

Sea Point City Improvement District NPC
(Registration number 1998/017963/08)
Annual Financial Statements
for the year ended 30 June 2021

RAFT Auditing Inc.
Chartered Accountants (S.A.)
Registered Auditors
Issued 26 August 2021

Sea Point City Improvement District NPC

(Registration number: 1998/017963/08)

Annual Financial Statements for the year ended 30 June 2021

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Provides additional security, cleansing, maintenance services, marketing and social development
Directors	J D Weber K V Lewis P J Barnard P R Berman R Da Luz
Registered office	2 Kloof Street Cape Town 8001
Postal address	2 Kloof Street Cape Town
Bankers	First National Bank
Auditors	RAFT Auditing Inc. Chartered Accountants (S.A.) Registered Auditors
Tax reference number	9124028037
PBO reference number	930041832
Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa.

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Directors' Responsibilities and Approval

The directors are required by 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 year 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 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 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 next 12 months 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 and 6.

The annual financial statements set out on pages 7 to 16, which have been prepared on the going concern basis, were approved by the board of directors on 26 August 2021 and were signed on its behalf by:

Approval of annual financial statements



J D Weber



R Da Luz

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Directors' Report

The directors have pleasure in submitting their report on the annual financial statements of the company for the year ended 30 June 2021.

1. Review of financial results and activities

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

2. Directors

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

Directors	Nationality
J D Weber	South African
K V Lewis	South African
P J Barnard	South African
P R Berman	South African
R Da Luz	South African

3. 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.

4. Going concern

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

5. Auditors

RAFT Auditing Inc. continued in office for the current year.

6. Secretary

The company has no secretary for the reporting period.

The annual financial statements set out on pages 7 to 17, which have been prepared on the going concern basis, were approved by the board of directors and were signed on its behalf by:



J D Weber
Director
Thursday, 26 August 2021



R Da Luz
Director
Thursday, 26 August 2021



Independent Auditors' Report

To the Shareholders of Sea Point City Improvement District NPC

Opinion

We have audited the annual financial statements of Sea Point City Improvement District NPC (the company) set out on pages 7 to 17, which comprise the statement of financial position as at 30 June 2021, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the 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 Sea Point City Improvement District NPC as at 30 June 2021, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa.

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.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Sea Point City Improvement District NPC annual financial statements for the year ended 30 June 2021", which includes the Directors' Report as required by the Companies Act of South Africa 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 and will 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 auditors' 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 the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa, 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.

Independent Auditors' Report

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 Auditors' 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 Auditors' 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 Auditors' 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.

RAFT Auditing Inc.

RAFT Auditing Inc.
Registered Auditors
Per: Afzal Khan
26 August 2021

Sea Point City Improvement District NPC

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Statement of Financial Position as at 30 June 2021

Figures in Rand	Notes	2021	2020
Assets			
Non-Current Assets			
Property, plant and equipment	2	391 695	240 894
Current Assets			
Trade and other receivables	3	12 674	(55 160)
Cash and cash equivalents	4	2 581 467	2 876 851
		2 594 141	2 821 691
Total Assets		2 985 836	3 062 585
Equity and Liabilities			
Equity			
Retained income		2 705 833	2 736 241
Liabilities			
Current Liabilities			
Trade and other payables	5	42 661	197 016
Current tax payable		40 241	-
Provisions	6	197 101	129 328
		280 003	326 344
Total Equity and Liabilities		2 985 836	3 062 585

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Statement of Comprehensive Income

Figures in Rand	Notes	2021	2020
Revenue	7	6 521 000	6 087 689
Other income	8	155 858	84 319
Operating expenses		(6 751 141)	(6 267 656)
Operating deficit		(74 283)	(95 648)
Investment revenue	9	84 115	149 465
Surplus before taxation		9 832	53 817
Taxation	10	(40 240)	-
(Deficit) / surplus for the year		(30 408)	53 817
Other comprehensive income		-	-
Total comprehensive (deficit) / surplus income for the year		(30 408)	53 817

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Statement of Changes in Equity

Figures in Rand	Accumulated surplus	Total equity
Balance at 01 July 2019	2 682 424	2 682 424
Surplus for the year	53 817	53 817
Other comprehensive income	-	-
Total comprehensive income for the year	53 817	53 817
Balance at 01 July 2020	2 736 241	2 736 241
Deficit for the year	(30 408)	(30 408)
Other comprehensive income	-	-
Total comprehensive loss for the year	(30 408)	(30 408)
Balance at 30 June 2021	2 705 833	2 705 833

