DURBAN POINT WATERFRONT MANAGEMENT ASSOCIATION NPC

Registration Number : 1998/001781/08

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2016

Final Draft

General Information:

Country of incorporation and domicile	South Africa
Nature of business and principle activities	business is to look after the interests of the property owners within the Durban Point Waterfront Precinct and to ensure that the common public areas are adequately maintained.
Directors	Mr K D Mattias Mr G A Jacobson Mr N J Steyn Mr B S B Gangaraju (Appointed: January 2015)
Registered office	15 Timeball Boulevard Point 4001
Business address	15 Timeball Boulevard Point 4001
Postal address	P.O. Box 38073 Point 4069
Bankers	First National Bank and Rand Merchant Bank
Auditors	SizweNtsalubaGobodo Chartered Accountants (S.A) Registered Auditors
Secretary	Ngubane & Co.
Managing Agent	Umongi FM Services (Pty) Ltd
Company registration number	1998/001781/08
Level of assurance	These annual financial statements have been audited in compliance with the Companies Act 71 of 2008.
Preparer	Ms A Mitha Financial Controller Mr P Pillay Financial Manager

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

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SUPPLEMENTARY SCHEDULE

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

STATEMENT OF RESPONSIBILITY AND APPROVAL BY DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2016

The Directors acknowledge that they 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 Standards. 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 Standards 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 December 2017 and, in the light of this review and the current financial position, they are satisfied that the company has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements set out in pages 7 to 22, which have been prepared on the going concern basis, were approved by the board and signed on its behalf by:

Director	**Date**
Director	**Date**

Opinion

SizweNtsalubaGobodo
Registered Auditor

Opinion

SizweNtsaluba Gobodo
Registered Auditor

Director's Report

The Directors have pleasure in presenting their report on the activities of the company for the year ended 31 December 2016.

NATURE OF BUSINESS AND OPERATIONS

The Association was incorporated in terms of the Companies Act. It is a management association whose main business is to look after the interests of the property owners within the Durban Point Waterfront Precinct and to ensure that the common public areas are adequately maintained.

REVIEW OF FINANCIAL RESULTS AND ACTIVITIES

The financial results for the period are reflected in the statement of comprehensive income set out on page 8 thereof. The results are summarised as follows:

	2016	2015
	R	R
Revenue	8 526 420	8 057 914
Other Income	2 526 051	2 411 458
Expenses	(11 050 732)	(12 101 389)
Surplus/ (Deficit) before tax	**1 739**	**(1 632 017)**

A decision was taken to provide for doubtful debt on the grant in aid (GIA) receivable from the eThekwini Municipality in respect of invoices of the 2016 financial year. The provision excludes the VAT portion of the GIA as it will be either be recovered on receipt of payment from the Municipality or from SARS in the event of the debt being written off. The recovery of the GIA has been handed over to legal to address .

DIRECTORATE

Mr K D Matthias
Mr G A Jacobson
Mr N J Steyn
Mr B S B Gangaraju

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.

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 reserves 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.

AUDITORS

SizweNtsalubaGobodo are appointed as auditors of the company for the 2016 financial period.

DURBAN POINT WATERFRONT MANAGEMENT ASSOCIATION NPC
Registration number : 1998/001781/08
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2 016	2015 R
ASSETS			
Non-current assets		**39 273**	**27 161**
Property, plant and equipment	2	39 273	27 161
Current assets		**13 752 265**	**12 606 450**
Current tax receivable		-	20 583
Trade and other receivables	3	2 671 830	2 134 969
Cash and cash equivalents	4	11 080 435	10 450 898
Total assets		**13 791 538**	**12 633 611**
EQUITY AND LIABILITIES			
Equity		**11 708 445**	**10 792 370**
Retained income		11 708 445	10 792 370
Liabilities		**2 083 093**	**1 841 241**
Current liabilities		**2 083 093**	**1 841 241**
Trade and other payables	6	2 083 093	1 841 241
Provisions	5	-	-
Total equity and liabilities		**13 791 538**	**12 633 611**

DURBAN POINT WATERFRONT MANAGEMENT ASSOCIATION NPC
Registration number : 1998/00181/08
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016	2015 R
Revenue	7	8 526 420	8 057 914
Other income	8	2 526 051	2 411 458
Operating expense		(11 050 732)	(12 101 389)
Operating surplus/ (deficit)		**1 739**	**(1 632 017)**
Investment revenue	10	901 113	482 015
Operating surplus /(deficit) for the financial period		**902 852**	**(1 150 002)**
Tax Expense	11	13 223	(71 367)
Total Comprehensive Income/(Loss) for the year		**916 075**	**(1 221 368)**
Attributable to			
Equity holders of the company		**916 075**	**(1 221 368)**

