

BLACKHEATH CITY IMPROVEMENT DISTRICT NPC
(REGISTRATION NUMBER 2005/036286/08)
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

BLACKHEATH CITY IMPROVEMENT DISTRICT NPC
(REGISTRATION NUMBER: 2005/036286/08)
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Public administration
Directors	GM Noonan AJ Smuts JH Van Zyl G Kappers GRP Ferreira MC Rust
Registered office	21 Wimbledon Road Neulux Logistics Building Blackheath Western Cape 7580
Business address	21 Wimbledon Road Neulux Logistics Building Blackheath Western Cape 7580
Postal address	P.O Box 12 Blackheath Western Cape 7580
Bankers	Standard Bank
Auditors	C2M Chartered Accountants Incorporated Chartered Accountants (S.A.) Registered Auditors
Secretary	Brendan Van der Merwe
Company registration number	2005/036286/08
Tax reference number	9297/979/15/6
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	31 July 2020

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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 2021 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 5 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 31 July 2020 and were signed by:



GM Noonan



AJ Smuts

Bellville

31 July 2020

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DIRECTORS' REPORT

The directors have pleasure in submitting their report on the annual financial statements of Blackheath City Improvement District NPC for the year ended 30 June 2020.

1. Incorporation

The company was incorporated on 10 October 2005 and obtained its certificate to commence business on the same day.

2. Nature of business

Blackheath 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. Directors

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

Directors

GM Noonan
AJ Smuts
JH Van Zyl
G Kappers
GRP Ferreira
MC Rust

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

5. Property, plant and equipment

There was no change in the nature of the property, plant and equipment of the company or in the policy regarding their use.

6. 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.

7. Auditors

C2M Chartered Accountants Incorporated continued in office as auditors for the company for 2020.

8. Secretary

The company secretary is Brendan Van der Merwe.

9. Date of authorisation for issue of annual financial statements

The annual financial statements have been authorised for issue by the directors on 31 July 2020. No authority was given to anyone to amend the annual financial statements after the date of issue.

10. Liquidity and solvency

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

INDEPENDENT AUDITOR'S REPORT

To the shareholder of Blackheath City Improvement District NPC

Opinion

We have audited the annual financial statements of Blackheath City Improvement District NPC (the company) set out on pages 8 to 17, which comprise the statement of financial position as at 30 June 2020, 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 a summary of significant accounting policies.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Blackheath City Improvement District NPC as at 30 June 2020, 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 corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Operational finding

We want to draw attention to the fact that the company secretary, Brendan van der Merwe, who is full time employed by Blackheath City Improvement District, also serves as a member of council at the City of Cape Town. This fact has been disclosed to the directors and are mentioned at the Annual General meeting of the company to all present. We are of the opinion that this operational finding has no material effect on our audit opinion.



INDEPENDENT AUDITOR'S REPORT

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Blackheath City Improvement District NPC annual financial statements for the year ended 30 June 2020", which includes the Directors' Report as required by the Companies Act 71 of 2008 and the Detailed Income Statement, which we obtained prior to the date of this report. The 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 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.

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:

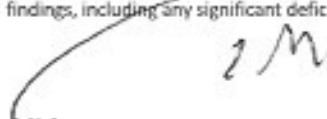
- Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting 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.



INDEPENDENT AUDITOR'S REPORT

- 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 (S.A.)
Registered Auditor
Director

31 July 2020

Tygerforum B
53 Willie van Schoor Drive
Tygervalley
7530



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STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Note(s)	2020 R	2019 R
Assets			
Non-Current Assets			
Property, plant and equipment	2	136 192	69 998
Current Assets			
Trade and other receivables	3	782	700
Investments	4	1 149 850	651 566
Cash and cash equivalents	5	105 148	259 180
		1 255 780	911 446
Total Assets		1 391 972	981 444
Equity and Liabilities			
Equity			
Retained income		1 375 895	931 339
Liabilities			
Current Liabilities			
Trade and other payables	6	16 077	50 105
Total Equity and Liabilities		1 391 972	981 444

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STATEMENT OF COMPREHENSIVE INCOME

	Note(s)	2020 R	2019 R
Revenue - Service rendered: Income from Additional Rates	7	2 782 079	2 587 698
Other income	8	348 836	244 685
Operating expenses		(2 734 725)	(2 777 764)
Operating profit	9	396 190	54 619
Investment revenue	10	48 366	35 050
Profit for the year		444 556	89 669
Other comprehensive income		-	-
Total comprehensive income for the year		444 556	89 669

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STATEMENT OF CHANGES IN EQUITY

	Retained income R	Total equity R
Balance at 1 July 2018	841 670	841 670
Profit for the year	89 669	89 669
Other comprehensive income	-	-
Total comprehensive income for the year	89 669	89 669
Balance at 1 July 2019	931 339	931 339
Profit for the year	444 556	444 556
Other comprehensive income	-	-
Total comprehensive income for the year	444 556	444 556
Balance at 30 June 2020	1 375 895	1 375 895

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STATEMENT OF CASH FLOWS

	Note(s)	2020 R	2019 R
Cash flows from operating activities			
Cash generated from operations	14	448 831	172 233
Interest income		48 366	35 050
Net cash from operating activities		497 197	207 283
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(152 945)	-
Sale of property, plant and equipment	2	-	880
Increase in Money Market Account		(498 284)	(175 050)
Net cash from investing activities		(651 229)	(174 170)
Total cash movement for the year		(154 032)	33 113
Cash at the beginning of the year		259 180	226 067
Total cash at end of the year	5	105 148	259 180

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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.

