

SOMERSET WEST CITY IMPROVEMENT DISTRICT NPC
(REGISTRATION NUMBER 2015/250540/08)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

BGR Pyper Turner Incorporated
Chartered Accountants (S.A.)
Registered Auditors
Issued 23 August 2016

Somerset West City Improvement District NPC

(Registration number 2015/250540/08)
Financial Statements for the year ended 30 June 2016

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	General upliftment of Somerset West City centre
Directors	A H C Erasmus M Theron H J J Willid
Registered office	Nadmic Centre 135 Main Road Somerset West 7130
Postal address	Nadmic Centre 135 Main Road Somerset West 7129
Auditor's	BGR Pypier Turner Incorporated Chartered Accountants (S.A.) 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: D F Pypier Chartered Accountant (S.A.)

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

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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 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 auditor's is 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.

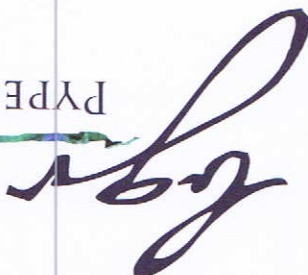
The directors have reviewed the company's cash flow forecast for the year to 30 June 2017 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor's 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 page 4.

The financial statements set out on pages 6 to 13, which have been prepared on the going concern basis, were approved by the directors and signed on their behalf by:

Director

Director



Independent Auditor's Report

To the members of Somerset West City Improvement District NPC

We have audited the financial statements of Somerset West City Improvement District NPC, as set out on pages 7 to 13, which comprise the statement of financial position as at 30 June 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and 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 misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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 2016, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the requirements of the Companies Act 71 of 2008.

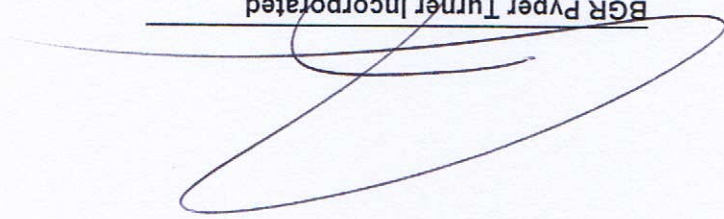
Other matter

Without qualifying our opinion, we draw attention to the fact that supplementary information set out on page 13 does not form part of the financial statements and is presented as additional information. We have not audited this information and accordingly do not express an opinion thereon.

Other reports required by the Companies Act

As part of our audit of the financial statements for the year ended 30 June 2016, we have read the directors' report for the purpose of identifying whether there are material inconsistencies between that report and the audited financial statements. The directors' report is the responsibility of the directors. Based on reading that report we have not identified material inconsistencies between it and the audited financial statements. However, we have not audited the directors' report and accordingly do not express an opinion thereon.

BGR Pyper Turner Incorporated
Chartered Accountants (S.A.)
Registered Auditors
Director: E J Turner
23 August 2016



Directors' Report

The directors submit their report on the financial statements of Somerset West City Improvement District NPC for the year ended 30 June 2016.

1. Nature of business

Somerset West City Improvement District NPC is 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.

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 Changes

A H C Erasmus	Appointed 16 July 2015
M Theron	Appointed 16 July 2015
H J J Willid	Appointed 16 July 2015
J J De Kock	Appointed 16 July 2015,
	resigned 18 September
	2015

4. Events after the reporting period

The directors are not aware of any matter or circumstance arising since the end of the financial year, not otherwise dealt with in the financial statements that would affect the operations of the company or the result of those operations significantly.

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.

Somerset West City Improvement District NPC

(Registration number 2015/250540/08)

Financial Statements for the year ended 30 June 2016

Statement of Financial Position as at 30 June 2016

		Figures in Rand
		2016
		Note(s)
Assets		
Current Assets		
Trade and other receivables	2	54,604
Cash and cash equivalents	3	432,419
Total Assets		<u>487,023</u>
Equity and Liabilities		
Equity		
Retained income		486,523
Liabilities		
Current Liabilities		
Trade and other payables	4	500
Total Equity and Liabilities		<u>487,023</u>

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Statement of Comprehensive Income

Figures in Rand		2016
		Note(s)
Revenue	Grants - City of Cape Town	2,046,800
Operating expenses	Accounting fees	4,500
	Bank charges	1,621
	Cleaning	187,500
	Computer expenses	5,000
	Consulting fees	56,580
	Management services	308,300
	Motor vehicle expenses	3,000
	Repairs and maintenance	7,601
	Security	968,421
	Tax- and secretarial services	5,250
	Telephone and fax	12,500
Operating surplus	Finance costs	486,527
		(3)
		<u>486,524</u>

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Statement of Changes in Equity

Figures in Rand	
Retained income	Total equity
486,523	486,523
Surplus for the year	

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Statement of Cash Flows

Figures in Rand

	Note(s)	2016
Cash flows from operating activities		
Cash generated from operations	8	432,422
Finance costs		(3)
Net cash from operating activities		<u>432,419</u>
Total cash movement for the year		432,419
Total cash at end of the year	3	<u>432,419</u>

Accounting Policies

1. Presentation of financial statements

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

1.1 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.

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.

1.2 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.

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Notes to the Financial Statements

Figures in Rand

2016	
	2. Trade and other receivables
	VAT
54,604	
	3. Cash and cash equivalents
	Cash and cash equivalents consist of:
	Bank balances
432,419	
	4. Trade and other payables
	Trade payables
500	
	5. Revenue
	Grants - City of Cape Town
2,046,800	
	6. Finance costs
	In accordance with the Finance Agreement, the City pays over 97% of the annual budget to the Special Rating Area in 1/12th instalments and retains 3% as a provision for bad debts.
	Accordingly the City paid over R2,046,800 and retained R63,303 during the 2015/2016 financial year.
	7. Taxation
	Bank
3	
	8. Cash generated from operations
	Surplus before taxation
	Adjustments for:
	Finance costs
486,523	
	Changes in working capital:
	Trade and other receivables
(54,604)	
500	
<u>432,422</u>	
	9. Directors' remuneration
	No emoluments were paid to the directors or any individuals holding a prescribed office during the year.
	10. Comparative figures
	No comparative figures have been presented as these are the first financial statements of the company.

11. Risk management

Liquidity risk

The company's risk to liquidity is a result of the funds available to cover future commitments. The company manages liquidity risk through an ongoing review of future commitments and credit facilities.

Interest rate risk

The company's policy is to manage interest rate risk so that fluctuations in variable rates do not have a material impact on profit and loss.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers, presented net of doubtful receivables, on an ongoing basis.