

UMHLANGA PROMENADE URBAN IMPROVEMENT PRECINCT NPC
(Registration number 2003/005701/08)
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

UMHLANGA PROMENADE URBAN IMPROVEMENT PRECINCT NPC
Annual Financial Statements for the year ended 30 June 2018
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 2018
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 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
Income tax number	9239471155

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF UMHLANGA PROMENADE URBAN IMPROVEMENT PRECINCT NPC

Opinion

We have audited the annual financial statements of Umhlanga Promenade Urban Improvement Precinct NPC set out on pages 7 to 16, which comprise the statement of financial position as at 30 June 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position Umhlanga Promenade Urban Improvement Precinct NPC as at 30 June 2018, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Annual Financial Statements section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IRBA Code. 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

The company did not prepare its annual financial statements within six months after the end of its financial year as required by section 30(1) of the Companies Act 71 of 2008.

Other Information

The directors are responsible for the other information. The other information comprises the detailed income statement as required by the Companies Act of South Africa, which we obtained prior to the date of this report. Other information does not include the annual financial statements and our auditor's report thereon.

Our opinion on the annual 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 annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, 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.

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF UMHLANGA PROMENADE URBAN IMPROVEMENT PRECINCT NPC

Responsibilities of the Directors for the Annual Financial Statements

The directors are responsible for the preparation and fair presentation of the annual financial statements in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa, 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.

In preparing the annual financial statements, the directors are responsible for assessing the company'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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual 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 International Standards on Auditing 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 annual financial statements. As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

**INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF UMHLANGA PROMENADE
URBAN IMPROVEMENT PRECINCT NPC**

- Conclude on the appropriateness of the directors' 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 company'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 annual 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 company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding 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.

Mazars
Partner: S Pillay
30 January 2019
Durban

UMHLANGA PROMENADE URBAN IMPROVEMENT PRECINCT NPC
Annual Financial Statements for the year ended 30 June 2018
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 annual 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 and the Companies Act of South Africa. 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 the Companies Act of South Africa 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 annual 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 2019 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 annual financial statements have been examined by the company's external auditor and the report is presented on page 3 to 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 30th January 2019 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 2018
Directors' Report

The directors submit their report on the annual financial statements of Umhlanga Promenade Urban Improvement Precinct NPC for the year ended 30 June 2018.

1. Review of activities

Nature of business and review of financial results and activities

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

There have been no material changes to the nature of the company's operations from the prior year. The annual financial statements have been prepared in accordance with IFRS for SMEs and the requirements of the Companies Act of South Africa. The accounting policies have been applied consistently compared to the prior year.

The levy surplus for the year was R 340,352 (2017: levy deficit R 124,362)

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 material event which occurred after the reporting date and up to the date of this report.

4. Directors

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

Name

RW Klāmbt - Chairman

I Hume

J de Canha

D McKillop

D Schultz

Resigned 11 September 2017

L Hollington

J Lee

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 as the auditor in accordance with section 90 of the Companies Act of South Africa for the next financial year.

UMHLANGA PROMENADE URBAN IMPROVEMENT PRECINCT NPC
 Annual Financial Statements for the year ended 30 June 2018
 Statement of Financial Position

Figures in Rand	Notes	2018	2017
Assets			
Current Assets			
Trade and other receivables	2	1,075,156	374,396
Cash and cash equivalents	3	<u>548,520</u>	<u>907,842</u>
		<u>1,623,676</u>	<u>1,282,238</u>
Total Assets		<u>1,623,676</u>	<u>1,282,238</u>
Equity and Liabilities			
Equity			
Accumulated levy surplus	4	1,177,869	837,516
Current Liabilities			
Trade and other payables	5	<u>445,807</u>	<u>444,722</u>
Total Equity and Liabilities		<u>1,623,676</u>	<u>1,282,238</u>

UMHLANGA PROMENADE URBAN IMPROVEMENT PRECINCT NPC
 Annual Financial Statements for the year ended 30 June 2018
 Statement of Comprehensive Income

Figures in Rand	Notes	2018	2017
Revenue	6	6,784,388	6,120,147
Operating expenses		6,473,911	6,290,016
Operating surplus	7	<u>310,477</u>	<u>(169,869)</u>
Investment revenue	8	29,876	45,507
Levy surplus (deficit) for the year		<u>340,352</u>	<u>(124,362)</u>

UMHLANGA PROMENADE URBAN IMPROVEMENT PRECINCT NPC
 Annual Financial Statements for the year ended 30 June 2018
 Statement of Changes in Equity

Figures in Rand	Accumulated levy surplus	Total equity
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
Changes in equity		
Levy surplus for the year	340,352	340,352
Total changes	340,352	340,352
Balance at 30 June 2018	1,177,868	1,177,868

UMHLANGA PROMENADE URBAN IMPROVEMENT PRECINCT NPC
Annual Financial Statements for the year ended 30 June 2018
Statement of Cash Flows

Figures in Rand	Notes	2018	2017
Cash flows from operating activities			
Cash used in operations	11	(389,198)	(404,314)
Interest income		29,876	45,507
Net cash from operating activities		(359,322)	(358,807)
Total cash movement for the year			
Cash at the beginning of the year		907,842	1,266,649
Total cash at end of the year	3	548,520	907,842

