

**UMHLANGA PROMENADE URBAN
IMPROVEMENT PRECINCT NPC
(Registration Number 2003/005701/08)
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016**

UMHLANGA PROMENADE URBAN IMPROVEMENT PRECINCT NPC
Annual Financial Statements for the year ended 30 June 2016
Index

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

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UMHLANGA PROMENADE URBAN IMPROVEMENT PRECINCT NPC
Annual Financial Statements for the year ended 30 June 2016
General information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	To provide and procure the provision of community service
Directors	R.W Klambt I Hume T Edwards J de Canha D McKillop D Schultz L Hollington
Registered office	44 Lagoon Drive Umhlanga Rocks Durban 4319
Postal address	P.O Box 1797 Umhlanga Rocks 4320
Banker	Standard Bank of South Africa Limited
Auditor	Mazars Registered Auditor
Secretary	I Hume
Company registration number	2003/005701/08
Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa.
Preparer	The annual financial statements were compiled by: M Wicks

To the members of Umhlanga Promenade Urban Improvement Precinct

We have audited the accompanying annual financial statements of Umhlanga Promenade Urban Improvement Precinct, as set out on pages 7 to 13, which comprise the statement of financial position as at 30 June 2016, the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Annual Financial Statements

The company's directors are responsible for the preparation and fair presentation of these annual financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and requirements of the Companies Act 71 of 2008, and for such internal control as the directors determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

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 directors, 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.

Continued-/

Independent Auditor's Report

Opinion

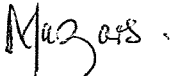
In our opinion, the financial statements present fairly, in all material respects, the financial position of Umhlanga Promenade Urban Improvement Precinct as at 30 June 2016, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the requirements of the Companies Act of South Africa.

Supplementary information

Without qualifying our opinion, we draw attention to the fact that the detailed income statement set out on pages 14 to 15 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.

Other reports required by the Companies Act

As part of our audit the annual financial statements for the year ended 30 June 2016, we have read the Directors' Report for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. This report is the responsibility of the respective preparer. Based on reading this report we have not identified any material inconsistencies between this report and the audited annual financial statements. However, we have not audited this report and accordingly do not express an opinion on this report.



MAZARS

Partner: S Pillay

Registered Auditor

30 September 2016

Durban

UMHLANGA PROMENADE URBAN IMPROVEMENT PRECINCT
Annual Financial Statements for the year ended 30 June 2016
Directors' Responsibilities and Approval

The directors are required by the Companies Act of South Africa, to maintain adequate accounting records and are responsible for the content and integrity of the 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 company 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 International Financial Reporting Standard for Small and Medium-sized Entities. The external auditor is engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.


The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors set 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 company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors 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 financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

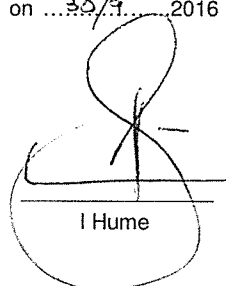
The directors have reviewed the company's cash flow forecast for the year ended 30 June 2017 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently reviewing and reporting on the company's annual financial statements. The financial statements have been examined by the company's external auditor and the report is presented on pages 3 - 4.

The annual financial statements set out on pages 6 to 15, which have been prepared on the going concern basis, were approved by the board on ...30/6/2016 and were signed on its behalf by:



RW Klambt - Chairman



I Hume

UMHLANGA PROMENADE URBAN IMPROVEMENT PRECINCT NPC
Annual Financial Statements for the year ended 30 June 2016
Directors' Report

The directors submit their report for the year ended 30 June 2016

1. Review of activities

Main business and operations

The company is engaged to provide and procure the provision of community services and operates principally in South Africa.

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

The levy deficit for the year was R 38,422 (2015: levy surplus R 230,893)

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 the reporting period

The directors are not aware of any matter or circumstance arising since the end of the financial year.

4. Directors

The directors of the company during the year and to date of this report are as follows:

Name

RW Klämbt - Chairman

I Hume

T Edwards

J de Canha

D McKillop

D Schultz

L Hollington

elected 27 November 2015

5. Secretary

The company's secretary for the year under review and to the date of this report was I Hume.

The secretary's postal and business address is:

44 Lagoon Drive

Umhlanga Rocks

4319

6. Capital Assets

The entity is of such a nature that it does not acquire capital assets on a regular basis. The acquisition in the current year of the security cameras is once-off, and therefore management have taken the decision to expense the item fully.

7. Auditor

Mazars will continue in office in accordance with section 90 of the Companies Act 71 of 2008.

