

**MUIZENBERG IMPROVEMENT DISTRICT NPC**

**REG. NO : 2001/018176/08**

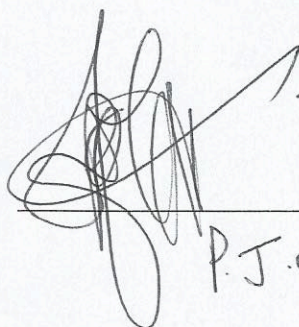
**ANNUAL FINANCIAL STATEMENTS**

**30 JUNE 2019**

<b>CONTENTS</b>	<b>PAGE</b>
Directors' approval of Annual Financial Statements	1
Report of the Independent Auditors	2
Annual Financial Statements	
Report of the Directors	3
Balance Sheet	4
Income Statement	5
Notes to the Financial Statements	6 – 7
Cash Flow Statement	8 – 9

**APPROVAL OF ANNUAL FINANCIAL STATEMENTS**

The Annual Financial Statements set out on pages 3 to 9 have been approved by the Directors:

  
\_\_\_\_\_  
P.J. Corbett

  
\_\_\_\_\_

**LOW AND SCHREIBER**  
**CHARTERED ACCOUNTANTS (S A)**

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## **QUALIFIED INDEPENDENT AUDITORS' REPORT**

To the Members of Muizenberg Improvement District NPC

### **Report on the Financial Statements**

We have audited the Annual Financial Statements of Muizenberg Improvement District NPC, which comprise the balance sheet as at 30 June 2019, and the income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes and the directors' report, as set out on pages 3 to 9.

### **Directors' Responsibility for the Financial Statements**

The Company's Directors are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SME's) and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the 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 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 management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

As noted in the Report of the Directors on page 3, certain weaknesses in governance and oversight were observed during the period 1<sup>st</sup> July 2018 to 31<sup>st</sup> December 2018, which have since been rectified by the new Board taking office in late December. It does not appear likely that this has resulted in material financial loss to the organisation, specifically because the portion of potentially affected expenditure is likely to be less than ten percent of total expenses incurred. However the City of Cape Town may investigate the situation further at a later stage and consequently it is uncertain what the final results of this investigation may reveal.

### **Opinion**

In our opinion, except for the situation referred to in the preceding paragraph regarding a certain portion of the entity's expenditure, the Annual Financial Statements present fairly, in all material respects, the financial position of the Company as at 30 June 2019, and its financial performance and its cash flows for the year then ended in accordance with IFRS for SME's and in the manner required by the Companies Act of South Africa.

LOW AND SCHREIBER  
REGISTERED AUDITORS, CAPE TOWN  
AUGUST 2019

Per : A M Schreiber

## **MUIZENBERG IMPROVEMENT DISTRICT NPC**

### **REPORT OF THE DIRECTORS**

To the Members

#### **NATURE OF BUSINESS**

The main objective of the Company is to revitalise designated areas within Muizenberg, providing security, cleaning and various improvement services.

#### **FINANCIAL POSITION**

The state of the Company's affairs is adequately reflected in the Annual Financial Statements. No material fact or circumstance has occurred between the accounting date and the date of this Report.

#### **CAPITAL STRUCTURE**

The Company is registered as a Not For Profit Company in terms of the Companies Act and has no share capital and no part of its income or assets may be distributed to Members. All reserves are therefore non-distributable.

#### **STATEMENT OF RESPONSIBILITY**

The Directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the Financial Statements and related information. The Auditors are responsible to report on the fair presentation of the Financial Statements. The Financial Statements have been prepared in accordance with Generally Accepted Accounting Practice and in the manner required by the Companies Act.

The Directors are also responsible for the Company's system of internal financial control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the Financial Statements, and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect misstatement and loss. Certain weaknesses in governance and oversight were observed in the period 1<sup>st</sup> July 2018 to 31<sup>st</sup> December 2018, but a new Board taking office in late December fully rectified these. The City of Cape Town might potentially investigate this in greater depth at a later stage. Other than noted above, nothing has come to the attention of the Directors to indicate that any material breakdown in the functioning of controls, procedures and systems has occurred during the period under review.

The Financial Statements have been prepared on the going concern basis, since the Directors have every reason to believe that the Company has adequate resources in place to continue in operation for the foreseeable future.

#### **DIRECTORS**

P Corbett ( Chairperson)  
M Wagner-Snyders ( resigned during period)  
M Cross ( resigned during period)  
K Rack (resigned during period)  
W Turner ( resigned during period)  
J Lotter ( resigned during period)  
Z Desai ( resigned during period)  
S Frankal  
C Braude  
T Megaw

# MUIZENBERG IMPROVEMENT DISTRICT NPC

## BALANCE SHEET

At 30 June 2019

	Note	2019 R	2018 R
<b>ASSETS</b>			
NON-CURRENT ASSETS		-	-
Fixed Assets	2	-	-
CURRENT ASSETS		1,350,473	969,180
Cash Reserves		1,350,473	969,180
TOTAL ASSETS		<u>1,350,473</u>	<u>969,180</u>
<b>EQUITY AND LIABILITIES</b>			
CAPITAL AND RESERVES		1,306,130	940,368
Non-Distributable Reserves	3	1,306,130	940,368
CURRENT LIABILITIES		44,343	28,812
Accounts Payable		44,343	28,812
TOTAL EQUITY AND LIABILITIES		<u>1,350,473</u>	<u>969,180</u>

