

**UMHLANGA URBAN IMPROVEMENT  
PROJECT NPC  
(Registration Number 2009/002460/08)  
ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2016**

**UMHLANGA URBAN IMPROVEMENT PROJECT NPC**  
**Annual Financial Statements for the year ended 30 June 2016**

**Index**

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

<b>Index</b>	<b>Page</b>
General information	2
Independent Auditor's Report	3 – 4
Directors' Responsibilities and Approval	5
Directors' Report	6
Statement of Financial Position	7
Statement of Comprehensive Income	8
Statement of Changes in Equity	9
Statement of Cash Flows	10
Accounting Policies	11
Notes to the Annual Financial Statements	12 – 13
Detailed Income Statement	14 – 15

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

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Country of incorporation and domicile	South Africa
Nature of business and principal activities	To provide and procure the provision of community service
Directors	FG Reardon EE Schenk GJ Beaumont S Mzamo T Bell I Lambie S Walters
Registered office	44 Lagoon Drive Umhlanga Rocks Durban 4319
Business address	Breakers Resort 88 Lagoon Drive Umhlanga Rocks 4319
Postal address	P.O Box 1797 Umhlanga Rocks 4320
Banker	Standard Bank of South Africa Limited
Auditor	Mazars Registered Auditor
Secretary	M Wicks
Company registration number	2009/002460/08
Tax reference number	9060138196
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

## **Independent Auditor's Report**

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### **To the members of Umhlanga Urban Improvement Project NPC**

We have audited the accompanying annual financial statements of Umhlanga Urban Improvement Project NPC, 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.

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## Independent Auditor's Report

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### Opinion

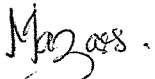
In our opinion, the financial statements present fairly, in all material respects, the financial position of Umhlanga Urban Improvement Project NPC as at 30 June 2016, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standard 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 URBAN IMPROVEMENT PROJECT NPC**  
**Annual Financial Statements for the year ended 30 June 2016**  
**Directors' Responsibilities and Approval**

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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.

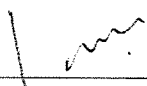
The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors set standards 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 to 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 to 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 September~~ 2016 and were signed on its behalf by:

  
\_\_\_\_\_  
EE Schenk

  
\_\_\_\_\_  
EG Reardon

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

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

**1. Nature of Business**

The company is engaged to provide and procure the provision of community services in that portion of Umhlanga in the Metropolitan area of Ethekewini Municipality, bounded by Lagoon Drive in the East, Ruth First Highway in the West, Flamingo Lane in the North and Ocean Way in the South (Umhlanga Village Precinct) and to the extent that it benefits the Umhlanga Village Precinct.

**2. Review of financial results and activities**

The annual financial statements have been prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of South Africa. The accounting policies have been applied consistently compared to the prior year.

**3. 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.

**4. Events after the reporting period**

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

**5. Directors**

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

**Name**

FG Reardon  
EE Schenk  
GJ Beaumont  
S Mzamo  
T Bell  
I Lambie  
S Walters

**6. Secretary**

The company's secretary for the year under review and to the date of this report was M Wicks

The secretary's postal and business address is:

44 Lagoon Drive  
Umhlanga Rocks  
4319

**7. 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.

**8. Auditor**

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

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

Figures in Rand	Notes	2016	2015
<b>Assets</b>			
<b>Current Assets</b>			
Trade and other receivables	2	139,016	703,464
Cash and cash equivalents	3	1,107,015	561,105
		<u>1,246,031</u>	<u>1,264,570</u>
<b>Total Assets</b>		<u>1,246,031</u>	<u>1,264,570</u>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Accumulated levy surplus		648,959	1,035,751
<b>Current Liabilities</b>			
Trade and other payables	4	597,073	228,819
<b>Total Equity and Liabilities</b>		<u>1,246,031</u>	<u>1,264,570</u>



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

Figures in Rand	Notes	2016	2015
Revenue	5	2,205,910	2,412,820
Operating expenses		(2,649,859)	(1,722,926)
<b>Operating (deficit)/surplus</b>	6	<b>-443,949</b>	<b>689,895</b>
Investment revenue	7	57,157	20,972
<b>Levy (deficit)/surplus for the year</b>		<b>-386,792</b>	<b>710,866</b>

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

Figures in Rand	Accumulated levy surplus	Total equity
<b>Balance at 30 June 2014</b>	<b>324,884</b>	<b>324,884</b>
Changes in equity		
Levy surplus for the year	710,866	710,866
Total changes	710,866	710,866
<b>Balance at 30 June 2015</b>	<b>1,035,750</b>	<b>1,035,750</b>
Changes in equity		
Levy deficit for the year	-386,792	-386,792
Total changes	-386,792	-386,792
<b>Balance at 30 June 2016</b>	<b>648,959</b>	<b>648,958</b>