UMHLANGA PROMENADE URBAN IMPROVEMENT PRECINCT NPC
Annual Financial Statements for the year ended 30 June 2016
Statement of Financial Position

Figures in Rand	Notes	2016	2015
Assets			
Current Assets			
Trade and other receivables	2	349,880	300,378
Cash and cash equivalents	3	1,266,649	1,174,725
		<u>1,616,529</u>	<u>1,475,103</u>
Total Assets		<u>1,616,529</u>	<u>1,475,103</u>
Equity and Liabilities			
Equity			
Accumulated levy surplus	4	961,877	1,000,300
Current Liabilities			
Trade and other payables	5	654,651	474,803
Total Equity and Liabilities		<u>1,616,529</u>	<u>1,475,103</u>

UMHLANGA PROMENADE URBAN IMPROVEMENT PRECINCT NPC
Annual Financial Statements for the year ended 30 June 2016
Statement of Comprehensive Income

Figures in Rand	Notes	2016	2015
Revenue	6	6,065,966	5,731,501
Operating expenses		6,162,485	5,549,494
Operating (deficit)/surplus	7	-96,519	182,007
Investment revenue	8	58,097	48,885
Levy (deficit)/surplus for the year		-38,422	230,892

UMHLANGA PROMENADE URBAN IMPROVEMENT PRECINCT
Annual Financial Statements for the year ended 30 June 2016
Statement of Changes in Equity

Figures in Rand	Accumulated levy surplus	Total equity
Balance at 30 June 2014	769,407	769,407
Changes in equity		
Levy surplus for the year	230,893	230,893
Total changes	230,893	230,893
Balance at 30 June 2015	1,000,300	1,000,300
Changes in equity		
Levy deficit for the year	-38,422	-38,422
Total changes	-38,422	-38,422
Balance at 30 June 2016	961,877	961,877

UMHLANGA PROMENADE URBAN IMPROVEMENT PRECINCT
Annual Financial Statements for the year ended 30 June 2016
Statement of Cash Flows

Figures in Rand	Notes	2,016	2,015
Cash flows from operating activities			
Cash generated from operations	11	33,828	13,589
Interest income		58,097	48,885
Net cash from operating activities		91,924	62,474
Total cash movement for the year		91,924	62,474
Cash at the beginning of the year		1,174,725	1,112,251
Total cash at end of the year	3	1,266,649	1,174,725

UMHLANGA PROMENADE URBAN IMPROVEMENT PRECINCT
Annual Financial Statements for the year ended 30 June 2016
Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium sized Entities, and the Companies Act 71 of South Africa 2008. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 Financial instruments

Initial recognition

Financial assets and liabilities are only recognised when the entity becomes party to the contractual provisions of the instrument.

Trade and other receivables

Trade and other receivables are recognised initially at the transaction price and subsequently at the undiscounted amount of the cash or other consideration expected to be received, less provision for impairment.

Trade and other receivables are recognised initially at present value of the future receipts discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost using the effective interest rate method, less provision for impairment.

Trade and other payables

Trade and other payables are recognised initially at the transaction price and subsequently at the undiscounted amount of the cash or other consideration expected to be paid.

Trade and other payables are recognised initially at present value of the future payments discounted at a market rate of interest for a similar debt instrument, and subsequent at amortised cost using the effective interest rate method.

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. These balances are measured at amortised cost.

1.3 Revenue

Revenue comprises of levies, which are recognised when there is no uncertainty regarding its value or collection. When there is uncertainty regarding the collection of revenue it is only recognised when it is received.

Voluntary levy contributions are recognised when they are received.

Revenue is measured at the fair value of the consideration receivable and is included net of value added tax.

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

UMHLANGA PROMENADE URBAN IMPROVEMENT PRECINCT
Annual Financial Statements for the year ended 30 June 2016
Notes to the Annual Financial Statements

Figures in Rand	2016	2015
2. Trade and other receivables		
Trade receivables	349,772	300,378
Value Added tax	107	-
	349,880	300,378
Ageing for trade debtors		
Ageing of trade debtors were as follows:		
Current (0 - 30 days)	349,772	300,378
3. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Current account	128,609	164,783
Call account	1,138,040	1,009,942
	1,266,649	1,174,725
4. Accumulated levy surplus		
Southern Properties	47,449	69,622
Northern Properties	142,631	120,185
Hawaan, Northern Beaches	266,853	320,084
Marine Drive - Westside	5,587	12,770
Promenade	499,358	477,639
	961,877	1,000,300
5. Trade and other payables		
Trade payables	654,651	470,280
Value added tax	-	4,523
	654,651	474,803
6. Revenue		
Members' levy contributions	3,890,239	3,578,587
Voluntary Contributions Cabana Beach	111,760	104,451
Voluntary Contributions Northern Properties	1,047,347	999,266
Voluntary Contributions Southern Properties	489,962	477,040
Voluntary Contributions uMhlanga Nature Reserve	305,577	352,042
Voluntary Contributions Marine Drive - Westside	176,153	172,579
Contributions to Security Southern Properties	-	9,048
Voluntary Contributions Park to Park	44,928	38,489
	6,065,966	5,731,501

