

PAROW EAST INDUSTRIAL CITY IMPROVEMENT DISTRICT NPC
(REGISTRATION NUMBER 2022/645470/08)
ANNUAL FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 JUNE 2023

PAROW EAST INDUSTRIAL CITY IMPROVEMENT DISTRICT NPC

(REGISTRATION NUMBER: 2022/645470/08)

ANNUAL FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Nature of business and principal activities	District improvement
Directors	MW Birch (Chairperson) W Barnard TDS Azevedo E Du Toit GD Niewstad MB van Eck
Registered office	Unit 3 22 Boompies Street Parow East Cape Town 7500
Business address	Unit 3 22 Boompies Street Parow East Cape Town 7500
Bankers	Standard Bank Limited
Auditors	C2M Chartered Accountants Incorporated Chartered Accountants (SA) Registered Auditors
Secretary	C2M Statutory Services (Pty) Ltd
Company registration number	2022/645470/08
Tax reference number	9347/237/22/5
Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa.
Preparer	The annual financial statements were internally compiled by: MD Dreyer Professional Accountant (SA)
Issued	11 August 2023

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DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required by the Companies Act of South Africa, 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 period 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 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 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 period to 30 June 2024 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 page 6 - 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 board of directors on 11 August 2023 and were signed on its behalf by:



MW Birch (Chairperson)

Bellville

11 August 2023

PAROW EAST INDUSTRIAL CITY IMPROVEMENT DISTRICT NPC

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DIRECTORS' REPORT

The directors have pleasure in submitting their report on the annual financial statements of Parow East Industrial City Improvement District NPC for the period ended 30 June 2023.

1. Incorporation

The company was incorporated on 04 August 2022 and obtained its certificate to commence business on the same day.

2. Nature of business

Parow East Industrial 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 period.

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 of South Africa. The accounting policies have been applied consistently compared to the prior period.

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	Changes
MW Birch (Chairperson)	Appointed 04 August 2022
W Barnard	Appointed 04 August 2022
TDS Azevedo	Appointed 04 August 2022
E Du Toit	Appointed 04 August 2022
GD Niewstad	Appointed 04 August 2022
MB van Eck	Appointed 04 August 2022

There have been 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.

PAROW EAST INDUSTRIAL CITY IMPROVEMENT DISTRICT NPC

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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. Auditors

C2M Chartered Accountants Incorporated continued in office as auditors for the company for 2023.

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 A Nel as the designated lead audit partner for the 2024 financial period.

11. Secretary

The company secretary is C2M Statutory Services (Pty) Ltd.

12. Date of authorisation for issue of annual financial statements

The annual financial statements have been authorised for issue by the directors on 11 August 2023. No authority was given to anyone to amend the annual financial statements after the date of issue.

13. Liquidity and solvency

The directors performed the liquidity and solvency tests as required by the Companies Act of South Africa.

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Parow East Industrial City Improvement District NPC

Opinion

We have audited the annual financial statements of Parow East Industrial City Improvement District NPC (the company) set out on pages 8 to 15, which comprise the statement of financial position as at 30 June 2023, statement of comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and the notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of Parow East Industrial City Improvement District NPC as at 30 June 2023, and its financial performance and cash flows for the period 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.

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 "Parow East Industrial City Improvement District NPC annual financial statements for the period ended 30 June 2023", which includes the Directors' Report as required by the Companies Act of South Africa and the supplementary information as set out on page 16. 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, 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 the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act of South Africa, 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.

