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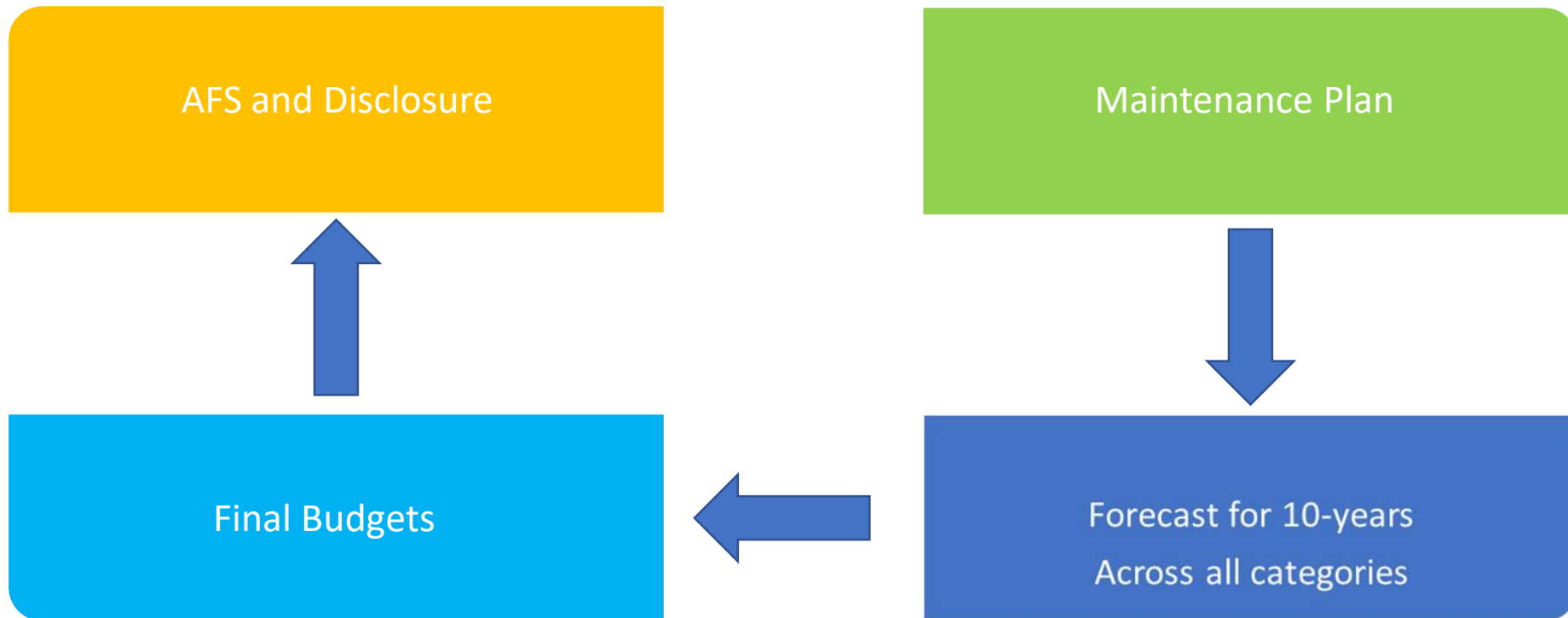
DEMYSTIFYING 10 YEAR MRRP ACCOUNTING AND DISCLOSURE

- Link to MRRP
 - Integration with budget
 - Accounting aspects
- Suggested disclosure in Annual Financial Statements

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10 YEAR MRRP – ACCOUNTING IMPLICATIONS CYCLE



10 YEAR MRRP - SUGGESTED LAYOUT

- Specify categories / assets;
- Specify periods;
- Reflect Reserve Fund contribution;
- Reflect Reserve Fund utilised;
- Calculate Reserve Fund balance;
- Compare to minimum requirement;
- Determine shortfall / surplus;
- Present to members at each AGM.

