

UMHLANGA PROMENADE URBAN IMPROVEMENT PRECINCT NPC
(Registration number 2003/005701/08)
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

UMHLANGA PROMENADE URBAN IMPROVEMENT PRECINCT NPC

Annual Financial Statements for the year ended 30 June 2017

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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 2017
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 J Lee 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 independently compiled by: M Wicks

UMHLANGA PROMENADE URBAN IMPROVEMENT PRECINCT
Annual Financial Statements for the year ended 30 June 2017
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 2018 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 page 3 - 5.

The annual financial statements set out on pages 7 to 16, which have been prepared on the going concern basis, were approved by the board on 04 October 2017 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 2017
Directors' Report**

The directors submit their report for the year ended 30 June 2017

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 124,362 (2016: levy deficit R 38,422)

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 Klāmbt - Chairman

I Hume

T Edwards resigned 1 December 2016

J de Canha

D McKillop

D Schultz

L Hollington

J Lee elected 1 December 2016

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. Auditor

Mazars will continue in office in accordance with section 90 of the Companies Act of South Africa.

UMHLANGA PROMENADE URBAN IMPROVEMENT PRECINCT NPC
Annual Financial Statements for the year ended 30 June 2017
Statement of Financial Position

Figures in Rand	Notes	2017	2016
Assets			
Current Assets			
Trade and other receivables	2	374,396	349,880
Cash and cash equivalents	3	907,842	1,266,649
		<u>1,282,238</u>	<u>1,616,529</u>
Total Assets		<u>1,282,238</u>	<u>1,616,529</u>
Equity and Liabilities			
Equity			
Accumulated levy surplus	4	837,516	961,878
Current Liabilities			
Trade and other payables	5	444,722	654,651
Total Equity and Liabilities		<u>1,282,238</u>	<u>1,616,529</u>

UMHLANGA PROMENADE URBAN IMPROVEMENT PRECINCT NPC
Annual Financial Statements for the year ended 30 June 2017
Statement of Comprehensive Income

Figures in Rand	Notes	2017	2016
Revenue	6	6,120,147	6,065,966
Operating expenses		6,290,016	6,162,485
Operating deficit	7	(169,869)	(96,519)
Investment revenue	8	45,507	58,097
Levy deficit for the year		(124,362)	(38,422)

UMHLANGA PROMENADE URBAN IMPROVEMENT PRECINCT
Annual Financial Statements for the year ended 30 June 2017
Statement of Changes in Equity

Figures in Rand	Accumulated levy surplus	Total equity
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	961,878	961,878
Changes in equity		
Levy deficit for the year	(124,362)	(124,362)
Total changes	(124,362)	(124,362)
Balance at 30 June 2017	837,516	837,516

UMHLANGA PROMENADE URBAN IMPROVEMENT PRECINCT
Annual Financial Statements for the year ended 30 June 2017
Statement of Cash Flows

Figures in Rand	Notes	2017	2016
Cash flows from operating activities			
Cash generated from operations	11	(404,314)	33,827
Interest income		45,507	58,097
Net cash from operating activities		(358,807)	91,924
Total cash movement for the year			
Cash at the beginning of the year		1,266,649	1,174,725
Total cash at end of the year	3	907,842	1,266,649

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

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.

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 2017
Notes to the Annual Financial Statements

Figures in Rand	2017	2016
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2. Trade and other receivables

Trade receivables	374,396	349,773
Value added tax	-	107
	374,396	349,880

Ageing for trade debtors

Ageing of trade debtors were as follows:

Current (0 - 30 days)	374,396	349,773
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3. Cash and cash equivalents

Cash and cash equivalents consist of:

Current account	274,295	128,609
Call account	633,547	1,138,040
	907,842	1,266,649

4. Accumulated levy surplus

Southern Properties	59,976	47,449
Northern Properties	91,342	142,631
Hawaan, Northern Beaches	266,832	266,853
Marine Drive - Westside	-3,671	5,587
Promenade	423,037	499,358
	837,516	961,878

