

GLOSDERRY CITY IMPROVEMENT DISTRICT (NPC)
(REGISTRATION NUMBER 2013/083887/08)
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

Glosderry City Improvement District (NPC)

(Registration number: 2013/083887/08)

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	Public administration
Directors	AKR Shoredits RR Kemmis-Betty CWDB Wolf
Registered office	3 Wilge Road Claremont Cape Town 7708
Business address	3 Wilge Road Claremont Cape Town 7708
Postal address	Private Bag X4 Glosderry Cape Town 7702
Bankers	Standard Bank Limited
Auditors	C2M Chartered Accountants Incorporated Chartered Accountants (S.A.) Registered Auditors
Company registration number	2013/083887/08
Tax reference number	9278/37/61/82
Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.
Preparer	The annual financial statements were independently compiled by: MD Dreyer Professional Accountant (S.A.)
Issued	23 August 2019

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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 pages 6 to 7.

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 23 August 2019 and were signed by them.



AKR Shoredjits



RR Kemmis-Betty

Bellville

Friday, 23 August 2019

Glosderry City Improvement District (NPC)

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DIRECTORS' REPORT

The directors have pleasure in submitting their report on the annual financial statements of Glosderry City Improvement District (NPC) and its associates for the year ended 30 June 2019.

1. Incorporation

The company was incorporated on 23 May 2013 and obtained its certificate to commence business on the same day.

2. Nature of business

Glosderry City Improvement District (NPC) was incorporated in South Africa with interests in the Non-profit industry. The company operates in South Africa.

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

3. Review of financial results and activities

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

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

4. Insurance and risk management

The company follows a policy of reviewing the risks relating to assets and possible liabilities arising from business transactions with its insurers on an annual basis. Wherever possible assets are automatically included. There is also a continuous asset risk control program, which is carried out in conjunction with the company's insurance brokers. All risks are considered to be adequately covered, except for political risks, in the case of which as much cover as is reasonably available has been arranged.

5. Directors

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

Directors

AKR Shoredits

RR Kemmis-Betty

CWDB Wolf

There have been no changes to the directorate for the period under review.

6. Directors' interests in contracts

During the financial year, no contracts were entered into which directors or officers of the company had an interest and which significantly affected the business of the company.

7. Property, plant and equipment

At 30 June 2019 the company's investment in property, plant and equipment amounted to R35,326, of which R39,130 was added in the current year through additions.

8. 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.

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DIRECTORS' REPORT

9. 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.

10. Litigation statement

The company becomes involved from time to time in various claims and lawsuits incidental to the ordinary course of business. The company is not currently involved in any such claims or lawsuits, which individually or in the aggregate, are expected to have a material adverse effect on the business or its assets.

11. Auditors

C2M Chartered Accountants Incorporated continued in office as auditors for the company for 2019.

At the AGM, the shareholder will be requested to reappoint C2M Chartered Accountants Incorporated as the independent external auditors of the company and to confirm Mr A Nel as the designated lead audit partner for the 2020 financial year.

12. Secretary

The company secretary is RR Kemmis-Betty.

13. Date of authorisation for issue of annual financial statements

The annual financial statements have been authorised for issue by the directors on Friday, 23 August 2019. No authority was given to anyone to amend the annual financial statements after the date of issue.

14. Liquidity and solvency

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

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Glosderry City Improvement District (NPC)

Opinion

We have audited the annual financial statements of Glosderry City Improvement District (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 annual financial statements, including significant accounting policies.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Glosderry City Improvement District (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

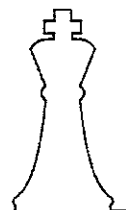
We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the annual financial statements section of our report. We are independent of the company in accordance with 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 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 annual financial statements and our auditor's report thereon.

Our opinion on the annual financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, 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 Annual Financial Statements

The directors are responsible for the preparation and fair presentation of the annual financial statements in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008, and for such internal control as the directors determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

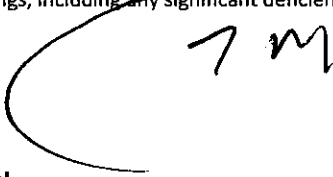
Auditor's responsibilities for the audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

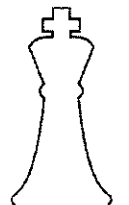
We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



A Nel
Chartered Accountant (SA)
Registered Auditor
Director

23 August 2019

Tygerforum B
53 Willie van Schoor Drive
Tygervalley
Bellville
7530



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STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

	Note(s)	2019 R	2018 R
Assets			
Non-Current Assets			
Property, plant and equipment	2	35,326	-
Current Assets			
Trade and other receivables	3	132,398	-
Cash and cash equivalents	4	1,296,234	1,057,955
		1,428,632	1,057,955
Total Assets		1,463,958	1,057,955
Equity and Liabilities			
Equity			
Reserves		1,185,982	1,055,778
Retained income		(3,804)	-
		1,182,178	1,055,778
Liabilities			
Current Liabilities			
Trade and other payables	6	281,780	2,177
Total Equity and Liabilities		1,463,958	1,057,955