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
CCTV Equipment	Straight line	3 years
Computer Equipment	Straight line	3 years
Equipment	Straight line	6 years
Furniture and fixtures	Straight line	6 years
Motor vehicles	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.

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 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. All other leases are operating leases.

Operating leases - lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term unless:

- another systematic basis is representative of the time pattern of the benefit from the leased asset, even if the receipt of payments is not on that basis, or
- the payments are structured to increase in line with expected general inflation (based on published indexes or statistics) to compensate for the lessor's expected inflationary cost increases.

ACCOUNTING POLICIES

1.6 Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

1.7 Impairment of assets

The company assesses at each reporting date whether there is any indication that property, plant and equipment or intangible assets or goodwill or investment property on the cost model 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.

1.8 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as leave pay and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

1.9 Revenue

Service revenue is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The Stage of completion is determined by surveys of work performed. When the outcome of a transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

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

1.10 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

	2020 R	2019 R
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2. Property, plant and equipment

	2020			2019		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
CCTV equipment	579 369	(510 346)	69 023	493 335	(448 517)	44 818
Furniture and fixtures	36 615	(13 330)	23 285	14 262	(7 767)	6 495
IT equipment	20 540	(17 716)	2 824	16 890	(15 331)	1 559
Motor vehicles	65 434	(53 513)	11 921	65 434	(49 426)	16 008
Office equipment	11 009	(5 063)	5 946	4 887	(3 768)	1 119
Plant and equipment	34 788	(11 595)	23 193	-	-	-
Total	747 755	(611 563)	136 192	594 808	(524 809)	69 999

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Depreciation	Closing balance
CCTV equipment	44 818	86 034	(61 829)	69 023
Furniture and fixtures	6 494	22 352	(5 562)	23 284
IT equipment	1 559	3 650	(2 385)	2 824
Motor vehicles	16 008	-	(4 087)	11 921
Office equipment	1 119	6 121	(1 294)	5 946
Plant and equipment	-	34 788	(11 595)	23 193
	69 998	152 945	(86 752)	136 191

Reconciliation of property, plant and equipment - 2019

	Opening balance	Disposals	Depreciation	Closing balance
CCTV equipment	132 879	-	(88 061)	44 818
Furniture and fixtures	9 500	(878)	(2 128)	6 494
IT equipment	2 730	(2)	(1 169)	1 559
Motor vehicles	20 095	-	(4 087)	16 008
Office equipment	1 393	-	(274)	1 119
	166 597	(880)	(95 719)	69 998

Registers with details of property, plant and equipment are available for inspection by shareholder or their duly authorised representatives at the registered office of the company.

3. Trade and other receivables

Other receivable	782	700
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4. Investments

At amortised cost

Money Market Investment	1 149 850	651 566
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Current assets

At amortised cost	1 149 850	651 566
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2020 R	2019 R
5. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank balances	105 148	259 180
6. Trade and other payables		
VAT	16 077	50 105
7. Revenue		
Rendering of services: Income from Additional Rates	2 782 079	2 587 698
8. Other income		
Government grants	7 746	-
Insurance payout	14 354	76 500
Retention refund	326 736	168 185
	348 836	244 685
9. Operating profit		
Operating profit for the year is stated after accounting for the following:		
Operating lease charges		
Premises		
• Contractual amounts	48 000	76 500
Depreciation on property, plant and equipment	86 753	95 719
Employee costs	876 937	815 745
10. Investment revenue		
Interest revenue		
Bank	48 366	35 050
11. Employee cost		
Employee costs		
Basic	570 210	815 745
Bonus	62 640	-
UIF	242 285	-
WCA	1 802	-
	876 937	815 745

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2020 R	2019 R
12. Depreciation, amortisation and impairments		
The following items are included within depreciation, amortisation and impairments:		
Depreciation		
Property, plant and equipment	86 753	95 719
13. Taxation		
No provision has been made for 2020 tax as the company has no taxable income and is exempt from income tax under Section 10(1)(cA).		
14. Cash generated from operations		
Profit before taxation	444 556	89 669
Adjustments for:		
Depreciation and amortisation	86 753	95 719
Interest received	(48 366)	(35 050)
Changes in working capital:		
Trade and other receivables	(82)	-
Trade and other payables	(34 030)	21 895
	448 831	172 233

15. 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)	2020 R	2019 R
Revenue			
Service rendered: Income from Additional Rates		2 782 079	2 587 698
Other income			
Insurance payout		14 354	76 500
Retention refund		326 736	168 185
Government grants		7 746	-
		348 836	244 685
Operating expenses			
Accounting fees		(9 545)	(17 380)
Advertising		(8 104)	(3 043)
Bank charges		(7 789)	(6 512)
Cleansing		(668 383)	(621 132)
Community projects		(65 825)	(120 445)
Computer expenses		(3 714)	(7 399)
Conferences & seminars		(11 999)	-
Contingency expenses		(8 450)	(8 745)
Depreciation, amortisation and impairments		(86 752)	(95 719)
Donations		(2 850)	-
Employee costs		(876 937)	(815 745)
Entertainment, functions and meetings		(10 385)	(12 599)
Insurance		(19 828)	(35 372)
Lease rentals on operating lease		(48 000)	(76 500)
Loss on asset scrapping		-	(880)
Motor vehicle expenses		(10 835)	-
Printing and stationery		(10 067)	(6 168)
Public Safety		(621 788)	(720 940)
Repairs and maintenance		(59 261)	(45 897)
Telephone and fax		(22 391)	(16 035)
Travel		(181 822)	(167 253)
		(2 734 725)	(2 777 764)
Operating profit	9	396 190	54 619
Investment income		48 366	35 050
Profit for the year		444 556	89 669