

URBAN IMPROVEMENTS PRECINCTS  
(Non-profit Company)  
(Registration number 2000/026018/08)  
Annual Financial Statements  
for the year ended 30 June 2012  
Published 29 October 2012

# URBAN IMPROVEMENTS PRECINCTS (Non-profit Company)

Annual Financial Statements for the year ended 30 June 2012

## General Information

---

<b>Country of incorporation and domicile</b>	South Africa
<b>Nature of business and principal activities</b>	Crime monitoring and street cleaning
<b>Directors</b>	A Hurjan O C Brits G M Davey D S E Cockhead
<b>Registered office</b>	2209 Embassy Building 199 Smith Street Durban 4001
<b>Business address</b>	2209 Embassy Building 199 Smith Street Durban 4001
<b>Postal address</b>	PO Box 701056 Overport 4067
<b>Bankers</b>	Standard Bank of South Africa
<b>Auditors</b>	SPN Auditors and Accountants Inc Chartered Accountants (S.A.) Registered Auditor
<b>Secretary</b>	Secretarial Services Trust
<b>Company registration number</b>	2000/026018/08
<b>Tax reference number</b>	9012283140
<b>Level of assurance</b>	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa, 71 of 2008.
<b>Preparer</b>	The annual financial statements were independently compiled by: K J Stone Chartered Accountant (South Africa)
<b>Published</b>	29 October 2012

# URBAN IMPROVEMENTS PRECINCTS (Non-profit Company)

Annual Financial Statements for the year ended 30 June 2012

## Index

---

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

<b>Index</b>	<b>Page</b>
Directors' Responsibilities and Approval	5
Independent Auditors' Report	3 - 4
Directors' Report	6
Statement of Financial Position	7
Statement of Comprehensive Income	8
Statement of Changes in Equity	9
Statement of Cash Flows	10
Accounting Policies	11 - 12
Notes to the Annual Financial Statements	13 - 14

The following supplementary information does not form part of the annual financial statements and is unaudited:

Statement of Financial Performance	15
------------------------------------	----

### **Level of assurance**

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

### **Preparer**

K J Stone  
Chartered Accountant (South Africa)

### **Published**

29 October 2012

## **Independent Auditors' Report**

---

### **To the shareholders of URBAN IMPROVEMENTS PRECINCTS (Non-profit Company)**

We have audited the annual financial statements of URBAN IMPROVEMENTS PRECINCTS (Non-profit Company), as set out on pages 7 to 14, which comprise the statement of financial position as at 30 June 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

### **Directors' Responsibility for the Annual Financial Statements**

The company's directors are responsible for the preparation and fair presentation of these annual financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and requirements of the Companies Act of South Africa, 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 misstatements, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these annual financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the annual financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the annual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the annual financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

**Basis for Qualified Opinion**

Section 17 of the International Financial Reporting Standard for Small and Medium-sized Entities requires items of property, plant and equipment to be capitalised on acquisition and depreciated over the expected useful life of the asset. The company is not adhering to this section as detailed in the directors' report.

**Qualified Opinion**

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the annual financial statements present fairly, in all material respects, the financial position of URBAN IMPROVEMENTS PRECINCTS (Non-profit Company) as at 30 June 2012, 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, 71 of 2008.

**Supplementary Information**

Without qualifying our opinion, we draw attention to the fact that the supplementary information set out on pages 16 to 19 do not form part of the annual financial statements and are presented as additional information. We have not audited this information and accordingly do not express an opinion thereon.

**Accounting and secretarial duties**

Without qualifying our opinion, we draw attention to the fact that with the written consent of all members, we have performed certain accounting and secretarial duties.

**SPN Auditors and Accountants Inc**  
**Registered Auditor**

**29 October 2012**

**KPN**

**26 Overport Drive**  
**Berea**  
**Durban**  
**4001**

# URBAN IMPROVEMENTS PRECINCTS (Non-profit Company)

Annual Financial Statements for the year ended 30 June 2012

## Directors' Responsibilities and Approval

---

The directors are required by the Companies Act of South Africa, 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 judgments and estimates.

### Internal controls and risk management

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 annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

### Going concern

The directors have reviewed the company's cash flow forecast for the year to 30 June 2013 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 reviewing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditor and their report is presented on page 3.

### Approval

The annual financial statements set out on pages 6 to 19, which have been prepared on the going concern basis, were approved by the directors on 29 October 2012 and were signed by:

---

D S E Cockhead

---

G M Davey

# URBAN IMPROVEMENTS PRECINCTS (Non-profit Company)

Annual Financial Statements for the year ended 30 June 2012

## Directors' Report

---

The directors submit their report for the year ended 30 June 2012.

### 1. Review of activities

#### Main business and operations

The company is engaged in crime monitoring and street cleaning.

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

Net loss of the company was R 119 004 (2011: loss R 489 123), after taxation of R - (2011: R nil).