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

<b>Figures in Rand</b>		<b>2016</b>	<b>2015</b>
<b>Cash flows from operating activities</b>			
Cash generated from operations	10	488,754	271,377
Interest income		57,157	20,972
<b>Net cash from operating activities</b>		<b>545,910</b>	<b>292,349</b>
<b>Total cash movement for the year</b>			
Cash at the beginning of the year		545,910	292,349
<b>Total cash at end of the year</b>	3	<b>1,107,015</b>	<b>561,105</b>

## **1. Presentation of Annual Financial Statements**

The 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 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 URBAN IMPROVEMENT PROJECT NPC**  
**Annual Financial Statements for the year ended 30 June 2016**  
**Notes to the Annual Financial Statements**

<b>Figures in Rand</b>	<b>2016</b>	<b>2015</b>
<b>2. Trade and other receivables</b>		
Trade receivables	137,642	694,187
Value added tax	1,374	9,277
	<b>139,016</b>	<b>703,464</b>
<b>Ageing for trade debtors</b>		
Current (0 - 30 days)	137,642	694,187
<b>3. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Current account	160,912	42,159
Call account	946,102	518,946
	<b>1,107,015</b>	<b>561,105</b>
<b>4. Trade and other payables</b>		
Trade payables	560,196	228,819
Levies received in advance	36,876	0
	<b>597,072</b>	<b>228,819</b>
<b>5. Revenue</b>		
Members levy contribution	<b>2,205,910</b>	<b>2,412,820</b>
<b>6. Operating surplus</b>		
Operating (deficit)/surplus for the year is stated after accounting for the following:		
Auditors remuneration	14,000	15,000
Management fees	482,073	333,986
<b>7. Investment revenue</b>		
Interest revenue		
Bank	<b>57,157</b>	<b>20,972</b>

**UMHLANGA URBAN IMPROVEMENT PROJECT NPC**  
**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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**8. 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.

**9. Auditor's remuneration**

Audit fees – prior year	14,000	15,000
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**10. Cash (used in) generated from operations**

(Deficit)/Surplus before taxation	(386,792)	710,866
Adjustments for:		
Interest received	(57,157)	(20,972)
<b>Changes in working capital:</b>		
Trade and other receivables	564,449	(552,591)
Trade and other payables	368,254	134,074
	<u>488,754</u>	<u>271,378</u>

**11. Directors remuneration**

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

**UMHLANGA URBAN IMPROVEMENT PROJECT NPC**  
**Annual Financial Statements for the year ended 30 June 2016**  
**Detailed Income Statement**

<b>Figures in Rand</b>	<b>2016</b>	<b>2015</b>
<b>Revenue</b>		
Members' SRA levy contributions	1,580,961	1,675,056
Members Voluntary Contributions	624,949	165,072
Members' special levy contributions	-	572,692
Interest received	57,157	20,972
	<b>2,263,067</b>	<b>2,433,792</b>
<b>Expenditure</b>		
<b>Administration</b>		
Annual financial statements and meetings	4,777	7,239
Accounting services	96,187	89,895
Bank charges	6,084	5,158
Company secretarial	38,892	29,568
Discretionary	-	5,800
Legal and professional fees	11,744	25,051
Photocopies	492	463
Printing and stationery	828	780
Public liability insurance	3,349	3,402
Telephone	828	780
	<b>163,180</b>	<b>168,136</b>
<b>Auditor's remuneration</b>		
Audit fees	14,000	15,000
	<b>14,000</b>	<b>15,000</b>
<b>Cleaning</b>		
Cleaning	312,749	243,722
Equipment and uniforms	16,079	7,106
	<b>328,828</b>	<b>250,828</b>
<b>Repairs and maintenance</b>		
General repairs, equipment and tools	93,237	34,612
	<b>93,237</b>	<b>34,612</b>
<b>Garden maintenance</b>		
Greening services	111,381	105,077
Plants and shrubs	77,215	12,657
	<b>188,596</b>	<b>117,734</b>

**UMHLANGA URBAN IMPROVEMENT PROJECT NPC**  
**Annual Financial Statements for the year ended 30 June 2016**  
**Detailed Income Statement**

<b>Figures in Rand</b>	<b>2016</b>	<b>2015</b>
<b>Communications, promotions and marketing</b>		
Entertainment	2,170	-
Website & communications	123,804	24,780
Signage	-	2,858
	<u>125,974</u>	<u>27,638</u>
<b>Special Projects</b>		
Branding of uMhlanga	444,800	195,692
Body worn CCTV cameras	44,890	-
Christmas Lighting	38,756	-
SAPOA	10,000	-
	<u>538,446</u>	<u>195,692</u>
<b>Management</b>		
Project and strategic management	455,601	309,226
Project management: data	4,920	4,596
Project management: printing	5,388	5,068
Project management: telephone	16,164	15,096
	<u>482,073</u>	<u>333,986</u>
<b>Security</b>		
Security	<u>715,524</u>	<u>579,300</u>
<b>Total expenditure</b>	<b>2,649,859</b>	<b>1,722,926</b>
<b>Levy surplus (deficit) for the year</b>	<u><u>-386,792</u></u>	<u><u>710,866</u></u>