

CITY OF CAPE TOWN
ISIXEKO SASEKAPA
STAD KAAPSTAD

REPORT TO SUBCOUNCIL 20

1. ITEM NUMBER : 20SUB16/02/2020 *ariat*

2. SUBJECT :

ANNUAL FINANCIAL STATEMENTS: GROOTE SCHUUR COMMUNITY
IMPROVEMENT DISTRICT COMPANY

3. PURPOSE

To comply with Section 11(7)(a) & (b) of the Special Rating Areas By-law (GG 6651 dated 21 August 2009) by submitting the Audited Annual Financial Statements and Annual Report to Subcouncils.

4. FOR DECISION BY

Subcouncil 20: TO NOTE

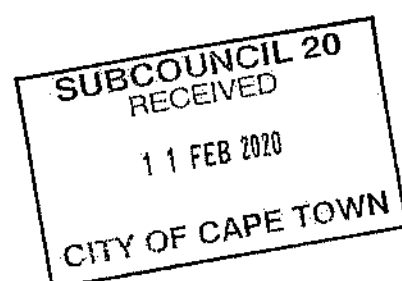
Delegation Number 2(1): To monitor the implementation of Council's budget, service delivery business implementation plans, strategic objectives, policies and programmes within the sub-council jurisdictional area.

5. EXECUTIVE SUMMARY

In accordance with the Special Rating Areas By-law, Section 11(7)(a) & (b), the Audited Financial Statements and the Chairperson's Annual Report of the Groote Schuur Community Improvement District Company is submitted to Subcouncil 20 for noting.

6. RECOMMENDATION

That the Annual Financial Statements and the Chairperson's Annual Report of the Groote Schuur Community Improvement District Company **BE NOTED**.



ANNEXURES

Annexure A : Chairperson's Annual Report 2019
Annexure B : Annual Financial Statements for the year ended 30 June 2019

FOR FURTHER DETAILS CONTACT:

NAME	<i>Richard White</i>
CONTACT NUMBERS	021 444 8112
E-MAIL ADDRESS	Richard.White@capetown.gov.za
DIRECTORATE	Urban Management

 11 February 2020

Richard White
MANAGER: SUBCOUNCIL 20

Comment:

Overview

This year for the GSCID has been a full one. We have been faced with a fair number of challenges. We have had some key staff changes, and have reviewed some of our operational projects. I am pleased to report we were able to deal with these challenges well and finish the year positively. We had set up various structures within the organisation post the departure of its founding CEO, and it seems these structures served the GSCID well in the end. The result being that the GSCID continues to perform solidly and is well placed for the future.

Financial

We finished the financial year on a positive note. We have annual cash flows of approx. R7,2m, including retention monies. From this the year ended with a healthy net profit of circa R500,000, even after ensuring we added extra foot patrollers to our core complement. We received income in the form of donations from Growthpoint, and also contributions from the LMRID and UCT for shared operational services. Thanks need to go to these additional contributors.

Financially our collection rate is high. This is always indicative that the members see value in the GSCID. This year we managed to claim retention monies of in excess of R800k, in much the same fashion as the year before. As a reminder we do not budget for these surplus retention monies, so they come as a windfall. It does also mean that the CID must in its planning retain some flexibility to deal with special projects.

The implication of the above is that we finished the year with circa R4.5m in the bank, which is extremely healthy. Some of this is spoken for in terms required reserves and projects on the go. While good to have, it is important to note that such funds should be used, in good prudent fashion to the good of the GSCID.

Accordingly, in the year ahead we are planning circa R900,000 of special projects for additional foot-patrollers, continued lease to buy payments for the cameras and linked system, as well as allowance to retain the special social upliftment project of the Chrysalis students. The plan is to use surplus reserves to achieve this goal, rather than have the money sit and not go to use for the intended purpose. We have applied zero based budget principles here.

