

SEA POINT CITY IMPROVEMENT DISTRICT NPC

(Registration Number 1998/017963/08)

**Annual Financial Statements
for the year ended 30 June 2019**

SWEMMER MACINNES & ASSOCIATES

in compliance with Companies Act 71 of 2008

Registered Auditor

28 August 2019

SEA POINT CITY IMPROVEMENT DISTRICT NPC

(Registration Number 1998/017963/08)

Annual Financial Statements for the year ended 30 June 2019

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SEA POINT CITY IMPROVEMENT DISTRICT NPC

(Registration Number 1998/017963/08)

Annual Financial Statements for the year ended 30 June 2019

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Provides additional security, cleansing, maintenance services, marketing and social development
Directors	C Yiacoumis R Da Luz P R Bermam P J Barnard K V Lewis S Beder J D Webber
Registered office	2 Kloof Street Cape Town 8001
Bankers	First National Bank
Auditor's	SWEMMER MACINNES & ASSOCIATES
Tax Reference Number	9124028037

SWEMMER MACINNES & ASSOCIATES

CHARTERED ACCOUNTANTS (S.A.)
REGISTERED AUDITORS

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E-MAIL: sma@smaccounting.co.za
Partner: P V Swemmer
Practice no: 936413

Independent Auditor's Report

To the Management of SEA POINT CITY IMPROVEMENT DISTRICT NPC

Opinion

We have audited the financial statements of SEA POINT CITY IMPROVEMENT DISTRICT NPC set out on pages 7 to 16, which comprise the statement of financial position as at 30 June 2019, and the statement of comprehensive income, the statement of changes in reserves and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the organisation as at 30 June 2019, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of the organisation in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The management is responsible for the other information. The other information comprises the Director's Report, and the supplementary information set out on page 17. Other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management for the Financial Statements

The 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, and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the organisation'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 the managements either intend to liquidate the organisation or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 organisation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the managements' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organisation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organisation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

SWEMMER MACINNES & ASSOCIATES

Per: P V Swemmer CA (SA) RA

Registered Auditor

28 August 2019

SEA POINT CITY IMPROVEMENT DISTRICT NPC

(Registration Number 1998/017963/08)

Annual Financial Statements for the year ended 30 June 2019

Directors Responsibilities and Approval

The directors are responsible for the preparation and fair presentation of the annual financial statements of Sea Point City Improvement District NPC comprising the statement of financial position at 30 June 2018 and the statements of comprehensive income, changes in equity and cash flow for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa. In addition, the directors are responsible for preparing the director's report.

The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management, as well as the preparation of the supplementary schedules included in these annual financial statements.

The directors have made an assessment of the company's ability to continue as a going concern and have no reason to believe the business will not be a going concern in the year ahead.

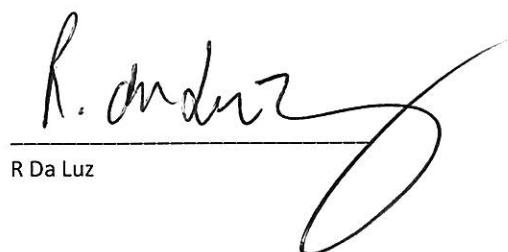
The auditor is responsible for reporting on whether the financial statements are fairly presented in accordance with the applicable financial reporting framework

The financial statements have been audited by the independent auditing firm, SWEMMER MACINNES & ASSOCIATES, who have been given unrestricted access to all financial records and related data, including minutes of all meetings. Management believes that all representations made to the independent auditor during the audit were valid and appropriate. The external auditors' unqualified audit report is presented on page 3 to 4.

The annual financial statements as set out on pages 7 to 16 were approved by the management committee on 28 August 2019 and were signed on its behalf by:



J D Webber



R Da Luz

SEA POINT CITY IMPROVEMENT DISTRICT NPC

(Registration Number 1998/017963/08)

Annual Financial Statements for the year ended 30 June 2019

Director's Report

The management committee present their report for the year ended 30 June 2019.

1. Review of activities

Main business and operations

The principal activity of the organisation is provides additional security, cleansing, maintenance services, marketing and social development and there were no major changes herein during the year.

The operating results and statement of financial position of the organisation are fully set out in the attached financial statements and do not in our opinion require any further comment.

2. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

3. Events after reporting date

All events subsequent to the date of the annual financial statements and for which the applicable financial reporting framework require adjustment or disclosure have been adjusted or disclosed.