### 2. Events after the reporting period

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

### 3. Directors

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

Name	Changes
R Rascher	Resigned 22 February 2012
A Hurjan	Appointed 04 August 2011
O C Brits	
G M Davey	
D S E Cockhead	

### 4. Secretary

The secretary of the company is Secretarial Services Trust of:

Business address	26 Overport Drive Berea Durban 4001
Postal address	PO Box 701056 Overport 4067

### 5. Auditors

SPN Auditors and Accountants Inc will continue in office in accordance with section 90 of the Companies Act of South Africa, 71 of 2008.

### 6. Non-compliance with the International Financial Reporting Standard for Small and Medium-sized Entities

Section 17 of the International Financial Reporting Standard for Small and Medium-sized Entities requires items of property, plant and equipment to be capitalised on acquisition and depreciated over the expected useful life of the asset.

Since it is not the intention of the company to own any assets, all acquisitions of property, plant and equipment are expensed in the period in which they are acquired. During the year, acquisitions of equipment amounted to R3 076 (2011: R1 670). The directors believe this not to be material to the appreciation of the financial statements.

The income statements are prepared to reflect all expenditures of the company as a deduction from grants received.

# URBAN IMPROVEMENTS PRECINCTS (Non-profit Company)

Annual Financial Statements for the year ended 30 June 2012

## Statement of Financial Position

Figures in Rand	Note	2012	2011
<b>Assets</b>			
Current Assets			
Trade and other receivables	2	931 395	815 345
Cash and cash equivalents	3	1 643 019	1 832 011
		<b>2 574 414</b>	<b>2 647 356</b>
<b>Total Assets</b>			
		<b>2 574 414</b>	<b>2 647 356</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Retained income		1 930 984	2 049 988
<b>Liabilities</b>			
Current Liabilities			
Trade and other payables	4	643 430	597 368
<b>Total Equity and Liabilities</b>			
		<b>2 574 414</b>	<b>2 647 356</b>

# URBAN IMPROVEMENTS PRECINCTS (Non-profit Company)

Annual Financial Statements for the year ended 30 June 2012

## Statement of Comprehensive Income

Figures in Rand	Note	2012	2011
Revenue	1.1	7 136 705	5 297 302
Operating expenses		(7 322 535)	(5 889 563)
<b>Operating loss</b>	5	<b>(185 830)</b>	<b>(592 261)</b>
Investment revenue	6	85 364	103 180
Finance costs	7	(18 538)	(42)
<b>Loss for the year</b>		<b>(119 004)</b>	<b>(489 123)</b>
Other comprehensive income		-	-
<b>Total comprehensive loss for the year</b>		<b>(119 004)</b>	<b>(489 123)</b>

# URBAN IMPROVEMENTS PRECINCTS (Non-profit Company)

Annual Financial Statements for the year ended 30 June 2012

## Statement of Changes in Equity

	Precincts Retained income	Total equity
Figures in Rand		
<b>Balance at 01 July 2010</b>	<b>2 539 111</b>	<b>2 539 111</b>
Loss for the year	(489 123)	(489 123)
Other comprehensive income	-	-
<b>Total comprehensive loss for the year</b>	<b>(489 123)</b>	<b>(489 123)</b>
<b>Balance at 01 July 2011</b>	<b>2 049 988</b>	<b>2 049 988</b>
Loss for the year	(119 004)	(119 004)
Other comprehensive income	-	-
<b>Total comprehensive loss for the year</b>	<b>(119 004)</b>	<b>(119 004)</b>
<b>Balance at 30 June 2012</b>	<b>1 930 984</b>	<b>1 930 984</b>

# URBAN IMPROVEMENTS PRECINCTS (Non-profit Company)

Annual Financial Statements for the year ended 30 June 2012

## Statement of Cash Flows

Figures in Rand	Note	2012	2011
<b>Cash flows from operating activities</b>			
Cash receipts from customers		7 020 654	4 764 341
Cash paid to suppliers and employees		(7 276 472)	(5 389 935)
Cash used in operations	10	(255 818)	(625 594)
Interest income		85 364	103 180
Finance costs		(18 538)	(42)
Tax received	11	-	55 245
<b>Net cash from operating activities</b>		<b>(188 992)</b>	<b>(467 211)</b>
<b>Total cash movement for the year</b>		<b>(188 992)</b>	<b>(467 211)</b>
Cash at the beginning of the year		1 832 011	2 299 222
<b>Total cash at end of the year</b>	3	<b>1 643 019</b>	<b>1 832 011</b>

# URBAN IMPROVEMENTS PRECINCTS (Non-profit Company)

Annual Financial Statements for the year ended 30 June 2012

## Accounting Policies

---

### 1. Presentation of Annual Financial Statements

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

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

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

#### 1.2 Property, plant and equipment

All acquisitions of property, plant and equipment are written off in full in the period in which they are acquired.

#### 1.3 Financial instruments

##### Financial instruments at amortised cost

Financial instruments may be designated to be measured at amortised cost less any impairment using the effective interest method. These include trade and other receivables, loans and trade and other payables. At the end of each reporting period 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.