Further to the above, we continue to keep 3 months levy equivalent in reserves. This sits in a fixed deposit account and earns good interest. The other portion of reserves we hold we keep in a more flexible account, to be able to prudently manage these funds. We do not budget for the interest we earn.

On a robust note we saw the structures of the GSCID working to full effect in terms of its own housekeeping, also with some good lessons learnt. Through the various internal mechanisms we picked up some staffing and governance issues with regard to petty cash that needed to be addressed,

as was discussed at the AGM in more detail. The impact of such issues was fortunately financially non-material relative to the broader financial matters of the organisation. The appropriate interventions occurred, and were treated with due import. The issues were fully addressed, so highlighting that the GSCID's evolved governance structures are well placed for the future.

Coming back to general matters, it is worth noting that our mandate is essentially 'attend to crime and grime', with social aspects included into the mix. These account for approx. 70% of our budget. These ratios are at a level one would expect.

We are coming to the end of a 5 year cycle. So we have prepared the next 5 year budget. We have kept it as tight as possible. However in preparing for this we note that security and cleaning are a major part of our costs. There is massive pressure on these costs. I am advised that bargaining councils are looking for double digit escalations. While we understand negotiation will play a part, we need to be cognisant of this heavy cost pressure. Accordingly in the year ahead we have budgeted for an 8% increase in year one of the next 5 year plan. In the years thereafter this escalation softens to 7.5%. The Board feels that such planning is prudent in the current environment. Equally we were mindful that as a percentage of property value, this cost is still good value – which ultimately we want to provide our stakeholders with.

Operations

- Present operations are very much as they should be, with focus on security and cleaning, and work on social upliftment. As mentioned these account for the lion's share of our expenses as one would expect.
- With the on-set of the new 5 year plan, we have revamped our business plan focusing on our core duties, setting out the protocols more clearly. Particular focus has been placed on ensuring a visible presence on the streets.
- The Board and Exco members of said Board, meet on a regular basis to ensure the good governance of the GSCID.
- We continue to support and grow the youth through the Chrysalis initiative.
- Various homeless people relocations have occurred and aid provided to them. This is a challenge to all CID's in that the 'halo effect' often applies, with people moving between CID's. The imperative thing is to keep active.
- In the course of the year our prior general manager resigned. Mr Anthony Davies stepped in out of retirement to aid us. I would like give him special mention here. He did it graciously and solidly. Thank you Anthony!
- Anthony's role was always to be a short-lived one, so we set ourselves the requirement of ensuring a new general manager was appointed before the year was out. We went through an extensive process. Many good applicants applied, and a successful candidate was sourced.
- Through this process we were able to secure Ms. Barbara Breedt into the fold. To say this is a real coup for the GSCID would not be an overstatement. Barbara came to us after being the station commander of Rondebosch SAPS. No doubt, at the station, they were sad to see Colonel Breedt go. But we express our thanks to our SAPS partners here for this. In engaging Barbara we have been able to secure the services of someone who has immense operational

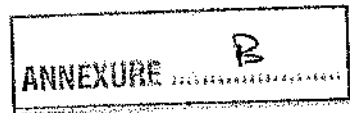
experience in the field, and so can really talk to the core mandate of the GSCID. And now having worked with Barbara for a few short months, I think fair to say the Board can attest to the fact that she runs a tight ship. We are excited for the energy, experience and high level of skill she brings. All the best for the future Barbara.