# MUIZENBERG IMPROVEMENT DISTRICT NPC

## INCOME STATEMENT

For the year ended 30 June 2019

	Note	2019 R	2018 R
<b>INCOME</b>		2,053,533	1,994,291
Recovery of Retention Debtors		5,225	101,511
Donations Received		4,250	19,906
Interest Received		35,100	18,680
Other Income		-	3,450
Revenue from Rendering of Services		2,008,958	1,850,744
<b>EXPENDITURE</b>		1,687,771	1,740,012
Accounting Fees		45,767	35,065
Advertising, Marketing and Publications		25,711	14,631
Asset Purchases and Maintenance		213	1,590
Audit Fees and other Related Services		18,210	17,835
Bank Charges		5,715	4,483
Cleaning and Maintenance		44,873	324,024
Depreciation		-	-
Environmental Upgrading		44,800	60,000
Social Development		81,387	198,883
Insurance		9,602	8,248
Meeting Expenses		8,884	10,457
Miscellaneous		8,000	6,601
Rental		-	-
Salaries and Wages		604,100	247,906
Security Services		700,124	674,143
Stationery, Postage and Printing		18,900	12,339
Surplus Operational Projects	5	41,698	85,105
Telephone, Computer and Other Expenses		29,787	38,702
<b>NET SURPLUS FOR THE YEAR</b>		365,762	254,279
<b>TRANSFERRED TO NON-DISTRIBUTABLE RESERVE</b>		(365,762)	(254,279)
		-	-

# MUIZENBERG IMPROVEMENT DISTRICT NPC

## NOTES TO THE FINANCIAL STATEMENTS

30 June 2019

### 1. BASIS OF PREPARATION

The Annual Financial Statements have been prepared in accordance with the Statement of Generally Accepted Accounting Practice for Small and Medium-sized Entities on a basis consistent with prior years.

#### 1.1 Fixed Assets

Computer Equipment is depreciated over 3 years and the Trailer is depreciated over 5 years.

### 2. FIXED ASSETS

	Cost R	Accum Depr R	2019 Net Book Value R	2019 Net Book Value R
Computer Equipment	74,051	74,051	-	-
Trailer	46,268	42,268	-	-
	<u>120,319</u>	<u>120,319</u>	<u>-</u>	<u>-</u>
	2018 Net Book Value R	Additions/ (Disposals) R	Depr R	2019 Net Book Value R
Computer Equipment	-	-	-	-
Trailer	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

# MUIZENBERG IMPROVEMENT DISTRICT NPC

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

30 June 2019

3. NON-DISTRIBUTABLE RESERVE	2019 R	2018 R
Opening Balance	940,368	686,089
Transferred from Income Statement	365,762	254,279
Closing Balance	<u>1,306,130</u>	<u>940,368</u>

5. SURPLUS OPERATIONAL PROJECTS	2019 R	2018 R
Public Safety	13,044	28,268
Environment Upliftment	6,240	15,000
Marketing	6,200	13,466
Social Development	8,189	19,291
Research Collaboration	-	9,080
Festive Season Cleaning	8,025	-
	<u>41,698</u>	<u>85,105</u>

### 6. TAXATION

No provision has been made for taxation as the Company is a Public Benefit Organisation and is exempt from taxation.

**MUIZENBERG IMPROVEMENT DISTRICT NPC****CASH FLOW STATEMENT**

For the year ended 30 June 2019

	Note	2019 R	2018 R
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated by Operations	1	346,193	249,178
Interest Received		35,100	18,680
Net Cash flow from Operating Activities		<u>381,293</u>	<u>267,858</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to Fixed Assets		-	-
Net Cash outflow from Investing Activities		<u>-</u>	<u>-</u>
<b>NET CASH FLOW</b>		381,293	267,858
<b>CASH AND CASH EQUIVALENTS</b> at beginning of the year		969,180	701,322
<b>CASH AND CASH EQUIVALENTS</b> at end of the year		<u>1,350,473</u>	<u>969,180</u>

# MUIZENBERG IMPROVEMENT DISTRICT NPC

## NOTES TO THE CASH FLOW STATEMENT

For the year ended 30 June 2019

	2019 R	2018 R
<b>1. CASH GENERATED BY OPERATIONS</b>		
Net Profit before Taxation	365,762	254,279
Adjustment for:		
Interest Received	(35,100)	(18,680)
Depreciation	-	-
Operating Profit before Working Capital Changes	<u>330,662</u>	<u>235,599</u>
Working Capital Changes	15,531	13,579
Change in Accounts Payable	<u>15,531</u>	<u>13,579</u>
Cash Generated by Operations	<u><u>346,193</u></u>	<u><u>249,178</u></u>