DURBAN POINT WATERFRONT MANAGEMENT ASSOCIATION NPC

Registration Number : 1998/001781/08

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2017

General Information:

Country of incorporation and domicile	South Africa
Nature of business and principle activities	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
Directors	Mr K D Mattias Mr G A Jacobson Mr N J Steyn Mr B S.B Gangaraju Mr C Hall (Appointed March 2017)
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

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 2017

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 2018 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**

Sizwe Ntsaluba Gobodo

AUDIT • ADVISORY • FORENSICS

INDEPENDENT AUDITOR'S REPORT

To the Members of Durban Point Waterfront Management Association NPC

Report on the audit of the Annual Financial Statements

Opinion

We have audited the annual financial statements of Durban Point Waterfront Management Association NPC, set out on pages 7 to 22, which comprise the separate statement of financial position as at 31 December 2017, and the statement of profit or loss and other 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 and other explanatory information.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of the Durban Point Waterfront Management Association NPC as at 31 December 2017, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in a manner required by the Companies Act of South Africa.

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 board in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B).

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

Other Information

The board of directors are responsible for the other information. The other information comprises the Report of the directors as required by the Companies act of South Africa and the detailed income statement. 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, 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.

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La Lucia Ridge Office Estate
P.O. Box 1644, Mount Edgecombe, 4301
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Fax: +27 (0) 31 502 3167

Responsibilities of the Board of directors for the Annual Financial Statements

The Board of Director's is responsible for the preparation and fair presentation of the annual financial statements in accordance with the International Financial Reporting Standards (IFRS) and the requirements of the Companies Act of South Africa and for such internal controls as management determines is necessary to enable the preparation of the annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the Board of directors are responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Board of directors either intends to liquidate the entity or to cease operations, or has 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 the ISAs 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 ISAs, 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 board of directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of 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.

SizweNtsalubaGobodo Inc.
Director: Ayesha Ameer CA (SA)
Registered Auditor

2 Nollsworth Crescent
La Lucia Ridge Office Estate
Durban
4301

Date: 06 June 2018

Director's Report

The Directors have pleasure in presenting their report on the activities of the company for the year ended 31 December 2017.

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:

	2017 R	2016 R
Revenue	8 982 181	8 526 420
Other Income	2 901 832	2 526 051
Expenses	(12 395 273)	(11 050 732)
(Deficit)/ Surplus before tax	**(511 260)**	**1 739**

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 2017 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
Mr C Hall

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 2017 financial period.

DURBAN POINT WATERFRONT MANAGEMENT ASSOCIATION NPC
Registration number : 1998/001781/08
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 R	2016 R
ASSETS			
Non-current assets		**34 214**	**39 273**
Property, plant and equipment	2	34 214	39 273
Current assets		**14 354 476**	**13 752 265**
Current tax receivable		-	-
Trade and other receivables	3	2 452 768	2 671 830
Cash and cash equivalents	4	11 901 708	11 080 435
Total assets		**14 388 690**	**13 791 538**
EQUITY AND LIABILITIES			
Equity		**11 913 379**	**11 708 445**
Retained income		11 913 379	11 708 445
Liabilities		**2 475 311**	**2 083 093**
Current liabilities		**2 475 311**	**2 083 093**
Trade and other payables	6	2 475 311	2 083 093
Provisions	5	-	-
Total equity and liabilities		**14 388 690**	**13 791 538**

DURBAN POINT WATERFRONT MANAGEMENT ASSOCIATION NPC
Registration number : 1998/00181/08
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 R	2016 R
Revenue	7	8 982 181	8 526 420
Other income	8	2 901 832	2 526 051
Operating expense		(12 395 273)	(11 050 732)
Operating (deficit) / surplus	9	**(511 260)**	**1 739**
Investment revenue	10	880 739	901 113
Operating surplus for the financial period		**369 478**	**902 852**
Tax Expense	11	(164 545)	13 223
Total Comprehensive Income/(Loss) for the year		**204 934**	**916 075**
Attributable to			
Equity holders of the company		**204 934**	**916 075**

DURBAN POINT WATERFRONT MANAGEMENT ASSOCIATION NPC
Registration number : 1998/001781/08
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	Accumulated surplus R	Total equity R
Balance as at 01 January 2016		10 792 370	10 792 370
Surplus for the financial period		916 075	916 075
Restated balance as at 01 January 2016		**11 708 445**	**11 708 445**
Surplus attributable to equity holders of the company		204 934	204 934
Balance as at 31 December 2017		**11 913 379**	**11 913 379**

