

MUIZENBERG IMPROVEMENT DISTRICT NPC

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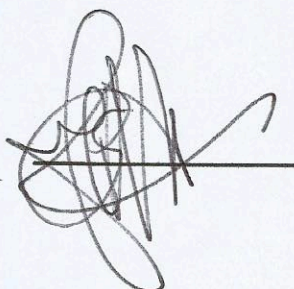
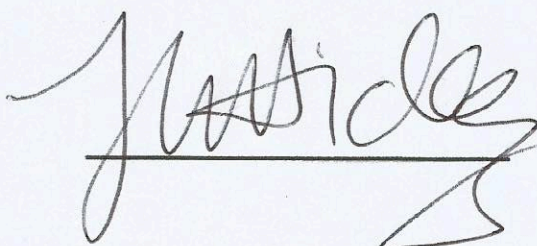
ANNUAL FINANCIAL STATEMENTS

30 JUNE 2020

CONTENTS	PAGE
Directors' approval of Annual Financial Statements	1
Report of the Independent Auditors	2-3
Annual Financial Statements	
Report of the Directors	4
Balance Sheet	5
Income Statement	6
Notes to the Financial Statements	7 - 8
Cash Flow Statement	9 - 10

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The Annual Financial Statements set out on pages 4 to 10 have been approved by the Directors, and are signed on their behalf by :


_____

LOW AND SCHREIBER
CHARTERED ACCOUNTANTS (S A)

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INDEPENDENT AUDITORS' REPORT

To the Members of Muizenberg Improvement District NPC

Opinion

We have audited the annual financial statements of the company set out on pages 4 to 10, which comprise the statement of financial position as at 30 June 2020, statement of comprehensive income 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 of the company as at 30 June 2020, and its financial performance and 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.

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 sections 290 and 291 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA Codes) and other independence requirements applicable to performing audits of annual financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Annual Financial Statements for the year ended 30 June 2020, which includes the Directors' Report as required by the Companies Act of South Africa, which we obtained prior to the date of this report. The 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 on the other information obtained prior to the date of this auditor's report, 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.

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 owners 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.
- 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, among 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.

Low and Schreiber

LOW AND SCHREIBER
REGISTERED AUDITORS, CAPE TOWN

Per: A M SCHREIBER

26 AUGUST 2020
CAPE TOWN

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. 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)
S Frankal (resigned December 2019)
C Braude (resigned December 2019)
T Megaw
J De Kock (resigned January 2020)
D Edson (resigned December 2019)
M Bendix (appointed December 2019)
J Hichens (appointed December 2019)
D Simpson (appointed December 2019)
B Smith (resigned April 2020)

MUIZENBERG IMPROVEMENT DISTRICT NPC**BALANCE SHEET**

At 30 June 2020

	Note	2020 R	2019 R
ASSETS			
NON-CURRENT ASSETS		282,307	-
Fixed Assets	2	282,307	-
CURRENT ASSETS		1,822,951	1,350,473
Cash Reserves		1,822,951	1,350,473
TOTAL ASSETS		<u>2,105,258</u>	<u>1,350,473</u>
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES		2,079,694	1,306,130
Non-Distributable Reserves	3	2,079,694	1,306,130
CURRENT LIABILITIES		25,564	44,343
Accounts Payable		25,564	44,343
TOTAL EQUITY AND LIABILITIES		<u>2,105,258</u>	<u>1,350,473</u>

