

Florida Road Urban Improvement Project NPC
(Registration number 2013/059252/08)
Annual Financial Statements
for the year ended 30 June 2019

Florida Road Urban Improvement Project NPC

(Registration number: 2013/059252/08)

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	Management and Administration of the Florida Road Precinct
Directors	WR Stainforth AL Sudheim PT Brown RH Rodger LR Dinsdale KD Petersen TRY Woods
Registered office	44 Lagoon Drive Umhlanga Rocks Durban
Business address	44 Lagoon Drive Umhlanga Rocks Durban Kwazulu Natal 4319
Auditors	Baker Tilly Morrison Murray Registered Auditors Chartered Accountants (SA) 20 Westville Road Westville 3630
Company registration number	2013/059252/08
Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa.
Preparer	The annual financial statements were independently compiled by: SK Stocker Chartered Accountant (S.A.)
Issued	05 February 2020

Florida Road Urban Improvement Project NPC

(Registration number: 2013/059252/08)

Annual Financial Statements for the year ended 30 June 2019

Index

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

	Page
Directors' Responsibilities and Approval	3
Independent Auditor's Report	4 - 6
Directors' Report	7
Statement of Financial Position	8
Statement of Comprehensive Income	9
Statement of Changes in Equity	10
Statement of Cash Flows	11
Accounting Policies	12 - 14
Notes to the Annual Financial Statements	15 - 16
The following supplementary information does not form part of the annual financial statements and is unaudited:	
Detailed Income Statement	17

Florida Road Urban Improvement Project NPC

(Registration number: 2013/059252/08)

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 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 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 page 4 - 6.

The annual financial statements set out on pages 8 to 17, which have been prepared on the going concern basis, were approved by the directors on 05 February 2020 and were signed on its behalf by:

Approval of annual financial statements

Director

Director

Independent Auditor's Report

To the members of Florida Road Urban Improvement Project NPC

Opinion

We have audited the financial statements of Florida Road Urban Improvement Project NPC set out on pages 8 to 16, 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 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 Florida Road Urban Improvement Project NPC 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 Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of annual 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 Detailed Income Statement as set out on page 17 and the Directors' Report as required by the Companies Act of South Africa, 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 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.

Independent Auditor's Report

Responsibilities of the directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the annual financial statements in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa, and for such internal control as the 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.

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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent Auditor's Report

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.

Report on other legal and regulatory requirements

The company has failed to comply with section 30 of the Companies Act 71 of 2008, which requires a company to prepare annual financial statements within six months after the end of its financial year. Our opinion is not modified in respect of this matter.

Baker Tilly Morrison Murray
Registered Auditors
Chartered Accountants (S.A)

Per: M Sharpley
Partner

05 February 2020

20 Westville Road
Westville
3630

Florida Road Urban Improvement Project NPC

(Registration number: 2013/059252/08)

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 Florida Road Urban Improvement Project NPC for the year ended 30 June 2019.

1. Nature of business

Florida Road Urban Improvement Project NPC is a Non Profit Company and was incorporated in South Africa on 10 April 2013. The aim and objectives of the Company relate to the physical area within the defined boundaries of the precinct.

The services of the company are procurement of supplementary services including security, landscaping, maintenance and other such services which improve the quality of public areas.

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 of South Africa. The accounting policies have been applied consistently compared to the prior year.

3. Directors

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

Directors	Changes
WR Stainforth	
MA Holland	Resigned 11 August 2018
AL Sudheim	
PT Brown	
RH Rodger	
LR Dinsdale	
KD Petersen	
J Arbuthnot	Resigned 23 October 2018
TRY Woods	Appointed 23 October 2018

4. Events after the reporting period

The company has been registered for Value-Added Tax with effect from 05 July 2019. The directors are not aware of any other material matter or circumstance arising since the end of the financial year, not otherwise dealt with in this report or the financial statements, which significantly affect the financial position of the company or the results of its operations 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 annual 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.

6. Auditors

Baker Tilly Morrison Murray continued in office as auditors for the company for 2019.