UMHLANGA PROMENADE URBAN IMPROVEMENT PRECINCT
Annual Financial Statements for the year ended 30 June 2016
Notes to the Annual Financial Statements

Figures in Rand	2016	2015
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7. Operating surplus

Levy surplus for the year is stated after accounting for the following:

Administration expenditure	271,753	258,628
Auditor's remuneration	20,100	23,000
Cleaning	724,769	661,592
Special projects	230,892	79,536
Repairs and maintenance	119,443	55,396
Communications, promotions and marketing	336,222	258,141
Management fees	846,849	777,644
Security	3,461,792	3,394,133
	<u>3,461,792</u>	<u>3,394,133</u>

8. Investment revenue

Interest revenue

Bank	58,097	48,885
	<u>58,097</u>	<u>48,885</u>

9. Taxation

No provision has been made for 2016 tax as the company has no taxable income. All receipts and accruals by the company are exempt from income tax in terms of section 10 (1)(d)(iii) of the Income Tax Act.

10. Auditor's remuneration

Audit fees – prior year	20,100	23,000
	<u>20,100</u>	<u>23,000</u>

11. Cash (used in) generated from operations

Surplus (Deficit) before taxation	(38,422)	230,893
Adjustments for:		
Interest received	(58,097)	(48,885)
Changes in working capital:		
Trade and other receivables	(49,502)	(22,562)
Trade and other payables	179,848	(145,857)
	<u>33,828</u>	<u>13,589</u>

12. Directors remuneration

No remuneration was paid to the directors or any individuals holding a prescribed office during the year.

UMHLANGA PROMENADE URBAN IMPROVEMENT PRECINCT
Annual Financial Statements for the year ended 30 June 2016
Detailed Income Statement

Figures in Rand	2016	2015
Revenue		
Members' levy contributions	3,890,239	3,578,587
Voluntary Contributions Cabana Beach	111,760	104,451
Voluntary Contributions Northern Properties	1,047,347	999,266
Voluntary Contributions Southern Properties	489,962	477,040
Voluntary Contributions uMhlanga Nature Reserve	305,577	352,042
Voluntary Contributions Marine Drive - Westside	176,153	172,579
Contributions to Security Southern Properties	-	9,048
Voluntary Contributions Park to Park	44,928	38,489
	6,065,966	5,731,501
Other income		
Interest received	58,097	48,885
Expenditure		
Administration		
Annual financial statements and meetings	9,500	8,780
Accounting services	174,232	161,052
Bank charges	8,253	8,093
Company Secretarial	50,940	48,000
Legal and professional fees	13,935	18,035
Photocopier	1,776	1,680
Postage	888	840
Printing and stationery	3,552	3,348
Telephone	5,328	5,028
Public liability insurance	3,349	3,772
	271,753	258,628
Auditor's remuneration		
Audit fees	20,100	23,000
	20,100	23,000
Cleaning		
Cleaning	724,769	661,592
	724,769	661,592
Repairs and maintenance		
General repairs, equipment and tools	119,443	55,396
	119,443	55,396
Garden maintenance		
Greening services	132,005	108,060
Plants and shrubs	18,660	12,900
	150,665	120,960

UMHLANGA PROMENADE URBAN IMPROVEMENT PRECINCT
Annual Financial Statements for the year ended 30 June 2016
Detailed Income Statement

Figures in Rand	2016	2015
Communications, promotions and marketing		
Signage	-	5,889
Communication, marketing & website	115,911	112,502
Contributions to uMhlanga Nature Reserve	120,000	-
WESSA Guides	100,311	60,215
	<u>336,222</u>	<u>258,141</u>
Special Projects		
Body worn CCTV cameras	137,903	-
uMhlanga Nature Reserve Upgrade	95,375	-
SOPOA	10,000	-
Upper Umhlanga Security Trust	2,000	-
Branding (previous year write back)	-14,386	79,536
	<u>230,892</u>	<u>79,536</u>
Management		
Project and strategic management	806,669	740,406
Project management: data	10,308	9,600
Project management: printing	1,000	770
Project management: telephone	28,872	26,868
	<u>846,849</u>	<u>777,644</u>
Security		
Security	<u>3,461,792</u>	<u>3,394,133</u>
Total expenditure	6,162,485	5,549,494
Levy (deficit)/surplus for the year	<u>-38,422</u>	<u>230,893</u>