

GROOTE SCHUUR COMMUNITY IMPROVEMENT DISTRICT COMPANY
(Registration number 2010/001964/08)
Annual Financial Statements
for the year ended 30 June 2017

These annual financial statements were prepared by:
Roslyn Kruise
Accountant

These annual financial statements have been audited in compliance with the applicable requirements of the
Companies Act 71 of 2008.

Issued: 30/08/2017

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Groote Schuur Community Improvement District Company

(Registration number 2010/001964/08)

Annual Financial Statements for the year ended 30 June 2017

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Improving and uplifting of specific geographical areas identified by local government
Directors	CA Davenport ER Wope G Lamb GM Huntingford J Hobday M Kempthorne P Chapple P Makgoba
Registered office	1 Waterford Mews Century Boulevard Century City 7441
Postal address	PO Box 34505 Groote Schuur 7937
Bankers	ABSA Bank
Auditors	Cecil Kilpin Registered Auditors
Company registration number	2010/001964/08
VAT reference number	4010257618
Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.

Groote Schuur Community Improvement District Company

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

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The following supplementary information does not form part of the annual financial statements and is unaudited:

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Level of assurance

These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.

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Independent Auditor's Report

To the member of Groote Schuur Community Improvement District Company

Opinion

We have audited the annual financial statements of Groote Schuur Community Improvement District Company set out on pages 7 to 14, which comprise the Statement of Financial Position as at 30 June 2017, 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 Groote Schuur Community Improvement District Company as at 30 June 2017, 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 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.

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:

PARTNERS: N NYBACK CA (SA), RA | M BRANDERS CA (SA), RA | S SCHONEGEVEL CA (SA), RA | M SPENCER CA (SA), RA | D COX CA (SA), RA
TAX: E CONRADIE B. COMPT (HONS), PG.DIP (TAX) | CONSULTANT: A MINNÉ

1 Waterford Mews, Century Boulevard, Century City, 7441 PO Box 74, Century City, 7446 Docex 21, Century City
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Independent Auditor's Report

- 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.



Cecil Kilpin
Registered Auditors
Per Partner: S Schonegevel

Century City
Date: 30/08/2017



Groote Schuur Community Improvement District Company

(Registration number 2010/001964/08)

Annual Financial Statements for the year ended 30 June 2017

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 board 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 2018 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on page 3.

The annual financial statements set out on pages 6 to 15, which have been prepared on the going concern basis, were approved by the board and were signed on its behalf by:

Approval of financial statements



Director



Director

Century City

Date: 30/08/2017



Groote Schuur Community Improvement District Company

(Registration number 2010/001964/08)

Annual Financial Statements for the year ended 30 June 2017

Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of Groote Schuur Community Improvement District Company for the year ended 30 June 2017.

1. Nature of business

The company is engaged in improving and uplifting of specific geographic areas within the boundaries identified by the directors and approved by property owners in terms of the Special Rating Area By-Law of the City Cape Town and operates principally in South Africa.

The operating results and state of affairs of the company are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

Net surplus of the company was R964,183 (2016: surplus R659,339), after taxation of R- (2016: R-).

2. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 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.

3. Directors

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

Directors
AJ Theys
CA Davenport
ER Woop
G Lamb
GM Huntingford
J Hobday
M Kempthorne
P Chapple
P Makgoba

Changes
Resigned 31 May 2017

4. 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.

5. Auditors

Cecil Kilpin continued in office as auditors for the company for 2017.

6. Secretary

The company secretary is AHV Davies.

Business address

Shell Court, 93 Main road
Mowbray
7708

7. Liquidity and solvency

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

Groote Schuur Community Improvement District Company

(Registration number 2010/001964/08)

Annual Financial Statements for the year ended 30 June 2017

Statement of Financial Position as at 30 June 2017

	Note(s)	2017 R	2016 R
Assets			
Non-Current Assets			
Property, plant and equipment	2	72,356	79,559
Current Assets			
Trade and other receivables	3	-	116,667
Cash and cash equivalents	4	2,920,038	1,835,770
		2,920,038	1,952,437
Total Assets		2,992,394	2,031,996
Equity and Liabilities			
Equity			
Retained income		2,938,929	1,974,840
Liabilities			
Current Liabilities			
Trade and other payables	5	53,465	57,156
Total Equity and Liabilities		2,992,394	2,031,996

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Annual Financial Statements for the year ended 30 June 2017

Statement of Comprehensive Income

	Note(s)	2017 R	2016 R
Revenue	6	5,350,514	5,000,480
Other income	7	1,574,398	2,131,640
Operating expenses		(6,115,476)	(6,554,120)
Operating surplus		809,436	578,000
Investment revenue		154,653	84,962
Finance costs		-	(3,623)
Surplus for the year		964,089	659,339

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Groote Schuur Community Improvement District Company

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Annual Financial Statements for the year ended 30 June 2017

Statement of Changes in Equity

	Retained income R	Total equity R
Balance at 01 July 2015	1,315,501	1,315,501
Surplus for the year	659,339	659,339
Balance at 01 July 2016	1,974,840	1,974,840
Surplus for the year	964,089	964,089
Balance at 30 June 2017	2,938,929	2,938,929

Note(s)

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Groote Schuur Community Improvement District Company

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Annual Financial Statements for the year ended 30 June 2017

Statement of Cash Flows

	Note(s)	2017 R	2016 R
Cash flows from operating activities			
Cash receipts from customers		5,463,490	5,089,351
Cash paid to suppliers and employees		(4,520,176)	(4,376,532)
Cash generated from operations	9	943,314	712,819
Interest income		154,653	84,962
Finance costs		-	(3,623)
Net cash from operating activities		1,097,967	794,158
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(13,699)	(7,275)
Total cash movement for the year		1,084,268	786,883
Cash at the beginning of the year		1,835,770	1,048,887
Total cash at end of the year	4	2,920,038	1,835,770

Groote Schuur Community Improvement District Company

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Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1. Presentation of annual financial statements

The annual 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. 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 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 Property, plant and equipment

Property, plant and equipment are tangible items that are held for use in the production or supply of goods or services, or for rental to others or for administrative purposes; and are expected to be used during more than one period.

