	<b>214,322</b>	<b>169,465</b>
<b>Equity</b>		
Surplus	280,118	228,257
Reserve fund (note 8)	595,000	595,000
<b>Total equity</b>	<b>875,118</b>	<b>823,257</b>
<b>Total liabilities and equity</b>	<b>1,089,440</b>	<b>992,722</b>

Approved by the Board of Directors on April 4, 2022

  
Director

  
Director

# Apes Hill Club Homeowners Association Inc.

## Statement of Changes in Equity

For the year ended December 31, 2021

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(expressed in Barbados dollars)

	<b>Surplus</b> \$	<b>Reserve fund</b> \$	<b>Total</b> \$
<b>Balance at December 31, 2019 (unaudited)</b>	448,247	595,000	1,043,247
Total comprehensive loss for the year	(219,990)	–	(219,990)
<b>Balance at December 31, 2020</b>	228,257	595,000	823,257
Total comprehensive income for the year	51,861	–	51,861
<b>Balance at December 31, 2021</b>	<b>280,118</b>	<b>595,000</b>	<b>875,118</b>

# Apes Hill Club Homeowners Association Inc.

## Statement of Comprehensive Income

For the year ended December 31, 2021

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(expressed in Barbados dollars)

	2021 \$	2020 \$
<b>Income</b>		
Members dues	845,105	764,041
<b>Other income</b>		
Other income	555	–
Finance charges	81,895	–
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<b>Total income</b>	927,555	764,041
<b>General and administrative expenses</b>		
Repairs and maintenance	408,532	334,892
Bad debts (recovery)/expense	(29,643)	317,762
Security	296,845	202,316
Property management	113,397	98,905
Utilities	28,752	15,742
Professional fees	56,284	13,445
Bank charges	1,527	969
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<b>Total expenses</b>	875,694	984,031
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<b>Total comprehensive income/(loss) for the year</b>	51,861	(219,990)

# Apes Hill Club Homeowners Association Inc.

## Statement of Cash Flows

For the year ended December 31, 2021

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(expressed in Barbados dollars)

	2021	2020
	\$	\$
<b>Cash from operating activities</b>		
Operating income/(loss) before working capital changes	51,861	(219,990)
(Increase)/ decrease in accounts receivable	(227,578)	380,155
Decrease in due from related parties	-	277,237
Increase/(decrease) in trade and other payables	44,857	(321,751)
Increase in amounts due to Plantation Sanctuary Inc.	-	139,141
	<hr/>	<hr/>
Net cash (used in)/generated from operating activities	(130,860)	254,792
<b>Net (decrease)/increase in cash</b>	(130,860)	254,792
<b>Cash and cash equivalents - beginning of year</b>	258,967	4,175
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<b>Cash and cash equivalents - end of year</b> (note 4)	128,107	258,967
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# Apes Hill Club Homeowners Association Inc.

Notes to Financial Statements

December 31, 2021

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(expressed in Barbados dollars)

## 1 Incorporation and principal activity

Apes Hill Club Homeowners Association Inc. (the “Association”) is a private limited company incorporated under the Companies Act of Barbados on February 22, 2006 and is controlled by the homeowners within the Apes Hill Club Development.

The Association’s principal activity is the not-for-profit administration and maintenance of the common areas within the Apes Hill Club Development. Its principal place of business is located at “Spring House”, St. James, Barbados.

The developer of the Apes Hill Club Development is Plantation Sanctuary Inc. (the Company). On the acquisition of the Apes Hill Club Development by the Company on February 3, 2020, certain developer rights and reservations were transferred from the previous developer, Apes Hill Development SRL, to Plantation Sanctuary Inc. via a Deed of Assignment of Developer Rights, Title and Interests for Apes Hill Club Development which was duly registered with the Land Registry Department on February 12, 2020. The developer rights include but are not limited to, the appointment of directors to the Association.

The financial statements were authorised for issue by the Board of Directors on April 4, 2022.

## 2 Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

### a) Basis of preparation

The financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities (the IFRS for SMEs) under the historical cost convention. The preparation of financial statements in conformity with the IFRS for SMEs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Association’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

### b) Cash and cash equivalents

Cash and cash equivalents include cash on hand and cash held at call with banks.

