

**ELSIES RIVER CITY IMPROVEMENT DISTRICT NPC
(REGISTRATION NUMBER 2015/169342/08)
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021**

ELSIES RIVER CITY IMPROVEMENT DISTRICT NPC
(REGISTRATION NUMBER: 2015/169342/08)
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	District improvement
Directors	JB Houston G Castle AJ Bowring
Registered office	40 6th Avenue Elsies River 7480
Business address	40 6th Avenue Elsies River 7480
Bankers	Standard Bank Limited
Auditors	C2M Chartered Accountants Incorporated Chartered Accountants (SA) Registered Auditors
Secretary	C2M Statutory Services
Company registration number	2015/169342/08
Tax reference number	9307/820/25/6
Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.
Preparer	The annual financial statements were independently compiled by: MD Dreyer Professional Accountant (SA)
Issued	11 August 2021

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DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required by the Companies Act 71 of 2008, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to 30 June 2022 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 6 to 7.

The annual financial statements set out on pages 8 to 15, which have been prepared on the going concern basis, were approved by the directors on 11 August 2021 and were signed by:

AJ Bowling

Belville

11 August 2021

JB Houston

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DIRECTORS' REPORT

The directors have pleasure in submitting their report on the annual financial statements of Elsie's River City Improvement District NPC for the year ended 30 June 2021.

1. Incorporation

The company was incorporated on 18 May 2015 and obtained its certificate to commence business on the same day.

2. Nature of business

Elsie's River City Improvement District NPC was incorporated in South Africa with interests in the Non-profit industry. The company operates in South Africa.

There have been no material changes to the nature of the company's business from the prior year.

3. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the company are set out in these annual financial statements.

4. Insurance and risk management

The company follows a policy of reviewing the risks relating to assets and possible liabilities arising from business transactions with its insurers on an annual basis. Wherever possible assets are automatically included. There is also a continuous asset risk control program, which is carried out in conjunction with the company's insurance brokers. All risks are considered to be adequately covered, except for political risks, in the case of which as much cover as is reasonably available has been arranged.

5. Directors

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

Directors
JB Houston
G Castle
AJ Bowring

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

6. Directors' interests in contracts

During the financial year, no contracts were entered into which directors or officers of the company had an interest and which significantly affected the business of the company.

7. 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.

8. 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.

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DIRECTORS' REPORT

9. 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.

10. Litigation statement

The company becomes involved from time to time in various claims and lawsuits incidental to the ordinary course of business. The company is not currently involved in any such claims or lawsuits, which individually or in the aggregate, are expected to have a material adverse effect on the business or its assets.

11. Auditor

C2M Chartered Accountants Incorporated continued in office as auditors for the company for 2021.

At the AGM, the shareholder will be requested to reappoint C2M Chartered Accountants Incorporated as the independent external auditors of the company and to confirm Mr A Nel as the designated lead audit partner for the 2022 financial year.

12. Secretary

The company secretary is C2M Statutory Services.

13. Date of authorisation for issue of annual financial statements

The annual financial statements have been authorised for issue by the directors on 11 August 2021. No authority was given to anyone to amend the annual financial statements after the date of issue.

14. Liquidity and solvency

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

INDEPENDENT AUDITOR'S REPORT

To the directors of Elsie's River City Improvement District NPC

Opinion

We have audited the annual financial statements of Elsie's River City Improvement District NPC (the company) set out on pages 8 to 15, which comprise the statement of financial position as at 30 June 2021, 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 significant accounting policies.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Elsie's River City Improvement District NPC as at 30 June 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008.

Basis for opinion

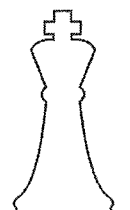
We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the annual financial statements section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of annual financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Elsie's River 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 71 of 2008 and the Detailed Income Statement, which we obtained prior to the date of this report. The other information does not include the annual financial statements and our auditor's report thereon.