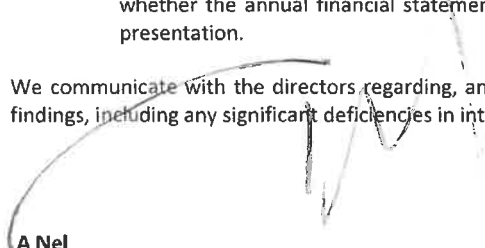
Auditor's Responsibilities for the Audit of the Annual Financial Statements

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 2023

Tygerforum B
53 Willie van Schoor Drive
Tygervalley
Bellville
7536



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STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

	Note(s)	30 June 2023 R
Assets		
Non-Current Assets		
Property, plant and equipment	2	394 336
Current Assets		
Trade and other receivables	3	34 954
Cash and cash equivalents	4	160 138
		195 092
Total Assets		589 428
Equity and Liabilities		
Equity		
Non-Distributable Reserve		589 428
Total Equity and Liabilities		589 428

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STATEMENT OF COMPREHENSIVE INCOME

	Note(s)	11 months ended 30 June 2023 R
Revenue - Additional Rates Received	5	1 721 950
Operating expenses		(1 132 522)
Operating (shortfall) surplus		589 428
Profit for the period		589 428
Other comprehensive income		-
Total comprehensive (shortfall) surplus for the period		589 428

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STATEMENT OF CHANGES IN EQUITY

	Non-Distributable Reserve R	Total equity R
Profit for the period	589 428	589 428
Other comprehensive income	-	-
Total comprehensive income for the period	589 428	589 428
Balance at 30 June 2023	589 428	589 428

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STATEMENT OF CASH FLOWS

	Note(s)	11 months ended 30 June 2023 R
Cash flows from operating activities		
Cash generated from operations	9	<u>580 470</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	2	<u>(420 333)</u>
Total cash movement for the period		<u>160 138</u>
Total cash at end of the period	4	<u>160 138</u>

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ANNUAL FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2023

ACCOUNTING POLICIES

General information

Parow East Industrial City Improvement District NPC is a company incorporated and domiciled in South Africa.

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 of South Africa. 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.

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 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
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.

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.

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 profit or loss) unless the arrangement constitutes, in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial instruments at amortised cost

These include loans, trade receivables and trade payables. They 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

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 Impairment of assets

The company assesses at each reporting date whether there is any indication that property, plant and equipment or intangible assets or goodwill 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 loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior periods. A reversal of impairment is recognised immediately in surplus or loss.

1.6 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.

1.7 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

**11 months
ended
30 June
2023
R**

2. Property, plant and equipment

	2023		
	Cost or revaluation	Accumulated depreciation	Carrying value
Other fixed assets	420 333	(25 997)	394 336

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Depreciation	Closing balance
Other fixed assets	-	420 333	(25 997)	394 336

Details of properties

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	34 954
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4. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	160 138
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5. Revenue

Revenue - Additional Rates Received	1 721 950
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6. Auditor's remuneration

Audit and taxation services	16 250
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7. Depreciation, amortisation and impairments

The following items are included within depreciation, amortisation and impairments:

Depreciation	
Property, plant and equipment	25 997

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

11 months
ended
30 June
2023
R

8. Taxation

Reconciliation of the tax expense

Accounting profit	589 428
Tax at the applicable tax rate of 27% (2022: 28%)	159 146
Tax effect of adjustments on taxable income	
Exempt income	
Exempt income	(305 781)
Non-deductible expense	464 927
	<u>-</u>

No provision has been made for 2023 tax as the company is exempt under section 10(1)(e)(i)(cc) of the Income Tax Act.

9. Cash generated from operations

Profit before taxation	589 428
Adjustments for:	
Depreciation and amortisation	25 997
Changes in working capital:	
Trade and other receivables	(34 954)
	<u>580 470</u>

10. Comparative figures

No comparative figures have been presented as these are the first annual financial statements of the company.

11. 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.

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DETAILED INCOME STATEMENT

	Note(s)	11 months ended 30 June 2023 R
Revenue		
Revenue - Additional Rates Retention Received		1 721 950
Operating expenses		
Accounting fees		(8 975)
Administration and management fees		(154 664)
Advertising		(10 112)
Auditors remuneration	6	(16 250)
Bank charges		(905)
Cleansing		(100 000)
Depreciation, amortisation and impairments		(25 997)
Insurance		(3 696)
Public safety		(752 600)
Public safety - CCTV Monitoring		(29 875)
Social upliftment		(14 625)
Urban maintenace		(14 823)
		(1 132 522)
(Shortfall) surplus for the period		589 428