LITTLE MOWBRAY AND ROSEBANK IMPROVEMENT DISTRICT NPC

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2017

REGISTRATION NUMBER
2016/311084/08

DIRECTORS
S C Birch
M A Gammon
J N Jefferies
L A M Kennedy
P M Taylor
R Wolpe

NATURE OF BUSINESS
Providing Services to the Special Rating Area of Little Mowbray and Rosebank

REGISTERED ADDRESS
15 Lancaster Road
Little Mowbray
7700

AUDITORS
Harry Curtis & Co.

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LITTLE MOWBRAY AND ROSEBANK IMPROVEMENT DISTRICT NPC
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

DIRECTORS RESPONSIBILITIES AND APPROVAL

The directors are required in terms of the Companies Act, No 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 their 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 International Financial Reporting Standards for Small and Medium-Sized Entities. The external auditors are engaged to express an independent opinion on the financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards for Small and Medium-Sized Entities and in the manner required by the Companies Act 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 set 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

The directors 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 reviewing 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 and 4.

The financial statements set out on pages 6 to 10, which have been prepared on the going concern basis, were approved by the directors and signed accordingly.

24 August 2017

DIRECTOR

DIRECTOR
INDEPENDENT AUDITORS REPORT

To the Members of

LITTLE MOWBRAY AND ROSEBANK IMPROVEMENT DISTRICT NPC

Opinion

We have audited the financial statements of Little Mowbray and Rosebank Improvement District NPC set out on pages 6 to 10, which comprise the statement of financial position as at 30 June 2017, the statement of income and retained earnings, the statement of cash flows for the period 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 Little Mowbray and Rosebank Improvement District NPC as at 30 June 2017, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards 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 (ISAs). 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 the 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. 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 of South Africa. The 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 Standards 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 are 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 ISAs 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.

As part of an audit in accordance with ISAs, 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
LITTLE MOWBRAY AND ROSEBANK IMPROVEMENT DISTRICT NPC
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

REPORT OF THE DIRECTORS

The directors hereby present their report on the annual financial statements for the year ended 30 June 2017.

REGISTRATION AND COMMENCEMENT OF OPERATION

The company was registered on 18 July 2016 and commenced operations in September 2016.

NATURE OF BUSINESS

The Little Mowbray and Rosebank Improvement District NPC is a non-profit company set up in terms of the municipal by-laws of the City of Cape Town (CoCT) which acts as the management body in respect of the Special Rating Area (SRA) determined by the CoCT in terms of section 22 of the Property Rates Act in respect of a defined geographical area. The source of revenue of the company is additional property rates billed by the CoCT to the registered property owners of Little Mowbray and Rosebank which funds are utilised to enhance and supplement services provided by the CoCT. These services include facilitating investment in the SRA, facilitating a co-operative approach between the City and the private sector in the provision of municipal services, halting the degeneration and facilitating the upliftment of distressed areas in the SRA and promoting economic growth and sustainable development in the SRA.

FINANCIAL RESULTS

The financial position and operating results of the company for the year ended 30 June 2017 are adequately reflected in the accompanying annual financial statements.

EVENTS SUBSEQUENT TO THE YEAR

No material fact or circumstance has occurred between the accounting date and the date of this report which affect the financial position of the company as reflected in these financial statements.

DIRECTORS

The names of the directors since registration of the company on 18 September 2016 are reflected on page 1.

REGISTERED AND POSTAL ADDRESSES

Registered
15 Lancaster Road
Little Mowbray
7700

Postal
P O Box 22
Rondebosch
7701

AUDITORS

Harry Curtis & Co were appointed as auditors of the company for the 2017 financial year.