Common Property	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029
Fire Extinguishers	0	0	5,000	0	0	0	0	0	5,000	0
Fire Hose Reels	0	40,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Gate - Automated	0	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Gate Motor	0	20,000	2,000	2,000	20,000	2,000	2,000	20,000	2,000	2,000
Kitchen Binners	0	5,000	20,000	5,000	5,000	5,000	5,000	5,000	20,000	5,000
Luxury Control System	0	0	0	0	0	0	0	0	0	0
Medical Intercom System	0	0	5,000	0	0	0	0	0	5,000	0
Polystyrene Tonnage	0	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Electric Fence - 16 line	0	5,000	5,000	5,000	60,000	5,000	5,000	5,000	5,000	60,000
Electric Fence - 8 line	0	2,500	2,500	2,500	15,000	2,500	2,500	2,500	2,500	15,000
Emergency, Dual	0	0	10,000	0	0	10,000	0	0	10,000	0
Signage	0	5,000	2,000	2,000	5,000	5,000	2,000	5,000	2,000	2,000
Storm Water Drainage	0	5,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Fire Hydrants	0	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Transformers	0	0	10,000	0	0	10,000	0	0	10,000	0
Street Lights	0	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Guard House	0	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Woods (Timber)	0	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Brick Paving	0	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Shade Pavers	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Court Yards For Bubbly Bins	0	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Walking Lines	0	2,000	2,000	20,000	2,000	2,000	20,000	2,000	2,000	20,000
Store Rooms (Common Property)	0	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Enclosed Staircases	0	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Ducting	0	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500
Water Boxes	0	0	8,000	0	0	8,000	0	0	8,000	0
Programmed Equipment	0	2,000	2,000	15,000	2,000	2,000	2,000	15,000	2,000	2,000
Open Tiled Pavers	0	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Concrete Paving	0	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Retaining Wall (gravity wall)	0	5,000	0	0	0	5,000	0	0	5,000	0
Club House	0	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Swimming Pool	0	0	6,000	0	0	6,000	0	0	6,000	0
Condo Lights	0	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Concrete Furniture	0	0	2,000	0	0	2,000	0	0	2,000	0
Auto Irrigation System	0	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Steel Balustrade on Retaining Wall	0	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Retaining Wall (Leiflexion wall)	0	0	0	6,000	0	0	0	6,000	0	0
Flood Lights	20,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Security Camera	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Boundary Brick & Plaster	0	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Boundary Wall - Palade	0	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Boundary - Razor Wire	0	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Water Feature	0	0	2,500	0	0	2,500	0	0	2,500	0
External Tiled Staircases	0	0	6,000	0	0	6,000	0	0	6,000	0
Squad Humps	0	5,000	5,000	5,000	10,000	5,000	5,000	5,000	5,000	10,000
Painting - Boundary Wall	0	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Trap Doors	0	500	500	500	500	500	500	500	500	500
Steel Balustrade - Swimming Pool	0	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Pen Switches - Cameras	0	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Parking Bay Numbering	20,000	1,000	1,000	1,000	25,000	1,000	1,000	1,000	25,000	1,000
Painting - Blocks	100,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Woods	150,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Window Waterproofing	100,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Painting - Stairwells	20,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Total										
MRRP Expenditure	553,800	377,000	648,200	581,000	475,500	381,200	363,000	348,000	343,500	648,200
Reserve Fund Opening Balance	914,200	1,137,200	1,348,200	1,494,200	1,489,200	1,489,200	2,447,200	2,461,200	3,489,200	3,922,200
Reserve Fund Contribution	716,000	776,000	776,000	776,000	776,000	776,000	776,000	776,000	776,000	776,000
Total Reserve Fund	1,630,200	1,913,200	2,124,200	2,270,200	2,265,200	2,265,200	3,223,200	3,237,200	4,265,200	4,698,200
Reserve Fund Utilised (during the year)	553,800	377,000	648,200	581,000	475,500	381,200	363,000	348,000	343,500	648,200
Closing Balance	1,076,400	1,536,200	1,476,000	1,689,200	1,789,700	1,884,000	2,860,200	2,889,200	3,921,700	4,050,000
Legislated Minimum Balance	874,583	874,583	874,583	874,583	874,583	874,583	874,583	874,583	874,583	874,583
Reserve Fund Surplus / (Deficit)	201,817	661,617	601,417	814,617	915,117	1,009,417	1,985,617	2,014,617	3,047,117	3,175,417

10 YEAR MRRP – FUNCTIONS OF BODY CORPORATE

- Sectional Titles Scheme Management Act 2011 and Regulations
- Sections 3 (1) (a) and (b)
- Functions of Bodies Corporate:
 - Establish and maintain an administrative fund to cover repair and maintenance costs, **which includes reasonable provision for future maintenance and repairs;**
 - Establish and maintain a reserve fund at levels prescribed.