4. Directors

The following directors held office during the year and at the date of this report:

Name	
C Yiacoumis	Resigned
R Da Luz	
P R Bermam	
P J Barnard	
K V Lewis	
S Beder	Resigned
J D Webber	The Chairperson

5. Secretary

The company had no secretary during the reporting period.

6. Independent Auditors

SWEMMER MACINNES & ASSOCIATES were the independent auditors for the year under review.

SEA POINT CITY IMPROVEMENT DISTRICT NPC

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Financial Statements for the year ended 30 June 2019

Statement of Financial Position

Figures in R	Notes	2019	2018
Assets			
Non-Current Assets			
Property, plant and equipment	3	12,256	3,773
		<u>12,256</u>	<u>3,773</u>
Current Assets			
Trade and other receivables	4	103,908	146,632
Cash and cash equivalents	5	2,727,946	2,156,731
		<u>2,831,854</u>	<u>2,303,363</u>
Total Assets		<u>2,844,110</u>	<u>2,307,136</u>
Reserves and Liabilities			
Reserves			
Accumulated Surplus		2,682,426	1,989,497
		<u>2,682,426</u>	<u>1,989,497</u>
Current Liabilities			
Trade and other payables	7	161,684	317,639
		<u>161,684</u>	<u>317,639</u>
Total Reserves and Liabilities		<u>2,844,110</u>	<u>2,307,136</u>

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Statement of Comprehensive Income

Figures in R	Notes	2019	2018
Revenue	8	6,072,389	5,629,807
Other income	9	186,704	146,004
Operating costs		(5,667,135)	(5,324,172)
Operating surplus		591,958	451,639
Finance income	10	100,971	70,849
Finance costs		-	(15,590)
Surplus for the year		692,929	506,898

SEA POINT CITY IMPROVEMENT DISTRICT NPC

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Statement of Changes in Reserves

Figures in R	Accumulated surplus	Total
Balance at 1 July 2017	1,482,599	1,482,599
Total comprehensive income for the year		
Surplus for the year	506,898	506,898
Total comprehensive income for the year	<u>506,898</u>	<u>506,898</u>
 Balance at 30 June 2018	 1,989,497	 1,989,497
 Balance at 1 July 2018	 1,989,497	 1,989,497
Total comprehensive income for the year		
Surplus for the year	692,929	692,929
Total comprehensive income for the year	<u>692,929</u>	<u>692,929</u>
 Balance at 30 June 2019	 2,682,426	 2,682,426

SEA POINT CITY IMPROVEMENT DISTRICT NPC

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Financial Statements for the year ended 30 June 2019

Statement of Cash Flows

Figures in R	Note	2019	2018
Cash flows from operating activities			
Surplus for the year		692,929	506,898
<i>Adjustments for:</i>			
Finance costs		-	15,590
Depreciation of Tangible assets		4,568	4,165
Investment income		(100,971)	(70,849)
Operating cash flow before working capital changes		596,526	455,804
<i>Working capital changes</i>			
Decrease/(increase) in trade and other receivables		42,724	(62,012)
(Decrease)/increase in trade and other payables		(155,955)	196,196
Cash generated by operating activities		483,295	589,988
Investment income		100,971	70,849
Finance costs		-	(15,590)
Net cash from operating activities		584,266	645,247
Property, plant and equipment acquired	3	(13,051)	-
Increase in cash and cash equivalents		571,215	645,247
Cash and cash equivalents at beginning of the year		2,156,731	1,511,484
Cash and cash equivalents at end of the year	5	2,727,946	2,156,731

SEA POINT CITY IMPROVEMENT DISTRICT NPC

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Financial Statements for the year ended 30 June 2019

Accounting Policies

1. General information

SEA POINT CITY IMPROVEMENT DISTRICT NPC is a non-profit organisation.

2. Summary of significant accounting policies

These annual financial statements have been prepared in accordance with the International Financial Reporting Standards for Small and Medium-sized Entities issued by the International Accounting Standards Board. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements have been prepared under the historical cost convention and are presented in South African Rands.

2.1 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the organisation's activities. Revenue is shown net of value-added tax, returns, and discounts.

The organisation recognises revenue when: the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the entity; and specific criteria have been met for each of the organisation's activities, as described below:

2.2 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

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 rates are used for the depreciation of property, plant and equipment:

2.3 Trade and other receivables

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the organisation will not be able to collect all amounts due according to the original terms of the receivables.

2.4 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown in current liabilities on the statement of financial position.