DURBAN POINT WATERFRONT MANAGEMENT ASSOCIATION NPC
Registration number : 1998/001781/08
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	Accumulated surplus R	Total equity R
Balance as at 01 January 2015		12 013 738	12 013 738
Deficit for the financial period		(1 221 368)	(1 221 368)
Restated balance as at 01 January 2015		**10 792 370**	**10 792 370**
Surplus attributable to equity holders of the company		916 075	916 075
Balance as at 31 December 2016		**11 708 445**	**11 708 445**

DURBAN POINT WATERFRONT MANAGEMENT ASSOCIATION NPC
Registration number : 1998/001781/08
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016	2015 R
Cash flows from operating activities			
Cash receipts from customers		11 052 471	10 469 372
Cash payments to suppliers		(11 290 243)	(8 365 208)
Cash generated from operations	13	(237 772)	2 104 164
Interest income		901 113	482 015
Tax received		-	-
Net cash flows from operating activities		**663 341**	**2 586 179**
Cash flows from investing activities		**(33 804)**	**(32 542)**
Purchase of Property, plant and equipment		(33 804)	(33 858)
Disposal of Property, plant and equipment		-	1 316
Cash flows from financing activities		-	-
Net increase in cash and cash equivalents		**629 537**	**2 553 636**
Cash and cash equivalents at beginning of year		**10 450 898**	**7 897 262**
Cash and cash equivalents at end of year	4	**11 080 435**	**10 450 898**

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with International Financial Reporting Standards, and the Companies Act of 2008. The annual financial statements have been prepared on the historical cost basis of accounting, and the following principal accounting policies, which are consistent with those of previous year.

1.1 Property, plant and equipment

Property, plant and equipment are shown at historical cost less accumulated depreciation and accumulated impairment losses. Property, equipment, furniture and fittings are depreciated on the straight line method at rates considered appropriate to reduce the carrying amount of the assets to their residual values over their anticipated useful lives.

These rates are:

Boat	33.33%
Office equipment	33.33%
Furniture and fittings	33.33%
Plant and equipment	33.33%

Increase in carrying amounts are credited directly to a non-distributable reserve. Decreases in valuation that offset previous increases of the same amount are charged against the revaluation reserve and all other decreases are charged to the statement of comprehensive income.

Surplus and losses on disposal of plant and equipment are charged to the statement of comprehensive income. Where the recoverable amount of an asset is less than the carrying amount, the carrying amount of the asset is written down to its recoverable amount.

1.2 Financial instruments

Classification

The company classifies financial assets and financial liabilities into the following categories:

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivables is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Accounting Policies (continued)
1.2 Financial instruments (continued)

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

1.3 Deferred Taxation
Current tax assets and liabilities

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

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.
The company provides for deferred tax on all temporary differences according to the comprehensive basis by using the financial position approach. Management has elected not to raise the deferred tax impact for the impairment for credit losses as recovery is anticipated. The delays were as a result of finalising approvals for payment.

1.4 Lease agreements

Lease rentals in respect of operating leases are charged against profit in a systemic manner to ensure matching of revenue and cost.

1.5 Impairment of assets

The company assesses at each end of the reporting period 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.

Irrespective of whether there is any indication of impairment, the company also:

a. tests intangible assets with an indefinite useful life or tangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount.
   This impairment test is performed during the annual period and at the same time every period.

Accounting Policies (continued)

1.5 Impairment of Assets - (continued)

b. tests goodwill acquired in a business combination for impairment annually.

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.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than a 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 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

1.7 Provisions and contingencies

Provisions are recognised when:

a. the company has a present obligation as a result of a past event;
b. it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
c. a reliable estimate can be made of the obligation

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

Accounting Policies (continued)

1.7 Provisions and contingencies - (continued)

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

a. has a detailed formal plan for the
   - the business or part of a business concerned;
   - the principal locations affected;
   - the location, function, and approximate number of employees who will be compensated for terminating their services;
   - the expenditures that will be
   - when the plan will be implemented; and

b. has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

a. the amount that would be recognised as a provision; and
b. the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in Note 16.