10 YEAR MRRP – LINK TO ADMINISTRATIVE FUND BUDGET

- Compile Administrative Fund budget;
- Include MRRP Expenditure from MRRP as expense or charge to Administrative Fund;
- Reflect expense as Transfer or Contribution to the Reserve Fund;
- Consider splitting contributions to the Administrative Fund and the Reserve Fund in the income section;
- Consider adding Administrative Fund surplus to Reserve Fund Contribution.

XXX BODY CORPORATE			
2019/2020 ADMINISTRATIVE FUND BUDGET			
	Budget 2020		
	DR		CR
INCOME			
Administrative Fund Contribution			3 497 128
CSOS Levies Recovered			42 582
Interest Received			50 000
Sundry Income			
- Electricity Recovered			2 060 000
- Water Recovered - Members			425 000
- Access Control Recovered			157 500
- Domestic Effluent Recovered			661 504
Rental Income			6 600
EXPENDITURE			
Accounting Fees	3 720		
Access Control	217 950		
Audit Fees	10 000		
Bank Charges	7 800		
Call Out Fees	3 600		
Cleaning	189 500		
Collection Fees - Protea	270 000		
CSOS Levy	42 582		
Domestic Effluent	661 504		
Electricity	2 080 000		
Equipment Hire	2 000		
Estate Management Fees	377 830		
Gardens	384 200		
Insurance	305 000		
Internet Access	7 200		
Lega Fees	6 450		
On Site Office Consumables	300		
Pest Control	62 500		
Printing Stationery & Photocopies	10 250		
Refuse Removal	6 000		
Repairs & Maintenance	217 550		
Security	785 000		
Telephone & Fax	13 800		
Travel	14 000		
Water	475 000		
Transfer to Reserve Fund	746 000		
Grand Total	6 899 736		6 900 314
SURPLUS			578
Levy Increase			7.00%
Effective Date			1st March, 2019

10 YEAR MRRP – LINK TO RESERVE FUND BUDGET

- **Reflect Reserve Fund contribution from Administrative Fund Budget as income;**
- **Reflect MRRP expenditure from MRRP as expenditure;**
- **Reflect Reserve Fund movement for the year;**
- **Compare Reserve Fund balance to minimum legislated balance to ensure no shortfall.**

XXX BODY CORPORATE		
2019/2020 RESERVE FUND BUDGET		
		BUDGET 2020
Reserve Fund Opening Balance - beginning of year		R 944 500
Reserve Fund Contribution from Administrative Fund		R 746 000
Balance prior to MRRP expenditure		R 1 690 500
MRRP EXPENDITURE		
- CCTV Upgrade	20 000	
- Lights	20 000	
- Roofs	150 000	
- Cameras	58 000	
- Window Waterproofing	100 000	
- Carports	40 000	
- Parking Bays Numbering	20 000	
- Painting - Stairwells	20 000	
- Painting - Blocks	120 000	
- Port Switches - CCTV	4 800	
Reserve Fund utilised during year		-R552 800.00
Reserve Fund Closing Balance - end of year		R1 137 700.00

10 YEAR MRRP – ANNUAL FINANCIAL STATEMENT DISCLOSURE – ADMINISTRATIVE FUND

- Compile detailed Administrative Fund Income Statement / Results of Operations in conventional manner;
- Treat Reserve Fund contribution as expense in Administrative Fund income statement;
- Consider transferring actual Administrative Fund surplus to Reserve Fund in addition to contribution to cover Reserve Fund expenditure.

