

**SOMERSET WEST CITY IMPROVEMENT DISTRICT NPC
(REGISTRATION NUMBER 2015/250540/08)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

BGR Pyper Turner Incorporated
Registered Auditors
Issued 27 August 2018

Somerset West City Improvement District NPC

(Registration number: 2015/250540/08)

Financial Statements for the year ended 30 June 2018

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	General upliftment of Somerset West City centre
Directors	M Stander H J J Wiid Y van der Spuy G M J Nel
Registered office	Nadmic Centre 135 Main Road Somerset West 7130
Auditors	BGR Pyper Turner Incorporated Registered Auditors
Company registration number	2015/250540/08
Tax reference number	9200847193
Level of assurance	These financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.
Preparer	The financial statements were independently compiled by: J L Coetzee Chartered Accountant (SA)

Somerset West City Improvement District NPC

(Registration number: 2015/250540/08)

Financial Statements for the year ended 30 June 2018

Index

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

	Page
Directors' Responsibilities and Approval	3
Directors' Report	4
Independent Auditor's Report	5 - 6
Statement of Financial Position	7
Statement of Comprehensive Income	8
Statement of Changes in Equity	9
Statement of Cash Flows	10
Accounting Policies	11
Notes to the Financial Statements	12 - 13

Somerset West City Improvement District NPC

(Registration number: 2015/250540/08)

Financial Statements for the year ended 30 June 2018

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 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 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 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 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 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 to 6.

The financial statements set out on pages 7 to 13, which have been prepared on the going concern basis, were approved by the directors and signed on their behalf by:



Director

27 August 2018



Director

Somerset West City Improvement District NPC

(Registration number: 2015/250540/08)

Financial Statements for the year ended 30 June 2018

Directors' Report

The directors submit their report on the financial statements of Somerset West City Improvement District NPC for the year ended 30 June 2018.

1. Nature of business

Somerset West City Improvement District NPC was incorporated in South Africa with interests in the services industry. The company operates in South Africa.

2. 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 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 financial statements.

3. Directors

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

Director	Nationality	Changes
M Stander	South African	
H J J Wiid	South African	
Y van der Spuy	South African	Appointed 03 August 2017
G M J Nel	South African	Appointed 03 September 2017
A H C Erasmus	South African	Resigned 03 August 2017

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. 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.

Independent Auditor's Report

To the members of Somerset West City Improvement District NPC

Opinion

We have audited the financial statements of Somerset West City Improvement District NPC set out on pages 7 to 13, which comprise the statement of financial position as at 30 June 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the 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 Somerset West City Improvement District NPC as at 30 June 2018, 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 financial statements section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other 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. Other information does not include the financial statements and our auditor's 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, 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 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 71 of 2008, 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.

Auditor's 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 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 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 auditor's 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 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 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.

BGR Pyper Turner Incorporated
Registered Auditors
Director: E J Turner C.A. (SA) / R.A.
27 August 2018

Somerset West City Improvement District NPC

(Registration number: 2015/250540/08)

Financial Statements for the year ended 30 June 2018

Statement of Financial Position as at 30 June 2018

Figures in Rand	Notes	2018	2017
Assets			
Non-Current Assets			
Property, plant and equipment	2	98 798	10
Current Assets			
Trade and other receivables	3	40 257	146 697
Cash and cash equivalents	4	946 824	645 438
		987 081	792 135
Total Assets		1 085 879	792 145
Equity and Liabilities			
Equity			
Retained surplus		1 084 747	791 447
Liabilities			
Current Liabilities			
Trade and other payables	5	1 132	698
Total Equity and Liabilities		1 085 879	792 145

Somerset West City Improvement District NPC

(Registration number: 2015/250540/08)

Financial Statements for the year ended 30 June 2018

Statement of Comprehensive Income

Figures in Rand	Notes	2018	2017
Revenue	6	2 541 030	2 361 576
Other income			
Retention refund - City of Cape Town		91 263	35 858
Operating expenses			
Accounting fees		6 000	6 000
Administration fees		-	1 150
Advertising		5 740	9 320
Auditors remuneration	9	11 750	9 850
Bank charges		2 185	2 484
CIPC Fees		450	450
Cleaning		262 440	243 000
Computer expenses		6 660	6 743
Depreciation		22 177	8 652
Entertainment		-	252
Insurance		2 907	-
Lease rentals on operating lease		58 058	30 800
Management services		375 000	369 960
Motor vehicle expenses		21 000	19 440
Municipal expenses		6 657	3 710
Repairs and maintenance		-	3 377
Security		1 514 060	1 358 648
Social responsibility		11 050	-
Subscriptions		-	2 475
Telephone and fax		17 400	16 200
Urban maintenance		15 459	-
		2 338 993	2 092 511
Surplus for the year		293 300	304 923

