

**Observatory Improvement District NPC
(Registration number 2008/020680/08)
Financial statements
for the year ended 30 June 2018**

Observatory Improvement District NPC

(Registration number: 2008/020680/08)

Financial Statements for the year ended 30 June 2018

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Improve and promote the improvement area by providing and procuring the provision of services to and in the improvement area
Directors	G Leyman ES Angless CLR Neville T Jenkins N Moodley JK Allemeier TG Hughes SJ Killick JJ Ashley
Registered office	76 Arnold Street Observatory Cape Town Western Cape 7935
Postal address	76 Arnold Street Observatory Cape Town Western Cape 7935
Bankers	First National Bank Investec Bank Ltd
Auditors	Haumann Rodger Bellville Incorporated Chartered Accountants (SA) Shiraz House The Vineyards Office Estate 99 Jip de Jager Road Bellville 7530
Secretary	CV Lewis
Company registration number	2008/020680/08
Tax reference number	9024/005/19/2

Observatory Improvement District NPC

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Financial Statements for the year ended 30 June 2018

General Information

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:
W Pienaar
Chartered Accountant (SA)

Issued

13 July 2018

Observatory Improvement District NPC

(Registration number: 2008/020680/08)

Financial Statements for the year ended 30 June 2018

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

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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

W Pienaar
Chartered Accountant (SA)

Published

13 July 2018

Observatory Improvement District NPC

(Registration number: 2008/020680/08)

Financial Statements for the year ended 30 June 2018

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 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 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.

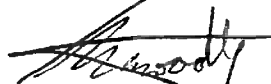
The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards 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 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 2019 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 financial statements. The financial statements have been examined by the company's external auditors and their report is presented on page 5.

The financial statements set out on pages 9 to 19, which have been prepared on the going concern basis, were approved by the board of directors on 30th August 2018 and were signed on its behalf by:



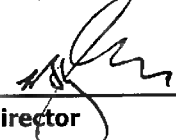
Director: NISHANDRA MOODLEY

Director



Director: J.J. ASTLEY

Director



Director: E.S. Angless



Independent Auditor's Report

To the shareholder of Observatory Improvement District NPC

Opinion

We have audited the financial statements of Observatory Improvement District NPC set out on pages 9 to 17, which comprise the statement of financial position as at 30 June 2018, 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 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 Observatory Improvement District NPC as at 30 June 2018, 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 financial statements section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the Companies Act 71 of 2008, which we obtained prior to the date of this report. Other information does not include the 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.

Independent Auditor's Report

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 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

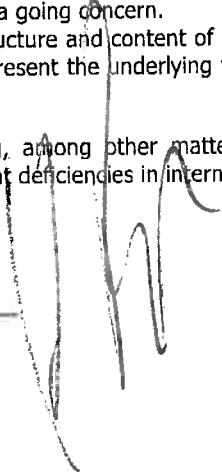
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 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.

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.

Haumann Rodger Bellville Incorporated
JW Trytsman
Partner
Chartered Accountants (SA)



13 July 2018

Shiraz House
The Vineyards Office Estate
99 Jip de Jager Road
Bellville
7530



Observatory Improvement District NPC

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Financial Statements for the year ended 30 June 2018

Directors' Report

The directors have pleasure in submitting their report on the financial statements of Observatory Improvement District NPC for the year ended 30 June 2018.

1. Incorporation

The company was incorporated on 29 August 2008 and obtained its certificate to commence business on the same day.

2. Nature of business

Observatory Improvement District NPC was incorporated in South Africa with interests in the services industry. The company operates in the Western Cape of 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 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 financial statements.

4. Directors

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

G Leyman
ES Angless
CLR Neville
T Jenkins
N Moodley
JK Allemeier
TG Hughes
SJ Killick
JJ Ashley
J Schouw
GJ Porter
W Steyn

Changes

Appointed 04 December 2017
Appointed 04 December 2017
Appointed 04 December 2017
Appointed 04 December 2017
Resigned 04 December 2017
Resigned 04 December 2017
Resigned 04 December 2017

5. 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.

6. Going concern

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and 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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Financial Statements for the year ended 30 June 2018

Directors' Report

7. Auditors

Haumann Rodger Bellville Incorporated continued in office as auditors for the company for 2018.

At the AGM, the shareholder will be requested to reappoint Haumann Rodger Bellville Incorporated as the independent external auditors of the company and to confirm Mr JW Trytsman as the designated lead audit partner for the 2019 financial year.

8. Secretary

The company secretary is CV Lewis.