1.8 Revenue

Revenue from rendering of services is recognised when all the following conditions have been satisfied:

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:

a. the amount of revenue can be measured reliably;
b. it is probable that the economic benefits associated with the transaction will flow to the company;
c. the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
d. 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.

Service revenue is recognised by reference to the stage of completion of the transaction at the end of the reporting period. Stage of completion is determined by the proportion of costs incurred to date bear to the total estimated costs of the transaction.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

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

Accounting Policies (continued)

1.8 Revenue - (continued)

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

1.9 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

a. Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
b. Weighted average of the
purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

a. expenditures for the asset have occurred;
b. borrowing costs have been incurred, and
c. activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

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

Accounting Policies (continued)

1.10 Standards in issue, not yet effective

IAS 8 requires that when an entity has not applied a new Standard or Interpretation that has been issued but is not yet effective, the entity shall disclose:

(a) this fact; and

(b) known or reasonably estimable information relevant to assessing the possible impact that application of the new Standard or Interpretation will have on the entity's financial statements in the period of initial application.

Below is a list of the current standards and interpretations that have been issued, but may not be effective.

Standard	Details of Amendments	Start date
IFRS 15 Revenue from Contracts from Customers	New standard that requires entities to recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is achieved through a five step methodology that is required to be applied to all contracts with customers.	01-Jan-18
	The new standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple-element	
IAS 1, Presentation of Financial Statements	Disclosure Initiative: Amendments designed to encourage entities to apply professional judgement in determining what information to disclose in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that entities should use professional judgement in determining where and in what order information is presented in the financial disclosures.	01-Jan-18
IAS 7 Statement of Cash Flows	Disclosure Initiative: Amendments requiring entities to disclose information about changes in their financing liabilities. The additional disclosures will help investors to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes (such as foreign exchange gains or losses).	01-Jan-17

	2016	2015
	R	R

2. Property, plant and equipment

	2016			2015		
	Cost/ Valuation	Accumulated depreciation	Carrying value	Cost/ Valuation	Accumulated depreciation	Carrying value
Plant and machinery	78 441	(78 441)	-	78 441	(78 441)	-
Furniture and fixtures	40 968	(40 968)	-	40 968	(40 968)	-
Office equipment	30 421	(27 847)	2 574	27 352	(27 352)	-
IT equipment	119 531	(91 059)	28 472	88 793	(76 245)	12 548
Boat	116 384	(108 157)	8 227	116 384	(101 771)	14 613
Total	**385 745**	**(346 472)**	**39 273**	**351 938**	**(324 777)**	**27 161**

Reconciliation of Property, plant and equipment - 2016

	Opening balance	Additions at cost	Disposals at carrying value	Depreciation	Total
Plant and machinery	-	-	-	-	-
Furniture and fixtures	-	-	-	-	-
Office equipment	-	3 071	-	(495)	2 576
IT equipment	12 548	30 733	-	(14 811)	28 470
Boat	14 613	-	-	(6 388)	8 225
	27 161	**33 804**	**-**	**(21 694)**	**39 273**

Reconciliation of Property, plant and equipment - 2015

	Opening balance	Depreciation	Total
Plant and machinery	-	-	-
Furniture and fixtures		-	-
Office equipment	-	-	-
IT equipment	18 017	(5 469)	12 548
Boat	17 844	(3 231)	14 613
	35 861	**-8 700**	**27 161**

3. Trade and other receivables

	2016	2015
Trade receivables	7 896 027	5 246 832
Less: Allowance for credit losses (Refer to note 21)	(6 662 150)	(4 331 750)
Deposits	135 887	135 887
VAT	21 585	-
Other receivables	1 280 481	1 084 000
	2 671 830	**2 134 969**

4. Cash and cash equivalents

Cash and cash equivalents consist of:

	2016	2015
Bank balances	595 648	559 839
Short-term deposits	10 484 787	9 891 059
	11 080 435	**10 450 898**

	2016 R	2015 R

5. Provisions

Reconciliation of provisions - 2016

	Opening Balance	Utilised during the year	Total
Other provisions	-	-	-

Reconciliation of provisions - 2015

	Opening Balance	Utilised during the year	Total
Other provisions	90 846	(90 846)	-

6. Trade and other payables

	2016 R	2015 R
Trade payables	928928	439 577
Accruals	213904	256 915
Deposits received	902700	1 071 200
Current tax payable	37561	71 367
Vat payable	0	2 182
	2 083 093	**1 841 241**

