

SIBAYA SUB PRECINCT 1D MANAGEMENT ASSOCIATION (RF) NPC

(Registration number 2016/499175/08)

Annual Financial Statements
for the year ended 31 March 2021

SIBAYA SUB PRECINCT 1D MANAGEMENT ASSOCIATION (RF) NPC

(Registration number: 2016/499175/08)

Annual Financial Statements for the year ended 31 March 2021

GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Nature of business and principal activities	To control, manage and maintain all the properties within the area known as "Sibaya Precinct"
Directors	JJ Jacobs GF Phillips HX Makwabe
Business address	305 Umhlanga Rocks Drive La Lucia Durban KwaZulu Natal 4051
Auditors	Baker Tilly Morrison Murray Chartered Accountants (SA) Registered Auditors
Secretary	Urban MGT
Managing agent	Eris Property Group (Pty) Ltd
Company registration number	2016/499175/08
Tax reference number	9249/365/22/3
CSOS registration number	CSOS/REG/19/KZN/005840
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: MJ Brand Chartered Accountant (SA)
Issued	13 October 2021

SIBAYA SUB PRECINCT 1D MANAGEMENT ASSOCIATION (RF) NPC

(Registration number: 2016/499175/08)

Annual Financial Statements for the year ended 31 March 2021

INDEX

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

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

SIBAYA SUB PRECINCT 1D MANAGEMENT ASSOCIATION (RF) NPC

(Registration number: 2016/499175/08)

Annual Financial Statements for the year ended 31 March 2021

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 auditor is engaged to express an independent opinion on the financial statements.

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

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board 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 31 March 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 financial statements. The annual financial statements have been examined by the company's external auditors and their report is presented on pages 4 to 6.

The annual financial statements set out on pages 9 to 14, which have been prepared on the going concern basis, were approved by the board on 20 September 2021 and were signed on its behalf by:

Approval of annual financial statements



Director

Director

INDEPENDENT AUDITOR'S REPORT

To the members of Sibaya Sub Precinct 1D Management Association (RF) NPC

Report on the Audit of the Annual Financial Statements

Opinion

We have audited the financial statements of Sibaya Sub Precinct 1D Management Association (RF) NPC (the company) set out on pages 9 to 14, which comprise the statement of financial position as at 31 March 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 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 Sibaya Sub Precinct 1D Management Association (RF) NPC as at 31 March 2021, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 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.

Emphasis of matter

We draw attention to Note 8 to the financial statements which indicates that the company may be negatively impacted by the outbreak of a novel coronavirus (COVID-19), which was declared a global pandemic by the World Health Organisation in March 2020. Our opinion is not modified in respect of this matter.

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. The 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 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.

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 Standards 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 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.

INDEPENDENT AUDITOR'S REPORT

- 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.

Report on other legal and regulatory requirements

The company has insufficient fidelity insurance cover as required by the Community Schemes Ombud Service Act 9 of 2011.

Baker Tilly Morrison Murray
Baker Tilly Morrison Murray

Partner: Monique Sharpley CA (SA)
Registered Auditor

Westville

Date: 13 October 2021

SIBAYA SUB PRECINCT 1D MANAGEMENT ASSOCIATION (RF) NPC

(Registration number: 2016/499175/08)

Annual Financial Statements for the year ended 31 March 2021

DIRECTORS' REPORT

The directors have pleasure in submitting their report on the annual financial statements of Sibaya Sub Precinct 1D Management Association (RF) NPC for the year ended 31 March 2021.

1. Review of financial results and activities

The main objective of the Association is to:

- promote the development and maintenance of all properties within the sub-precinct to derive maximum benefit for the whole community of the sub-precinct;
- promote, advance and protect the interests of the members and co-ordinate with the local authorities;
- represent the interests of members in relation to their membership of the Master Association; and
- maintain open spaces, internal roads and other common areas within the sub-precinct and enforce regulations.

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

2. Directors

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

Directors	Changes
JJ Jacobs	
A Mnguni	Resigned 18 November 2020
GF Phillips	
HX Makwabe	Appointed 18 November 2020

3. Special resolutions

No special resolutions, the nature of which might be significant to the members in their appreciation of the state of affairs of the company were made by the company during the period covered by this report.

4. Going concern

On 11 March 2020, the World Health Organisation declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. This led the President of South Africa to impose a nation-wide lockdown which has caused the company to close its operations for an extended period from 27 March 2020. However, the nation-wide lockdown has not affected the company as turnover comprises of levies receivable and are contractual based on sale agreements. Due to Sibaya being a developing Precinct they have continued to receive levies as owners can only sell and transfer properties once levies are up to date. The effect of the pandemic is merely a cashflow timing matter.

Notwithstanding the operational and financial effects of the nation-wide lockdown, 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 further 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. The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

5. Auditors

Baker Tilly Morrison Murray were appointed as auditors for the company for 2021.

6. Secretary

The company secretary during the year is Urban MGT.

Business address

44 Lagoon Drive
Umhlanga
4339

SIBAYA SUB PRECINCT 1D MANAGEMENT ASSOCIATION (RF) NPC

(Registration number: 2016/499175/08)

Annual Financial Statements for the year ended 31 March 2021

DIRECTORS' REPORT

7. Managing agent

The company managing agent during the year is Eris Property Group (Pty) Ltd.

