

SEA POINT CITY IMPROVEMENT DISTRICT NPC
(Registration number 1998/017963/08)
Financial statements
for the year ended 30 June 2020

RAFT Auditing Inc.
Chartered Accountants (S.A.)
Registered Auditors
Issued 27 August 2020

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Provides additional security, cleansing, maintenance services, marketing and social development
Directors	J D Weber K V Lewis P J Barnard P R Berman R Da Luz
Registered office	2 Kloof Street Cape Town 8001
Bankers	First National Bank
Auditors	RAFT Auditing Inc. Chartered Accountants (S.A.) Registered Auditors
Tax reference number	9124028037
PBO reference number	930041832

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Directors' Responsibilities and Approval

The directors are required by the Companies Act of South Africa, to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the 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 year 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 financial statements.

The 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 of directors 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 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 2021 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.

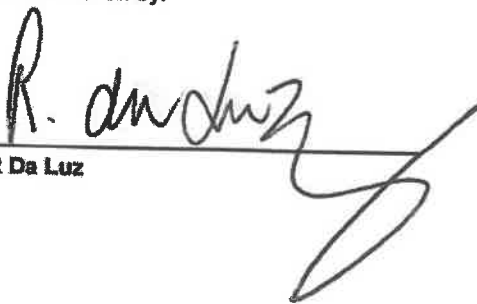
The external auditors are responsible for independently auditing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditors and their report is presented on pages 5 and 6.

The financial statements set out on pages 8 to 20, which have been prepared on the going concern basis, were approved by the board of directors on 27 August 2020 and were signed on its behalf by:

Approval of financial statements



J D Weber



R Da Luz

Directors' Report

The directors have pleasure in submitting their report on the financial statements of the company for the year ended 30 June 2020.

1. Review of financial results and activities

The 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 of South Africa. 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 financial statements.

2. Directors

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

Directors	Nationality
J D Weber	South African
K V Lewis	South African
P J Barnard	South African
P R Berman	South African
R Da Luz	South African

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. Going concern

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

5. Auditors

RAFT Auditing Inc. are the auditors of the company for 2020.

6. Secretary

The company has no secretary for the reporting period.



Independent Auditors' Report

To the directors of **Sea Point City Improvement District NPC**

Opinion

We have audited the financial statements of Sea Point City Improvement District NPC set out on pages 7 to 16, which comprise the statement of financial position as at 30 June 2020, 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 financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Sea Point City Improvement District NPC as at 30 June 2020, 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 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 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 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.

Emphasis of matter

Without qualifying our opinion, we draw attention to the fact that the operations of the entity has been affected by the COVID-19 pandemic. In December 2019, a novel strain of COVID-19 was reported to have surfaced in China. Since then, the virus has spread to more than 100 countries, including South Africa. On the 23 March 2020, President Cyril Ramaphosa announced a new measure to combat the spread of COVID-19 in South Africa - a three-week nationwide lockdown with the severe restrictions on travel and movement, which was later on extended for another two weeks. A gradual reopening of economy followed the initial five week lockdown.

The directors have not determined the long-term effect this will have on the company.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "financial statements for the year ended 30 June 2020", which includes the Directors' Report as required by the Companies Act of South Africa and the Detailed Income Statement, which we obtained prior to the date of this report. The other information does not include the financial statements and our Auditors' report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 auditors' 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.

Independent Auditors' Report

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' 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 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 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 Auditors' report to the related disclosures in the 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 Auditors' 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 financial statements, including the disclosures, and whether the 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.

RAFT Auditing Inc.

RAFT Auditing Inc.
Registered Auditors
Per: Afzal Khan
21 August 2020

Statement of Financial Position as at 30 June 2020

Figures in Rand	Note(s)	2020	2019
Assets			
Non-Current Assets			
Property, plant and equipment	2	240 894	12 255
Current Assets			
Trade and other receivables	3	1 430 346	1 284 078
Cash and cash equivalents	4	2 876 851	2 727 946
		4 307 197	4 012 024
Total Assets		4 548 091	4 024 279
Equity and Liabilities			
Equity			
Retained income		2 736 241	2 682 424
Liabilities			
Current Liabilities			
Trade and other payables	5	1 811 850	1 341 855
Total Equity and Liabilities		4 548 091	4 024 279