Florida Road Urban Improvement Project NPC

(Registration number: 2013/059252/08)

Annual Financial Statements for the year ended 30 June 2019

Statement of Financial Position as at 30 June 2019

Figures in Rand	Note(s)	2019	2018
Assets			
Non-Current Assets			
Property, plant and equipment	2	10 360	14 321
Current Assets			
Trade and other receivables	3	559 102	250 062
Cash and cash equivalents	4	258 418	74 437
		817 520	324 499
Total Assets		827 880	338 820
Equity and Liabilities			
Equity			
Retained income	5	668 929	320 638
Liabilities			
Current Liabilities			
Trade and other payables	6	158 951	18 182
Total Equity and Liabilities		827 880	338 820

Florida Road Urban Improvement Project NPC

(Registration number: 2013/059252/08)

Annual Financial Statements for the year ended 30 June 2019

Statement of Comprehensive Income

Figures in Rand	Note(s)	2019	2018
Revenue	7	3 783 087	2 882 885
Operating expenses		(3 446 016)	(3 037 092)
Operating surplus (deficit)	8	337 071	(154 207)
Investment revenue	9	11 220	21 295
Surplus (deficit) for the year		348 291	(132 912)

Florida Road Urban Improvement Project NPC

(Registration number: 2013/059252/08)

Annual Financial Statements for the year ended 30 June 2019

Statement of Changes in Equity

Figures in Rand	Retained income	Total equity
Balance at 01 July 2017	453 550	453 550
Deficit for the year	(132 912)	(132 912)
Balance at 01 July 2018	320 638	320 638
Surplus for the year	348 291	348 291
Balance at 30 June 2019	668 929	668 929

Florida Road Urban Improvement Project NPC

(Registration number: 2013/059252/08)

Annual Financial Statements for the year ended 30 June 2019

Statement of Cash Flows

Figures in Rand	Note(s)	2019	2018
Cash flows from operating activities			
Cash generated from (used in) operations	12	172 761	(213 599)
Interest income		11 220	21 295
Net cash from operating activities		183 981	(192 304)
Cash flows from investing activities			
Purchase of property, plant and equipment	2	-	(16 800)
Total cash movement for the year		183 981	(209 104)
Cash at the beginning of the year		74 437	283 541
Total cash at end of the year	4	258 418	74 437

Florida Road Urban Improvement Project NPC

(Registration number: 2013/059252/08)

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 of South Africa. 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 Significant judgements and sources of estimation uncertainty

Critical judgements in applying accounting policies

Management did not make critical judgements in the application of accounting policies, apart from those involving estimations, which would significantly affect the annual financial statements.

Key sources of estimation uncertainty

Useful lives of property, plant and equipment

The company reviews the estimated useful lives of property, plant and equipment when changing circumstances indicate that they may have changed since the most recent reporting date. During the current year, the directors determined that the useful lives of certain items of surveillance equipment should be shortened, due to developments in technology.

The financial effect of this reassessment, assuming the assets are held until the end of their estimated useful lives, is to increase the depreciation expense in the current financial year and for the next 3 years, by the following amounts:

Impairment testing

The company reviews and tests the carrying value of property, plant and equipment and intangible assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

1.2 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.

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.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the period in which they are incurred.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

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:

Florida Road Urban Improvement Project NPC

(Registration number: 2013/059252/08)

Annual Financial Statements for the year ended 30 June 2019

Accounting Policies

1.2 Property, plant and equipment (continued)

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	5 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.

1.3 Financial instruments

Initial measurement

Financial instruments are initially measured at the transaction price. This includes transaction costs, except for financial assets and liabilities that are measured at fair value through profit or loss.

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.

1.4 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.

1.5 Government grants

Grants that do not impose specified future performance conditions are recognised in income when the grant proceeds are receivable.

Grants that impose specified future performance conditions are recognised in income only when the performance conditions are met.

Grants received before the revenue recognition criteria are satisfied are recognised as a liability.

Florida Road Urban Improvement Project NPC

(Registration number: 2013/059252/08)

Annual Financial Statements for the year ended 30 June 2019

Accounting Policies

1.5 Government grants (continued)

Grants are measured at the fair value of the asset received or receivable.

1.6 Revenue

Revenue comprises grant income received from Ethekeeni Municipality in terms of the Florida Road Special Rating Area (SRA). Voluntary contributions comprise amounts received from property owners of Florida Road, and these contributions are recorded when received.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for services provided in the normal course of business.