##### Financial instruments at fair value

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

#### 1.4 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

##### Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

#### 1.5 Impairment of assets

The company assesses at each reporting period date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

# **URBAN IMPROVEMENTS PRECINCTS (Non-profit Company)**

Annual Financial Statements for the year ended 30 June 2012

## **Accounting Policies**

---

### **1.5 Impairment of assets (continued)**

A reversal of an impairment loss of assets carried at a cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

### **1.6 Borrowing costs**

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

# URBAN IMPROVEMENTS PRECINCTS (Non-profit Company)

Annual Financial Statements for the year ended 30 June 2012

## Notes to the Annual Financial Statements

Figures in Rand	2012	2011
<b>2. Trade and other receivables</b>		
Rates income in arrears	927 432	811 382
Deposits	3 963	3 963
	<b>931 395</b>	<b>815 345</b>
<b>3. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Bank balances	28 019	26 420
Short-term deposits	1 615 000	1 805 591
	<b>1 643 019</b>	<b>1 832 011</b>
The Company's banking facilities are secured by a securities cession from eThekweni Municipality.		
<b>4. Trade and other payables</b>		
Rates income received in advance	585 352	590 637
Accrued expense - Current year PAYE & UIF	8 054	6 731
Accrued expense - Prior years PAYE, penalties & interest	45 276	-
Accrued expense - Prior years UIF, penalties & interest	4 748	-
	<b>643 430</b>	<b>597 368</b>
<b>5. Operating profit</b>		
Operating loss for the year is stated after accounting for the following:		
<b>Operating lease charges</b>		
Premises		
• Contractual amounts	32 574	28 132
Employee costs	462 537	380 997
<b>6. Investment revenue</b>		
<b>Interest revenue</b>		
Bank	85 364	101 812
SARS interest received	-	1 368
	<b>85 364</b>	<b>103 180</b>
<b>7. Finance costs</b>		
Bank	-	42
Late payment of tax	18 538	-
	<b>18 538</b>	<b>42</b>

# URBAN IMPROVEMENTS PRECINCTS (Non-profit Company)

Annual Financial Statements for the year ended 30 June 2012

## Notes to the Annual Financial Statements

Figures in Rand	2012	2011
<b>8. Taxation</b>		
<b>Major components of the tax expense</b>		
<b>Reconciliation of the tax expense</b>		
Reconciliation between accounting profit and tax expense.		
Accounting loss	(119 004)	(489 123)
Tax at the applicable tax rate of 28%	(33 321)	(136 954)
<b>Tax effect of adjustments on taxable income</b>		
Exempt Income	(2 022 179)	(1 512 135)
Exempt Expenditure	2 050 309	1 649 089
Non-deductible SARS penalty & interest	5 191	-
	<u>-</u>	<u>-</u>
No provision has been made for 2012 tax as the company has been granted tax exemption in terms of section 10(1)(cN) of the Income Tax Act.		
<b>9. Auditor's remuneration</b>		
Fees	<u>33 264</u>	<u>30 096</u>
<b>10. Cash used in operations</b>		
Loss before taxation	(119 004)	(489 123)
<b>Adjustments for:</b>		
Interest received	(85 364)	(103 180)
Finance costs	18 538	42
<b>Changes in working capital:</b>		
Trade and other receivables	(116 050)	(532 961)
Trade and other payables	46 062	499 628
	<u>(255 818)</u>	<u>(625 594)</u>
<b>11. Tax refunded</b>		
Balance at beginning of the year	<u>-</u>	<u>55 245</u>
<b>12. Commitments</b>		
<b>Operating leases – as lessee (expense)</b>		
<b>Minimum lease payments due</b>		
- within one year	23 762	23 555
- in second to fifth year inclusive	31 461	5 996
	<u>55 223</u>	<u>29 551</u>

Operating lease payments represent rentals payable by the company for its office properties. Leases are negotiated for an average term of two years. No contingent rent is payable.

### 13. Directors' remuneration

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

# URBAN IMPROVEMENTS PRECINCTS (Non-profit Company)

Annual Financial Statements for the year ended 30 June 2012

## Statement of Financial Performance

Figures in Rand	Note	2012	2011
<b>Revenue</b>			
Rendering of services		7 136 705	5 297 302
<b>Other income</b>			
Interest received	6	85 364	103 180
<b>Operating expenses</b>			
Accounting fees		45 177	38 719
Advertising		134 506	124 099
Auditors' remuneration	9	33 264	30 096
Bad debts		907 093	-
Bank charges		6 607	5 291
Crime monitoring		4 319 563	4 004 160
Employee costs		462 537	380 997
Entertainment		2 812	3 536
Equipment purchases		3 076	1 670
Lease rentals on operating lease		32 574	28 132
Legal expenses		4 446	1 140
Office cleaning		450	558
Printing and stationery		9 466	8 533
Street cleaning		1 344 512	1 244 672
Subscriptions		866	3 235
Sundry expense		1 482	1 245
Telephone and fax		14 104	13 480
		<b>7 322 535</b>	<b>5 889 563</b>
<b>Operating loss</b>	5	<b>(100 466)</b>	<b>(489 081)</b>
Finance costs	7	(18 538)	(42)
<b>Loss for the year</b>		<b>(119 004)</b>	<b>(489 123)</b>
Other comprehensive income		-	-
<b>Total comprehensive loss for the year</b>		<b>(119 004)</b>	<b>(489 123)</b>