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 of South Africa. 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 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 NPC
Annual Financial Statements for the year ended 30 June 2018
Notes to the Annual Financial Statements

Figures in Rand	2018	2017
2. Trade and other receivables		
Trade receivables	1,033,493	374,396
Value added tax	41,663	0
	<u>1,075,156</u>	<u>374,396</u>
Ageing for trade debtors		
Ageing of trade debtors were as follows:		
Current (0 - 30 days)	<u>1,033,493</u>	<u>374,396</u>
3. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Current account	155,097	274,295
Call account	393,423	633,547
	<u>548,520</u>	<u>907,842</u>
4. Accumulated levy surplus		
Southern Properties	100,768	59,976
Northern Properties	183,457	91,342
Hawaan, Northern Beaches	405,350	266,832
Marine Drive - Westside	(12,835)	(3,671)
Promenade	501,129	423,037
	<u>1,177,869</u>	<u>837,516</u>
5. Trade and other payables		
Trade payables	445,807	420,868
Value added tax	0	23,854
	<u>445,807</u>	<u>444,722</u>
6. Revenue		
Members' levy Contributions	4,633,510	3,955,766
Voluntary Contributions Cabana Beach	0	110,644
Voluntary Contributions Northern Properties	1,026,879	1,000,342
Voluntary Contributions Southern Properties	577,908	540,789
Voluntary Contributions uMhlanga Nature Reserve	303,473	279,719
Voluntary Contributions Marine Drive - Westside	199,467	184,371
Voluntary Contributions Park to Park	43,151	48,516
	<u>6,784,388</u>	<u>6,120,147</u>

UMHLANGA PROMENADE URBAN IMPROVEMENT PRECINCT NPC
Annual Financial Statements for the year ended 30 June 2018
Notes to the Annual Financial Statements

Figures in Rand	2018	2017
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7. Operating (deficit)

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

Administration expenditure	321,618	287,056
Auditor's remuneration	21,000	20,000
Cleaning	832,985	797,823
Repairs and maintenance	103,071	82,169
Garden maintenance	107,244	142,926
Communications, promotions and marketing	401,698	384,614
Special Projects	4,500	8,414
Management fees	967,804	902,497
Security	3,713,990	3,664,517
	<u>6,473,911</u>	<u>6,290,016</u>

8. Investment revenue

Interest revenue		
Bank	<u>29,876</u>	<u>45,507</u>

9. Taxation

No provision has been made for 2018 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	<u>21,000</u>	<u>20,000</u>
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11. Cash (used in) generated from operations

Deficit before taxation	340,352	(124,362)
Adjustments for:		
Interest received	(29,876)	(45,507)
Changes in working capital:		
Trade and other receivables	(700,760)	(24,516)
Trade and other payables	1,085	(209,929)
	<u>(389,198)</u>	<u>(404,314)</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 NPC
Annual Financial Statements for the year ended 30 June 2018
Detailed Income Statement

Figures in Rand	2018	2017
Revenue		
Members' levy contributions	4,633,510	3,955,766
Voluntary contributions Cabana Beach	0	110,644
Voluntary Contributions Northern Properties	1,026,879	1,000,342
Voluntary Contributions Southern Properties	577,908	540,789
Voluntary Contributions uMhlanga Nature Reserve	303,473	279,719
Voluntary Contributions Marine Drive - Westside	199,467	184,371
Voluntary Contributions Park to Park	43,151	48,516
	6,784,388	6,120,147
Other income		
Interest received	29,876	45,507
Expenditure		
Administration		
Annual financial statements and meetings	10,310	10,884
Accounting services	198,741	186,034
Bank charges	8,670	8,204
Company Secretarial	56,832	54,000
Legal and professional fees	24,628	12,250
Photocopier	1,992	1,884
Postage	996	948
Printing and stationery	3,996	3,768
Telephone	5,988	5,652
Public liability insurance	9,464	3,432
	321,618	287,057
Auditor's remuneration		
Audit fees	21,000	20,000
	21,000	20,000
Cleaning		
Cleaning	832,985	797,824
	832,985	797,824
Repairs and maintenance		
General repairs, equipment and tools	103,071	82,169
	103,071	82,169
Garden maintenance		
Greening services	95,114	117,975
Plants and shrubs	12,130	24,951
	107,244	142,926

UMHLANGA PROMENADE URBAN IMPROVEMENT PRECINCT
Annual Financial Statements for the year ended 30 June 2018
Detailed Income Statement

Figures in Rand	2018	2017
Communications, promotions and marketing		
Signage	4,895	7,070
Communication, marketing & website	133,827	123,544
Contributions to uMhlanga Nature Reserve	152,448	142,476
WESSA Guides	110,528	111,524
	<u>401,698</u>	<u>384,614</u>
 Special Projects		
uMhlanga Nature Reserve Upgrade	4,500	4,500
Soccer sponsorship	0	3,904
	<u>4,500</u>	<u>8,414</u>
 Management		
Project and strategic management	921,681	860,965
Project management: data	11,592	10,932
Project management: printing	2,095	0
Project management: telephone	32,436	30,600
	<u>967,804</u>	<u>902,497</u>
 Security		
Security	<u>3,713,990</u>	<u>3,664,517</u>
 Total expenditure	 6,473,911	 6,290,016
 Levy surplus (deficit) for the year	 <u>340,352</u>	 <u>(124,362)</u>