Blackheath City Improvement District
(Non Profit Company)
(Registration Number 2005/036286/08)

Annual Financial Statements
for the year ended
30 June 2016

Blackheath City Improvement District NPC
(Registration number 2005/036286/08)

Annual Financial Statements for the year ended 30 June 2016

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The report and statements set out below comprise the financial statements presented to the stakeholders:

MARIUS VAN WYK CA(SA) / GR(SA)
CHARTERED ACCOUNTANTS
GEOKTROOIEERDE REKENMEESTERS

INDEPENDENT AUDITOR'S REPORT TO THE STAKEHOLDERS OF BLACKHEATH CITY IMPROVEMENT DISTRICT NPC

Report on the Financial Statements
We have audited the annual financial statements of Blackheath City Improvement District, which comprise the statement of financial position as at 30 June 2016, the statement of comprehensive income and the statement of changes in equity for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 6 to 18.

Director's Responsibility for the Financial Statements
The company's directors are responsible for the preparation and fair presentation of these financial statements in conformity with the International Financial Reporting Standard for Small to Medium-sized Entities, appropriate to the business of the company. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

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 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 entity's preparation 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the representatives, as well as evaluating the overall presentation of the financial statements.

61 Blanc de Noir street; Oude Westhof; Bellville; 7535
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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company as at 30 June 2016, and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities.

Marius van Wyk

Marius van Wyk CA(SA)
Registered Auditor, Bellville
29 July 2016

Blackheath City Improvement District NPC
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Director's Responsibility and Approval

The directors are required by the South African Companies Act 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 reviewers 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 board of 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 matter 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 with 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 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 annual financial statements set out on pages 6 to 18, which have been prepared on the going concern basis, were approved by the board of directors on 29 July 2016 and were signed on its behalf by:

Blackheath
29 July 2016

Blackheath City Improvement District NPC
(Registration number 2005/036286/08)

Annual Financial Statements for the year ended 30 June 2016

Director's Report

The directors submit their report for the year ended 30 June 2016.

1. Nature of business

The business operations of the company are that of the improvement and promotion of the industrial area by providing and procuring the provision of services to and in the industrial area.

There was no change in the nature of the business.

2. Financial results and dividends

The financial results of the company are set out in the attached financial statements. No dividends were declared during the financial year (2015: R Nil)

3. Going concern

The 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.

4. Post year end events

There were no post year end events to report.

5. Authorised and issued share capital

There is no issued share capital as the company is a Non-Profit Company.

6. Directors and secretary

The present directors of the company are:

GRP Ferreira
G Kappers
GM Noonan
AJ Smuts
JH van Zyl

The secretary of the company is Brendan van der Merwe.

Blackheath City Improvement District NPC
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Financial Statements for the year ended 30 June 2016

Statement of Financial Position

	Note	2016 Rand	2015 Rand
Assets			
Non-current assets		**236 649**	**214 081**
Furniture and equipment	2	236 649	214 081
Investments		**196 449**	**87 602**
Money Market Account		196 449	87 602
Current assets		**67 245**	**103 369**
Trade receivables and deposits		700	700
Bank and cash on hand		66 545	102 669
Total assets		**500 343**	**405 052**
Equity and Liabilities			
Equity and reserves		**484 411**	**387 648**
Accumulated surplus		484 411	387 648
Current liabilities		**15 932**	**17 404**
Trade and other payables		15 932	17 404
Total equity and liabilities		**500 343**	**405 052**

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Financial Statements for the year ended 30 June 2016

Statement of Financial Performance

	Note	2016 Rand	2015 Rand
Revenue - Levy income	3	1 629 294	1 458 669
Other income		234 370	133 280
Interest received		8 847	8 718
Donations received		10 420	-
Retention refund		215 103	124 562
Total income		1 863 664	1 591 949
Operating expenses		1 766 901	1 530 210
Accounting and review fees		14 005	10 245
Advertising		6 292	8 690
Bank charges		5 585	5 192
Cleansing		439 320	382 120
Computer expenses		23 377	4 859
Depreciation		89 709	31 011
Donations		1 401	-
Entertainment		7 957	5 773
Insurance		19 901	15 343
Loss on asset scrapping		3	-
Office expenses		3 149	3 700
Office reallocation expenses		16 241	-
Projects		24 558	34 834
Printing and stationery		10 312	6 620
Rental expense		25 965	38 947
Repair and maintenance		5 247	5 562
Security		313 012	263 852
Small asset writeoff		-	1 025
Staff costs		600 062	552 377
Sundry expenses		4 369	3 337
Telephone, postage and internet		21 999	26 723
Travel		134 437	130 000
Surplus before taxation		96 763	61 739
Taxation	4	-	-
Surplus after taxation		96 763	61 739

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Financial Statements for the year ended 30 June 2016

Statement of Changes in Equity

	2016 Rand	2015 Rand
Accumulated surplus: Beginning of the year	387 648	325 909
Surplus for the year	96 763	61 739
Accumulated surplus: End of the year	**484 411**	**387 648**