- I am pleased to report that the camera project is fully underway. We did have some challenges with some of the site installations earlier in the year, but managed to overcome these. As a result we have 3 LPR (License Plate recognition) cameras in place, with 3 more to be installed shortly. In time the plan is to then augment such cameras with PTZ cameras, as we discussed last year. The plan would be to use the surplus reserves to do so, there being sufficient funds for this additional special project. So far these LPR have proven to be a great success, with a noticeable increase on the arrests being made possible.
- The cameras are linked to the main appropriate networks to ensure that alerts go out quickly and can be acted upon. Thank you to Susan Smith of the LPR user group in this regard.
- These cameras are dealt with on a lease to buy basis, ensuring that updates to the cameras can be implemented over time.
- The CID continues to perform its operations focusing on crime and grime. We continue through the efforts of our General Manager to critically assess the deployment of foot patrollers and cleaning projects. Her long time experience is serving us well here.
- The GSCID has always had a strong collaborative partnership with SAPS. This continues and for which we are very grateful. Thank you to SAPS. They do so much for our precinct and are really the unsung heroes of it.
- I would like to give special mention to UCT who presently aids the CID with supply of additional foot-patrollers and vehicles, through our mutual service provider. This assistance is invaluable in allowing us to supplement our presence on the ground and ensuring we better serve our mandated tasks.
- I would like to also express thanks to our service providers, namely Securitas and Straatwerk in particular who tackle the core elements of security and cleaning.
- Special thanks go to all the staff at the GSCID. On the social upliftment side, Ingrid Frieslaar bears special mention. She gives of her time selflessly and tirelessly. Thank you.
- I would also like to thank our collaborative partners in LMRID, who continue to support us in forming a greater precinct coverage plan.
- Thank you to my colleagues on the Board, and in particular to Manu and Shai, who also sit with me on the Executive Committee of the board. The board members give of their time freely and voluntarily. I am so grateful for their efforts.
- More detailed operational comment will come from our General Manager so I shall not cover further detail here.

Concluding remarks

- The GSCID remains a good place to do business. Commercial vacancy rates are low. Properties are being acquired.
- The GSCID is performing its core mandate well, and is fortunate to have strong partners that are able to aid the GSCID in supplementing these services.

- The precinct remains a node with a strong educational flavour. It was felt our enhanced security presence will aid this, hence the special project initiatives.
- Once I would like to express thanks to our partners:
 - o Securitas
 - o Straatwerk
 - o LMRID
 - o Growthpoint
 - o To Lydia of Executive Connection
 - o To Ros of Account IT
 - o UCT in particular
 - o Staff
 - o Board members
- It is through these valued relationships that the strength of the GSCID is possible.
- Finally thank you to all the members of the GSCID for your support and continuing to pay your levies. We shall continue to do our best to serve you.



GROOTE SCHUUR COMMUNITY IMPROVEMENT DISTRICT COMPANY
(Registration number 2010/001964/08)
Annual Financial Statements
for the year ended 30 June 2019

These annual financial statements were prepared by:
Roslyn Kruuse
Accountant

These annual financial statements have been audited in compliance with the applicable requirements of the
Companies Act 71 of 2008.

Issued : 28/08/2019

GRW
PS

Groote Schuur Community Improvement District Company

(Registration number: 2010/001964/08)

Annual Financial Statements for the year ended 30 June 2019

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Improving and uplifting of specific geographical areas identified by local government
Directors	GM Huntingford P Makgoba ER Wope CAJ Davenport G Lamb J Hobday RA September
Registered office	1 Waterford Mews Century Boulevard Century City 7441
Postal address	PO Box 34505 Groote Schuur 7937
Bankers	ABSA Bank
Auditors	Cecil Kilpin & Co Chartered Accountants (SA) Registered Auditors
Company registration number	2010/001964/08
VAT reference number	4010257618
Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.

Groote Schuur Community Improvement District Company

(Registration number: 2010/001964/08)

Annual Financial Statements for the year ended 30 June 2019

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The reports and statements set out below comprise the annual financial statements presented to the shareholder:

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Detailed Income Statement	15 - 16

Level of assurance

These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.

Independent Auditor's Report

To the member of Groote Schuur Community Improvement District Company

Opinion

We have audited the annual financial statements of Groote Schuur Community Improvement District Company (the company) set out on pages 7 to 14, which comprise the statement of financial position as at 30 June 2019, 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 of Groote Schuur Community Improvement District Company as at 30 June 2019, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008.