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Statement of Cash Flows

Figures in Rand	Notes	2021	2020
Cash flows from operating activities			
Cash (used in) / generated from operations	11	(139 868)	276 575
Interest income		84 115	149 465
Net cash from operating activities		(55 753)	426 040
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(239 631)	(277 135)
Total cash movement for the year		(295 384)	148 905
Cash at the beginning of the year		2 876 851	2 727 946
Total cash at end of the year	4	2 581 467	2 876 851

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Annual Financial Statements for the year ended 30 June 2021

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 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 year.

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

Useful lives of property, plant and equipment

The company reviews the estimated useful lives of property, plant and equipment when changing circumstances indicate that they may have changed since the most recent reporting date. During the current year, the directors determined that the useful lives of certain items of property, plant and equipment which have fully depreciated should be increased by 2 years, due to still being in use.

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 year.

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

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.

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

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	6 years
Motor vehicles	Straight line	5 years
Office equipment	Straight line	5 years
IT equipment	Straight line	3 years
Computer software	Straight line	3 years
LPR Cameras	Straight line	3 years

Where major components of an item of property, plant and equipment have significantly different patterns of consumption of economic benefits, the cost of the asset is allocated to the components and they are depreciated separately over each component's useful life.

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.

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 estimate.

Gains and losses on disposals are recognised in profit and loss.

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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 rate 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

Commitments to receive a loan are measured at cost less impairment.

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.

Financial instruments at fair value

All other financial instruments, including equity instruments that are publicly traded or whose fair value can otherwise be measured reliably, without undue cost or effort, are measured at fair value through profit and loss.

If a reliable measure of fair value is no longer available without undue cost or effort, then the fair value at the last date that such a reliable measure was available is treated as the cost of the instrument. The instrument is then measured at cost less impairment until management are able to measure fair value without undue cost or effort.

1.4 Tax

Current tax assets and liabilities

Current tax for current and prior years is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior years exceeds the amount due for those years, the excess is recognised as an asset.

Current tax liabilities / assets for the current and prior years are measured at the amount expected to be paid to / recovered from the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

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.

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Accounting Policies

1.5 Impairment of assets

The company assesses at each reporting date whether there is any indication that property, plant and equipment 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.

1.6 Provisions and contingencies

Provisions are recognised when the company has an obligation at the reporting date as a result of a past event; it is probable that the company will be required to transfer economic benefits in settlement; and the amount of the obligation can be estimated reliably.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

Provisions are not recognised for future operating losses.

1.7 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.

1.8 Borrowing costs

Borrowing costs are recognised as an expense in the year in which they are incurred.

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Notes to the Annual Financial Statements

Figures in Rand

2021

2020

2. Property, plant and equipment

	2021			2020		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	27 230	(22 644)	4 586	27 230	(21 648)	5 582
Motor vehicles	15 000	(15 000)	-	15 000	(15 000)	-
Office equipment	29 072	(20 970)	8 102	29 072	(18 427)	10 645
IT equipment	86 677	(69 345)	17 332	77 277	(63 523)	13 754
Computer software	7 149	(7 149)	-	7 149	(7 149)	-
LPR Cameras	484 234	(122 559)	361 675	254 003	(43 090)	210 913
Total	649 362	(257 667)	391 695	409 731	(168 837)	240 894

Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Depreciation	Closing balance
Furniture and fixtures	5 582	-	(996)	4 586
Office equipment	10 645	-	(2 543)	8 102
IT equipment	13 754	9 400	(5 822)	17 332
LPR cameras	210 913	230 231	(79 469)	361 675
	240 894	239 631	(88 830)	391 695

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Depreciation	Closing balance
Furniture and fixtures	-	6 001	(419)	5 582
Office equipment	8 284	4 115	(1 754)	10 645
IT equipment	3 971	13 017	(3 234)	13 754
LPR cameras	-	254 002	(43 089)	210 913
	12 255	277 135	(48 496)	240 894

3. Trade and other receivables

Trade receivables	8 600	(106 591)
Prepayments	4 074	6 380
VAT	-	45 051
	12 674	(55 160)

The Company receives revenue from the City of Cape Town ("the City"), which the City collects from ratepayers.

4. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	7 000	7 000
Bank balances	2 574 467	2 869 851
	2 581 467	2 876 851

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Notes to the Annual Financial Statements

Figures in Rand	2021	2020		
5. Trade and other payables				
Trade payables	1 236	73 480		
Amounts received in advance	12 536	12 536		
VAT	28 889	-		
Provision for LPR funds	-	111 000		
	42 661	197 016		
6. Provisions				
Reconciliation of provisions - 2021				
	Opening balance	Additions	Utilised during the year	Total
Provisions for employee benefits	129 328	197 101	(129 328)	197 101
Reconciliation of provisions - 2020				
	Opening balance	Additions	Utilised during the year	Total
Provisions for employee benefits	94 584	129 328	(94 584)	129 328
7. Revenue				
Revenue - services rendered	6 521 000	5 885 005		
Retentions released by city	-	202 684		
	6 521 000	6 087 689		
8. Other income				
Donations income	42 067	71 797		
Bad debts recovered	113 791	-		
Rental income	-	12 522		
	155 858	84 319		
* Donation income relates to donations received to install the LPR cameras in Sea Point.				
9. Investment revenue				
Interest revenue				
Bank	84 115	149 465		

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Notes to the Annual Financial Statements

Figures in Rand	2021	2020
10. Taxation		
Major components of the tax expense		
Current taxation		
Income tax - current year	9 389	-
Income tax - prior period under provision	30 851	-
	40 240	-
Reconciliation of the tax expense		
Reconciliation between accounting profit and tax expense.		
Accounting surplus	9 832	53 817
Tax at the applicable tax rate of 28% (2020: 28%)	2 753	15 069
Tax effect of adjustments on taxable income		
Exempt income		
Exempt income	1 869 520	2 246 264
Non-deductible expenses		
Non-deductible expense	(1 862 884)	(2 261 333)
	(1 862 884)	(2 261 333)
Other		
Prior period under provision in current tax	30 851	-
	30 851	-
	40 240	-

The company is exempt from income tax under section 10(1)(e)(i)(cc) effective 01 July 2016.

11. Cash (used in) / generated from operations

Surplus before taxation	9 832	53 817
Adjustments for:		
Depreciation	88 830	48 496
Investment revenue	(84 115)	(149 465)
Movements in provisions	67 773	34 744
Changes in working capital:		
Trade and other receivables	(67 834)	159 068
Trade and other payables	(154 354)	129 914
	(139 868)	276 574

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Notes to the Annual Financial Statements

Figures in Rand	2021	2020
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12. Related parties**Identity of related parties**

The company's income is received in the form of revenue - services rendered paid to the organisation by the City of Cape Town.

Material related party transactions

Amounts received from the City of Cape Town

Revenue - services rendered from City	6 521 000	5 885 005
Retentions released by City	-	202 684
	<u>6 521 000</u>	<u>6 087 689</u>

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Detailed Income Statement

Figures in Rand	Notes	2021	2020
Revenue			
Rendering of services		6 521 000	5 885 005
Retentions released by City		-	202 684
	7	6 521 000	6 087 689
Other income			
Rental income		-	12 522
Bad debts recovered		113 791	-
Donations		42 067	71 797
		155 858	84 319
Operating expenses			
Accounting fees		(59 802)	(54 751)
Auditors' remuneration		(43 475)	(34 750)
Bank charges		(11 960)	(12 338)
Cleaning		(408 434)	(384 905)
Computer expenses		(3 830)	(5 769)
Covid-19 expenses		(44 320)	(48 988)
Depreciation		(88 830)	(48 496)
Employee costs		(1 447 922)	(1 291 731)
Insurance		(18 580)	(15 243)
Legal expenses		(41 025)	-
Marketing and advertising		(56 090)	(78 251)
Meeting expenses		(55 131)	(23 061)
Municipal expenses		(37 373)	(53 557)
Printing and stationery		(19 970)	(18 008)
Repairs and maintenance		(11 032)	(7 934)
Secretarial fees		(2 950)	-
Security		(4 345 317)	(4 136 945)
Social upliftment		(8 825)	(22 210)
Staff welfare		(24 586)	(23 884)
Telephone and fax		(21 689)	(6 835)
		(6 751 141)	(6 267 656)
Operating deficit		(74 283)	(95 648)
Investment income	9	84 115	149 465
Surplus before taxation		9 832	53 817
Taxation	10	(40 240)	-
(Deficit) / Surplus for the year		(30 408)	53 817