5. Trade and other payables

Trade payables	420,868	654,651
Value added tax	23,854	
	444,722	654,651

6. Revenue

Members' levy contributions	3,955,766	3,890,239
Voluntary contributions Cabana Beach	110,644	111,760
Voluntary Contributions Northern Properties	1,000,342	1,047,347
Voluntary Contributions Southern Properties	540,789	489,962
Voluntary Contributions uMhlanga Nature Reserve	279,719	305,577
Voluntary Contributions Marine Drive - Westside	184,371	176,153
Voluntary Contributions Park to Park	48,516	44,928
	6,120,147	6,065,966

UMHLANGA PROMENADE URBAN IMPROVEMENT PRECINCT
Annual Financial Statements for the year ended 30 June 2017
Notes to the Annual Financial Statements

Figures in Rand	2017	2016
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7. Operating deficit

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

Administration expenditure	287,056	271,753
Auditor's remuneration	20,000	20,100
Cleaning	797,823	724,769
Repairs and maintenance	82,169	119,443
Garden maintenance	142,926	150,665
Communications, promotions and marketing	384,614	336,222
Special Projects	8,414	230,892
Management fees	902,497	846,849
Security	3,664,517	3,461,792
	6,290,016	6,162,485

8. Investment revenue

Interest revenue		
Bank	45,507	58,097

9. Taxation

No provision has been made for 2017 tax as the company has no taxable income. All receipts and accruals by the company are exempt from income tax, except interest received, in terms of section 10 (1)(d)(iii) of the Income Tax Act. Income tax on interest received is exempt to the limit of R200,000 in accordance with the Income Tax Act.

10. Auditor's remuneration

Audit fees – prior year	20,000	20,100
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11. Cash (used in) generated from operations

Deficit before taxation	(124,362)	(38,422)
Adjustments for:		
Interest received	(45,507)	(58,097)
Changes in working capital:		
Trade and other receivables	(24,516)	(49,502)
Trade and other payables	(209,929)	179,848
	(404,314)	33,828

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 2017
Detailed Income Statement

Figures in Rand	2017	2016
Revenue		
Members' levy contributions	3,955,766	3,890,239
Voluntary contributions Cabana Beach	110,644	111,760
Voluntary Contributions Northern Properties	1,000,342	1,047,347
Voluntary Contributions Southern Properties	540,789	489,962
Voluntary Contributions uMhlanga Nature Reserve	279,719	305,577
Voluntary Contributions Marine Drive - Westside	184,371	176,153
Voluntary Contributions Park to Park	48,516	44,928
	6,120,147	6,065,966
Other income		
Interest received	45,507	58,097
	6,165,654	6,124,063
Expenditure		
Administration		
Annual financial statements and meetings	10,884	9,500
Accounting services	186,034	174,232
Bank charges	8,204	8,253
Company Secretarial	54,000	50,940
Legal and professional fees	12,250	13,935
Photocopier	1,884	1,776
Postage	948	888
Printing and stationery	3,768	3,552
Telephone	5,652	5,328
Public liability insurance	3,432	3,349
	287,056	271,753
Auditor's remuneration		
Audit fees	20,000	20,100
	20,000	20,100
Cleaning		
Cleaning	797,823	724,769
	797,823	724,769
Repairs and maintenance		
General repairs, equipment and tools	82,169	119,443
	82,169	119,443
Garden maintenance		
Greening services	117,975	132,005
Plants and shrubs	24,951	18,660
	142,926	150,665

UMHLANGA PROMENADE URBAN IMPROVEMENT PRECINCT
Annual Financial Statements for the year ended 30 June 2017
Detailed Income Statement

Figures in Rand	2017	2016
Communications, promotions and marketing		
Signage	7,070	0
Communication, marketing & website	123,544	115,911
Contributions to uMhlanga Nature Reserve	142,476	120,000
WESSA Guides	111,524	100,311
	384,614	336,222
Special Projects		
Body worn CCTV cameras	0	137,903
uMhlanga Nature Reserve Upgrade	4,500	95,375
Soccer sponsorship	3,904	
SOPOA	0	10,000
Upper Umhlanga Security Trust	0	2,000
Branding (previous year write back)	0	(14,386)
	8,414	230,892
Management		
Project and strategic management	860,965	806,669
Project management: data	10,932	10,308
Project management: printing	0	1,000
Project management: telephone	30,600	28,872
	902,497	846,849
Security		
Security	3,664,517	3,461,792
Total expenditure	6,290,016	6,162,485
Levy deficit for the year	(124,362)	(38,422)