Business address	Suite 4B, 100 Armstrong Avenue La Lucia Ridge 4051
------------------	--

SIBAYA SUB PRECINCT 1D MANAGEMENT ASSOCIATION (RF) NPC

(Registration number: 2016/499175/08)

Annual Financial Statements for the year ended 31 March 2021

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

Figures in Rand	Note(s)	2021	2020
Assets			
Current Assets			
Other financial assets	2	-	830 788
Cash and cash equivalents	3	1 085 297	71 311
		1 085 297	902 099
Total Assets		1 085 297	902 099
Equity and Liabilities			
Equity			
Levy stabilisation fund		1 067 000	850 000
Accumulated deficit		(13 414)	(14 263)
		1 053 586	835 737
Liabilities			
Current Liabilities			
Trade and other payables	4	1 999	66 362
Other financial liabilities	2	29 712	-
		31 711	66 362
Total Equity and Liabilities		1 085 297	902 099

SIBAYA SUB PRECINCT 1D MANAGEMENT ASSOCIATION (RF) NPC

(Registration number: 2016/499175/08)

Annual Financial Statements for the year ended 31 March 2021

STATEMENT OF COMPREHENSIVE INCOME

Figures in Rand	Note(s)	2021	2020
Revenue			
Levy income		974 988	796 357
Levy stabilisation fund		217 000	850 000
Penalties and interest		-	2 000
		1 191 988	1 648 357
Other income			
Interest received		15 383	3 655
Sundry income		-	300
		15 383	3 955
Operating expenses			
Audit fees		6 900	5 250
Bank charges		2 034	1 370
Levies		974 988	796 357
Secretarial fees		3 300	6 300
Tax admin fee		2 300	2 050
		989 522	811 327
Surplus for the year		217 849	840 985

SIBAYA SUB PRECINCT 1D MANAGEMENT ASSOCIATION (RF) NPC

(Registration number: 2016/499175/08)

Annual Financial Statements for the year ended 31 March 2021

STATEMENT OF CHANGES IN EQUITY

Figures in Rand	Levy stabilisation fund	Accumulated surplus	Total equity
Balance at 01 April 2019	-	(5 248)	(5 248)
Surplus for the year	-	840 985	840 985
Transfer to levy stabilisation fund	850 000	(850 000)	-
Total changes	850 000	(850 000)	-
Balance at 01 April 2020	850 000	(14 263)	835 737
Surplus for the year	-	217 849	217 849
Transfer to levy stabilisation fund	217 000	(217 000)	-
Total changes	217 000	(217 000)	-
Balance at 31 March 2021	1 067 000	(13 414)	1 053 586

SIBAYA SUB PRECINCT 1D MANAGEMENT ASSOCIATION (RF) NPC

(Registration number: 2016/499175/08)

Annual Financial Statements for the year ended 31 March 2021

STATEMENT OF CASH FLOWS

Figures in Rand	Note(s)	2021	2020
Cash flows from operating activities			
Cash generated from operations	5	138 103	846 653
Interest income		15 383	3 655
Net cash from operating activities		153 486	850 308
Cash flows from investing activities			
Proceeds from loans receivable		860 500	13 600
Net cash from investing activities		860 500	13 600
Cash flows from financing activities			
Levies received in advance		-	(850 000)
Total cash movement for the year		1 013 986	13 908
Cash at the beginning of the year		71 311	57 403
Total cash at end of the year	3	1 085 297	71 311

SIBAYA SUB PRECINCT 1D MANAGEMENT ASSOCIATION (RF) NPC

(Registration number: 2016/499175/08)

Annual Financial Statements for the year ended 31 March 2021

ACCOUNTING POLICIES

1. Basis of preparation and summary of significant accounting policies

The annual financial statements have been prepared on a going concern basis in accordance with the International Financial Reporting Standards, 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 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 deficit).

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.

At each reporting date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in surplus or deficit.

Financial instruments at cost

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

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

1.2 Revenue

All operating expenses are recoverable from owners by way of levies and are recognised when invoiced.

Interest is recognised, in surplus or deficit, as it accrues.

Sundry revenue is recognised when it is earned.

1.3 Borrowing costs

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

SIBAYA SUB PRECINCT 1D MANAGEMENT ASSOCIATION (RF) NPC

(Registration number: 2016/499175/08)

Annual Financial Statements for the year ended 31 March 2021

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in Rand	2021	2020
2. Other financial assets (liabilities)		
Sibaya Precinct Master Management Association (RF) NPC	(29 712)	830 788
The above loan is unsecured, interest free and has no fixed terms of repayment.		
3. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Bank balances	1 085 297	71 311
4. Trade and other payables		
Trade payables	1 999	66 362
5. Cash generated from operations		
Surplus before taxation	217 849	840 985
Adjustments for:		
Interest received	(15 383)	(3 655)
Changes in working capital:		
Trade and other payables	(64 363)	9 323
	138 103	846 653

6. Taxation

The company is in the process of applying for Section 10(1)(e) exemption in terms of the Income Tax Act. Subject to approval from the South African Revenue Services, no provision has been made for 2021 taxation as the company has no taxable income in terms of Section 10(1)(e) of the Income Tax Act.

7. Directors' remuneration

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

8. Going concern

On 11 March 2020, the World Health Organisation declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. This led the President of South Africa to impose nation-wide lockdown which has caused the company to close its operations for an extended period from 27 March 2020. However, the nation-wide lockdown has not affected the company as turnover comprises of levies receivable and are contractual based on sale agreements. Due to Sibaya being a developing Precinct they have continued to receive levies as owners can only sell and transfer properties once levies are up to date. The effect of the pandemic is merely a cashflow timing matter.

Notwithstanding the operational and financial effects of the nation-wide lockdown, 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 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.