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Financial Statements for the year ended 30 June 2016

Statement of Cash Flows

	Note	2016 Rand	2015 Rand
Cash flow from / (used in) operating activities			
Cash flow from / (used in) operations	5	176 153	83 008
Interest received		8 847	8 718
Net cash from / (used in) operating activities		**185 000**	**91 726**
Cash flow (used in) / from investing activities			
(Increase) / Decrease in Money Market Account		(108 847)	161 312
Net (Increase) / Decrease in assets		(112 277)	(200 919)
Net cash (used in) / from investing activities		**(221 124)**	**(39 607)**
Total cash movement for the year		**(36 124)**	**52 119**
Bank and cash at the beginning of the year		102 669	50 550
Total bank and cash at the end of the year		**66 545**	**102 669**

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Financial Statements for the year ended 30 June 2016

Accounting policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in conformity with International Financial Reporting Standard for Small and Medium-sized Entities, appropriate to the business of the company. The annual financial statements have been prepared on the historical cost basis, except for the measurement of investment properties and certain financial instruments at fair value (and biological assets at fair value less point of sale costs), and incorporate the principal accounting policies set out below.
These accounting policies are consistent with the previous year.

1.1 Significant judgments

In preparing the annual financial statements, management is required to make estimates and assumptions that effect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgment is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgments include:

1.2 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the company; and
- the cost of the item can be measured reliably.

Costs include 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.

Property, plant and equipment are carried at cost less accumulated depreciation and any impairment losses.
Depreciation is provided on all property, plant and equipment other than freehold land, to write down the cost, less residual value, by equal installments over their useful lives as follows:

Item	**Useful life**
CCTV equipment	3 years
Computer equipment	3 years
Equipment	6 years
Furniture and fittings	6 years
Motor vehicles	5 years

The depreciation charge for each period is recognised in profit and loss, unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.3 Financial instruments

Initial recognition

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial assets and financial liabilities are recognised on the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are recognised initially at fair value. In the case of financial assets or liabilities not classified as at fair value through profit and loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument are added to the fair value.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting.

An asset that is subsequently measured at cost or amortised cost is recognised initially at its fair value on the trade date.

Any change in the fair value of the asset to be received during the period between the trade date and the settlement date is not recognised for assets carried at cost or amortised cost, other than impairment losses.

Assets carried at fair value: the change in fair value shall be recognised in profit or loss or in equity, as appropriate.

Subsequent measurement

After initial recognition financial assets are measured as follows:

- loans and receivables and held-to-maturity investments are measured at amortised cost using the effective interest method;

- investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured , are measured at cost;
- Other financial assets, including derivatives, at fair values, without any deduction for transaction costs which may incur on sale or other disposal

After initial recognition financial liabilities are measured as follows:

- financial liabilities at fair value through profit or loss, including derivatives that are liabilities, are measured at fair value.
- other financial liabilities are measured at amortised cost using the effective interest method.

Gains and losses

A gain or loss arising from a change in a financial asset or financial liability is recognised as follows:

- A gain or loss on a financial asset or financial liability classified as at fair value through profit or loss is recognised in profit or loss.
- A gain or loss on an available-for-sale financial asset is recognised directly in equity, through the statement of changes in equity, until the financial asset is derecognised, at which time the cumulative gain or loss previously recognised in equity is recognised in profit or loss.
- Financial assets and financial liabilities carried at amortised cost: a gain or loss is recognised in profit or loss when the financial asset or financial liability is derecognised or impaired, and through the amortisation process.

1.4 Cash and cash equivalents

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to insignificant risk in change in value.

Cash and cash equivalents are measured at fair value.

1.5 Impairment of assets

The company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the company also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual year and at

the same time every year.
- test goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash- generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.6 Provisions and contingencies

Provisions are recognised when:
- the company has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions shall not be recognised for future operating losses.
If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
  - the business or part of a business concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for terminating their services;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation

Contingent assets and contingent liabilities are not recognised.

1.7 Trade and other payables

Trade and other payables are measured amortised cost using the effective interest method.

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Financial Statements for the year ended 30 June 2016

Notes to the Financial Statements

	Cost	Accumulated Depreciation	Book value
	Rand	Rand	Rand
2 Property, plant and equipment			
2016			
CCTV Equipment	313 199	93 118	220 081
Computer equipment	16 246	14 683	1 563
Equipment	3 245	3 244	1
Furniture and fittings	4 300	4 296	4
Motor vehicles	45 000	30 000	15 000
	381 990	145 341	236 649
2015			
CCTV Equipment	200 919	16 743	184 176
Computer equipment	23 645	18 151	5 494
Equipment	7 249	6 842	407
Furniture and fittings	4 300	4 296	4
Motor vehicles	45 000	21 000	24 000
	281 113	67 032	214 081