7. Revenue

	2016 R	2015 R
Levies received from property owners	7 726 420	7 257 914
Levies received from primary development - DPDC	800 000	800 000
	8 526 420	**8 057 914**

8. Other income

	2016 R	2015 R
Discount received	1 624	-
Operating costs recovery	120 811	92 570
Sundry income	73 216	80 138
Grant income	2 330 400	2 238 750
	2 526 051	**2 411 458**

9. Operating (Deficit)/Surplus

Operating (Deficit)/Surplus for the year is stated after accounting for the following:

	2016 R	2015 R
Interest	901 113	482 015
Operating lease charges		
Premises		
Rent paid	304 463	277 606

10. Investment revenue

	2016 R	2015 R
Interest income on call account	901 113	480 953
Interest income on customers accounts	-	1 063
	901 113	**482 015**

	2016	2015 R

11. SA Normal Taxation

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

Accounting (deficit)/surplus	902 852	(1 150 002)
Tax at the applicable tax rate of 28% (2015: 28%)	252 798	(322 000)
Exempt differences		
Levies income (Sec 10(1)(e))	(2 387 398)	(2 256 216)
Non taxable income	(959 606)	(866 331)
Non deductible expenditure	3 094 206	3 444 547
Taxable income from interest and commission income	187 303	95 216
Assessed loss from prior year	(200 526)	(23 849)
Tax expense/Unprovided debit deferred tax asset (28%)	**(13 223)**	**71 367**
Tax loss available to reduce future taxable profits	-	-

12. Auditor's remuneration

Audit Fees	62 776	100 841

13. Cash generated from operations

Surplus / (Deficit)before taxation	902 852	(1 221 368)
Adjustments for:		
Depreciation and amortisation	21 694	8 700
Interest received - investment	(901 113)	(482 015)
Movements in provisions	-	(90 846)
Changes in working capital:		
Trade and other receivables	(536 862)	3 732 597
Trade and other payables	275 657	157 096
	(237 772)	**2 104 164**

14. Commitments and contingencies liabilities

At year end, the Association had no capital commitments or contingent liabilities. Refer to Note 16 for disclosure of operating lease balance.

	2016	2015
	R	R

15. Operating lease commitments

The Association has two operating lease agreements. The details of the agreements are summarised below:

Agreement 1:

The surveillance control centre premises is leased from Durban Marine Theme Park (Pty) Ltd at monthly rental of R6 750 during the first year, payable in advance. The monthly rental for the second and each subsequent year of this lease shall be determined by escalating the monthly rental payable during the immediately preceding year by a rate equivalent to the rate by which the Consumer Price Index for all categories and for the whole of South Africa shall have escalated during the immediately preceding calendar year. The period of the lease is from 01 August 2014 to 31 July 2019.

The future minimum lease payments under non-cancellable operating lease is: (excluding CPI escalation) R 47 250.

Agreement 2:

Office space was leased from Durban Point Development Company (Pty) Ltd (DPDC) at monthly rental of R 11 355, payable in advance. The rental shall be escalated by the rate of the Consumer Price Index. The lease period in terms of the agreement is from 01 December 2015 to 30 November 2016.

	2016 R	2015 R

16. Related parties

Relationships

Related party relationships exist between Durban Point Waterfront Management Association and the following companies during the year:

Entity	*Nature of relationship*
Durban Point Development Company (Proprietary)	Property Developer - owner of the land in the Point Precinct presently being developed.
eThekwini Municipality	Contributor of the Grant-In-Aid
Durban Infrastructural Development Trust	50% shareholding in DPDC
Point Precinct Trust	Owner of certain parcels of land, deemed public zone, that is managed contractually by DPWMA
Rocpoint (Proprietary) Limited	50% shareholding in DPDC

	2016 R	2015 R
Related party balances (vat inclusive)		
Durban Point Development Company (Pty) Ltd	103830	104 182
eThekwini Municipality	128 250	128 250
Point Precinct Trust	7 248 576	4 653 480
Related party transactions (vat inclusive)		
Levy income (expense) related parties		
Durban Point Development Company (Pty) Ltd	912 000	912 000
Recoveries from related parties		
Durban Point Development Company (Pty) Ltd	120 811	169 095
Grant in Aid		
eThekwini Municipality	0	59 750
Point Precinct Trust	2 330 400	2 179 000

17. Government Grant

The City paid a grant to DPWMA in relation to maintenance services provided by DPWMA on behalf of the City. The non-refundable grant cover services such as road infrastructure maintenance, cleaning, landscaping etc.