Our opinion on the annual financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



INDEPENDENT AUDITOR'S REPORT

Responsibilities of the directors for the Annual Financial Statements

The directors are responsible for the preparation and fair presentation of the annual financial statements in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008, and for such internal control as the directors determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

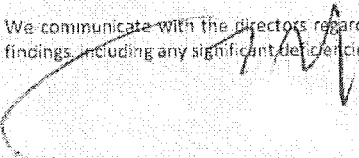
Auditor's responsibilities for the audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.


A Nel
Chartered Accountant (SA)
Registered Auditor
Director

11 August 2021

Tygerforum B
53 Willie van Schoor Drive
Tygervalley
Bellville
7530



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STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Note(s)	2021 R	2020 R
Assets			
Non-Current Assets			
Property, plant and equipment	2	187 686	161 398
Current Assets			
Trade and other receivables	3	14 784	-
Cash and cash equivalents	4	1 175 556	1 040 269
		1 190 340	1 040 269
Total Assets		1 378 026	1 201 667
Equity and Liabilities			
Equity			
Reserves		1 252 329	1 197 485
Liabilities			
Current Liabilities			
Trade and other payables	5	125 697	4 182
Total Equity and Liabilities		1 378 026	1 201 667

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STATEMENT OF COMPREHENSIVE INCOME

	Note(s)	2021 R	2020 R
Service rendered: Income from Additional Rates	7	3 107 100	2 913 088
Other income	8	-	58 593
Operating expenses		(3 079 944)	(2 809 294)
Operating surplus	9	27 156	162 387
Investment revenue	11	27 688	38 827
Surplus for the year		54 844	201 214
Other comprehensive income		-	-
Total comprehensive income for the year		54 844	201 214

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STATEMENT OF CHANGES IN EQUITY

	Reserves R	Retained income R	Total equity R
Balance at 1 July 2019	996 271	-	996 271
Surplus for the year	-	201 214	201 214
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	201 214	201 214
Transfer between reserves	201 214	(201 214)	-
Total changes	201 214	(201 214)	-
Balance at 1 July 2020	1 197 485	-	1 197 485
Surplus for the year	-	54 844	54 844
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	54 844	54 844
Transfer between reserves	54 844	(54 844)	-
Total changes	54 844	(54 844)	-
Balance at 30 June 2021	1 252 329	-	1 252 329

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STATEMENT OF CASH FLOWS

	Note(s)	2021 R	2020 R
Cash flows from operating activities			
Cash generated from operations	14	224 075	243 771
Interest income		27 688	38 827
Net cash from operating activities		251 763	282 598
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(116 476)	(8 430)
Total cash movement for the year		135 287	274 168
Cash at the beginning of the year		1 040 269	766 101
Total cash at end of the year	4	1 175 556	1 040 269

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ACCOUNTING POLICIES

1. Basis of preparation and summary of significant accounting policies

The annual financial statements have been prepared on a going concern basis in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Companies Act 71 of 2008. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

Critical judgements in applying accounting policies

Management did not make critical judgements in the application of accounting policies, apart from those involving estimations, which would significantly affect the annual financial statements.

Key sources of estimation uncertainty

The financial statements do not include assets or liabilities whose carrying amounts were determined based on estimations for which there is a significant risk of material adjustments in the following financial year as a result of the key estimation assumptions.

1.2 Property, plant and equipment

Property, plant and equipment are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one period.

Property, plant and equipment is initially measured at cost.

Cost includes costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. Day to day servicing costs are included in surplus or shortfall in the period in which they are incurred.

Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land which is stated at cost less any accumulated impairment losses.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the company.

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

Item	Depreciation method	Average useful life
CCTV Cameras	Straight line	5 years

When indicators are present that the useful lives and residual values of items of property, plant and equipment have changed since the most recent annual reporting date, they are reassessed. Any changes are accounted for prospectively as a change in accounting estimate.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in surplus or shortfall to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in surplus or shortfall when the item is derecognised.

ACCOUNTING POLICIES

1.3 Financial instruments

Initial measurement

Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through surplus or shortfall) unless the arrangement constitutes, in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial instruments at amortised cost

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

Financial instruments at cost

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably without undue cost or effort are measured at cost less impairment.