Reconciliation of property, plant and equipment

	Book value 01/07/2015	Additions / (Dosposals)	Depreciation	Book value 30/06/2016
	Rand	Rand	Rand	Rand
CCTV equipment	184 176	112 280	76 375	220 081
Computer equipment	5 494	(1)	3 930	1 563
Equipment	407	(2)	404	1
Furniture and fittings	4	-	-	4
Motor vehicles	24 000	-	9 000	15 000
	214 081	112 277	89 709	236 649

Notes to the Financial Statements

	2016 Rand	2015 Rand
3 Income from services rendered		
Levy income	**1 629 294**	**1 458 669**

Income from services rendered consists of invoiced levy income net of VAT

4 Taxation

No taxation is provided for as the company has been exempt from taxation

	2016 Rand	2015 Rand
5 Cash generated by / (used in) operations		
Surplus after taxation	96 763	61 739
Adjusted for:		
Depreciation	89 709	31 011
Interest income	(8 847)	(8 718)
Changes in working capital:		
(Decrease) / Increase in trade and other payables	(1 472)	(1 024)
	176 153	**83 008**

6 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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Fixed asset register

Description	Purchase date	Rate	Cost as at 01/07/2015	Acc depr as at 01/07/2015	Book value at 01/07/2015	Purchases 2016	Sold / Scrapped	Depreciation 2016	Book value 30/06/2016	Cost as at 30/06/2016	Acc depr as at 30/06/2016	Book value at 30/06/2016
CCTV Equipment												
CCTV Project	Apr 2015	33.33%	200 918.99	16 743.25	184 175.74	-	-	66 966.30	117 209.44	200 918.99	83 709.55	117 209.44
CCTV Project	Jan 2016	33.33%	-	-	-	12 192.50	-	2 031.88	10 160.62	12 192.50	2 031.88	10 160.62
CCTV Project	Mar 2016	33.33%	-	-	-	44 067.50	-	4 895.90	39 171.60	44 067.50	4 895.90	39 171.60
CCTV Project	Apr 2016	33.33%	-	-	-	16 640.00	-	1 386.53	15 253.47	16 640.00	1 386.53	15 253.47
CCTV Project	Jun 2016	33.33%	-	-	-	39 380.00	-	1 093.78	38 286.22	39 380.00	1 093.78	38 286.22
			200 918.99	16 743.25	184 175.74	112 280.00	-	76 374.39	220 081.35	313 158.99	93 117.64	220 081.35
Computer Equipment												
Canon Pixma MP 530 printer	Jun 2007	33.33%	2 020.00	2 019.00	1.00	-	-	-	1.00	2 020.00	2 019.00	1.00
250 GB Hard drive	Feb 2008	33.33%	840.00	839.00	1.00	-	-	-	1.00	840.00	839.00	1.00
Acer laptop	Oct 2010	33.33%	7 399.00	7 398.00	1.00	-	1.00	-	-	-	-	-
Incredible Connect laptop	Apr 2013	33.33%	6 368.16	4 776.12	1 592.04	-	-	1 591.04	1.00	6 368.16	6 367.16	1.00
Dion Wired laptop	Mar 2014	33.33%	7 017.54	3 118.91	3 898.63	-	-	2 338.95	1 559.68	7 017.54	5 457.86	1 559.68
			23 644.70	18 151.03	5 493.67	-	1.00	3 929.99	1 562.68	16 245.70	14 683.02	1 562.68
Furniture & Fittings												
Filing cabinet	Aug 2005	16.67%	1 120.62	1 119.62	1.00	-	-	-	1.00	1 120.62	1 119.62	1.00
Earl desk 1750 x 900	Sept 2007	16.67%	975.80	974.80	1.00	-	-	-	1.00	975.80	974.80	1.00
Credenza Earl desk	Sept 2007	16.67%	1 150.80	1 149.80	1.00	-	-	-	1.00	1 150.80	1 149.80	1.00
Maple bookcase 1500 x 900	Feb 2008	16.67%	1 052.80	1 051.80	1.00	-	-	-	1.00	1 052.80	1 051.80	1.00
			4 300.02	4 296.02	4.00	-	-	-	4.00	4 300.02	4 296.02	4.00
Office equipment												
Cellphone	Aug 2008	16.67%	2 104.38	2 103.38	1.00	-	1.00	-	-	-	-	-
Two way radios	Apr 2009	16.67%	1 900.00	1 899.00	1.00	-	1.00	-	-	-	-	-
Defy chestfreezer	Dec 2009	16.67%	3 244.74	2 839.17	405.57	-	-	404.57	1.00	3 244.74	3 243.74	1.00
			7 249.12	6 841.55	407.57	-	2.00	404.57	1.00	3 244.74	3 243.74	1.00
Vehicles												
Trailor	Mar 2013	20.00%	45 000.00	21 000.00	24 000.00	-	-	9 000.00	15 000.00	45 000.00	30 000.00	15 000.00
			45 000.00	21 000.00	24 000.00	-	-	9 000.00	15 000.00	45 000.00	30 000.00	15 000.00
			281 112.83	67 031.85	214 080.98	112 280.00	3.00	89 708.94	236 649.04	381 989.45	145 340.41	236 649.04