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 Directors' Report as required by the Companies Act 71 of 2008, which we obtained prior to the date of this report, and the supplementary information as set out on pages 15 to 16. 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 71 of 2008, 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.

Independent Auditor's Report

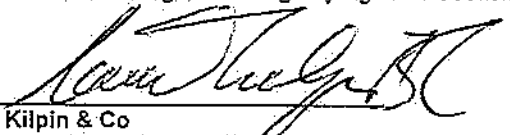
Auditor's responsibilities for the audit of the Annual Financial Statements

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.


Cecil Kilpin & Co
Chartered Accountants (SA)
Registered Auditors
Per Partner: S Schonegevel

Century City
Date:

28/08/2019

Groote Schuur Community Improvement District Company

(Registration number: 2010/001964/08)

Annual Financial Statements for the year ended 30 June 2019

Directors' Responsibilities and Approval

The directors are required by the Companies Act 71 of 2008, 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. The external auditors are 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 judgements 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 sets 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 to 30 June 2020 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.

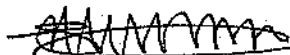
The external auditors are responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on pages 3 to 4.

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 and were signed on its behalf by:

Approval of annual financial statements



Director



Director

Date: 28/08/2019

Groote Schuur Community Improvement District Company

(Registration number: 2010/001964/08)

Annual Financial Statements for the year ended 30 June 2019

Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of Groote Schuur Community Improvement District Company for the year ended 30 June 2019.

1. Nature of business

Groote Schuur Community Improvement District Company is engaged in improving and uplifting of specific geographic areas within the boundaries identified by the directors and approved by property owners in terms of the Special Rating Area By-Law of the City of Cape Town 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.

Net surplus of the company was R492,626.00 (2018: surplus R1,316,428.00)

There have been no material changes to the nature of the company's business from the prior year.

2. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the company are set out in these annual financial statements.

3. Directors

The directors in office at the date of this report are as follows:

Directors
GM Huntingford
P Makgoba
ER Wope
CAJ Davenport
G Lamb
J Hobday
RA September

The directorate expressed its sincere appreciation to the outgoing board for their contributions during their respective periods of office.

4. 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.

5. Auditors

Cecil Kilpin & Co continued in office as auditors for the company for 2019.

6. Secretary

The company secretary is Cecil Kilpin & Co.

Business address

1 Waterford Mews
Century Boulevard
Century City
7441

7. Liquidity and solvency

The directors have performed the required liquidity and solvency tests required by the Companies Act 71 of 2008.

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Groote Schuur Community Improvement District Company

(Registration number: 2010/001964/08)

Annual Financial Statements for the year ended 30 June 2019

Statement of Financial Position as at 30 June 2019

	Note(s)	2019 R	2018 R
Assets			
Non-Current Assets			
Property, plant and equipment	2	157,080	214,797
Current Assets			
Cash and cash equivalents	3	4,648,538	4,090,227
Total Assets		4,805,618	4,305,024
Equity and Liabilities			
Equity			
Retained income		4,747,982	4,255,356
Liabilities			
Current Liabilities			
Trade and other payables	4	57,639	49,669
Total Equity and Liabilities		4,805,621	4,305,025

Groote Schuur Community Improvement District Company

(Registration number: 2010/001964/08)

Annual Financial Statements for the year ended 30 June 2019

Statement of Comprehensive Income

	Note(s)	2019 R	2018 R
Revenue	5	6,402,000	5,725,051
Other income	6	854,925	1,236,948
Operating expenses		(7,059,150)	(5,840,035)
Operating profit		197,775	1,121,964
Investment revenue		296,013	195,749
Finance costs		(1,162)	(1,286)
Profit for the year		492,626	1,316,427
Other comprehensive income		-	-
Total comprehensive income for the year		492,626	1,316,427

Groote Schuur Community Improvement District Company

(Registration number: 2010/001964/08)

