

**ORANJEKLOOF CITY IMPROVEMENT
DISTRICT (NPC)
YEAR ENDED 30 JUNE 2020**

Oranjekloof City Improvement District (NPC)

(Registration number 2002/000611/08)

Financial Statements for the year ended 30 June 2020

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Enhancing and supplementing municipal services provided by the City of Cape Town within the Oranje-Kloof Area
Directors	Bernd Michael Schultz Brett Edward Shaw Christiaan Ludolph Fick Deon Pieter De Wet Leon Herman Fortes
Registered office	Concertino House 106 Kloof Street CAPE TOWN 8001
Business address	1 Somerset Road Prestwich Memorial St Andrew Square GREEN POINT 8005
Postal address	P.O. Box 10291 Mill Street 8010
Bankers	Absa Bank Limited
Auditors	MKD Chartered Accountants (S.A.)
Company registration number	2002/000611/08
Tax reference number	9436/239/14/0
Level of assurance	These financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.
Preparer	The financial statements were independently compiled by: Simon Wood
Issued	31 August 2020

Oranjekloof City Improvement District (NPC)

(Registration number 2002/000611/08)

Financial Statements for the year ended 30 June 2020

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Level of assurance

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

Preparer

Simon Wood

Published

31 August 2020

Oranjekloof City Improvement District (NPC)

(Registration number 2002/000611/08)

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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 financial statements and related financial information included in this report. It is their responsibility to ensure that the 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 Auditor is engaged to express an independent opinion on the financial statements.

The 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.

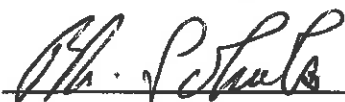
The Directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Company and place considerable importance on maintaining a strong control environment. To enable the Directors to meet these responsibilities, the Directors set standards for 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 financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

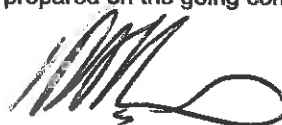
The Directors have reviewed the Company's cash flow forecast for the year to 30 June 2021 and, in the light of this review and the current financial position, they are satisfied that the Company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external Auditor is responsible for independently auditing and reporting on the Company's financial statements. The financial statements have been examined by the Company's external Auditor and the report is presented on pages 4 - 5.

The financial statements set out on pages 7 to 18, which have been prepared on the going concern basis, were approved by the Directors on 31 August 2020:



Bernd Michael Schultz



Brett Edward Shaw



Christiaan Ludolph Fick



Deon Pieter De Wet

Leon Herman Fortes

CAPE TOWN

31 August 2020



CHARTERED
ACCOUNTANTS (S.A.)

REGISTERED AUDITORS

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Cape Town 8001
South Africa

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Mill Street
8010

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Independent Auditor's Report

To the Directors of Oranjekloof City Improvement District (NPC)

Opinion

We have audited the financial statements of Oranjekloof City Improvement District (NPC) set out on pages 9 to 16, which comprise the statement of financial position as at 30 June 2020, the statement of comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Oranjekloof City Improvement District (NPC) as at 30 June 2020, 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 71 of 2008.

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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.

Emphasis of matter

We draw attention to Note 5 and 6 of the Directors report, which deals with subsequent events, going concern and specifically the possible effects of the Covid-19 pandemic on Oranje Kloof City Improvement District (NPC) future prospects, performance and cash flows. Management have also described how they plan to deal with these events and circumstances. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report.

Partner:

Stuart Charles Mackay-Davidson
B.Corr. (Hons) I.S., CA (S.A.)

Associate Consultants:

Raymond Klitzner Professional Accountant (S.A.)
Ronald David Bywater CA (S.A.)
Cindy-Lou Forster B.Sc (Info.Proc), B.Compt (Hons), CA (S.A.)

Assisted by:

Marcelle Fisher-Jeffes B.Compt., Professional Accountant (S.A.)
Tania Reid B.Com. (Hons), CA (S.A.)
Demetrios Papadatos B.Compt.

Independent Auditor's Report

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 financial statements and our Auditor's Report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 the 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 financial statements.

As part of an audit in accordance with the 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent Auditor's Report

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.