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

Florida Road Urban Improvement Project NPC

(Registration number: 2013/059252/08)

Annual Financial Statements for the year ended 30 June 2019

Notes to the Annual Financial Statements

Figures in Rand

2019

2018

2. Property, plant and equipment

	2019			2018		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Furniture and fixtures	20 080	(9 720)	10 360	20 080	(5 759)	14 321

Reconciliation of property, plant and equipment - 2019

	Opening balance	Depreciation	Closing balance
Furniture and fixtures	14 321	(3 961)	10 360

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Depreciation	Closing balance
Furniture and fixtures	1 257	16 800	(3 736)	14 321

3. Trade and other receivables

Trade receivables	559 102	245 022
Prepayments	-	540
Deposits	-	4 500
	559 102	250 062

4. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	258 418	74 437
---------------	---------	--------

The bank account is held by Eris Property Group (Pty) Ltd in terms of section 32(1) of the Estate Agency Affairs Act of 1976.

5. Retained income

Accumulated surplus	563 393	210 840
Place making fund	105 536	109 798
	668 929	320 638

6. Trade and other payables

Accrued expenses	158 951	18 182
------------------	---------	--------

7. Revenue

Grant income in terms of Florida Road Special Rating Area	3 405 901	2 580 133
Voluntary contributions	377 186	302 752
	3 783 087	2 882 885

Florida Road Urban Improvement Project NPC

(Registration number: 2013/059252/08)

Annual Financial Statements for the year ended 30 June 2019

Notes to the Annual Financial Statements

Figures in Rand	2019	2018
8. Operating surplus (deficit)		
Operating surplus (deficit) for the year is stated after accounting for the following:		
Depreciation on property, plant and equipment	3 961	3 736
9. Investment revenue		
Interest revenue		
Bank	11 220	21 295
10. Directors' remuneration		
No emoluments were paid to the directors or any individuals holding a prescribed office during the year.		
11. Auditor's remuneration		
Fees	21 854	23 032
12. Cash generated from (used in) operations		
Surplus (deficit) before taxation	348 291	(132 912)
Adjustments for:		
Depreciation and amortisation	3 961	3 736
Interest received	(11 220)	(21 295)
Changes in working capital:		
Trade and other receivables	(309 040)	(64 159)
Trade and other payables	140 769	1 031
	172 761	(213 599)
13. Taxation		
No provision has been made for 2019 tax as the company has no taxable income. The company is exempt from income tax in terms of section 10(1)(d)(iii), of the Income Tax Act.		
14. Going concern		
The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.		
15. Events after the reporting period		
The company has been registered for Value-Added Tax with effect from 05 July 2019. The directors are not aware of any other material matter or circumstance arising since the end of the financial year, not otherwise dealt with in this report or the financial statements, which significantly affect the financial position of the company or the results of its operations to the date of this report.		

Florida Road Urban Improvement Project NPC

(Registration number: 2013/059252/08)

Annual Financial Statements for the year ended 30 June 2019

Detailed Income Statement

Figures in Rand	Note(s)	2019	2018
Revenue			
Grant income		3 405 901	2 580 133
Voluntary contributions		377 186	302 752
	7	3 783 087	2 882 885
Other income			
Interest received	9	11 220	21 295
Operating expenses			
Administration and management fees		917 252	850 049
Advertising		84 114	73 018
Audit fees	11	21 854	23 032
Bank charges		1 933	1 548
CSI Project		-	7 098
Cleaning		235 603	188 399
Depreciation		3 961	3 736
Entertainment		8 527	12 024
Garden		19 817	40 804
IT and data costs		20 092	14 964
Input VAT not claimed		404 111	365 748
Insurance		9 236	6 466
Legal expenses		22 084	20 343
Printing and stationery		7 229	9 597
Public relations services		221 262	54 975
Repairs and maintenance		26 828	16 160
Secretarial fees		40 140	37 872
Security		1 338 503	1 242 077
Sundry expenses		-	5 971
Telephone		34 591	33 044
Tools		4 939	7 291
Website cost		23 940	22 876
		3 446 016	3 037 092
Surplus (deficit) for the year		348 291	(132 912)