Annual Financial Statements for the year ended 30 June 2019

Statement of Changes in Equity

	Retained income R	Total equity R
Balance at 01 July 2017	2,938,929	2,938,929
Profit for the year	1,316,427	1,316,427
Other comprehensive income	-	-
Total comprehensive income for the year	1,316,427	1,316,427
Balance at 01 July 2018	4,255,356	4,255,356
Profit for the year	492,626	492,626
Other comprehensive income	-	-
Total comprehensive income for the year	492,626	492,626
Balance at 30 June 2019	4,747,982	4,747,982

Groote Schuur Community Improvement District Company

(Registration number: 2010/001964/08)

Annual Financial Statements for the year ended 30 June 2019

Statement of Cash Flows

	Note(s)	2019 R	2018 R
Cash flows from operating activities			
Cash generated from operations	8	263,460	1,144,736
Interest income		296,013	195,749
Finance costs		(1,162)	(1,286)
Net cash from operating activities		558,311	1,339,199
Cash flows from investing activities			
Purchase of property, plant and equipment	2	-	(169,008)
Total cash movement for the year		558,311	1,170,191
Cash at the beginning of the year		4,090,227	2,920,036
Total cash at end of the year	3	4,648,538	4,090,227

Groote Schuur Community Improvement District Company

(Registration number: 2010/001964/08)

Annual Financial Statements for the year ended 30 June 2019

Accounting Policies

1. Basis of preparation and summary of significant accounting policies

The annual financial statements have been prepared on a going concern basis in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Companies Act 71 of 2008. 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 Property, plant and equipment

Property, plant and equipment are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one period.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the company, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

Cost includes costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Plant and machinery	Straight line	5 years
Furniture and fixtures	Straight line	6 years
Mobile security kiosks	Straight line	5 years
IT equipment	Straight line	3 years

When indicators are present that the useful lives and residual values of items of property, plant and equipment have changed since the most recent annual reporting date, they are reassessed. Any changes are accounted for prospectively as a change in accounting estimate.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

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Groote Schuur Community Improvement District Company

(Registration number: 2010/001964/08)

Annual Financial Statements for the year ended 30 June 2019

Accounting Policies

1.2 Financial instruments

Financial instruments at amortised cost

These include loans, trade receivables and trade payables. Those debt instruments which meet the criteria in section 11.8(b) of the standard, are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

At each reporting date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

1.3 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. All other leases are operating leases.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term unless:

- another systematic basis is representative of the time pattern of the benefit from the leased asset, even if the payments are not on that basis, or
- the payments are structured to increase in line with expected general inflation (based on published indexes or statistics) to compensate for the lessor's expected inflationary cost increases.

Any contingent rents are expensed in the period they are incurred.

1.4 Impairment of assets

The company assesses at each reporting date whether there is any indication that property, plant and equipment or intangible assets may be impaired.

If there is any such indication, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior years. A reversal of impairment is recognised immediately in profit or loss.

1.5 Revenue

Revenue is recognised to the extent that the company has transferred the significant risks and rewards of ownership of goods to the buyer, or has rendered services under an agreement provided the amount of revenue can be measured reliably and it is probable that economic benefits associated with the transaction will flow to the company. Revenue is measured at the fair value of the consideration received or receivable, excluding sales taxes and discounts.

Interest is recognised, in profit or loss, using the effective interest rate method.

Groote Schuur Community Improvement District Company

(Registration number: 2010/001964/08)

Annual Financial Statements for the year ended 30 June 2019

Notes to the Annual Financial Statements

	2019 R	2018 R
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2. Property, plant and equipment

	2019			2018		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Plant and machinery	1,210	(1,210)	-	1,210	(1,210)	-
Furniture and fixtures	62,015	(44,250)	17,765	62,015	(34,493)	27,522
Mobile Security Kiosks	195,580	(67,121)	128,459	195,580	(28,005)	167,575
IT equipment	35,942	(25,086)	10,856	35,942	(16,242)	19,700
Total	294,747	(137,667)	157,080	294,747	(79,950)	214,797