Statement of Comprehensive Income

Figures in Rand	Note(s)	2020	2019
Revenue	6	6 087 689	6 072 389
Other income	7	84 319	186 704
Operating expenses		(6 267 656)	(5 667 136)
Operating (loss) surplus		(95 648)	591 957
Investment revenue	8	149 465	100 971
Surplus for the year		53 817	692 928
Other comprehensive income		-	-
Total comprehensive income for the year		53 817	692 928

Statement of Changes in Equity

Figures in Rand	Accumulated surplus	Total equity
Balance at 01 July 2018	1 989 496	1 989 496
Surplus for the year	692 928	692 928
Other comprehensive income	-	-
Total comprehensive income for the year	692 928	692 928
Balance at 01 July 2019	2 682 424	2 682 424
Profit for the year	53 817	53 817
Other comprehensive income	-	-
Total comprehensive income for the year	53 817	53 817
Balance at 30 June 2020	2 736 241	2 736 241

Statement of Cash Flows

Figures in Rand	Note(s)	2020	2019
Cash flows from operating activities			
Cash receipts from customers		692 929	692 929
Cash paid to suppliers and employees		(416 354)	(209 635)
Cash generated from operations	10	276 575	483 294
Interest income		149 465	100 971
Net cash from operating activities		426 040	584 265
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(277 136)	(13 051)
Total cash movement for the year		148 904	571 214
Cash at the beginning of the year		2 727 946	2 156 732
Total cash at end of the year	4	2 876 850	2 727 946

Accounting Policies

1. Basis of preparation and summary of significant accounting policies

The 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 of South Africa. The financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous year.

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 year.

Property, plant and equipment is initially measured at cost less accumulated depreciation and accumulated impairment losses.

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 is provided using the straight-line method to write down the cost, less estimated residual value over the useful life of items of property, plant and equipment as follows:

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	6 years
Motor vehicles	Straight line	5 years
Office equipment	Straight line	5 years
IT equipment	Straight line	3 years
Computer software	Straight line	3 years
LPR Cameras	Straight line	3 years

Where major components of an item of property, plant and equipment have significantly different patterns of consumption of economic benefits, the cost of the asset is allocated to the components and they are depreciated separately over each component's useful life.

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.

The residual value, depreciation method and useful life of each asset are reviewed only where there is an indication that there has been a significant change from the estimate.

Gains and losses on disposals are recognised in profit and loss.

1.2 Financial instruments

Initial measurement

Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Accounting Policies

1.2 Financial instruments (continued)

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.

Financial instruments at cost

Commitments to receive a loan are measured at cost less impairment.

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably without undue cost or effort are measured at cost less impairment.

Financial instruments at fair value

All other financial instruments, including equity instruments that are publicly traded or whose fair value can otherwise be measured reliably, without undue cost or effort, are measured at fair value through profit and loss.

If a reliable measure of fair value is no longer available without undue cost or effort, then the fair value at the last date that such a reliable measure was available is treated as the cost of the instrument. The instrument is then measured at cost less impairment until management are able to measure fair value without undue cost or effort.

1.3 Tax

Current tax assets and liabilities

Current tax for current and prior years is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior years exceeds the amount due for those years, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior years are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

The tax liability reflects the effect of the possible outcomes of a review by the tax authorities.

Tax expenses

Tax expense is recognised in the same component of total comprehensive income or equity as the transaction or other event that resulted in the tax expense.

1.4 Impairment of assets

The company assesses at each reporting date whether there is any indication that property, plant and equipment 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.

Accounting Policies

1.5 Provisions and contingencies

Provisions are recognised when the company has an obligation at the reporting date as a result of a past event; it is probable that the company will be required to transfer economic benefits in settlement; and the amount of the obligation can be estimated reliably.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

Provisions are not recognised for future operating losses.

1.6 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.

1.7 Borrowing costs

Borrowing costs are recognised as an expense in the year in which they are incurred.