DIRECTOR
24 August 2017
## LITTLE MOWBRAY AND ROSEBANK IMPROVEMENT DISTRICT NPC
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

### STATEMENT OF FINANCIAL POSITION

<table>
<thead>
<tr>
<th></th>
<th>Notes</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>NON CURRENT ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CURRENT ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and Cash Equivalents</td>
<td>1</td>
<td>559,929</td>
</tr>
<tr>
<td>Trade and Other Receivables</td>
<td>2</td>
<td>700</td>
</tr>
<tr>
<td><strong>TOTAL CURRENT ASSETS</strong></td>
<td></td>
<td>560,629</td>
</tr>
</tbody>
</table>

| **RESERVES AND LIABILITIES** |       |        |
| **RESERVES** |       |        |
| Retained Income | | 525,451 |
| **NON CURRENT LIABILITIES** |       |        |
| **CURRENT LIABILITIES** |       |        |
| Provisions | | -      |
| Trade and Other Payables  | 3 | 35,178 |
| **TOTAL CURRENT LIABILITIES** |       | 560,829|
## Little Mowbray and Rosebank Improvement District NPC
### Annual Financial Statements for the Year Ended 30 June 2017

### Statement of Income and Retained Earnings

#### 2017

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>INCOME</strong></td>
<td></td>
</tr>
<tr>
<td>Interest Received</td>
<td>15,818</td>
</tr>
<tr>
<td>Levies Received</td>
<td>1,715,472</td>
</tr>
<tr>
<td>Total Income</td>
<td>1,731,290</td>
</tr>
<tr>
<td><strong>EXPENDITURE</strong></td>
<td></td>
</tr>
<tr>
<td>Accounting Fees</td>
<td>16,920</td>
</tr>
<tr>
<td>Advertising and Promotions</td>
<td>1,579</td>
</tr>
<tr>
<td>Administration and Management Fees</td>
<td>14,250</td>
</tr>
<tr>
<td>Auditors Remuneration</td>
<td>7,000</td>
</tr>
<tr>
<td>Bank Charges</td>
<td>1,732</td>
</tr>
<tr>
<td>Cleaning Services</td>
<td></td>
</tr>
<tr>
<td>Environmental Upgrade</td>
<td>120,370</td>
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<tr>
<td>Legal and Professional Fees</td>
<td>11,486</td>
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<tr>
<td>Meetings</td>
<td>3,750</td>
</tr>
<tr>
<td>Printing and Stationery</td>
<td>4,956</td>
</tr>
<tr>
<td>Security Services</td>
<td>1,682</td>
</tr>
<tr>
<td>Set-Up Costs</td>
<td>906,466</td>
</tr>
<tr>
<td>Social Upliftment</td>
<td>25,008</td>
</tr>
<tr>
<td>Telephone and Communications</td>
<td>86,832</td>
</tr>
<tr>
<td>Total Expenditure</td>
<td>1,205,839</td>
</tr>
<tr>
<td><strong>NET INCOME FOR THE YEAR</strong></td>
<td>525,451</td>
</tr>
<tr>
<td><strong>Retained Income at the Begin of Year</strong></td>
<td>-</td>
</tr>
<tr>
<td><strong>Retained Income at End of Year</strong></td>
<td>525,451</td>
</tr>
</tbody>
</table>
LITTLE MOWBRAY AND ROSEBANK IMPROVEMENT DISTRICT NPC  
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

STATEMENT OF CASH FLOWS

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R</td>
</tr>
<tr>
<td>CASH FLOWS FROM OPERATING ACTIVITIES</td>
<td></td>
</tr>
<tr>
<td>Net Income for the Year</td>
<td>525,451</td>
</tr>
<tr>
<td>Adjustments : Interest Received</td>
<td>(15,818)</td>
</tr>
<tr>
<td>Working Capital Changes</td>
<td>34,478</td>
</tr>
<tr>
<td>Trade and Other Receivables</td>
<td>(700)</td>
</tr>
<tr>
<td>Trade and Other Payables</td>
<td>35,178</td>
</tr>
<tr>
<td>Cash Generated from Operating Activities</td>
<td>544,109</td>
</tr>
<tr>
<td>Interest Received</td>
<td>15,818</td>
</tr>
<tr>
<td></td>
<td>559,927</td>
</tr>
</tbody>
</table>