XXX BODY CORPORATE			
ADMINISTRATIVE FUND INCOME STATEMENT			
INCOME			
Administrative Fund Contributions		R 3 497 128	
CSOS Levies Recovered		R 42 582	
Interest Received		R 50 000	
			R 3 589 710
OTHER INCOME			
Electricity Recovered		R 2 060 000	
Water Recovered - Members		R 425 000	
Access Control Recovered		R 157 500	
Domestic Effluent Recovered		R 661 504	
Rental Income		R 6 600	R 3 310 604
TOTAL INCOME			R 6 900 314
EXPENSES			
Accounting Fees		R 3 720	
Access Control		R 217 950	
Audit Fees		R 10 000	
Bank Charges		R 7 800	
Call Out Fees		R 3 600	
Cleaning		R 189 500	
Collection Fees - Protea		R 270 000	
CSOS Levy		R 42 582	
Domestic Effluent		R 661 504	
Electricity		R 2 080 000	
Equipment Hire		R 2 000	
Estate Management Fees		R 377 830	
Gardens		R 384 200	
Insurance		R 305 000	
Internet Access		R 7 200	
Lega Fees		R 6 450	
On Site Office Consumables		R 300	
Pest Control		R 62 500	
Printing Stationery & Photocopies		R 10 250	
Refuse Removal		R 6 000	
Repairs & Maintenance		R 217 550	
Security		R 785 000	
Telephone & Fax		R 13 800	
Travel		R 14 000	
Water		R 475 000	
Transfer to Reserve Fund		R 746 000	R 6 899 736
NET SURPLUS / (DEFICIT)			R 578

10 YEAR MRRP – ANNUAL FINANCIAL STATEMENT DISCLOSURE – RESERVE FUND

- **Compile detailed Reserve Fund income statement in conventional manner;**
- **Reflect contribution from Administrative Fund as income in income statement;**
- **Disclose all MRRP related expenditure incurred in the current year as expenditure (may differ from budget);**
- **Reflect opening and closing balances of Reserve Fund in income statement.**

XXX BODY CORPORATE				
RESERVE FUND INCOME STATEMENT				
INCOME				
Contribution from Administrative Fund				R 746 000
RESERVE FUND EXPENDITURE				
CCTV				
Upgrade			R 20 000	
Lights			R 20 000	
Roofs			R 150 000	
Cameras			R 58 000	
Window Waterproofing			R 100 000	
Carports			R 40 000	
Parking Bays Numbering			R 20 000	
Painting - Stairwells			R 20 000	
Painting - Blocks			R 120 000	
Port Switches - CCTV			R 4 800	R 552 800
Net Reserve Fund Surplus / (Deficit) for year				R 193 200
Reserve Fund Opening Balance at beginning year				R 944 500
Reserve Fund Closing Balance at year end				R 1 137 700

10 YEAR MRRP – BALANCE SHEET DISCLOSURE – RESERVE FUND MOVEMENT

- Reflect movement on Reserve Fund balance from year to year;
- Include total contribution from Administrative Fund (from detailed income statement);
- Include total Reserve Fund amount utilised (from detailed income statement);
- Consider identifying shortfall based on minimum requirement.

XXX BODY CORPORATE					
BALANCE SHEET NOTE					
NOTE X: RESERVE FUND					
OPENING BALANCE AT 1 MARCH					R 944 500
CONTRIBUTION FROM ADMINISTRATIVE FUND					R 746 000
					R 1 690 500
ADMINISTRATIVE FUND UTILISED					-R 552 800
CLOSING BALANCE AT 28 FEBRUARY					R 1 137 700

10 YEAR MRRP – BALANCE SHEET DISCLOSURE – CASH AND CASH EQUIVALENTS

- **Reflect Administrative Fund cash balance separately;**
- **Reflect Reserve Fund cash balance separately;**
- **Consider impact of outstanding debtors and receivables on any identified shortfall in available cash.**

XXX BODY CORPORATE				
BALANCE SHEET NOTE				
NOTE Y: CASH AND CASH EQUIVALENTS				
STANDARD BANK - ADMINISTRATIVE FUND				R 10 000
STANDARD BANK - RESERVE FUND				R 1 137 700
TOTAL CASH AND CASH EQUIVALENTS				R 1 147 700

10 YEAR MRRP – CONCLUSION

ANY QUESTIONS??

Thank You

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