DURBAN POINT WATERFRONT MANAGEMENT ASSOCIATION NPC
Registration number : 1998/001781/08
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 R	2016 R
Cash flows from operating activities			
Cash receipts from customers		11 884 012	11 052 471
Cash payments to suppliers		(11 918 953)	(11 290 243)
Cash generated from operations	13	(34 941)	(237 772)
Interest income		880 739	901 113
Net cash flows from operating activities		**845 798**	**663 341**
Cash flows from investing activities		**(24 525)**	**(33 804)**
Purchase of Property, plant and equipment		(24 525)	(33 804)
Disposal of Property, plant and equipment		-	-
Net increase in cash and cash equivalents		**821 273**	**629 537**
Cash and cash equivalents at beginning of year		**11 080 435**	**10 450 898**
Cash and cash equivalents at end of year	4	**11 901 708**	**11 080 435**

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
IFRS 9 Financial Instruments	A final version of IFRS 9 has been issued which replaces IAS 39 Financial Instruments: Recognition and Measurement. The completed standard comprises guidance on Classification and Measurement, Impairment Hedge Accounting and Derecognition	01-Jan-19

IFRS 15 & IFRS 9 will have the material impact on the entity accounting records, presentation and disclosure of financial statements while IAS 1 will have minimal effects.

DURBAN POINT WATERFRONT MANAGEMENT ASSOCIATION NPC
Registration number : 1998/001781/08
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 R	2016 R

2. Property, plant and equipment

	2017			2016		
	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	(28 870)	1 551	30 421	(27 847)	2 576
IT equipment	119 531	(106 203)	13 328	119 531	(91 059)	28 472
Boat	140 909	(121 573)	19 335	116 384	(108 157)	8 225
Total	**410 270**	**(376 055)**	**34 214**	**385 745**	**(346 472)**	**39 273**

Reconciliation of Property, plant and equipment - 2017

	Opening balance	Additions at cost	Disposals at carrying value	Depreciation	Total
Plant and machinery	-	-	-	-	-
Furniture and fixtures	-	-	-	-	-
Office equipment	2 576		-	(1 023)	1 553
IT equipment	28 472		-	(15 144)	13 328
Boat	8 225	24 525	-	(13 417)	19 333
	39 273	**24 525**	**-**	**(29 584)**	**34 214**

Reconciliation of Property, plant and equipment - 2016

	Opening balance	Depreciation	Total
Plant and machinery	-	-	-
Furniture and fixtures		-	-
Office equipment	3 071	(495)	2 576
IT equipment	43 283	(14 811)	28 472
Boat	14 613	(6 388)	8 225
	60 967	**(21 694)**	**39 273**

3. Trade and other receivables

Trade receivables	9872082.79	7 896 027
Less: Allowance for credit losses (Refer to note 20)	(8 784 135)	(6 662 150)
Deposits	160 692	135 887
VAT	0	21 585
Other receivables	1 204 128	1 280 481
	2 452 768	**2 671 830**

4. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	979 038	595 648
Short-term deposits	10 922 669	10 484 787
	11 901 708	**11 080 435**

DURBAN POINT WATERFRONT MANAGEMENT ASSOCIATION NPC
Registration number : 1998/001781/08
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 R	2016 R

5. Provisions

Reconciliation of provisions - 2017	Opening Balance	Utilised during the year	Total
Other provisions	-	-	-

Reconciliation of provisions - 2016	Opening Balance	Utilised during the year	Total
Other provisions	-	-	-

6. Trade and other payables

	2017 R	2016 R
Trade payables	1210537	928928
Accruals	64437	213904
Deposits received	823500	902700
Current tax payable	170319	37561
Vat payable	206518	0
	2 475 311	**2 083 093**

7. Revenue

	2017 R	2016 R
Levies received from property owners	8 182 181	7 726 420
Levies received from primary development - DPDC	800 000	800 000
	8 982 181	**8 526 420**

8. Other income

	2017 R	2016 R
Discount received	206	1 624
Insurance Claim	29 306	-
Operating costs recovery	704 032	120 811
Sundry income	46 303	73 216
Grant income	2 121 985	2 330 400
	2 901 832	**2 526 050**

9. Operating Surplus /(Deficit)

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

	2017 R	2016 R
Interest	880 739	901 113
Operating lease charges		
Premises		
Rent paid	306 149	304 463

10. Investment revenue

	2017 R	2016 R
Interest income on call account	865 835	901 113
Interest income on customers accounts	14 903	-
	880 739	**901 113**