Reconciliation of property, plant and equipment - 2019

	Opening balance	Depreciation	Closing balance
Furniture and fixtures	27,522	(9,757)	17,765
Mobile Security Kiosks	167,575	(39,116)	128,459
IT equipment	19,700	(8,844)	10,856
	214,797	(57,717)	157,080

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Depreciation	Closing balance
Furniture and fixtures	37,280	-	(9,758)	27,522
Mobile Security Kiosks	21,018	156,173	(9,616)	167,575
IT equipment	14,058	12,835	(7,193)	19,700
	72,356	169,008	(26,567)	214,797

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	1,693	2,348
Bank balances	4,646,845	4,087,879
	4,648,538	4,090,227

4. Trade and other payables

SARS - PAYE/UIF/SDL
VAT

-	11,635
57,639	38,034
57,639	49,669

5. Revenue

Revenue - SRA Rates

6,402,000	5,725,051
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6. Other income

Donations received
Retention funds

214,138	211,124
640,787	1,025,824
854,925	1,236,948

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Groote Schuur Community Improvement District Company

(Registration number: 2010/001964/08)

Annual Financial Statements for the year ended 30 June 2019

Notes to the Annual Financial Statements

	2019 R	2018 R
7. Auditor's remuneration		
Fees	17,225	15,000
8. Cash generated from operations		
Profit before taxation	492,626	1,316,427
Adjustments for:		
Depreciation and amortisation	57,717	26,567
Interest received	(296,013)	(195,749)
Finance costs	1,162	1,286
Changes in working capital:		
Trade and other payables	7,968	(3,795)
	263,460	1,144,736

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Groote Schuur Community Improvement District Company

(Registration number: 2010/001964/08)

Annual Financial Statements for the year ended 30 June 2019

Detailed Income Statement

	Note(s)	2019 R	2018 R
Revenue			
Revenue - SRA Rates		6,402,000	5,725,051
Other income			
Donations received		214,138	211,124
Retention funds		640,787	1,025,824
Interest received		296,013	195,749
		1,150,938	1,432,697
Expenses (Refer to page 16)		(7,059,150)	(5,840,035)
Operating profit		493,788	1,317,713
Finance costs		(1,162)	(1,286)
Profit for the year		492,626	1,316,427

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Groote Schuur Community Improvement District Company

(Registration number: 2010/001964/08)

Annual Financial Statements for the year ended 30 June 2019

Detailed Income Statement

	Note(s)	2019 R	2018 R
Operating expenses			
AGM costs			
Accounting fees		4,459	14,086
Auditors remuneration	7	64,560	60,360
Bank charges		17,225	15,000
Cleansing		9,213	8,388
Computer expenses		1,199,403	1,103,434
Contingencies and sundries		9,204	4,333
Depreciation, amortisation and impairments		3,810	13,435
Employee costs		57,717	26,567
Environmental upgrade		998,827	871,482
Insurance		-	539
Lease rentals on operating lease		60,096	38,610
Marketing		116,945	108,283
Meeting expenses		136,207	137,887
Municipal expenses		4,341	5,549
Office cleaning		57,557	51,712
Printing and stationery		6,281	7,969
Project: Camera		15,009	15,646
Project: Chrysalis Students		44,037	40,526
Project: Contingency Cleaning		23,165	-
Project: Helping Hands		-	35,769
Project: SDF Planning - Special Development		-	16,998
Project: Security Initiative		-	1,500
Project: U Turn SOS project		20,221	22,219
Promotions		35,000	-
Public safety		73,032	64,801
Repairs and maintenance		3,999,397	3,080,182
Secretarial fees		22,790	24,418
Staff welfare		4,250	2,700
Telephone and fax		24,518	18,002
Travel - local		31,511	30,560
		20,375	19,080
		7,059,150	5,840,035