Property, plant and equipment is carried at cost less accumulated depreciation and accumulated impairment losses.

Cost 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.

Depreciation is provided using the straight-line method to write down the cost, less estimated residual value over the useful life of the property, plant and equipment as follows:

Item	Depreciation method	Average useful life
Plant and machinery	Straight line	5 years
Furniture and fixtures	Straight line	6 years
Motor vehicles	Straight line	5 years
IT equipment	Straight line	3 years
Computer software	Straight line	2 years

The residual value, depreciation method and useful life of each asset are reviewed only where there is an indication that there has been a significant change from the previous estimate.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss in the period.

1.2 Financial instruments

Financial instruments at amortised cost

These include loans, trade receivables and trade payables. Those debt instruments which meet the criteria in section 11.8(b) of the standard, are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

At each reporting date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

1.3 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 – lessee

Operating lease payments are recognised as an expense in the period in which they are incurred.

Groote Schuur Community Improvement District Company

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Annual Financial Statements for the year ended 30 June 2017

Accounting Policies

1.4 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 may be impaired.

If there is any such indication, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior years. A reversal of impairment is recognised immediately in profit or loss.

1.5 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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Groote Schuur Community Improvement District Company

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Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

	2017			2016		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
2. Property, plant and equipment						
Plant and machinery	1,210	(1,210)	-	1,210	(1,210)	-
Furniture and fixtures	62,015	(24,735)	37,280	62,015	(14,977)	47,038
Motor vehicles	39,407	(18,389)	21,018	39,407	(10,508)	28,899
IT equipment	23,107	(9,049)	14,058	9,407	(5,785)	3,622
Total	125,739	(53,383)	72,356	112,039	(32,480)	79,559
Reconciliation of property, plant and equipment - 2017						
	Opening balance	Additions	Depreciation	Total		
Furniture and fixtures	47,038	-	(9,758)	37,280		
Motor vehicles	28,899	-	(7,881)	21,018		
IT equipment	3,622	13,699	(3,263)	14,058		
	79,559	13,699	(20,902)	72,356		
Reconciliation of property, plant and equipment - 2016						
	Opening balance	Additions	Depreciation	Total		
Furniture and fixtures	48,409	7,275	(8,646)	47,038		
Motor vehicles	36,780	-	(7,881)	28,899		
IT equipment	5,794	-	(2,172)	3,622		
	90,983	7,275	(18,699)	79,559		
3. Trade and other receivables						
Trade receivables						116,667
4. Cash and cash equivalents						
Cash and cash equivalents consist of:						
Cash on hand				2,939		-
Bank balances				2,917,099		1,835,770
				2,920,038		1,835,770
5. Trade and other payables						
VAT				54,568		40,837
PAYE/UIF/SDL				(1,103)		16,319
				53,465		57,156
6. Revenue						
Revenue - SRA Rates				5,350,514		5,000,480

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Groote Schuur Community Improvement District Company

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Annual Financial Statements for the year ended 30 June 2017

Notes to the Annual Financial Statements

	2017 R	2016 R
7. Other income		
Donations received	161,908	83,015
Retention monies	798,455	732,837
University of Cape Town - Funding	614,035	1,315,788
	1,574,398	2,131,640
8. Auditor's remuneration		
Fees	12,000	12,400
9. Cash generated from operations		
Profit before taxation	964,089	659,339
Adjustments for:		
Depreciation and amortisation	20,902	18,699
Interest received	(154,653)	(84,962)
Finance costs	-	3,623
Changes in working capital:		
Trade and other receivables	116,667	124,259
Trade and other payables	(3,691)	(8,139)
	943,314	712,819

Groote Schuur Community Improvement District Company

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Annual Financial Statements for the year ended 30 June 2017

Detailed Income Statement

	Note(s)	2017 R	2016 R
Revenue			
Rendering of services		5,350,514	5,000,480
Other income			
Donations received		161,908	83,015
Retention refund		798,455	732,837
University of Cape Town - Funding		614,035	1,315,788
Interest received		154,653	84,962
		1,729,051	2,216,602
Operating expenses			
AGM Costs		12,005	-
Accounting fees		56,400	50,660
Auditors remuneration	8	12,000	12,400
Bank charges		6,790	5,527
Cleaning		1,035,245	970,235
Computer Expenses		8,513	6,013
Contingencies and sundries		15,115	5,624
Depreciation, amortisation and impairments		20,902	18,699
Employee costs		1,178,180	1,040,525
Insurance		35,814	23,131
Lease rentals on operating lease		99,667	100,869
Meeting Expenses		4,926	17,623
Printing and stationery		18,121	13,285
Promotions		268,907	249,131
Repairs and maintenance		16,873	43,884
SDF Planning - Special development		14,400	-
Secretarial fees		2,800	2,038
Security		3,229,504	3,967,900
Staff welfare		17,045	7,119
Telephone and fax		29,864	19,457
Travel - local		13,500	-
Utilities		18,905	-
		6,115,476	6,554,120
Operating surplus		964,089	662,962
Finance costs		-	(3,623)
Surplus for the year		964,089	659,339

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