	2017 R	2016 R

11. SA Normal Taxation

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

	2017 R	2016 R
Accounting surplus	369 478	902 852
Tax at the applicable tax rate of 28% (2016: 28%)	103 454	252 798
Exempt differences		
Levies income (Sec 10(1)(e))	(2 515 011)	(2 387 398)
Non taxable income	(861 991)	(959 606)
Non deductible expenditure	3 273 547	3 094 206
Taxable income from interest and commission income	170 319	187 303
Assessed loss from prior year	(5 774)	(200 526)
Tax expense/Unprovided debit deferred tax asset (28%)	**164 545**	**(13 223)**
Tax loss available to reduce future taxable profits		-

12. Auditor's remuneration

	2017 R	2016 R
Audit Fees	57 120	62 776

13. Cash generated from operations

	2017 R	2016 R
Surplus before taxation	369 478	902 852
Adjustments for:		
Depreciation and amortisation	29 584	21 694
Interest received - investment	(880 739)	(901 113)
Movements in provisions	-	-
Changes in working capital:		
Trade and other receivables	219 063	(536 862)
Trade and other payables	227 674	275 657
	(34 941)	**(237 772)**

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.

	2017 R	2016 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 R11 799 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)

	2017 R	2016 R
Less than one year	**141 588**	**141 588**
One to five years	**82 593**	**224 181**
More than five years	**0**	
Total undiscounted lease liabilities as at 31 December	**224 181**	**365 769**

Agreement 2:

Office space was leased from Durban Point Development Company (Pty) Ltd (DPDC) at monthly rental of R 11 923, 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 2016 to 30 November 2017.The lease is renewed annually

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

	2017 R	2016 R
Less than one year	**143 076**	**131 153**
One to five years	**0**	**0**
More than five years	**0**	**0**
Total undiscounted lease liabilities as at 31 December	**143 076**	**131 153**

	2017 R	2016 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

	2017 R	2016 R
Related party balances (vat inclusive)		
Durban Point Development Company (Pty) Ltd	23 506	103 830
eThekwini Municipality	2 605 838	128 250
Point Precinct Trust	7 248 576	7 248 576
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	156 444	120 811
Grant in Aid		
eThekwini Municipality	2 121 985	-
Point Precinct Trust	0	2 330 400

17. Government Grant

The City is required to pay 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.

	2017 R	2016 R
Grant Received	2 121 985	2 330 400

	2017 R	2016 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)

	2017 R	2016 R
Total income for the year	12 764 751	11 953 584
Less: Interest on call account	(880 739)	(901 113)
Less: Grant income from eThekwini Municipality	(2 121 985)	(2 330 400)
Less: Total expenses	(12 395 273)	(11 050 732)
(Operating Levy Shortfall) / Levy Refundable	**(2 633 244)**	**(2 328 661)**

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 R8 784 135 :

2014	2 093 000
2015	2 238 750
2016	2 330 400
2017	2 121 985
	8 784 135

A decision was taken to provide for doubtful debt on the grant in aid (GIA) receivable from the eThekwini Municipality which includes the Point Precinct Trust as the trust is owned by eThekwini in respect of invoices of the 2017 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 2018 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 2017

	Note(s)	2017 R	2016 R
REVENUE		**8 982 181**	**8 526 420**
Rendering of services		8 982 181	8 526 420
OTHER INCOME		**3 782 570**	**3 427 164**
Discount received		206	1 624
Grant income		2 121 985	2 330 400
Interest received	10	880 739	901 113
Insurance claim		29 306	-
Operating costs recovery		704 032	120 811
Sundry income		46 303	73 216
		12 764 751	**11 953 584**
OPERATING EXPENSES			
Accounting fees		193 291	180 646
Administration fees		1 496 737	1 237 910
Advertising		1 500	9 985
Auditors remuneration	12	57 120	62 776
Bank charges		6 256	5 518
Cleaning		614 038	630 855
Computer expenses		42 467	58 619
Consulting fees		21 572	16 572
Courier and postage		50	360
Depreciation		29 584	21 694
Doubtful debts		2 121 985	2 330 400
Interest & Penalties		204	352
Insurance		79 525	108 684
Landscaping expenses		872 177	857 441
Legal expenses		-	11 589
Management fees		972 405	926 100
Operating costs for recovery		704 032	
Printing and stationery		43 531	59 520
Rent		306 149	304 463
Repairs and maintenance		1 443 959	1 400 995
Secretarial fees		3 550	-
Security		2 861 939	2 323 343
Staff Welfare		9 386	12 426
Staff Uniforms		12 786	13 659
Telephone and fax		47 147	47 775
Water & Electricity		453 884	429 050
		12 395 273	**11 050 732**
Surplus for the Financial Period before taxation		**369 478**	**902 852**

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