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Accounting Policies

2.5 Trade payables

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest rate method.

2.6 Borrowing costs

Borrowing costs are recognised on the basis of the effective interest rate method and is included in finance costs.

SEA POINT CITY IMPROVEMENT DISTRICT NPC

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Financial Statements for the year ended 30 June 2019

Notes to the Annual Financial Statements

Figures in R	2019	2018
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3. Property, plant and equipment

	Cost	Accumulated depreciation	2019 Carrying value	Cost	Accumulated depreciation	2018 Carrying value
<i>Owned assets</i>						
Motor vehicles	15,000	14,999	1	15,000	14,999	1
Furniture and fittings	21,229	21,229	-	21,229	17,970	3,259
Office equipment	24,957	16,673	8,284	16,357	15,845	512
IT equipment	64,260	60,289	3,971	59,810	59,809	1
Computer software	7,149	7,149	-	7,149	7,149	-
	132,595	120,339	12,256	119,545	115,772	3,773

The carrying amounts of property, plant and equipment can be reconciled as follows:

	Carrying value at beginning of year	Additions	Disposals	Depreciation	2019 Carrying value at end of year
<i>Owned assets</i>					
Motor vehicles	1	-	-	-	1
Office equipment	512	8,600	-	(828)	8,284
IT equipment	1	4,451	-	(481)	3,971
	3,773	13,051	-	(4,568)	12,256

4. Trade and other receivables

Prepaid expenses		2,319	27,790
Value Added Taxation		-	47,359
Other receivables		-	71,855
Accounts Receivable		1,281,759	69,269
Less: Allowance for doubtful debts		(1,180,170)	(69,641)
		103,908	146,632

The Company receives revenue from the City of Cape Town ("the City"), which the City collects from ratepayers.

5. Cash and cash equivalents

Favourable cash balances			
Cash on hand		7,000	8,971
Bank balances		2,720,946	2,147,760
		2,727,946	2,156,731

SEA POINT CITY IMPROVEMENT DISTRICT NPC

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Financial Statements for the year ended 30 June 2019

Notes to the Annual Financial Statements

Figures in R	2019	2018
13. Surplus/(deficit) from operations		
Is arrived at after taking into account		
Security expenses	3,850,072	3,485,250
Salaries	1,142,477	1,082,155
Cleaning Expenses	350,332	333,091
	5,342,881	4,900,496

14. Standards and interpretations not yet effective

There are new or revised accounting Standards and Interpretations in issue that are not yet effective. These include the following Standards and Interpretations that are applicable to the business of the organization and may have an impact on future annual financial statements.

Management is of the opinion that the adoption of these amendments will not have a significant impact on the financial statements.

Standard/Interpretation	Effective date
IFRS 15	Revenue from contracts with customers Periods beginning on or after 1 January 2019

15. Subsequent events

There have been no facts or circumstances of material nature that have occurred between the reporting dates and the date of this report that have a material impact on the financial position of the company at 30 June 2019

SEA POINT CITY IMPROVEMENT DISTRICT NPC

(Registration Number 1998/017963/08)

Financial Statements for the year ended 30 June 2019

Detailed Income Statement

Figures in R	2019	2018
Gross Revenue		
Parking income	261,053	261,053
Retention released by City	336,913	274,143
Services rendered	5,474,423	5,094,611
	<u>6,072,389</u>	<u>5,629,807</u>
Other Income		
Donations	174,182	134,127
Interest received	100,971	70,849
Rental income	12,522	11,877
	<u>287,675</u>	<u>216,853</u>
	<u>6,360,064</u>	<u>5,846,660</u>
Expenditure		
Accounting fees	57,116	42,110
Advertising	43,489	70,954
Auditors' remuneration	32,750	30,500
Bank charges	11,116	9,278
Cleaning	350,332	333,091
Computer expenses	3,142	10,887
Depreciation - Tangible assets	4,568	4,165
Donations	8,000	8,707
Electricity and water	71,490	47,282
Finance costs	-	15,590
Insurance	2,569	16,559
Meeting expenses	21,349	-
Printing and stationery	15,084	48,863
Repairs and maintenance	-	48,006
Salaries	1,141,948	1,082,155
Security	3,850,072	3,485,250
Staff welfare	18,635	20,167
Telephone and fax	35,475	66,198
	<u>5,667,135</u>	<u>5,339,762</u>
Surplus for the year	<u>692,929</u>	<u>506,898</u>

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