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STATEMENT OF COMPREHENSIVE INCOME

	Note(s)	2019 R	2018 R
Revenue	7	1,475,600	1,366,137
Other income	8	105,685	221,979
Operating expenses		(1,513,649)	(1,270,401)
Operating profit		67,636	317,715
Investment revenue	9	58,764	41,976
Profit for the year		126,400	359,691
Other comprehensive income		-	-
Total comprehensive income for the year		126,400	359,691

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STATEMENT OF CHANGES IN EQUITY

	Reserves	Retained income	Total equity
	R	R	R
Balance at 01 July 2017	696,087	-	696,087
Profit for the year	-	359,691	359,691
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	359,691	359,691
Transfer between reserves	359,691	(359,691)	-
Total changes	359,691	(359,691)	-
Balance at 01 July 2018	1,055,778	-	1,055,778
Profit for the year	-	126,400	126,400
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	126,400	126,400
Transfer to capital reserves	130,204	(130,204)	-
Total changes	130,204	(130,204)	-
Balance at 30 June 2019	1,185,982	(3,804)	1,182,178

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STATEMENT OF CASH FLOWS

	Note(s)	2019 R	2018 R
Cash flows from operating activities			
Cash generated from operations	12	218,645	317,369
Interest received		58,764	41,976
Net cash from operating activities		<u>277,409</u>	<u>359,345</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(39,130)	-
Total cash movement for the year		238,279	359,345
Cash at the beginning of the year		1,057,955	698,610
Total cash at end of the year	4	<u>1,296,234</u>	<u>1,057,955</u>

Glosderry City Improvement District (NPC)
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ACCOUNTING POLICIES

1. Basis of preparation and summary of significant accounting policies

The annual financial statements have been prepared on a going concern basis in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Companies Act 71 of 2008. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 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

The financial statements do not include assets or liabilities whose carrying amounts were determined based on estimations for which there is a significant risk of material adjustments in the following financial year as a result of the key estimation assumptions.

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:

Item	Depreciation method	Average useful life
Satellite office	Straight line	6 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.

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.

ACCOUNTING POLICIES

1.3 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 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

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.

1.4 Tax

Current tax assets and liabilities

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

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.

1.5 Impairment of assets

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.

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ACCOUNTING POLICIES

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

All borrowing costs are recognised as an expense in the period in which they are incurred.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2019			2018		
	R			R		
2. Property, plant and equipment						
	2019			2018		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Satellite office	39,130	(3,804)	35,326	-	-	-
Reconciliation of property, plant and equipment - 2019						
	Opening balance	Additions	Depreciation	Closing balance		
Satellite office	-	39,130	(3,804)	35,326		
3. Trade and other receivables						
Deposits				115,430	-	
VAT				16,968	-	
				132,398	-	
4. Cash and cash equivalents						
Cash and cash equivalents consist of:						
Bank balances				1,296,234	1,057,955	
5. Other NDR						
Non-distributable reserves				1,185,982	1,055,778	
6. Trade and other payables						
Accrued expenses				281,780	-	
VAT				-	2,177	
				281,780	2,177	
7. Revenue						
Rendering of services				1,475,600	1,366,137	
8. Other income						
Retention refund				105,685	221,979	
9. Investment revenue						
Interest revenue				58,764	41,976	
Interest received						
10. Taxation						

No provision has been made for 2019 tax as the company is exempt from paying income tax under section 10(1)(cA).

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2019 R	2018 R
11. Auditor's remuneration		
Fees	10,381	6,341
Secretarial services	800	2,150
Tax services	-	2,540
	<u>11,181</u>	<u>11,031</u>
12. Cash generated from operations		
Profit before taxation	126,400	359,691
Adjustments for:		
Depreciation and amortisation	3,804	-
Interest received	(58,764)	(41,976)
Changes in working capital:		
Trade and other receivables	(132,399)	-
Trade and other payables	279,604	(346)
	<u>218,645</u>	<u>317,369</u>

13. 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.

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DETAILED INCOME STATEMENT

	Note(s)	2019 R	2018 R
Revenue			
Rendering of services		1,475,600	1,366,137
Other income			
Retention refund		105,685	221,979
Interest received	9	58,764	41,976
		164,449	263,955
Operating expenses			
Accounting fees		(6,800)	(5,990)
Advertising		(5,068)	(5,632)
Auditors remuneration	11	(11,181)	(11,031)
Bank charges		(2,235)	(2,061)
Cleaning		(202,980)	(198,924)
Depreciation, amortisation and impairments		(3,804)	-
Insurance		(1,888)	(1,888)
Management fees		(366,000)	(339,000)
Security		(913,338)	(705,652)
Staff welfare		(355)	(223)
		(1,513,649)	(1,270,401)
Profit for the year		126,400	359,691