Business address

41 Station Road
Observatory
Cape Town
7925

Observatory Improvement District NPC

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Financial Statements for the year ended 30 June 2018

Statement of Financial Position as at 30 June 2018

Figures in Rand	Note(s)	2018	2017
Assets			
Non-Current Assets			
Property, plant and equipment	2	68,877	49,727
Current Assets			
Trade and other receivables	3	16,049	18,868
Cash and cash equivalents	4	3,264,211	2,532,222
		3,280,260	2,551,090
Total Assets		3,349,137	2,600,817
Equity and Liabilities			
Equity			
Retained income		3,224,531	2,406,215
Liabilities			
Current Liabilities			
Trade and other payables	5	124,606	194,602
Total Equity and Liabilities		3,349,137	2,600,817

Observatory Improvement District NPC

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Financial Statements for the year ended 30 June 2018

Statement of Comprehensive Income

Figures in Rand	Note(s)	2018	2017
Revenue	6	5,211,315	4,589,315
Other income	7	352,308	736,296
Operating expenses		(4,967,494)	(4,473,229)
Operating profit		596,129	852,382
Investment revenue		222,187	138,466
Profit for the year		818,316	990,848
Other comprehensive income		-	-
Total comprehensive income for the year		818,316	990,848

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Financial Statements for the year ended 30 June 2018

Statement of Changes in Equity

Figures in Rand	Retained income	Total equity
Balance at 01 July 2016	1,415,367	1,415,367
Profit for the year	990,848	990,848
Other comprehensive income	-	-
Total comprehensive income for the year	990,848	990,848
Balance at 01 July 2017	2,406,215	2,406,215
Profit for the year	818,316	818,316
Other comprehensive income	-	-
Total comprehensive income for the year	818,316	818,316
Balance at 30 June 2018	3,224,531	3,224,531

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Financial Statements for the year ended 30 June 2018

Statement of Cash Flows

Figures in Rand	Note(s)	2018	2017
Cash flows from operating activities			
Cash receipts from customers		5,566,680	4,591,615
Cash paid to suppliers and employees		(4,991,150)	(3,609,876)
Cash generated from operations	9	575,530	981,739
Interest income		222,187	138,466
Net cash from operating activities		797,717	1,120,205
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(65,728)	(456)
Total cash movement for the year		731,989	1,119,749
Cash at the beginning of the year		2,532,222	1,412,473
Total cash at end of the year	4	3,264,211	2,532,222

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Financial Statements for the year ended 30 June 2018

Accounting Policies

1. Basis of preparation and summary of significant accounting policies

The 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 financial statements have been prepared on the historical cost basis, except for biological assets at fair value less point of sale costs, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 Property, plant and equipment

Property, plant and equipment are tangible 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.

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.

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.

The initial estimate of the costs of dismantling and removing an asset and restoring the site on which it is located is also included in the cost of property, plant and equipment, when such dismantling, removal and restoration is obligatory.

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 profit or loss 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
Security equipment	Straight line	3 years
Furniture and fixtures	Straight line	6 years
Motor vehicles	Straight line	5 years
Office equipment	Straight line	4 years
IT equipment	Straight line	3 years
Other fixed assets	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 profit or loss to bring the carrying amount in line with the recoverable amount.

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Financial Statements for the year ended 30 June 2018

Accounting Policies

1.1 Property, plant and equipment (continued)

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 profit or loss when the item is derecognised.

1.2 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as leave pay and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

1.3 Revenue

Revenue is recognised to the extent that the company has transferred the significant risks and rewards of ownership of goods to the buyer, or has rendered services under an agreement provided the amount of revenue can be measured reliably and it is probable that economic benefits associated with the transaction will flow to the company. Revenue is measured at the fair value of the consideration received or receivable, excluding sales taxes and discounts.

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

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Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

Figures in Rand 2018 2017

2. Property, plant and equipment

	2018			2017		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Furniture and fixtures	41,293	(38,689)	2,604	36,213	(31,986)	4,227
Motor vehicles	186,273	(147,323)	38,950	154,273	(116,255)	38,018
Office equipment	28,648	(28,638)	10	25,929	(25,920)	9
IT equipment	71,819	(63,592)	8,227	65,104	(61,064)	4,040
Other fixed assets	24,469	(22,068)	2,401	24,469	(21,040)	3,429
Security equipment	35,039	(18,354)	16,685	15,824	(15,820)	4
Total	387,541	(318,664)	68,877	321,812	(272,085)	49,727

Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Depreciation	Closing balance
Furniture and fixtures	4,227	5,080	(6,703)	2,604
Motor vehicles	38,018	32,000	(31,068)	38,950
Office equipment	9	2,718	(2,717)	10
IT equipment	4,040	6,715	(2,528)	8,227
Other fixed assets	3,429	-	(1,028)	2,401
Security equipment	4	19,215	(2,534)	16,685
	49,727	65,728	(46,578)	68,877

3. Trade and other receivables

Trade receivables	-	3,058
Prepayments (if immaterial)	171	-
Deposits	14,888	14,210
Other receivables	990	1,600
	16,049	18,868

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Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

Figures in Rand 2018 2017

4. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	3,310	-
Bank balances	1,084,505	523,230
Fixed deposits	2,176,396	2,008,992
	3,264,211	2,532,222

Both of the fixed deposits reached their maturity date on 30 May 2018 and was instructed by management to be reinvested as follows;

Investec Bank Fixed Deposits	Reinvested amount	Term	Interest	Maturity date
Account number 1100544020450	1,080,330	6 months	7.19% - interest capitalised monthly	30/11/2018
Account number 1100544020451	1,082,059	12 months	7.58% - interest capitalised monthly	30/05/2019

5. Trade and other payables

Trade payables	3,817	(1)
VAT	35,451	45,545
Accrued expense	70,670	137,431
Accrued petty cash expense	-	1,129
Deposits received	14,668	10,498
	124,606	194,602

6. Revenue

Rendering of services	5,211,315	4,589,315
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7. Other income

Other income	35,343	37,624
Retention refunded	316,965	698,672
	352,308	736,296

As at 30 June 2018 the total retention held by the City of Cape Town amounted to R161,175.00

8. Auditor's remuneration

Fees	14,940	15,000
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Observatory Improvement District NPC

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Financial Statements for the year ended 30 June 2018

Notes to the Financial Statements

Figures in Rand	2018	2017
9. Cash generated from operations		
Profit before taxation	818,316	990,848
Adjustments for:		
Depreciation and amortisation	46,578	60,540
Interest received	(222,187)	(138,466)
Rounding of cash flow	-	(2)
Changes in working capital:		
Trade and other receivables	2,819	(3,828)
Trade and other payables	(69,996)	72,647
	575,530	981,739

10. Prescribed officer's remuneration

Prescribed officer's remuneration

2018

	Emoluments	Total
Company Secretary		
Ms CV Lewis	163,000	163,000
Chief Executive Officer's		
Mr H McComb	431,864	431,864
Mrs AJ Kirk	114,000	114,000
	708,864	708,864

11. Going concern

The 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.

Observatory Improvement District NPC

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Detailed Income Statement

Figures in Rand	Note(s)	2018	2017
Revenue			
Rendering of services		5,211,315	4,589,315
Other income			
Other income		35,343	37,624
Retention refunded		316,965	698,672
Interest received		222,187	138,466
		574,495	874,762
Expenses (Refer to page 19)		(4,967,494)	(4,473,229)
Profit for the year		818,316	990,848

Observatory Improvement District NPC

(Registration number: 2008/020680/08)

Financial Statements for the year ended 30 June 2018

Detailed Income Statement

Figures in Rand	Note(s)	2018	2017
Operating expenses			
AGM expenses		7,794	4,135
Accounting fees		25,250	24,000
Administration and management fees		58,410	11,776
Annual performance bonuses		8,016	16,060
Auditors remuneration	8	14,940	15,000
Bank charges		13,097	11,570
Cleaning services		61,428	50,833
Computer expenses		15,309	13,521
Consulting and professional fees		19,765	-
Depreciation, amortisation and impairments		46,578	60,540
Employee cost - PAYE, UIF and SDL		228,919	125,326
Employee costs		1,537,921	1,281,499
Environmental upgrading		600	667
Insurance		18,104	19,221
Interest and penalties		738	4,034
Law enforcement officers		278,664	308,457
Motor vehicle expenses		12,528	13,855
Newsletter expenses		42,282	51,150
Office rental		189,605	172,282
Printing and stationery		3,425	9,603
Protective clothing		-	10,495
Public safety		2,152,392	1,887,367
Public safety - CCTV's		11,959	143,512
Rates and municipal services		9,781	8,551
Repairs and maintenance		12,829	8,739
Secretarial fees		2,680	3,364
Social upliftment		108,290	126,407
Staff welfare		7,674	7,720
Telephone and fax		32,509	39,809
Training		8,050	7,089
Workmens compensation contributions		37,957	36,647
		4,967,494	4,473,229