**MKD Chartered Accountants (S.A.)
S C Mackay-Davidson
Registered Auditor**

**Concertino House
106 Kloof Street
CAPE TOWN
8001**

31 August 2020

Oranjekloof City Improvement District (NPC)

(Registration number 2002/000611/08)

Financial Statements for the year ended 30 June 2020

Directors' Report

The Directors have pleasure in submitting their report on the financial statements of Oranjekloof City Improvement District (NPC) for the year ended 30 June 2020.

1. Nature of business

Oranjekloof City Improvement District (NPC) was incorporated in South Africa and its primary objective is enhancing and supplementing municipal services provided by the City of Cape Town within the Oranje-Kloof Area. The Company operates in South Africa.

2. Review of financial results and activities

The 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 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 financial statements.

3. Directors

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

Name

Bernd Michael Schultz
Brett Edward Shaw
Christiaan Ludolph Fick
Deon Pieter De Wet
Leon Herman Fortes

There have been no changes to the Directorate for the year under review.

4. 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.

5. Going concern

Since December 2019, the spread of Covid-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilise economic conditions.

The Directors believe that the Company has adequate financial resources to continue in operation for the foreseeable future and they have indicated that there has been no significant impact on the entity's financial position and performance as a result of the Covid-19 pandemic. Accordingly the 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.

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6. Events after the reporting period

Following disclosures made in respect of the impact of Covid-19 on the business per the going concern paragraph above, the Company has determined that these events are non-adjusting subsequent events and accordingly, the financial position and results of operations as of and for the year ended 30 June 2020 have not been adjusted to reflect their impact. The duration and impact of the Covid-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Company for future periods.

The Directors are not aware of any other material event which occurred after the reporting date and up to the date of this report.

7. Auditor

MKD Chartered Accountants (S.A.) continued in office as Auditor for the Company for 2019.

Oranjekloof City Improvement District (NPC)

(Registration number 2002/000611/08)

Financial Statements for the year ended 30 June 2020

Statement of Financial Position as at 30 June 2020

Figures in Rand	Notes	2020	2019
Assets			
Non-Current Assets			
Property, plant and equipment	1.1;1.2;2	185,617	10,608
Current Assets			
Cash and cash equivalents	3	2,414,622	1,884,284
Total Assets		2,600,239	1,894,892
Equity and Liabilities			
Equity			
Establishment surplus		35,510	35,510
Accumulated surplus		2,479,073	1,802,072
		2,514,583	1,837,582
Liabilities			
Current Liabilities			
Trade and other payables	1.3;4	85,656	57,310
Total Equity and Liabilities		2,600,239	1,894,892

Oranjekloof City Improvement District (NPC)

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Statement of Comprehensive Income

Figures in Rand	Notes	2020	2019
Revenue	1.4;5	6,405,363	5,729,790
Other income	6	315,631	231,998
Operating expenses		(6,130,409)	(5,954,968)
Operating profit		590,585	6,820
Interest received		86,416	93,099
Surplus for the year		677,001	99,919
Other comprehensive income		-	-
Total comprehensive surplus for the year		677,001	99,919

Oranjekloof City Improvement District (NPC)

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Statement of Changes in Equity

Figures in Rand	Establishment surplus	Accumulated surplus	Total equity
Balance at 01 July 2018	35,510	1,702,153	1,737,663
Surplus for the year	-	99,919	99,919
Balance at 01 July 2019	35,510	1,802,072	1,837,582
Surplus for the year	-	677,001	677,001
Balance at 30 June 2020	35,510	2,479,073	2,514,583

Oranjekloof City Improvement District (NPC)

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Financial Statements for the year ended 30 June 2020

Statement of Cash Flows

Figures in Rand	Notes	2020	2019
Cash flows from operating activities			
Cash generated from operations	9	639,574	17,308
Interest received		86,416	93,099
Net cash from operating activities		725,990	110,407
Cash flows from investing activities			
Acquisition of property, plant and equipment	2	(195,652)	-
Total cash movement for the year		530,338	110,407
Cash at beginning of the year		1,884,284	1,773,877
Total cash at end of the year	3	2,414,622	1,884,284

Oranjekloof City Improvement District (NPC)

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Financial Statements for the year ended 30 June 2020

Accounting Policies

1. Presentation of financial statements

The 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 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 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	Average useful life
Security systems	10 years
Trailer	10 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 recognised in profit or loss.