### c) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. A provision for impairment of trade receivables is established when there is objective evidence that the Association will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor and default or delinquency in payments are considered indicators that the trade receivable is impaired.

The amount of the provision is recognised in the statement of comprehensive income within general and administrative expenses.

All trade receivables are deemed to be collectable.

# Apes Hill Club Homeowners Association Inc.

Notes to Financial Statements

December 31, 2021

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(expressed in Barbados dollars)

## 2 Significant accounting policies ...continued

### d) Trade payables

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

### e) Revenue recognition

Members due and finance charges are recognised on an accrual basis.

### f) Foreign exchange

#### i) *Functional and presentation currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Barbados dollars, which is the Association's functional and presentation currency.

#### ii) *Transactions and balances*

Assets and liabilities expressed in foreign currencies are translated into Barbados dollars at the rates of exchange ruling at the balance sheet date. Transactions arising during the year involving foreign currencies are translated and recorded at the rates of exchange prevailing on the dates of the transactions. Differences arising from fluctuations in exchange rates are included in the statement of comprehensive income.

# Apes Hill Club Homeowners Association Inc.

Notes to Financial Statements

December 31, 2021

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(expressed in Barbados dollars)

### 3 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Association makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

#### Going concern

The Association assesses the ability to continue as a going concern on a continual basis. At year end, while there is some uncertainty with regards to the timing of the settlement of receivables, the Company has sufficient cash to meet its liabilities at December 31, 2021. Further, the Company has financing arrangements in place with Plantation Sanctuary Inc. in order to meet cash demand should there be a shortfall.

#### Accounts receivable

The Association is due \$801,202 in membership dues recoverable (note 5). The timing of settlement of these balances and recoverability are uncertain. No provision or discounting for the time value for the uncertainty of timing of settlement of these balances have been recorded in these financial statements. Management however believes the balances are recoverable, based on clauses included in covenants with the homeowners.

### 4 Cash and cash equivalents

	2021	2020
	\$	\$
Cash at bank	<u>128,107</u>	<u>258,967</u>

### 5 Trade and other receivables

	2021	2020
	\$	\$
Trade receivables	801,202	566,171
VAT receivable	154,823	167,584
Prepaid expenses	5,308	-
	<u>961,333</u>	<u>733,755</u>

Trade receivables are secured.

As at December 31, 2021, no trade receivables (2020 - \$317,762) were written off as uncollectible.

# Apes Hill Club Homeowners Association Inc.

Notes to Financial Statements

December 31, 2021

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(expressed in Barbados dollars)

## 6 Trade and other payables

The breakdown of trade and other payables is as follows:

	2021	2020
	\$	\$
Trade payables	53,110	23,525
Accruals and other liabilities	22,071	6,799
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	75,181	30,324
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## 7 Due to Plantation Sanctuary Inc.

The amount due to Plantation Sanctuary Inc. represents actual expenditures incurred by the property developer which are recharged to the homeowners.

## 8 Reserve fund

In 2018, the Board of Directors determined that capital contributions be made to establish a reserve fund to provide the Association with available funds to cover unforeseeable emergency expenditures. During the year ended December 31, 2021, no capital contributions were requested from and paid in by the Association's homeowners.

Amounts paid into the Fund are non-refundable and will be restricted for the specific purposes noted above and will not be available for the settlement of the Association's ongoing operating and maintenance activities. Any appropriations from the Reserve Fund must be approved by the Board of Directors.

## 9 Contingent matter

During the financial year the Association received correspondence from the legal counsel representing certain property owners within the Apes Hill Club Development. The owners, through legal counsel have raised concerns over various matters regarding the current operations at the development. The outcome of those ongoing discussions is pending at the date of the audit report.

## 10 COVID-19

Since the outbreak of COVID-19 in the first quarter of 2020, global financial markets have experienced, and may continue to experience significant volatility. There are significant consequences for the global and local economies from travel and border restrictions, quarantines, supply chain disruptions, lower consumer demand and general market uncertainty. The extent and duration of the impact of COVID-19 on the global and local economies and the sectors in which the entity and its customers and suppliers operate is uncertain at this time, but it has the potential to adversely affect our business. As of the date of the audit report, management was not aware of any significant adverse effects on the financial statements for the year ended December 31, 2021 because of COVID-19. Management will continue to monitor the situation and the impact on the entity.