MUIZENBERG IMPROVEMENT DISTRICT NPC**INCOME STATEMENT**

For the year ended 30 June 2020

	Note	2020 R	2019 R
INCOME		2,340,782	2,053,533
Revenue - Retention Refund		67,550	5,225
Donations Received		10,250	4,250
Interest Received		80,482	35,100
Revenue from Rendering of Services		2,182,500	2,008,958
EXPENDITURE		1,567,218	1,687,771
Accounting Fees		37,560	45,767
Administration and Management Fees		49,800	8,685
Advertising, Marketing and Publications		12,641	25,711
Asset Purchases and Maintenance		157	213
Audit Fees		10,000	9,525
Bank Charges		5,097	5,715
Cleansing Services		39,337	44,873
Depreciation		-	-
Environmental Upgrading		759	44,800
Social Development		-	81,387
Insurance		10,791	9,602
Meeting Expenses		1,400	8,884
Miscellaneous		1,000	8,000
Rental		-	-
Salaries and Wages		550,568	604,100
Security Services		789,716	700,124
Stationery, Postage and Printing		3,916	18,900
Surplus Operational Projects	5	15,520	41,698
Telephone, Computer and Other Expenses		38,956	29,787
NET SURPLUS FOR THE YEAR		773,564	365,762
TRANSFERRED TO NON-DISTRIBUTABLE RESERVE		(773,564)	(365,762)
		-	-

MUIZENBERG IMPROVEMENT DISTRICT NPC

NOTES TO THE FINANCIAL STATEMENTS

30 June 2020

1. BASIS OF PREPARATION

The Annual Financial Statements have been prepared in accordance with IFRS 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. Camera Equipment is depreciated over 5 years. Assets are only depreciated once brought into use.

2. FIXED ASSETS

	Cost R	Accum Depr R	2020 Net Book Value R	2019 Net Book Value R
Camera Equipment	224,515		224,515	
Computer Equipment	131,843	74,051	57,792	-
Trailer	46,268	42,268	-	-
	<u>402,626</u>	<u>120,319</u>	<u>282,307</u>	<u>-</u>
	2019 Net Book Value R	Additions/ (Disposals) R	Depr R	2020 Net Book Value R
Camera Equipment		224,515		224,515
Computer Equipment	-	57,792	-	57,792
Trailer	-	-	-	-
	<u>-</u>	<u>282,307</u>	<u>-</u>	<u>282,307</u>

MUIZENBERG IMPROVEMENT DISTRICT NPC

NOTES TO THE FINANCIAL STATEMENTS (Continued)

30 June 2020

3. NON-DISTRIBUTABLE RESERVE	2020 R	2019 R
Opening Balance	1,306,130	940,368
Transferred from Income Statement	773,564	365,762
Closing Balance	<u>2,079,694</u>	<u>1,306,130</u>

5. SURPLUS OPERATIONAL PROJECTS	2020 R	2019 R
Public Safety	-	13,044
Environment Upliftment	-	6,240
Marketing	-	6,200
Social Development	-	8,189
Covid 19 Expenses	13,520	-
Festive Season Cleaning	-	8,025
Camera Operating Expenses	2,000	
	<u>15,520</u>	<u>41,698</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 2020

	Note	2020 R	2019 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated by Operations	1	674,303	346,193
Interest Received		80,482	35,100
Net Cash flow from Operating Activities		<u>754,785</u>	<u>381,293</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to Fixed Assets		(282,307)	-
Net Cash outflow from Investing Activities		<u>(282,307)</u>	<u>-</u>
NET CASH FLOW		472,478	381,293
CASH AND CASH EQUIVALENTS at beginning of the year		1,350,473	969,180
CASH AND CASH EQUIVALENTS at end of the year		<u>1,822,951</u>	<u>1,350,473</u>

MUIZENBERG IMPROVEMENT DISTRICT NPC**NOTES TO THE CASH FLOW STATEMENT**

For the year ended 30 June 2020

	2020 R	2019 R
1. CASH GENERATED BY OPERATIONS		
Net Profit before Taxation	773,564	365,762
Adjustment for:		
Interest Received	(80,482)	(35,100)
Depreciation	-	-
Operating Profit before Working Capital Changes	<u>693,082</u>	<u>330,662</u>
Working Capital Changes	(18,779)	15,531
Change in Accounts Payable	<u>(18,779)</u>	<u>15,531</u>
Cash Generated by Operations	<u>674,303</u>	<u>346,193</u>