CASH FLOWS FROM INVESTING ACTIVITIES

- 

CASH FLOWS FROM FINANCING ACTIVITIES

- 

CHANGE IN CASH AND CASH EQUIVALENTS

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R</td>
</tr>
<tr>
<td>CASH AND CASH EQUIVALENTS AT BEGIN OF YEAR</td>
<td>-</td>
</tr>
<tr>
<td>CASH AND CASH EQUIVALENTS AT END OF YEAR</td>
<td>559,927</td>
</tr>
</tbody>
</table>
ACCOUNTING POLICIES

Presentation of Financial Statements

The annual financial statements have been prepared in accordance with International Financial Reporting Standards for Small and Medium-Sized Entities and in the manner required by the Companies Act, No 71 of 2008. The financial statements are prepared on the historical cost basis and incorporate the principal accounting policies set out below.

Recognition of Assets and Liabilities

Assets are recognised if they meet the definition of an asset, it is probable that future economic benefits associated with the asset will flow to the company and the cost or fair value can be measured reliably.

Liabilities are only recognised if they meet the definition of a liability, it is probable that future economic benefits associated with the liability will flow from the company and the cost of fair value can be measured reliably.

Financial Instruments

The company classifies its financial instruments into the following categories: receivables, cash and cash equivalents and payables.

Trade and Other Receivables

Trade and other receivables are stated at cost less an allowance for doubtful debts. The allowance raised is the amount needed to reduce the carrying value to the expected future cash flows.

Cash and Cash Equivalents

Cash comprises cash on hand and deposits at call with banks. Cash equivalents comprise highly liquid investments that are convertible to cash with insignificant risk of changes in value. Cash and cash equivalents are measured at fair value.

Trade and Other Payables

Trade and other payables are measured at fair value.

Revenue Recognition

Revenue comprises special rates levies recognised on issue of monthly invoices by the City of Cape Town to property owners in the special rating area of Little Mowbray and Rosebank in accordance with the Financial Agreement, the City pays over 97% of the annual budget to the company in twelve monthly instalments and retains 3% as a provision for bad debts.

Taxation

The company has applied for approval as a public benefit organisation (PBO) by the Commissioner of the South African Revenue Service. In terms of Section 30(3) of the Income Tax Act, the income of any PBO is exempt from income tax to the extent that it has not arisen from any integral, occasional or approved business or trading activity. In terms of Section 10(1)(cN) regarding any taxable business or trading income of a PBO, the greater of 5% of the trading income, or R200,000, is tax free. The taxable portion of a PBO's trading income is taxed at 28%. No provision has been made for taxation as the company's will apply to have the tax exemption backdated to the date of the company registration.
LITTLE MOWBRAY AND ROSEBANK IMPROVEMENT DISTRICT NPC

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

1. CASH AND CASH EQUIVALENTS

    7 Day Notice Account                              559,681
    Current Account                                    248
    Total                                              559,929

2. TRADE AND OTHER RECEIVABLES

    Deposit - Telkom                                  700

3. TRADE AND OTHER PAYABLES

    Harry Curtis & Co                                 7,000
    Loan - Kenross Agencies CC                        10,000
    Straatwerk                                         13,192
    South African Revenue Service - VAT                4,986
    Total                                              35,178

4. TAXATION

   The company has applied for approval as a public benefit organisation (PBO) by the Commissioner of the South African Revenue Service. In terms of Section 30(3) of the Income Tax Act, the income of any PBO is exempt from income tax to the extent that it has not arisen from any integral, occasional or approved business or trading activity. In terms of Section 10(1)(cN) regarding any taxable business or trading income of a PBO, the greater of 5% of the trading income, or R200,000, is tax free. The taxable portion of a PBO's trading income is taxed at 28%. No provision has been made for taxation as the company will apply to have the tax exemption backdated to the date of the registration of the company.

5. CONTINGENT LIABILITY

   Should the South Africa Revenue Service not backdate the registration of the company as a Public Benefit Organisation, the company will be liable for taxation in the amount of R147,126.

6. COMPARATIVE FIGURES

   As this is the company's first year in operation, having commenced operations in September 2016, there are no comparative figures.