1.2 Impairment of assets

The Company assesses at each reporting date whether there is any indication that an asset 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.

1.3 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

Debt instruments, as defined in 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 so, an impairment loss is recognised.

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Financial Statements for the year ended 30 June 2020

Accounting Policies

1.3 Financial instruments (continued)

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 are measured at cost less impairment. This includes equity instruments held in unlisted investments.

Financial instruments at fair value

All other financial instruments are measured at fair value through profit and loss.

1.4 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for services provided in the normal course of business, net of trade discounts, volume rebates and Value-Added Tax.

Revenue comprises a City Improvement District Levy received from the City of Cape Town.

The City of Cape Town retains 3% of turnover for probable bad debts and therefore turnover is recognised at 97% of the invoiced amount.

Oranjekloof City Improvement District (NPC)

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Financial Statements for the year ended 30 June 2020

Notes to the Financial Statements

Figures in Rand 2020 2019

2. Property, plant and equipment

	2020			2019		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Security systems	195,652	(13,043)	182,609	-	-	-
Trailer	38,000	(34,992)	3,008	38,000	(27,392)	10,608
Total	233,652	(48,035)	185,617	38,000	(27,392)	10,608

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Depreciation	Total
Security systems	-	195,652	(13,043)	182,609
Trailer	10,608	-	(7,600)	3,008
	10,608	195,652	(20,643)	185,617

Reconciliation of property, plant and equipment - 2019

	Opening balance	Depreciation	Total
Trailer	14,408	(3,800)	10,608

A register containing the information required by Regulation 25(3) of the Companies Regulations 2011 is available for inspection at the registered office of the Company.

3. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	2,414,622	1,884,284
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4. Trade and other payables

Provision: Accounting fees	10,266	10,266
Provision: Audit fees	43,468	34,221
Provision: SARS PAYE	12,250	12,250
Value-Added Tax	19,672	573
	85,656	57,310

5. Revenue

Rendering of services	6,405,363	5,729,790
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6. Other income

Retention refund	315,631	231,998
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7. Taxation

No provision has been made for S.A. Normal Taxation, as the Company is exempt from taxation in terms of Section 10(1)(cN) of the Income Tax Act of 1962.

Oranjekloof City Improvement District (NPC)

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Financial Statements for the year ended 30 June 2020

Notes to the Financial Statements

Figures in Rand	2020	2019
8. Auditor's remuneration		
Fees	36,960	34,206
Other services	6,405	-
	<u>43,365</u>	<u>34,206</u>
9. Cash generated from operations		
Surplus for the year	677,001	99,919
Adjustments for:		
Depreciation of fixed asset	20,643	3,800
Interest received	(86,416)	(93,099)
Changes in working capital:		
Trade and other receivables	-	11,640
Trade and other payables	28,346	(4,952)
	<u>639,574</u>	<u>17,308</u>

10. Directors' remuneration

No emoluments were paid to the Directors or any individuals holding a prescribed office during the year.

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Detailed Income Statement

Figures in Rand	2020	2019
Revenue	6,405,363	5,729,790
Other income		
Retention refund	315,631	231,998
Interest received	86,416	93,099
	<u>402,047</u>	<u>325,097</u>
Expenses (Refer to page 18)	(6,130,409)	(5,954,968)
Surplus for the year	677,001	99,919

Oranjekloof City Improvement District (NPC)

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Financial Statements for the year ended 30 June 2020

Detailed Income Statement

Figures in Rand	2020	2019
Operating expenses		
Accounting fees	48,000	36,000
Administration fees	841,179	797,277
Advertising	186,620	159,027
Auditor's remuneration	43,465	34,206
Bank charges	4,131	5,808
Cleaning	648,324	627,420
Computer expenses	8,767	9,067
Depreciation of fixed assets	20,643	3,800
Entertainment	-	500
Insurance	4,384	5,067
Interest paid: SARS	4,762	-
Meeting/AGM expenses	13,019	12,438
Motor vehicle expenses	3,117	-
Printing and stationery	-	1,200
Security	4,143,908	3,926,489
Social responsibility and initiatives	140,811	126,718
Staff welfare	5,035	-
Street upgrades	3,250	209,951
Telephone and fax	8,560	-
Travel - local	2,434	-
	6,130,409	5,954,968