Notes to the Financial Statements

Figures in Rand

2020

2019

2. Property, plant and equipment

	2020			2019		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	27 230	(21 648)	5 582	21 229	(21 229)	-
Motor vehicles	15 000	(15 000)	-	15 000	(15 000)	-
Office equipment	29 072	(18 427)	10 645	24 957	(16 673)	8 284
IT equipment	77 277	(63 523)	13 754	64 260	(60 289)	3 971
Computer software	7 149	(7 149)	-	7 149	(7 149)	-
LPR Cameras	254 003	(43 090)	210 913	-	-	-
Total	409 731	(168 837)	240 894	132 595	(120 340)	12 255

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Depreciation	Closing balance
Furniture and fixtures	-	6 001	(419)	5 582
Office equipment	8 284	4 115	(1 754)	10 645
IT equipment	3 971	13 017	(3 234)	13 754
LPR Cameras	-	254 003	(43 090)	210 913
	12 255	277 136	(48 497)	240 894

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Depreciation	Closing balance
Furniture and fixtures	3 259	-	(3 259)	-
Office equipment	512	8 600	(828)	8 284
IT equipment	1	4 451	(481)	3 971
	3 772	13 051	(4 568)	12 255

3. Trade and other receivables

Trade receivables	1 378 915	1 281 759
Prepayments	6 380	2 319
VAT	45 051	-
	1 430 346	1 284 078

The Company receives revenue from the City of Cape Town ("the City"), which the City collects from ratepayers.

4. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	7 000	7 000
Bank balances	2 869 850	2 720 946
	2 876 850	2 727 946

Notes to the Financial Statements

Figures in Rand

	2020	2019
5. Trade and other payables		
Trade payables		
Amounts received in advance	73 480	7 217
VAT	12 536	25 921
Provision for LPR funds	-	33 962
Provision for Doubtful debt	111 000	-
Provision for Salary and Bonus pay	1 485 506	1 180 170
Provision for Leave pay	75 817	50 182
	53 511	44 403
	1 811 850	1 341 855
6. Revenue		
Revenue - services rendered		
Parking	5 885 005	5 474 423
Retentions released by City	-	261 053
	202 684	336 913
	6 087 689	6 072 389
7. Other income		
Donations income*		
Rental income	71 797	174 182
	12 522	12 522
	84 319	186 704
* Donation income relates to donations received to install the LPR cameras in Sea Point.		
8. Investment revenue		
Interest revenue		
Bank	149 465	100 971
9. Taxation		
The company is exempt from income tax under section 10(1)(e)(i)(cc) effective 01 July 2016.		
10. Cash generated from operations		
Profit before taxation	53 817	692 928
Adjustments for:		
Depreciation and amortisation	48 496	4 568
Investment revenue	(149 465)	(100 971)
Changes in working capital:		
Trade and other receivables	(146 268)	42 724
Trade and other payables	469 995	(155 955)
	276 575	483 294

Notes to the Financial Statements

Figures in Rand	2020	2019
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11. Related parties

Identity of related parties

The company's income is received in the form of revenue - services rendered paid to the organisation by the City of Cape Town.

Material related party transactions

Amounts received from the City of Cape Town

Revenue - services rendered from City	5 885 005	5 474 423
Retentions released by City	202 684	336 913
	<u>6 087 689</u>	<u>5 811 336</u>

Detailed Income Statement

Figures in Rand	Note(s)	2020	2019
Revenue			
Rendering of services		5 885 005	5 474 423
Parking		-	261 053
Retentions released by City		202 684	336 913
	6	6 087 689	6 072 389
Other income			
Donations		71 797	174 182
Interest received	8	149 465	100 971
Rental income		12 522	12 522
		233 784	287 675
Operating expenses			
Accounting fees		(54 751)	(57 116)
Auditors' remuneration		(34 750)	(32 750)
Bank charges		(12 338)	(11 116)
Cleaning		(384 905)	(350 332)
Computer expenses		(5 769)	(3 142)
Covid-19 expenses		(48 988)	-
Depreciation, amortisation and impairments		(48 496)	(4 568)
Donations		-	(8 000)
Employee costs		(1 291 731)	(1 141 948)
Insurance		(15 243)	(2 569)
Marketing and advertising		(78 251)	(43 489)
Meeting expenses		(23 061)	(21 349)
Municipal expenses		(53 557)	(71 490)
Printing and stationery		(18 008)	(15 084)
Repairs and maintenance		(7 934)	(4 292)
Security		(4 136 945)	(3 845 781)
Social upliftment		(22 210)	-
Staff welfare		(23 884)	(18 635)
Telephone and fax		(6 835)	(35 475)
		(6 267 656)	(5 667 136)
Surplus for the year		53 817	692 928