Somerset West City Improvement District NPC

(Registration number: 2015/250540/08)

Financial Statements for the year ended 30 June 2018

Statement of Changes in Equity

Figures in Rand	Retained surplus	Total equity
Balance at 01 July 2016	486 524	486 524
Suplus for the year	304 923	304 923
Balance at 01 July 2017	791 447	791 447
Surplus for the year	293 300	293 300
Balance at 30 June 2018	1 084 747	1 084 747

Somerset West City Improvement District NPC

(Registration number: 2015/250540/08)

Financial Statements for the year ended 30 June 2018

Statement of Cash Flows

Figures in Rand	Notes	2018	2017
Cash flows from operating activities			
Cash generated from operations	8	<u>422 351</u>	<u>221 681</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	2	<u>(120 965)</u>	<u>(8 662)</u>
Total cash movement for the year		301 386	213 019
Cash at the beginning of the year		<u>645 438</u>	<u>432 419</u>
Total cash at end of the year	4	<u>946 824</u>	<u>645 438</u>

Somerset West City Improvement District NPC

(Registration number: 2015/250540/08)

Financial Statements for the year ended 30 June 2018

Accounting Policies

1. Presentation of financial statements

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 71 of 2008. 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.

1.1 Property, plant and equipment

Property, plant and equipment is carried 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.

Property, plant and equipment with a cost of R7,000.00 or less per item, is depreciated in full during the year of acquisition.

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

Item	Average useful life
Office equipment	6 years
Other fixed assets	5 years

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.

Financial instruments at cost

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably are measured at cost less impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

1.3 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.

Somerset West City Improvement District NPC

(Registration number: 2015/250540/08)

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

Figures in Rand

2018

2017

2. Property, plant and equipment

	2018			2017		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Office equipment	8 662	(8 652)	10	8 662	(8 652)	10
Other assets	120 965	(22 177)	98 788	-	-	-
Total	129 627	(30 829)	98 798	8 662	(8 652)	10

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Depreciation	Closing balance
Office equipment	10	-	-	10
Other assets	-	120 965	(22 177)	98 788
	10	120 965	(22 177)	98 798

Reconciliation of property, plant and equipment - 2017

	Opening balance	Additions	Depreciation	Closing balance
Office equipment	-	8 662	(8 652)	10

3. Trade and other receivables

Prepayments	6 138	5 546
Deposit	4 840	4 400
VAT	29 279	40 221
Deposit - CCTV cameras	-	96 530
	40 257	146 697

4. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	946 824	645 438
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5. Trade and other payables

Trade payables	1 132	698
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Somerset West City Improvement District NPC

(Registration number: 2015/250540/08)

Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

Figures in Rand	2018	2017
6. Revenue		
Levies received - City of Cape Town	<u>2 541 030</u>	<u>2 361 576</u>
<p>In accordance with the Finance Agreement, the City pays over 97% of the annual budget to the CID in 1/12th instalments and retains 3% as a provision for bad debts.</p> <p>Accordingly, the City paid over R2,541,030 and retained R78,589 for the 2017/18 financial year. Retention of R91,263 was refunded to the Somerset West Business Improvement District in 2017/18.</p>		
7. Taxation		
<p>The company is in the process of applying for registration as a Public Benefit Organisation at the Tax Exempt Unit, therefore no provision for income tax was made.</p>		
8. Cash generated from operations		
Surplus before taxation	293 300	304 923
Adjustments for:		
Depreciation	22 177	8 652
Changes in working capital:		
Trade and other receivables	106 440	(92 093)
Trade and other payables	434	199
	<u>422 351</u>	<u>221 681</u>
9. Auditors remuneration		
Audit services	7 000	6 500
Tax- and secretarial services	4 750	3 350
	<u>11 750</u>	<u>9 850</u>
10. Directors' remuneration		
<p>No emoluments were paid to the directors or any individuals holding a prescribed office during the year.</p>		