

ZWAANSWYK ASSOCIATION OF PROPERTY OWNERS NPC

(Registration number 2008/021552/08)

Annual Financial Statements
for the year ended 30 June 2015

Valentine Sargeant
Chartered Accountants (S.A.)
Registered Auditors
Issued 19 August 2015

Zwaanswyk Association of Property Owners NPC

(Registration number 2008/021552/08)

Annual Financial Statements for the year ended 30 June 2015

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

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Independent Auditor's Report

To the members of Zwaanswyk Association of Property Owners NPC

We have audited the annual financial statements of Zwaanswyk Association of Property Owners NPC, which comprise the statement of financial position as at 30 June 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 4 to 12.

Directors' Responsibility for the Annual Financial Statements

The company's directors are responsible for the preparation and fair presentation of these annual financial statements in accordance with South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of annual 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 annual 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 annual financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the annual financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the annual 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 management, as well as evaluating the overall presentation of the annual 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 annual financial statements present fairly, in all material respects, the financial position of Zwaanswyk Association of Property Owners NPC as at 30 June 2015, and its financial performance and its cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Companies Act of South Africa.

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

Valentine Sargeant
Registered Auditors

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Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act of South Africa 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 South African Statements of Generally Accepted Accounting Practice. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments 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 against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to 30 June 2016 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 auditing and reporting on the company's annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance. The annual financial statements have been examined by the company's external auditors and their report is presented on page 2.

The annual financial statements set out on pages 4 to 13, which have been prepared on the going concern basis, were approved by the board on 19 August 2015 and were signed on its behalf by:

Director

Director

Zwaanswyk Association of Property Owners NPC

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Directors' Report

The directors submit their report for the year ended 30 June 2015.

1. Review of activities

Main business and operations

The company is a public benefit organisation as defined in Section 30(1) of the Income Tax Act and incorporated as a Non-profit company in terms of the companies Act. The main objective of the company is the launch and management of the residential improvement district of Zwaanswyk.

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

2. 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.

3. Events after the reporting period

The directors are not aware of any matter or circumstance arising since the end of the financial year.

4. Directors

The directors of the company during the year and to the date of this report are as follows:

P Lambrecht
R Tiffin
N B S Harris
P Gorre
J Green
G Chapman
L du Plessis
N de Wet

5. Auditors

Valentine Sargeant will continue in office in accordance with section 270(2) of the Companies Act.

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Annual Financial Statements for the year ended 30 June 2015

Statement of Financial Position

Figures in Rand	2015	2014
Assets		
Non-Current Assets		
Property, plant and equipment	1,111,607	1,167,356
Current Assets		
Trade and other receivables	83,620	2,421
Cash and cash equivalents	356,677	297,021
	440,297	299,442
Total Assets	1,551,904	1,466,798
Equity and Liabilities		
Equity		
Retained income	1,516,201	1,435,846
Liabilities		
Current Liabilities		
Loans from shareholders	-	-
Trade and other payables	35,703	30,952
	35,703	30,952
Total Equity and Liabilities	1,551,904	1,466,798

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Statement of Comprehensive Income

Figures in Rand	2015	2014
Revenue	849,017	946,250
Other income	-	25,175
Operating expenses	(778,344)	(744,960)
Operating profit	70,673	226,465
Investment revenue	9,682	4,091
Finance costs	-	(11,009)
Profit for the year	80,355	219,547
Other comprehensive income	-	-
Total comprehensive income	80,355	219,547

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Statement of Changes in Equity

Figures in Rand		Retained income	Total equity
Balance at 01 July 2013	-	1,216,299	1,216,299
Changes in equity			
Total comprehensive income for the year	-	219,547	219,547
Total changes	-	219,547	219,547
Balance at 01 July 2014	-	1,435,846	1,435,846
Changes in equity			
Total comprehensive income for the year	-	80,355	80,355
Total changes	-	80,355	80,355
Balance at 30 June 2015	-	1,516,201	1,516,201
Note(s)			

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Statement of Cash Flows

Figures in Rand	2015	2014
Cash flows from operating activities		
Cash generated from operations	86,769	310,991
Interest income	9,682	4,091
Finance costs	-	(11,009)
Net cash from operating activities	96,451	304,073
Cash flows from investing activities		
Purchase of property, plant and equipment	(36,795)	(53,603)
Cash flows from financing activities		
Repayment of members loan	-	(235,266)
Net cash from financing activities	-	(235,266)
Total cash movement for the year	59,656	15,204
Cash at the beginning of the year	297,021	281,816
Total cash at end of the year	356,677	297,020

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Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice, and the Companies Act of South Africa. 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 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.

Property, plant and equipment is initially measured at cost.

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 is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

Property, plant and equipment are depreciated on the over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

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

Item	Average useful life
Facility construction	05 - 20 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

The depreciation charge for each period is recognised in profit or 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.

1.2 Financial instruments

Initial recognition and measurement

Financial instruments are recognised initially when the company becomes a party to the contractual provisions of the instruments.

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 instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

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Accounting Policies

1.2 Financial instruments (continued)

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and 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.

1.3 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

1.4 Revenue

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

Income received from levies is recorded when received.

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Notes to the Annual Financial Statements

Figures in Rand

2015

2014

2. Property, plant and equipment

	2015			2014		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Facility construction	1,345,003	(233,396)	1,111,607	1,308,208	(140,852)	1,167,356

Reconciliation of property, plant and equipment - 2015

	Opening balance	Additions	Depreciation	Total
Facility construction	1,167,356	36,795	(92,544)	1,111,607

Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions	Depreciation	Total
Facility construction	1,197,060	53,603	(83,307)	1,167,356

A register containing the information required by paragraph 22(3) of Schedule 4 of the Companies Act is available for inspection at the registered office of the company.

3. Trade and other receivables

VAT		14,328	2,421
Levies receivable		69,292	-
		83,620	2,421

4. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances		356,677	297,021
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Notes to the Annual Financial Statements

Figures in Rand	2015	2014
5. Revenue		
Ordinary levies	849,017	946,250
6. Finance costs		
Loans	-	11,009
7. Cash generated from operations		
Profit before taxation	80,355	219,547
Adjustments for:		
Depreciation and amortisation	92,544	83,308
Interest received	(9,682)	(4,091)
Finance costs	-	11,009
Changes in working capital:		
Trade and other receivables	(81,199)	(2,421)
Trade and other payables	4,751	3,639
	86,769	310,991

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Detailed Income Statement

Figures in Rand	2015	2014
Revenue		
Levies received	849,017	946,250
Gross profit	849,017	946,250
	9,682	29,266
Interest received	9,682	4,091
Other income		
Retention refund	-	25,175
Operating expenses		
Accounting fees	(8,050)	(6,310)
Administration and management fees	(50,250)	(35,250)
Advertising	-	(24,022)
Auditors remuneration	(9,838)	(9,245)
Bank charges	(2,173)	(4,159)
Cleaning	(13,716)	-
Common area maintenance	(75,768)	(83,939)
Depreciation	(92,544)	(83,308)
Employee costs	-	(7,663)
Fines and penalties	-	-
Hire	-	(526)
Insurance	(9,103)	(7,289)
Meeting expenses	(4,112)	-
Office expenses	(2,597)	(467)
Postage	(297)	(297)
Secretarial fees	(2,398)	-
Security	(514,044)	(468,186)
Subscriptions	(139)	(95)
Telephone and fax	-	(100)
Travel - local	(193)	-
Utilities	6,878	(14,104)
	(778,344)	(744,960)
Operating profit	80,355	230,556
Finance costs	6	(11,009)
Profit for the year	80,355	219,547