

**UMHLANGA URBAN IMPROVEMENT PROJECT NPC
(Registration number 2009/002460/08)
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017**

UMHLANGA URBAN IMPROVEMENT PROJECT 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 URBAN IMPROVEMENT PROJECT 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	FG Reardon EE Schenk GJ Beaumont P Naicker 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 independently compiled by: M Wicks

UMHLANGA URBAN IMPROVEMENT PROJECT NPC
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 to 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 pages 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:

EE Schenk

FG Reardon

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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 99 973 (2016: levy deficit R 386 792)

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	Changes
FG Reardon	
EE Schenk	
GJ Beaumont	
S Mzamo	resigned 4 August 2016
T Bell	
I Lambie	
S Walters	
P Naicker	elected 4 August 2016

5. 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

6. Auditor

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

UMHLANGA URBAN IMPROVEMENT PROJECT 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	166,036	139,016
Cash and cash equivalents	3	508,651	1,107,015
		<u>674,687</u>	<u>1,246,031</u>
Total Assets		<u>674,687</u>	<u>1,246,031</u>
Equity and Liabilities			
Equity			
Accumulated levy surplus		548,986	648,959
Current Liabilities			
Trade and other payables	4	125,701	597,072
Total Equity and Liabilities		<u>674,687</u>	<u>1,246,031</u>

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

Figures in Rand	Notes	2017	2016
Revenue	5	2,353,347	2,205,910
Operating expenses		(2,494,149)	(2,649,859)
Operating deficit	6	(140,802)	(443,949)
Investment revenue	7	40,829	57,157
Levy deficit for the year		(99,973)	(386,792)

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 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	1,035,751	1,035,751
Changes in equity		
Levy deficit for the year	(386,792)	(386,792)
Total changes	(386,792)	(386,792)
Balance at 30 June 2016	648,959	648,959
Changes in equity		
Levy deficit for the year	(99,973)	(99,973)
Total changes	(99,973)	(99,973)
Balance at 30 June 2017	548,986	548,986

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

Figures in Rand		2017	2016
Cash flows from operating activities			
Cash (used in) generated from operations	10	(639,193)	488,754
Interest income		40,829	57,157
Net cash (used in) from operating activities		(598,364)	545,911
Total cash movement for the year			
Cash at the beginning of the year		1,107,015	561,105
Total cash at end of the year	3	508,651	1,107,015

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 instruments, 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.

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Annual Financial Statements for the year ended 30 June 2017
Notes to the Annual Financial Statements

Figures in Rand	2017	2016
2. Trade and other receivables		
Trade receivables	165,243	137,642
Value added tax	793	1,374
	166,036	139,016
Ageing for trade debtors		
Current (0 - 30 days)	165,243	137,642
3. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Current account	171,719	160,912
Call account	336,932	946,103
	508,651	1,107,015
4. Trade and other payables		
Trade payables	125,701	560,196
Levies received in advance	0	36,876
	125,701	597,072
5. Revenue		
Members levy contribution	2,353,347	2,205,910
6. Operating deficit		
Operating deficit for the year is stated after accounting for the following:		
Administration expenditure	179,518	163,181
Auditors remuneration	14,000	14,000
Cleaning	432,437	328,828
Repairs and maintenance	61,195	93,237
Garden Maintenance	112,151	188,596
Communication, promotions and marketing	208,520	125,974
Special Projects	123,506	538,446
Management fees	550,161	482,073
Security	812,661	715,524
	2,494,148	2,649,859
7. Investment revenue		
Bank	40,829	57,157

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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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8. 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.

9. Auditor's remuneration

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

Deficit before taxation	(99,973)	(386,792)
Adjustments for:		
Interest received	(40,829)	(57,157)
Changes in working capital:		
Trade and other receivables	(27,020)	564,449
Trade and other payables	(471,371)	368,254
	<u>(639,193)</u>	<u>488,754</u>

11. Directors remuneration

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

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Detailed Income Statement

Figures in Rand	2017	2016
Revenue		
Members' SRA levy contributions	1,634,720	1,580,961
Members Voluntary Contributions	698,627	624,949
Branding contribution - Famous Brands	20,000	0
	2,353,347	2,205,910
Investment revenue		
Interest received	40,829	57,157
	40,829	57,157
Total income	2,394,176	2,263,067
Expenditure		
Administration		
Annual financial statements and meetings	7,377	4,777
Accounting services	102,909	96,187
Bank charges	6,750	6,084
Company secretarial	44,520	38,892
Legal and professional fees	12,250	11,744
Photocopies	528	492
Printing and stationery	876	828
Public liability insurance	3,432	3,349
Telephone	876	828
	179,518	163,181
Auditor's remuneration		
Audit fees	14,000	14,000
	14,000	14,000
Cleaning		
Cleaning	418,762	312,749
Equipment and uniforms	13,675	16,079
	0	0
	432,437	328,828
Repairs and maintenance		
General repairs, equipment and tools	61,195	93,237
	61,195	93,237
Garden maintenance		
Greening services	112,151	111,381
Plants and shrubs	0	77,215
	112,151	188,596

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Detailed Income Statement

Figures in Rand	2017	2016
Communications, promotions and marketing		
Entertainment	1,569	2,170
Website, promotions & communications	203,445	123,804
Signage	2,803	0
Discretionary	703	0
	208,520	125,974
Special Projects		
Branding of uMhlanga	93,633	444,800
Contribution to Nature Reserve	24,000	0
Soccer sponsorship	3,973	0
CANSA donation	1,900	0
Body worn CCTV cameras	0	44,890
Christmas Lighting	0	38,756
SAPOA	0	10,000
	123,506	538,446
Management fees		
Project and strategic management	521,994	455,601
Project management: data	5,220	4,920
Project management: printing	5,824	5,388
Project management: telephone	17,124	16,164
Operational management	0	0
	550,161	482,073
Security		
Security	812,661	715,524
Total expenditure	2,494,148	2,649,859
Levy deficit for the year	-99,973	-386,792