MUIZENBERG IMPROVEMENT DISTRICT NPC

Messrs Low and Schreiber
P O Box 187
7701 RONDEBOSCH

Dear Sirs

LETTER OF REPRESENTATION

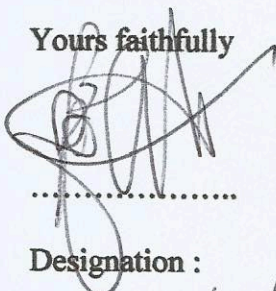
The following representations are made to you in connection with your examination of the financial statements of the Company at 30 June 2020 and to the best of our knowledge and belief are true and fair declarations of the matters referred to below.

1. We consider that the financial statements fairly present the financial position and the results of the operations of the entity, in conformity with generally accepted accounting practices, and the entity's stated accounting policies, applied on a consistent basis.
2. The report of the Directors includes all items and explanations which are material for the appreciation of the state of affairs of the organisation.
3. No information which we, or any reasonable user of the financial statements, would consider to be material to the financial statements, has been withheld from you during your audit.
4. In our opinion all liabilities and provisions have been brought to account in the accounting records of the organisation and have been correctly classified between long-term (payable after one year) and current (payable within the next financial period).
5. Provision has been made in the financial statements, if applicable, for any contractual obligations entered into at prices or on terms which are expected to result in a future loss to the organisation.
6. We are not aware of any factors which may materially affect the organisation's ability to continue operating as a going concern, or the classification of any of its assets or liabilities.
7. The organisation has satisfactory title to the listed fixed assets; there are no liens or encumbrances other than those stated in the financial statements; and depreciation has been provided at rates estimated to write off each asset over the term of its useful life.
8. All loans made by the Company, if applicable, are considered to be fully recoverable at year-end.
9. We consider that any accounts receivable appearing in the balance sheet are recoverable and that adequate provision has been made for any significant irrecoverable amounts.
10. We are not aware, other than specifically disclosed to you in writing, of any fraud or any material contravention of control procedures or processes that have taken place in the organisation during the period under review. All key entity controls and governance procedures have, in our opinion, been materially adhered to and all significant expenditure has been appropriately authorised and spent in terms of the entity's approved budget. Any significant variances between budgeted and actual amounts have either been approved, or have

subsequently been investigated by the Board and the reasons for such variances understood and properly documented.

11. We have made available to yourselves any internal audit, regulatory, group or similar management reports, in as much as these reports may relate to the financial function, compliance with controls and procedures, and governance of the Company. All key recommendations of such reports have been implemented, or the reasons for such non-implementation have been specifically discussed with you.
12. We are not aware of any legal proceedings instituted against the Company, and have not ourselves instituted, or plan to institute, legal proceedings against any organisations or individuals.
13. The Current Assets and Investments, as applicable, have all been fairly valued and in the ordinary course of business would, in our opinion, realise an amount at least equal to their value stated in the balance sheet. They are not encumbered, except as shown in the financial statements.
14. The organisation's major insurable risks are adequately covered and the insurances have been reviewed during the year.
15. Since the date of the balance sheet, no material event has occurred which should be given effect to in the financial statements, or drawn to the attention of stakeholders, related parties, members or any regulatory body by way of note disclosure in the financial statements.
16. To the best of our knowledge we have complied with all relevant laws and statutory requirements, as may be applicable to our organisation. We are not aware of any action that has been taken, or is likely to be taken in the foreseeable future, against the entity, by any regulatory body or by SARS, which would require disclosure in the financial statements or further audit consideration.
17. In our opinion the budgeted/projected cash flow for the following year is adequate to meet our future commitments, taking into account existing investments and cash resources.

Yours faithfully

A handwritten signature in black ink, appearing to be 'B. J. ...', written over a dotted line.

Designation :

Date : 26/08/2020

(Duly authorised by the Board of Directors)