1.4 Tax

Current tax assets and liabilities

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

Tax expenses

Tax expense is recognised in the same component of total comprehensive income or equity as the transaction or other event that resulted in the tax expense.

1.5 Cash and cash equivalents

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

1.6 Impairment of assets

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

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

1.7 Government grants

Grants that do not impose specified future performance conditions are recognised in income when the grant proceeds are receivable.

Grants that impose specified future performance conditions are recognised in income only when the performance conditions are met.

Grants received before the revenue recognition criteria are satisfied are recognised as a liability.

Grants are measured at the fair value of the asset received or receivable.

1.8 Borrowing costs

All borrowing costs are recognised as an expense in the period in which they are incurred.

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2021 R	2020 R				
2. Property, plant and equipment						
	2021	2020				
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
CCTV Cameras	657 608	(469 922)	187 686	541 131	(379 733)	161 398
Reconciliation of property, plant and equipment - 2021						
			Opening balance	Additions	Depreciation	Closing balance
CCTV Cameras			161 398	116 476	(90 188)	187 686
Reconciliation of property, plant and equipment - 2020						
			Opening balance	Additions	Depreciation	Closing balance
CCTV Cameras			242 454	8 430	(89 486)	161 398
Registers with details of property, plant and equipment are available for inspection by shareholders or their duly authorised representatives at the registered office of the company.						
3. Trade and other receivables						
VAT					14 784	-
4. Cash and cash equivalents						
Cash and cash equivalents consist of:						
Bank balances					1 175 556	1 040 269
5. Trade and other payables						
Accrued expenses					125 697	-
VAT					-	4 182
					125 697	4 182
6. Other NDR						
Non-distributable reserve					1 252 329	1 197 485
7. Revenue						
Service rendered: Income from Additional Rates					3 107 100	2 913 088
8. Other Income						
Retention refund					-	58 593

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2021 R	2020 R
9. Operating surplus		
Operating surplus for the year is stated after accounting for the following:		
Depreciation on property, plant and equipment	90 188	89 486
10. Depreciation, amortisation and impairments		
The following items are included within depreciation, amortisation and impairments:		
Depreciation		
Property, plant and equipment	90 188	89 486
11. Investment revenue		
Interest revenue		
Bank	27 688	38 827
12. Taxation		
No provision has been made for 2021 tax as the company is exempt from income under section 10(1)(e)(i)(cc).		
13. Auditor's remuneration		
Audit and taxation services	13 608	9 500
14. Cash generated from operations		
Surplus before taxation	54 844	201 214
Adjustments for:		
Depreciation and amortisation	90 188	89 486
Interest received	(27 688)	(38 827)
Changes in working capital:		
Trade and other receivables	(14 784)	-
Trade and other payables	121 515	(8 102)
	224 075	243 771

15. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the company to continue as a going concern is dependent on a number of factors. The most significant of these is that the directors continue to procure funding for the ongoing operations for the company and that the subordination agreement referred to in note of these annual financial statements will remain in force for as long as it takes to restore the solvency of the company.

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DETAILED INCOME STATEMENT

	Note(s)	2021 R	2020 R
Revenue			
Service rendered: Income from Additional Rates		3 107 100	2 913 088
Other income			
Retention refund		-	58 593
Operating expenses			
Accounting fees		(6 000)	(1 905)
Administration and management fees		(439 200)	(408 000)
Advertising		(1 248)	-
Auditors remuneration	13	(13 608)	(9 500)
Bank charges		(3 580)	(3 862)
Cleansing		(294 000)	(272 040)
Depreciation, amortisation and impairments		(90 188)	(89 486)
Insurance		(1 979)	(1 979)
Law enforcement officers		(199 200)	(159 000)
Marketing and promotion		(12 000)	(12 000)
Motor vehicle expenses		(24 000)	(24 000)
Public safety - security		(1 928 580)	(1 795 164)
Social upliftment		(5 280)	-
Telephone and fax		(18 000)	(18 000)
Urban management projects		(43 081)	(14 358)
		(3 079 944)	(2 809 294)
Operating surplus	9	27 156	162 387
Investment income		27 688	38 827
Surplus for the year		54 844	201 214