	2016 R	2015 R
Grant Received	2 330 400	2 238 750

	2016 R	2015 R

18. Canal Properties

Canal Properties	**100**	**100**

Canal properties comprise properties donated by Durban Point Development Company to the Association, as fiduciary and Point Precinct Trust, as *fideicommissary*. The properties are intended to accommodate canals in the Durban Point Precinct with the main aim of providing a form of attractive "public open space". The Association shall be obliged at its cost to provide services required in respect of the management, cleaning, maintenance, and good order of the properties other than, or additional to those services (if any) relating to the normal municipal provision thereto of water, sewerage, refuse removal, storm water drainage and law enforcement.

The Association does not have title deeds to these properties, because they have not yet been legally transferred by Durban Point Development Company. As a result, the Canal Properties have not been accounted for in the statement of financial position.

19. Levy Refund / (Levy Shortfall)

Total income for the year	11 953 584	10 951 388
Less: Interest on call account	(901 113)	(482 016)
Less: Grant income from eThekwini Municipality	(2 330 400)	(2 238 750)
Less: Total expenses	(11 050 732)	(12 101 389)
(Operating Levy Shortfall) / Levy Refundable	**(2 328 661)**	**(3 870 767)**

20. Allowance for credit losses

The Directors have raised an allowance for doubtful debt for the following long outstanding amounts receivable from the eThekwini Municipality to the extent of R6 662 150:

2014	2 093 000
2015	2 238 750
2016	2 330 400
	6 662 150

A decision was taken to provide for doubtful debt on the grant in aid (GIA) receivable from the eThekwini Municipality in respect of invoices of the 2016 financial year. The provision excludes the VAT portion of the GIA as it will be either be recovered on receipt of payment from the Municipality or from SARS in the event of the debt being written off. The recovery of the GIA has been handed over to legal to address .

The Directors believe that the outstanding amount will be recovered within the 2017 financial year. The effects of discounting cannot be determined as the settlement date has not been committed by the debtor. The effective interest rate method spreads the interest income over the life of the financial asset. Such a method does not seem to be relevant to the trade debtors where normally there is no interest payment to spread. IAS 39 therefore allows short-term debtors with no stated interest rate to be measured at the original invoice amount and the effect of discounting is immaterial.

21. Directors remuneration

The Directors have not received any remuneration for services rendered.

22. Comparative figures

Where necessary, comparative figures have been adjusted to conform with changes in presentation and classification in the current year.

DURBAN POINT WATERFRONT MANAGEMENT ASSOCIATION NPC
Registration number : 1998/001781/08
DETAILED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note(s)	2016	2015 R
REVENUE		**8 526 420**	**8 057 914**
Rendering of services		8 526 420	8 057 914
OTHER INCOME		**3 427 164**	**2 893 474**
Discount received		1 624	-
Grant income		2 330 400	2 238 750
Interest received	10	901 113	482 015
Operating costs recovery		120 811	92 571
Sundry income		73 216	80 138
		11 953 584	**10 951 388**
OPERATING EXPENSES			
Accounting fees		180 646	168 827
Administration fees		1 237 910	1 128 197
Advertising		9 985	7 119
Auditors remuneration	12	62 776	100 841
Bad debts/ (Recovered)		-	-
Bank charges		5 518	1 909
Cleaning		630 855	584 586
Computer expenses		58 619	3 364
Consulting fees		16 572	14 128
Courier and postage		360	297
Depreciation		21 694	8 700
Doubtful debts		2 330 400	4 331 750
Entertainment		-	-
Interest & Penalties		352	95
Insurance		108 684	80 262
IT Expenses		-	-
Landscaping expenses		857 441	798 137
Legal expenses		11 589	1 449
Management fees		926 100	882 000
PR and newsletters		-	21 000
Printing and stationery		59 520	44 251
Rent		304 463	277 606
Repairs and maintenance		1 400 995	1 333 621
Secretarial fees		-	1 316
Security		2 323 343	2 104 963
Subscriptions		-	-
Staff Welfare		12 426	9 458
Staff Uniforms		13 659	7 582
Telephone and fax		47 775	46 391
Travel and accommodation		-	1 370
Water & Electricity		429 050	142 170
		11 050 732	**12 101 389**
/Surplus(Deficit)for the Financial Period before taxation		**902 852**	**(1 150 002)**

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